MIGA Annual Report 1996

MULTILATERAL INVESTMENT GUARANTEE AGENCY

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James D. Wolfensohn, President of MIGA and Chairman of the Board of Directors

Letter to the Council of Governors

June 30, 1996

James D. Wolfensohn, President of the Multilateral Investment Guarantee Agency (MIGA) and Chairman of its Board of Directors, submits to the Council of Governors, on behalf of the Board of Directors and in accordance with MIGA's bylaws, this report and audited financial statements for the fiscal year ending June 30, 1996.

The Board of Directors is pleased to report that MIGA has had another excellent year during which the growth of its guarantee operations exceeded expectations in terms of the amount of new underwriting issued and premium income earned. MIGA's investment promotion services also grew impressively, and an important service, the IPA*net*, was launched on the Internet.

MIGA's operations are designed to encourage the flow of private foreign direct investment for productive purposes to and between developing member countries, thus supporting development goals. During the fiscal year MIGA successfully pursued the objectives set out in its Convention, supplementing the activities of the other members of the World Bank Group.

Contents

Appendixes

Board of Directors

As of June 30, 1996

Directors	Alternates
Khalid M. Al-Saad	Mohamed W. Hosny
Khalid H. Alyahya	Ibrahim M. Al-Mofleh
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Ali Bourhane	Luc-Abdi Aden
Andrei Bugrov	Eugene Miagkov
Marcos Caramuru de Paiva	Juanita D. Amatong
Huw Evans	David Stanton
Fritz Fischer	Erika Wagenhöfer
Jean-Daniel Gerber	(vacant)
Leonard Good	Winston Cox
Eveline Herfkens	Sergiy Kulyk
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Leonard Mseka	Joaquim R. Carvalho
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Julio Nogués	Carlos Steneri
Franco Passacantando	Helena Cordeiro
Jan Piercy	Michael Marek

Message from the Executive Vice President

I am pleased to report on MIGA's achievements during fiscal 1996. On the Guarantees side, MIGA continued to grow with a claims-free record and to diversify its portfolio further under a prudent risk management policy. MIGA's guarantees have served as a catalyst for foreign direct investments that now total an estimated $15 billion, about seven times the total contingent liabilities outstanding in MIGA's portfolio of $2.3 billion. On the Investment Marketing Services side, MIGA launched its IPA*net*, which is now gaining international recognition on the World Wide Web.

During the fiscal year we conducted a customer survey, which revealed that MIGA's Guarantee clients generally have a high regard for the Agency's services. Positive feedback has been given on MIGA's client orientation, cost efficiency, and results orientation.

MIGA was created to supplement the International Bank for Reconstruction and Development (IBRD), the International Finance Corporation (IFC), and other international development finance institutions by promoting private sector investment in developing countries, and to complement the activities of national agencies and private investment risk insurers. To this end the Guarantees Department's cooperation with other insurers and the Investment Marketing Services Department's support of national investment promotion agencies are models of complementarity.

During fiscal 1996 MIGA began to address the need for a future enhancement of its capital base; this challenging exercise will continue through fiscal 1997. I am hopeful that MIGA's shareholder countries will support a reinforcement of its guarantee capacity, allowing it to continue to fulfill its unique mandate to promote productive foreign direct investment in the developing world.

Akira Iida

June 30, 1996

Officers of the Agency

(Left to right)

Shengman Zhang, Vice President and Secretary
Daniel E. Conway, Manager, Office of Central Administration
Luis Dodero, Vice President and General Counsel
Leigh P. Hollywood, Vice President, Guarantees
Martin Hartigan, Administrator, Investment Marketing Services
Akira Iida, Executive Vice President

Highlights of Fiscal 1996

Country Membership

- Three new countries signed MIGA's Convention, bringing the total number of signatory countries to 155.

- Membership requirements were completed by six countries, bringing the total number of member countries to 134.

Guarantee Operations

- The country limit for guarantees was raised from $175 million to $225 million.

- Sixty-eight guarantee contracts were issued, involving:
    - Maximum contingent liabilities assumed of $862 million
    - First projects assisted in Kuwait, Kyrgyz Republic, Mali, Nepal, and Papua New Guinea

- Guarantee contracts issued now total 223.

- Contingent liabilities outstanding now approach $2.3 billion.

- Foreign direct investment facilitated is estimated at $15 billion.

Financial

- Subscribed capital now is almost $1.1 billion.

- The risk-to-assets ratio was raised from 2.5 to 1 to a new level of 3.5 to 1.

- Net income was $20.7 million before provisioning and $3.6 million after provisioning.

Technical Assistance Services

- IPA*net*—a global, Internet-based information exchange, communications network, and marketplace—was launched.

- Twenty-three promotional programs benefiting 82 developing countries and transitional economies were completed. Of these 33 were in Africa.

- Two major investment promotion symposia were conducted, on mining in Africa and on mining in Central Asia, the Balkans, and the Caucasus.

- South-South investment was promoted through workshops in Asia and several missions of African entrepreneurs and government officials to Asia.

MIGA: History and Objectives

The Multilateral Investment Guarantee Agency (MIGA) was created in April 1988 and began operations in fiscal year 1990. The Convention establishing MIGA states (Article 2):

> *The objective of the Agency shall be to encourage the flow of investments for productive purposes among member countries, and in particular to developing member countries.*

To serve this objective MIGA issues guarantees against noncommercial risks for investments in its developing member countries that originate in any of its member countries. MIGA offers guarantees to cover the following risks:

- ***Currency transfer*** restrictions that prevent investors or lenders from converting local currency into foreign exchange and/or transferring the proceeds abroad.
- ***Expropriation*** in the form of acts (direct or indirect) by a host government that reduce or eliminate ownership of, control over, or rights to the insured investment.
- ***War and civil disturbance*** (including politically motivated acts of sabotage or terrorism) resulting in damage to or destruction or disappearance of tangible assets, or interference with the ability of the foreign enterprise to operate.
- ***Breach of contract*** by a host government, provided the investor obtains an arbitration award or judicial decision for damages and is unable to enforce it after a specified period.

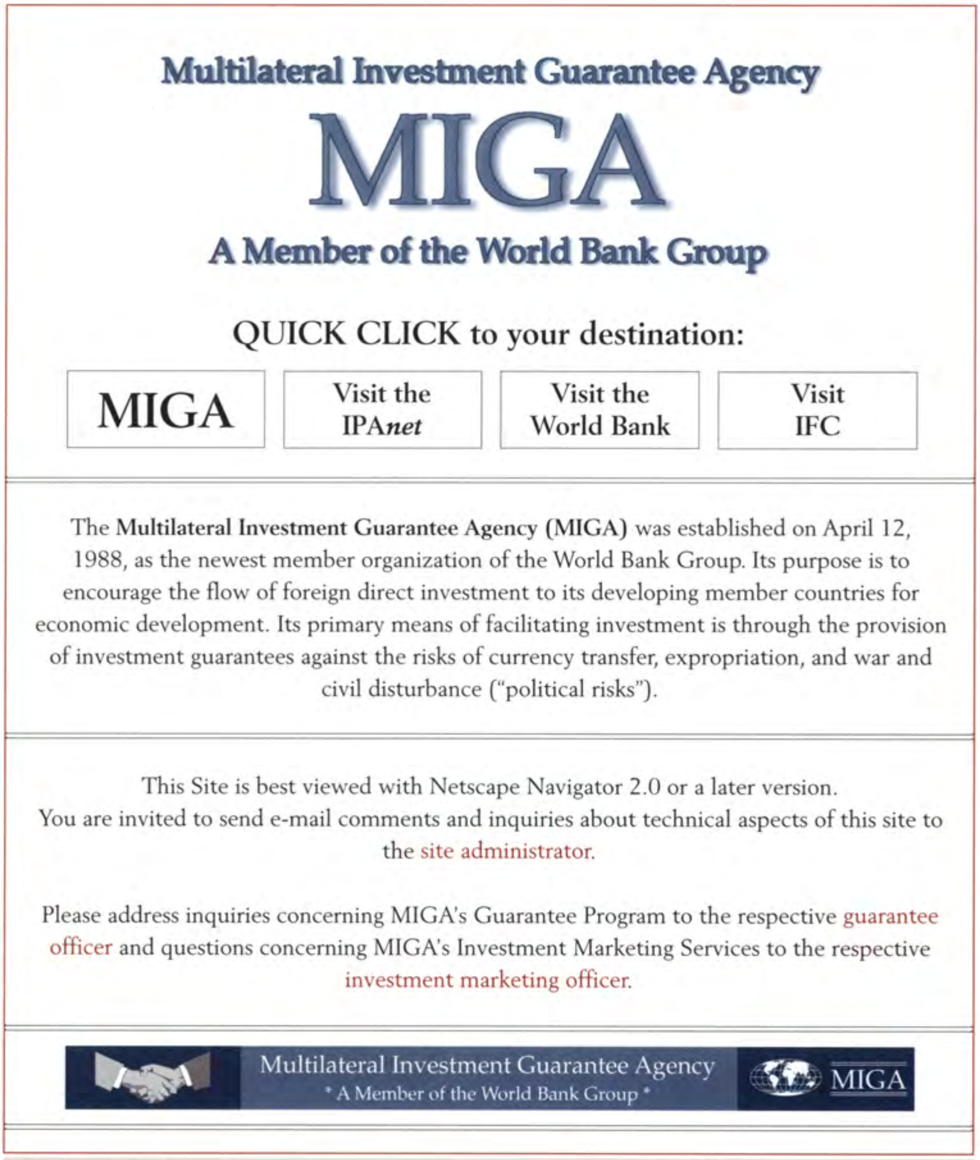
MIGA is a member of the World Bank Group, and MIGA's Convention requires the Agency to supplement the activities of the IBRD, IFC, and other international development finance institutions. MIGA is also required to complement activities of national and regional investment insurance entities. MIGA promotes these complementarities through coinsurance and reinsurance agreements with these institutions, bilateral exchanges of information, and its membership in the Berne Union.

MIGA also offers technical assistance to promote the flow of investment to and between its developing member countries. These activities focus on national and local investment promotion agencies (IPAs). MIGA assists IPAs in capacity building and dissemination of information on investment opportunities in their countries. MIGA also supports the investment marketing efforts of these agencies by organizing multicountry, single-sector conferences that bring together potential investors, local partners, and host country investment promotion officers.

MIGA assesses its success in terms of the developmental impact of its projects on the host country, based on the number of jobs created, foreign exchange earnings and savings produced, tax revenues and dividends generated, and advanced technology and management practices introduced.

The equity-related investments that MIGA facilitates are more stable than portfolio investments. Equity investments are needed for long-term sustainable development because they reduce a country's total borrowing requirements.

The achievement of MIGA's objectives contributes to the development of the pri-



Multilateral Investment Guarantee Agency

MIGA

A Member of the World Bank Group

QUICK CLICK to your destination:

MIGA | Visit the IPA*net* | Visit the World Bank | Visit IFC

The **Multilateral Investment Guarantee Agency (MIGA)** was established on April 12, 1988, as the newest member organization of the World Bank Group. Its purpose is to encourage the flow of foreign direct investment to its developing member countries for economic development. Its primary means of facilitating investment is through the provision of investment guarantees against the risks of currency transfer, expropriation, and war and civil disturbance ("political risks").

This Site is best viewed with Netscape Navigator 2.0 or a later version.
You are invited to send e-mail comments and inquiries about technical aspects of this site to the site administrator.

Please address inquiries concerning MIGA's Guarantee Program to the respective guarantee officer and questions concerning MIGA's Investment Marketing Services to the respective investment marketing officer.

Multilateral Investment Guarantee Agency
* A Member of the World Bank Group *
MIGA

MIGA's Home Page, located at http://www.miga.org, provides detailed information on MIGA and its services.

vate sector in host countries and increases these countries' ability to achieve economic, social, and environmentally sustainable development. MIGA's success in promoting foreign direct investment in its developing member countries makes an essential contribution to the attainment of the development objectives of the World Bank Group. ■

Introduction: MIGA and Foreign Direct Investment

The composition of capital flows to developing countries has changed dramatically over the past five years, with foreign direct investment (FDI) playing an increasingly prominent role. From 1990 to 1995 net capital flows more than doubled, reaching $231 billion, while foreign direct investment flows grew from 25 percent of this total five years ago to 39 percent in 1995. The share of global FDI received by developing countries rose from 12 percent to 38 percent during this period.

The growth in foreign direct investment has been spurred by diverse factors, which are likely to continue in the future:

- ***Growing opportunities in economies undergoing domestic economic reform and privatization.*** For example, in 1994, the most recent year for which there are comprehensive data, 49 countries introduced changes to their investment regulatory regimes; of 110 such changes, 108 were for further liberalization or promotion of investment, and only two proposed greater control.

- ***Intensifying pressures from international competition.*** Forty of the 100 largest multinational corporations today have more than half their activities located outside their home country, with the average share for the entire group exceeding 40 percent. At the same time small and medium-size firms show rapid growth in foreign operations in terms of assets and employment.

- ***Expanding possibilities for market access as a result of trade liberalization around the world.*** World trade, after rising roughly 5 percent annually over the preceding 20 years, increased by an unprecedented 11 percent in each of the past two years.

These foreign direct investment flows are unevenly distributed. Overall, 12 countries received 79 percent of the FDI total. East Asia and the Pacific received 60 percent of the total, up from 54 percent in 1994, with China alone absorbing 42 percent in 1995. Latin America and the Caribbean received 20 percent of global foreign direct investment flows, with strong performances by Argentina, Brazil, and Chile. Eastern Europe and Central Asia witnessed a substantial increase of 31 percent in their share of the flow of FDI. At the same time there was significant improvement in the position of certain individual countries; Poland and Hungary, for example, showed evidence of considerable foreign investor interest.

Foreign direct investment is most closely associated with countries whose macroeconomic and microeconomic policies enhance private market activity, both domestic and foreign. There is a strong positive correlation between the range of measures that enhance domestic investment and those that attract external investment. Individual countries' efforts to attract FDI through the programs and activities of their investment promotion agencies also play a role.

Benefits of Foreign Direct Investment

The most widely used models of economic development characterize less developed countries as suffering from the consequences of a vicious cycle in which low levels of productivity lead to low wages, and thus low savings, resulting in low levels of investment, which perpetuates low levels of productivity. Foreign direct investment can help break this cycle by supplying new capital and enhanced access to foreign exchange to complement local savings and by providing more effective management, marketing, and technology to improve productivity, which should raise efficiency and lead to higher growth.

The evidence confirms these contributions of FDI to the process of economic development. In general foreign investors tend to pay more competitive wages than domestic firms and to have higher levels of productivity as well. In addition, they constitute the most rapid means of acquiring external technology: Transfer of technology between a home firm and its local subsidiary in the developing world has an advantage of almost 30 percent in the average age of the technology, compared with technology transfer through licensing or joint ventures.

Further reinforcing the benefits derived from foreign investment is the multiplier effect on the local economy. The qualitative and quantitative economic effects on the country include backward links with domestic suppliers and forward links with marketing and distribution chains.

In general, FDI inflows are associated with higher economic growth in the developing world. An analysis of the causal relationship between economic growth and FDI—whether higher indigenous growth rates attract more investment or whether external investment leads to higher growth—shows that, while the two variables interact with each other, FDI results in economic growth rather than the reverse.

Moreover, the expansion of economic activity stimulated by foreign direct investment holds benefits for both home and host countries, as in the case of foreign trade. Outward investment tends to act as a magnet for exports from the home country rather than a substitute for such exports. Outward investment thus leads to higher levels of exports, and of jobs associated with these exports, than if the investment were kept at home. Data show that the network of "family connections" that investment abroad creates within a multinational corporation improves export market entry and enhances market share results, compared with similar firms that do not invest abroad.

MIGA's Role in Facilitating FDI

Improving Information Flows

One of MIGA's objectives is to lower the cost for firms to acquire information on foreign investment opportunities and operating conditions, thereby reducing uncertainty for investors so that they can more clearly identify and manage the remaining risks. In meeting this challenge MIGA pioneered the introduction of modern marketing techniques and communications technology into the investment promotion arena through the development of the IPA*net*, which connects investment promoting intermediaries and potential investors throughout the world via the Internet. On the host country side, MIGA's 134 member countries can update information about their economies with little effort, ensuring direct access to all potential investors. On the foreign investor side, a company can "browse" for investment opportunities.

Supplementing this innovative use of cyberspace, MIGA has sponsored investment conferences that focus either on a particular sector in a group of countries or on multiple sectors in a region. At the same time MIGA has devoted considerable effort to building up human resources and institutional capacity in the investment promotion agencies (IPAs) in its member countries.

Improving Investor Confidence

Although the incidence of nationalization or expropriation of foreign direct investments has fallen dramatically in the past decade, investors' concerns about possible changes in the terms and conditions governing their prospective operations in a host country may be sufficient to prevent an investment in the first instance. MIGA has a key role to play in reducing investors' uncertainties about the stability of regulatory regimes.

To a certain extent such vulnerability plagues virtually all prospective foreign investments. It is particularly pronounced, however, in the following types of projects:

- Projects with large initial fixed investments and long payback periods, where foreign companies fear being "locked in" by their investment.
- Projects that depend on prices and rates of inputs, outputs, or currency conversion that are set by host country authorities rather than by genuine arm's-length markets.
- Projects that involve private participation in infrastructure and other sectors heavily dependent on regulatory decisions by the host country, that may attract broad public concern about the price and quality of output or service, or that have no export potential.

MIGA offers investment guarantees against losses arising from currency transfer difficulties, expropriation, war and civil disturbance, and, under certain conditions, breach of contract by the host government. These guarantees provide long-term protection for up to 15 (sometimes 20) years and cannot be canceled unless the client fails to meet the conditions of the contract.

MIGA has considerable flexibility in its operations. Potential investors may buy the type and amount of coverage to meet their individual needs and risk perceptions. MIGA can cover equity investments, loans made or guaranteed by foreign equity holders, commercial bank loans, and technical assistance and management contracts. All MIGA-insured projects are reviewed to ensure that they are financially sound and that they meet environmental standards of the World Bank and comply with the environmental laws of the host country. MIGA guarantees can be applied to new investments or to new contributions to expand, privatize, or financially restructure existing projects.

While MIGA plays a major role in the large markets of Asia and Latin America, it has also played a creative role in encouraging new investments in some smaller markets as well. Since its inception, MIGA has facilitated an estimated $15 billion of FDI in 40 developing countries.

MIGA and the Future

Notwithstanding the growing acceptance of foreign direct investment by developing countries and economies in transition, and the growing confidence of companies worldwide in investing in these economies, there is a strong demand for MIGA's services. The number of MIGA member countries has grown from 58 in 1990 to 134 in 1996. Twenty-one additional countries are in the process of joining MIGA.

Coca-Cola Bishkek Bottlers, a MIGA-insured project in the Kyrgyz Republic. (See page 28 for a project description.)

Definitive applications for insurance have expanded from 19 in 1990 to 143 in 1996, reflecting the fast growth of the guarantee process. Guarantee contracts issued have risen dramatically, from four in 1990 to 68 in 1996.

These accomplishments make it clear that even in the context of an improving global environment for foreign direct investment, MIGA continues to provide services that meet the needs of investors and host governments. ■

Guarantee Program

Fiscal 1996 was another successful year for MIGA's guarantee (political risk insurance) program. Business increased on all counts over fiscal 1995 levels: the number of guarantee contracts signed (68 versus 54), amount of coverage issued ($862 million versus $672 million), number of developing countries benefited (27 versus 21), and income earned from premiums and commitment fees ($21.9 million versus $14.4 million).

The following other achievements were recorded during fiscal 1996:

- MIGA signed its 223rd contract of guarantee.
- Foreign private investment facilitated is estimated at $15 billion.
- MIGA's maximum contingent liability outstanding is almost $2.3 billion.
- MIGA issued its first guarantees in Kuwait, Kyrgyz Republic, Mali, Nepal, and Papua New Guinea.

Demand for Political Risk Insurance

A host of factors in the developing world—including economic reforms, restructuring of inefficient state-managed enterprises in favor of competitive private businesses, introduction of modern technology, establishment of market economies and liberal trade regimes, and increased cross-border investments—have contributed to a more favorable climate for foreign investment. An indicator of the increasing attractiveness of emerging markets to foreign investors is the fact that foreign direct investment flows almost quadrupled between 1990 and 1995, increasing from $25 billion to $90 billion.

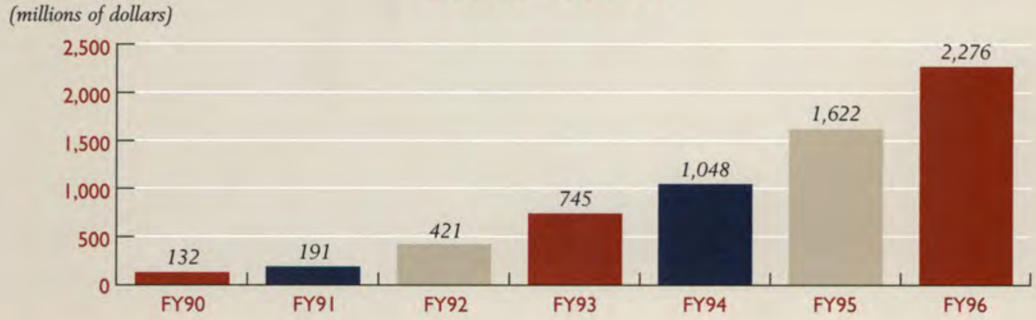
The surge in foreign investment was partially stimulated by a sharp increase in long-term political risk insurance. The Berne Union, comprising 22 national investment insurers (and MIGA), reported a significant increase in coverage issued, from $2.3 billion in 1989 to $9.0 billion in 1994.

Cooperation between MIGA and Other Institutions

Investment insurers both contributed to and benefited from the rising tide of foreign investment. The growth of national investment insurance programs clearly reflects the increase in demand for investment insurance. With this increased demand, national insurance programs have become more concerned with portfolio balance, country and sector diversification, and risk management. MIGA supplements the types and amounts of coverage that national and private insurers offer investors, and MIGA's national counterparts increasingly refer customers to MIGA. The eligibility criteria of national insurers are often constrained by their governments' policies toward the prospective host country. Moreover, these national schemes usually serve only national investors. Private insurers, in their turn, typically offer only short- or medium-term coverage and usually do not cover losses due to war or currency inconvertibility. Thus, in cases in which other insurers do not offer adequate coverage, MIGA is often the preferred source of long-term insurance.

MIGA continues to make efforts to harmonize its contract language with that of its national counterparts to increase the likelihood of coinsurance and reinsurance arrangements with these programs.

FIGURE 1. MAXIMUM CONTINGENT LIABILITY OUTSTANDING, FISCAL 1990–1996



During fiscal 1996 MIGA continued to collaborate with national and private investment insurers, expanding earlier cooperative efforts. MIGA coinsured with the Export Finance and Insurance Corporation (EFIC) of Australia for the first time, for a project in Papua New Guinea; the Export Development Corporation (EDC) of Canada reinsured MIGA for this project. MIGA had previously coinsured and reinsured other national investment insurers, such as the Export Credits Guarantee Department (ECGD) of the United Kingdom, the Overseas Private Investment Corporation (OPIC) of the United States, Sezione Speciale per l'Assicurazione del Credit all'Esportazione (SACE) of Italy, and the Japanese Export Import Bank (JEXIM) and the Export-Import Insurance Division of the Ministry of International Trade and Industry (EID/MITI) of Japan. During the fiscal year MIGA also signed its first Memorandum of Understanding with the Export-Import Bank of India to facilitate the flow of private investment to developing countries. In addition, MIGA cooperated closely with a number of private insurers, such as AIG and Lloyd's of London.

To encourage private insurers to take on risks they might otherwise decide not to assume, MIGA developed the Cooperative Underwriting Program (CUP). The CUP will allow MIGA to mobilize private insurance capacity to meet the needs of investors. Under the CUP, MIGA will act as the insurer of record and administer the guarantee contract for a fee. MIGA is currently exploring the interest of nontraditional insurers in the CUP.

Within the World Bank Group, MIGA strengthened its relations with the IBRD and IFC during fiscal 1996 by supporting their heightened focus on the promotion of private sector activities in the developing world.

MIGA's Performance and Developmental Impact

MIGA's maximum contingent liability outstanding more than doubled in the past two years, from $1.0 billion at the end of fiscal 1994 to $2.3 billion at the end of fiscal 1996 (figure 1).

MIGA is directed to assist investments that contribute to the host country's development. The projects MIGA insured during the year will have far-reaching developmental effects on the 27 host

TABLE 1. DEVELOPMENTAL IMPACT OF GUARANTEE ACTIVITIES, FISCAL 1990–1996

	FY90	*FY91*	*FY92*	*FY93*	*FY94*	*FY95*	*FY96*
Number of guarantees	4	11	21	27	38	54	68
Estimated foreign direct investment facilitated *($ billion)*	1.0	0.9	1.0	1.9	1.3	2.5	6.6
Estimated number of jobs created in host countries	2,700	3,680	2,920	1,720	7,800	8,800	7,200

countries in which they are located. The projects will facilitate a record $6.6 billion in total foreign direct investment (table 1), create an estimated 7,200 jobs (approximately 3,000 jobs for managers and professionals and 4,200 jobs for local labor), and involve substantial administrative and technical skills training programs for the employees.

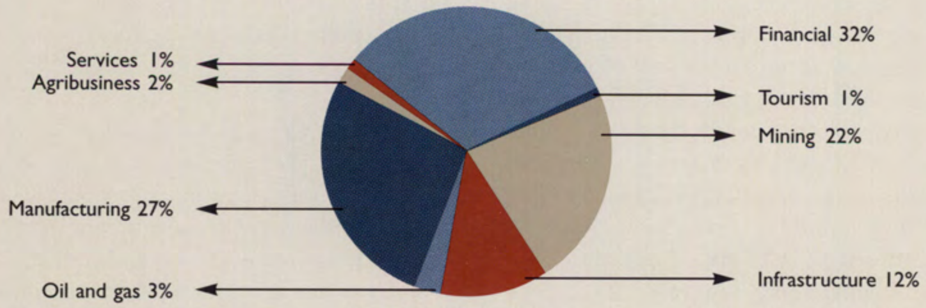
To verify the developmental impact of its projects on host countries, MIGA initiated an operations assessment effort during the year. This systematic program will initially focus on comparing the development effects of investments as estimated during MIGA's project assessment with information the Agency collects after about five years of project operation. This economic and developmental assessment program will be phased in over the next several years.

In an effort to ascertain the level of satisfaction with its guarantee program and services, MIGA commissioned an external consultant to conduct a confidential, written survey of its investor clients. The survey yielded extremely positive results. More than 73 percent of MIGA's clients responded. Ninety-four percent of the survey respondents said they would return to MIGA if they sought political risk insurance in the future and would recommend the Agency to other investors. On a five-point scale, with five the highest rating, 95 percent of respondents rated their overall satisfaction with MIGA's guarantee services as three or higher. Eighty-eight percent judged the quality of the Agency's services as comparable to that of other public insurers.

Portfolio Distribution

During fiscal 1996 MIGA continued its effort to diversify its contingent liabilities by industry sector and host country. MIGA's issued and outstanding portfolio both increased in size and broadened in diversity during the year. The infrastructure sector continued to grow, increasing from 4 percent in fiscal 1994 to 12 percent (figure 2). Manufacturing projects accounted for almost one-third of the investments covered in fiscal 1996: $272 million in maximum contingent liability was issued for 26 guarantee contracts in this sector during the year, increasing the share of the manufacturing sector in the portfolio from 20 percent in fiscal 1995 to 27

FIGURE 2.
GUARANTEE PORTFOLIO BY SECTOR
(maximum contingent liability outstanding)



(As of June 30, 1996)

TABLE 2. GUARANTEE PORTFOLIO BY HOST COUNTRY
(maximum contingent liability outstanding)

Host Country	*Share (percent)*	*Host Country*	*Share (percent)*
Brazil	7.2	Trinidad and Tobago	2.2
Peru	6.9	Uzbekistan	2.2
Pakistan	6.0	Chile	2.1
Argentina	5.4	Slovak Republic	2.1
China	4.9	Ecuador	1.9
Russia	4.8	Hungary	1.8
Indonesia	4.5	Bulgaria	1.4
Jamaica	4.4	Costa Rica	1.4
Poland	4.2	Nepal	1.4
Turkey	3.6	Honduras	1.3
Papua New Guinea	3.4	South Africa	0.9
Czech Republic	2.9	Kazakstan	0.8
Tunisia	2.9	Uganda	0.7
Kyrgyz Republic	2.6	El Salvador	0.4
Philippines	2.6	Ghana	0.4
Venezuela	2.6	Morocco	0.4
Bangladesh	2.4	Saudi Arabia	0.4
Guyana	2.2	Madagascar	0.1
Kuwait	2.2	Tanzania	0.1
Mali	2.2	Vietnam	0.1

Note: As of June 30, 1996. See financial statements (pages 61–62) for dollar amounts of contingent liability by host country.

percent in fiscal 1996. The portion of financial projects was reduced to 32 percent of MIGA's total insurance portfolio, from about 39 percent in fiscal 1995.

In response to the increasing demand for MIGA guarantees, the Board of Directors increased the limit of allowable coverage in any one host country from $175 million to $225 million. In terms of host country distribution, MIGA broadened its portfolio by issuing its first guarantees in five additional developing countries. MIGA's contingent liability is now spread across 40 beneficiary developing members and, in conformance with management's prudent underwriting policy decision, is not concentrated excessively in any single member country. Brazil, with $163.8 million of maximum contingent liability outstanding, has the highest share, followed by Peru and Pakistan (table 2).

The number of preliminary applications[1] submitted by investors is a rough indicator of the success of MIGA's marketing efforts and the possible dimension of its future portfolio. MIGA received preliminary applications at an average rate of 50 a month throughout fiscal 1996. Active registered projects involve investors from 49 countries, with prospective investments in 116 developing countries. Along with rising country membership, this augurs well for the future growth of MIGA's guarantee business and for management's efforts to maintain a balanced portfolio.

Guarantees Issued

The investment projects MIGA insured in fiscal 1996, grouped by geographic region, are described below.

1. A one-page form that MIGA uses to make a provisional determination of the eligibility of an investment.

AFRICA

Continuing efforts to broaden its portfolio in Africa, MIGA covered its first project in Mali and expanded its activities in East Africa, particularly in the telecommunications sector.

The Agency's regional membership also broadened. With the addition of Algeria and Sierra Leone during the year, MIGA now has 40 member countries in Africa. MIGA has hired an additional staff member to better service the demand for its guarantee services in the region.

❖ MALI
Anglo American Corporation of South Africa, Ltd.

MIGA issued $50 million of coverage to Anglo American Corporation of South Africa, Ltd. (AAC) for its shareholder loan to construct and operate an open-cast gold mine and ore treatment plant. MIGA guarantees cover currency transfer, expropriation, and war and civil disturbance risks.

The project enterprise, Société d'Exploitation des Mines d'Or de Sadiola, S.A. (SEMOS), is located on the Sadiola Hill deposit near the border with Senegal. An estimated 4 million tons of ore will be treated annually, and the gold production will be airlifted to Bamako and then to Europe for refining and sale. SEMOS is owned jointly by AAC, IFC, the Government of Mali, and a Canadian prospecting company.

The project will contribute to the expansion of private industry in Mali, supporting the government's efforts to diversify the country's predominantly agricultural economy. It also will have a substantial developmental impact. The mine will em-

The ore treatment plant for SEMOS in Mali, which is owned jointly by Anglo American Corporation of South Africa, the International Finance Corporation, the Government of Mali, and a Canadian partner.

ploy more than 300 local staff and help raise household incomes in the region. AAC will train staff in various aspects of administration, geology, engineering, metallurgy, and plant operations. Additional engineering, procurement, and construction management services will be used to build and improve access roads, upgrade a small airfield, and install a pump station and storage reservoirs to serve a pipeline that will carry water from the Senegal River to the site. A diesel-fueled power station will be constructed to supply the plant. Some raw materials, such as cement, stone aggregate, poles, cement brick blocks, and low-pressure PVC pipes, will be sourced locally. AAC also will build a primary school, recreation facilities, a small health clinic, and a post office.

An independent consulting firm that prepared the environmental assessment concluded that no significant agricultural activities will be displaced or biodiversity lost. The project includes comprehensive reclamation and erosion management efforts as well as corporate health and safety plans.

✣ TANZANIA
Wilken Group Limited

MIGA issued two guarantee contracts totaling $0.4 million covering the Wilken Group of the United Kingdom for its equity and shareholder loan to Wilken Afsat (Tanzania) Limited (WAL) to establish a satellite communications link to transmit data to and from overseas locations. WAL is approximately two-thirds owned by Afsat Communications Limited, an affiliate of the Wilken Group, and a local consulting and marketing firm wholly owned by Tanzanian nationals. MIGA will cover the Wilken Group against the risks of currency transfer, expropriation, and war and civil disturbance.

The satellite system will help meet a high and unfulfilled demand for data communications services. The project will use VSAT (very small aperture terminal) technology licensed from a U.S. company. VSAT provides alternative, high-quality digital data links to locations where telephone services are not available or where existing telephone circuits are expensive, congested, or unreliable. Data will be transmitted to and from local users, as well as users in Uganda, through a hub to be installed in Kampala. Users will receive training, maintenance, and operational support.

This project is expected to have an important impact on Tanzania's economy by facilitating access to data communications for several thousand users, including local and foreign individuals, businesses, and public entities.

UGANDA
Wilken Group Limited

MIGA also covered the Wilken Group for its $300,000 equity investment and $371,963 shareholder loan to Wilken Afsat (Uganda) Limited (WAL) to establish a satellite communications system for data transmission. The investment in WAL is insured for $1 million against the risks of currency transfer, expropriation, and war and civil disturbance.

The project will improve the existing data communications system in Uganda. Data will be transmitted to and from local users, as well as users in Tanzania, through a data transmission hub installed in Kampala. The enterprise will use the same technology as the project in Tanzania (see the description above).

The project's impact on Uganda's economic development is both direct and indirect. Improved communications will facilitate business investment and increase efficiency. The modern data transmission system will promote transfer of technology to Uganda and provide jobs for about 20 nationals. A training

program will be implemented to develop the skills, techniques, and expertise the staff will need to manage and operate the virtual hub and maintain users' remotes.

✣ UGANDA
Starlight Telecommunications Limited, L.L.C.

In separate guarantee contracts totaling $2.6 million, MIGA covered Starlight Telecommunications Limited's (STL) equity and shareholder loan to establish a network of pay phones and a mobile radio and private voice and data communications system. The project is 70 percent owned by STL and 30 percent by Ugandan nationals. STL's equity is covered against the risks of currency transfer, expropriation, and war and civil disturbance. The loan is insured against the risks of currency transfer and war.

The project network, Starlight Communications Uganda Limited (STARCOM), includes about 200 pay phones in Kabale, Kampala, Masaka, and Mbarara. The wireless, satellite-based communications technology involves the installation of earth stations, transmission equipment, central stations, and switching equipment.

The project will have a substantial impact on the local economy. It will create jobs for about 60 Ugandan nationals, who will be trained in equipment handling, field repair, and operations management. Private individuals, local businesses, and medical and other emergency public services will benefit from increased access to the telecommunications network.

A satellite dish for the STARCOM project in Uganda.

✣ UGANDA
La Source

In 1993 MIGA issued $10 million of coverage for two equity investments in Kasese Cobalt Company Limited (KCC), then Uganda's largest private investment. In 1996 La Source of France made a $4 million shareholder loan to KCC, and, in a separate guarantee contract, MIGA transferred coverage of $3.6 million from the earlier-issued equity contracts to cover the new La Source loan against the risks of expropriation and war and civil disturbance.

✣ SOUTH AFRICA
Habib Bank A.G. Zurich

MIGA issued a $12.3 million guarantee to cover Habib Bank's $13.7 million equity financing of a new commercial branch bank in South Africa. The investment in HBZ Bank Limited was insured against the risks of currency transfer, expropriation, and war and civil disturbance. HBZ Bank will concentrate on trade finance activities, particularly for small and medium-size companies.

ASIA

MIGA projects in the region now represent one-fourth (more than $575 million) of the Agency's outstanding liabilities. During fiscal 1996 MIGA issued guarantees for its first projects in Nepal and Papua New Guinea. MIGA staff traveled to project sites in China, Indonesia, Papua New Guinea, the Philippines, and Sri Lanka as part of their preliminary project evaluation efforts.

MIGA's pipeline of prospective business includes more than 300 applications for investments in some 20 Asian countries.

✤ NEPAL
Statkraft SF
ABB Kraft AS
Kværner Energy AS

MIGA's first contract of guarantee in Nepal was issued to three Norwegian investors for a hydroelectric power plant, Himal Power Limited (HPL). MIGA coverage totaling $32.8 million insures their equity investments in the 60-megawatt power plant against currency transfer, expropriation, and war risks.

The project represents the first foreign-owned and -operated power project of its kind in Nepal. It also involves MIGA's first collaboration with the Norwegian political risk and export credit insurer, Garanti-Instituttet for Eksportkreditt (GIEK), which reinsured a portion of MIGA's exposure to Statkraft SF. A number of multilateral and bilateral agencies are involved in financing the project, including the Asian Development Bank, Eksportfinans (Norway's official export credit lending agency), the Norwegian Agency for Development Corporation (NORAD), IFC, and the Nepal Industrial Development Corporation.

HPL is a run-of-the-river project located along a tributary of the Kosi River, one of Nepal's three major river systems, 100 kilometers east of Kathmandu. The project, which is expected to meet up to 25 percent of Nepal's annual electricity needs, will employ about 3,000 nationals during the initial five-year construction period.

The project will comply with all applicable environmental guidelines of the World Bank as well as GIEK and NORAD standards. An extensive environmental impact assessment, including analysis of all biophysical and sociocultural issues associated with the construction and operation of the power plant, was completed in conjunction with local organizations.

✤ VIETNAM
McCullagh International, L.P.

MIGA issued separate guarantee contracts to McCullagh International, L.P., of the United States for its equity investments in the establishment of two coffee processing facilities in Vietnam. The project enterprises, the country's first foreign joint ventures in coffee processing, will have a significant economic impact by enabling Vietnam to export processed robusta coffee rather than green beans for processing elsewhere in Asia.

The first facility, Net Cafe, is a coffee processing and roasting facility in Nha Trang, northeast of Ho Chi Minh City. MIGA coverage of $1.1 million was issued against the risks of currency transfer, expropriation, and war and civil disturbance. The joint venture is with Mascopex, a subsidiary of the largest government-owned coffee trading company, Union Coffee Company. Net Cafe will clean, dry, grade, and bag robusta coffee beans for export, using advanced technology that meets international quality standards. Total annual output of processed coffee is expected to reach 10,000 metric tons.

The project will have a significant positive impact on the local economy and the social development of the region. All of its raw materials will be purchased from local farmers, as will most noncoffee inputs. Once operational, Net Cafe will provide permanent employment for approximately 30 local workers. During the peak season an additional 30 workers will be hired. Along with medical benefits and meals, local staff will receive extensive training in plant operation, quality control, marketing, and business management.

The other coffee processing facility, Krong Ana Joint Venture Export Coffee Processing Company (Anacula), is located in Dac Lac Province. MIGA's $0.8 million guarantee covers McCullagh's $0.9 million investment against the same risks covered for the Net Cafe investment. Krong Ana Coffee Factory, a state-owned cooperative, owns 35 percent of Anacula. Anacula will use an advanced manufacturing process similar to that used by Net Cafe, which will ensure that the coffee meets international quality standards. Anacula will have the same positive developmental impacts as Net Cafe.

✣ PAKISTAN
Imperial Chemical Industries, Plc.

MIGA issued coverage to Imperial Chemical Industries, Plc. (ICI) of the United Kingdom for its $22.9 million equity investment in the expansion of the Sheikhupura Polyester Plant (SPP), a unit of ICI's branch operations in Pakistan. (ICI will make the investment through its wholly owned Netherlands branch, ICI Omicron, B.V.) MIGA's $9 million guarantee will cover ICI against the risks of currency transfer, expropriation, and war and civil disturbance. Several foreign and domestic lenders and investors are involved in the project financing.

SPP was established in 1982 to manufacture polyester fiber in Pakistan. It represents one-third of the assets of ICI Pakistan Limited, one of the largest multinationals in Pakistan, and is a joint venture among ICI and Pakistani nationals and institutional investors as well as foreign institutional investors.

The expansion involves construction of a new manufacturing facility and a spinning and processing facility, expected to increase production of polyester fiber by 63,000 tons annually and processing by 31,500 tons annually. The new plant will use continuous polymerization technology supplied by DuPont, which will boost energy saving and enhance product quality. The new investment also forms part of the capital for increasing the capacity of the on-site captive power plant from 10 to 14 megawatts.

The project is expected to have an important economic impact, since the textile industry accounts for almost 50 percent of Pakistan's exports and is a major contributor to the economy. The polyester fiber sector is an integral part of this industry because the increasing demand for blended fabrics has created a fast-growing market for high-quality polyester fiber.

The expansion will create about 140 technical and professional jobs for Pakistani nationals and provide an extensive training program in the use of the new technology. Most of the raw materials and equipment will be sourced locally, and local businesses in the packaging, transport, and utilities sectors that will serve the expanded plant will also benefit. Other downstream businesses that recycle polyester fiber waste to manufacture related products will benefit from the expansion as well. By providing the textile industry with a domestic substitute for imports, SPP's expansion also will help save foreign exchange.

✣ CHINA
André & Cie, S.A.

MIGA issued separate guarantees to André & Cie, S.A., totaling $12.6 million for its equity investment, shareholder loan, and loan guaranties for the establishment of a joint venture agribusiness enterprise. The local joint venture partner, Jiangxi Xinjian Foreign Economic Relations and Trade

Corporation of China, will own 31 percent of the project.

André's investment includes $3.9 million in cash and equipment and about $800,000 in loans to the project. André also has issued loan guaranties totaling $7.6 million to Société Générale to cover the bank's two loans to the project. MIGA guarantees cover André's equity in the project against the risks of currency transfer, expropriation, and war and civil disturbance and the loans and loan guaranties against currency transfer and expropriation risks.

The project enterprise, Nanchang Anxin Oils Fats and Feedstuff (Group) Company, Ltd., will crush oilseeds, refine vegetable oils, and market feedgrains and oil by-products in Jiangxi Province. Nanchang will produce up to 90,000 tons of processed oilseeds, 30,000 tons of vegetable oil, and 1,500 tons of animal feed annually. The enterprise also will research and develop new seed-related products.

The project will have a positive developmental impact by alleviating the chronic shortage of oils and related products in the province. Moreover, refined vegetable oil will be produced locally for the first time. All project inputs and production equipment will be sourced in the country.

✣ CHINA
Atlantic Commercial Finance, B.V.

MIGA issued a $16.7 million guarantee to Atlantic Commercial Finance, B.V., of the Netherlands, a wholly owned subsidiary of Enron Corporation of the United States, for its equity investment in a 150-megawatt combined cycle diesel power plant on the east coast of Hainan Island, China. MIGA's guarantee covers the risks of currency transfer, expropriation, and war and civil disturbance.

The project enterprise, Hainan Meinan Power Company CJV (HMPC), is an intermediate load plant, designed specifically

Hainan Meinan Power Company, a diesel power plant designed to respond to fluctuations in demand, will help eliminate power outages in Hainan Province, China.

to overcome some of the province's power problems. The existing coal-fired and hydroelectric plants in Hainan are large and can provide generating capacity only in large increments; they involve a cumbersome manual system to determine electricity requirements. The HMPC plant, which is customized to respond automatically to fluctuations in demand, will help eliminate power outages and assist in accurate matching of output with demand.

The project will represent about 13 percent of Hainan's current installed power capacity and contribute significantly to the growth prospects of the local economy. Approximately 850 local nationals were hired during the construction phase. Employees are receiving technical training and English-language education. In addition, the project will provide more than $34 million in local tax revenues over the first five years of operation.

Measures have been taken to ensure that thermal discharges and emissions of sulphur dioxide and nitrogen oxide conform to relevant World Bank guidelines. The plant also has a comprehensive oil spill contingency plan and has put in place noise abatement measures.

✣ CHINA
ING Bank, N.V.

MIGA issued $4 million in coverage to ING Bank for its nonshareholder loan toward the expansion of Sika Silk Company Limited, to produce high-quality silk. In 1995 MIGA covered three equity investors (PepsiCo, Inc., of the United States, Ratti Technologies S.r.L. of Italy, and Shinwha Textile Company, Ltd., of Korea) in this joint-venture project involving six investors from China, Italy, Korea, and the United States. MIGA's guarantee covers

Sika Silk Company Limited, a silk printing and dyeing facility in China, will produce high-quality silk.

currency transfer, expropriation, and war and civil disturbance risks.

✣ INDONESIA
Capital Indonesia Power I C.V.

MIGA issued a $50 million guarantee to Capital Indonesia Power I C.V., an affiliate of General Electric Capital Corporation of the United States (GE), for its $61.2 million equity investment in the construction and operation of two 615-megawatt coal-fired electricity-generating plants in Indonesia. MIGA's guarantee covers the risks of currency transfer and war and civil disturbance.

The plants will be located at the Paiton Power Generating Complex, and the power output will be sold to the government-owned electricity corporation. The project will create more than 260 permanent jobs. In addition, approximately 2,500 people will be employed during the construction phase, and GE will create housing for up to 550 employees and their families. All employees will receive substantial technical and managerial training. Existing roads will be improved and telephone service upgraded. The long-term employment benefits created by the construction and operation of the plants will enhance the quality of life for the project's workers, their families, and the local business community.

By increasing the availability of electricity, the project will have a significant positive impact on Indonesia's economy. Frequent power shortages inhibit the country's economic development. Moreover, only about one-third of its households are connected to the electricity grid. Indonesia will also benefit from the project's utilization of nonexportable coal reserves, which will further develop the coal industry and allow the country to maintain its oil export levels.

✣ PAPUA NEW GUINEA
R.T.Z. Overseas Holdings Limited
Union Bank of Switzerland

MIGA issued $10 million in coverage to R.T.Z. Overseas Holdings Limited for a portion of its equity investment in an open-pit gold mine in Papua New Guinea. The project is MIGA's first in Papua New Guinea. MIGA also issued $66.6 million of coverage to a syndicate of commercial lending institutions represented by Union Bank of Switzerland (UBS) for a $300 million loan to the project enterprise, Lihir Gold Limited. MIGA's coverage to UBS is reinsured by the Export Development Corporation of Canada for $26.6 million and coinsured with the Export Finance and Insurance Corporation of Australia. MIGA guarantees cover R.T.Z.'s investment in this project against the risks of currency transfer, expropriation, and war and civil disturbance.

The mine, located on Lihir Island, is projected to contain one of the largest undeveloped gold deposits in the world, with minable reserves of more than 100 million tons. The project will have positive developmental effects on the economy, particularly as a much-needed source of foreign exchange. Several hundred permanent local jobs will be created, and an extensive training program, ranging from technical skills training to professional development, will be implemented. An array of local suppliers will provide goods and services, including food, medical supplies, office equipment and furniture, and prefabricated buildings. The island's economic infrastructure, including dock facilities, roadways, and telecommunications, will be improved.

The project will also improve the island's social infrastructure. A comprehensive relocation package for area inhabitants will include construction of new homes, a health clinic, churches, and primary and secondary schools. R.T.Z. also will contribute to a community development program designed to improve health and education facilities on the island.

✣ PHILIPPINES
ING Bank, N.V.

ING Bank extended a $5.6 million shareholder loan to expand its branch activities in Manila. MIGA insured the loan for $5 million against currency transfer and expropriation risks. (In fiscal 1995, in its first project in the Philippines, MIGA issued $25 million of coverage to ING for its $27.8 million loan to ING Manila.)

EUROPE AND CENTRAL ASIA

This region accounted for the largest portion of MIGA's guarantee activities during fiscal 1996 and set a record for business volume in a single region. This accomplishment reflects the increasing flow of foreign investments to the transition economies of this region. Foreign investment flows to Europe and Central Asia rose 49.2 percent, to $12.5 billion in 1995, following a slower pace in 1994. The 21 guarantee contracts MIGA underwrote for projects in the region in fiscal 1996 totaled about $285 million in coverage.

✣ RUSSIA
Cadbury Russia Limited

Cadbury Russia Limited invested $77 million to set up two companies to manufacture, market, and distribute chocolate and sugar confectionery products in Russia. MIGA covered this equity investment for $69.3 million, which includes $19.3 million in reinsurance by the Export Credits Guarantee Department of the United Kingdom. MIGA will cover the company against the risks of expropriation and war and civil disturbance.

The project, Cadbury A.O., is a joint venture between Cadbury Schweppes, P.l.c., of the United Kingdom and Silbury Enterprises, Ltd., a private, Canadian-owned U.K. company. The EBRD is also participating in the project financing.

The project will make an important contribution to Russia's economic development. Located in the Chudovo region, near the town of Novgorod, it will help strengthen and diversify the predominantly agricultural regional economy. By creating approximately 1,640 new jobs, the project will be a major employer in the region. Local businesses will benefit because substantial material and services will be sourced locally and a significant demand for packaging products will be created. The project will pay an estimated $14 million in taxes annually.

✣ RUSSIA
Alimenta, S.p.A.
CAS, S.p.A.

MIGA insured two Italian firms for their investments in the establishment of a fruit processing facility in Russia. MIGA guarantees cover Alimenta's equity and loan guaranty to the project for $4.1 million in insurance against the risks of expropriation and war and civil disturbance. A separate $0.9 million MIGA guarantee covers CAS's $1 million equity investment against the same risks.

Depsona A.O., the project enterprise, will produce apple and carrot juice fruit concentrate. The fresh juices and concentrates will be sold on the domestic Russian market; the concentrates also will be exported to Europe and the United States. Depsona will be located in Tula, a major apple-producing region.

The project is a joint venture among five parties: Alimenta, S.p.A. (an Italian agro-industrial engineering firm), CAS, S.p.A. (one of Europe's principal producers of apple juice concentrate), Simest (an Italian government investment agency), IFC, and a local agricultural cooperative. A substantial portion of the region's fruit and vegetable production is currently being wasted because of insufficient local storage facilities and inadequate distribution networks. Depsona will purchase and process damaged or otherwise unacceptable fruits and vegetables that would not be exported or utilized on the local market. The project will create about 100 local jobs.

✣ RUSSIA
ING Bank, N.V.

MIGA issued a $25 million guarantee against currency transfer and expropriation risks to ING for a loan to ING Eurasia, its Russian subsidiary. ING will expand its local activities and develop a program of medium- and long-term lending to subsidiaries of multinational corporations, local joint ventures, and Russian companies.

✦ KYRGYZ REPUBLIC
Cameco Corporation

In its first project in the Kyrgyz Republic, MIGA issued $45 million in reinsurance to the Export Development Corporation of Canada (EDC) for its insurance of Cameco Corporation's investment in a gold mine. The project involves commercial development of the Kumtor gold deposit and mining and marketing of gold. It is a joint venture between Cameco Corporation's wholly owned Canadian subsidiary, Kumtor Mountain Corporation, and the Government of the Kyrgyz Republic.

The largest foreign private investment in the country to date, the project is expected to become the largest single source of export earnings. It will be a major source of local employment, and employees will be offered housing, a recreational area, and a health clinic. New roads and communication lines will be built for easy access to the mine site. An environmental management plan, developed in consultation with the local government, includes details of environmental monitoring and reclamation.

MIGA's reinsurance of EDC covers the risks of expropriation and war and civil disturbance. OPIC will provide political risk insurance coverage for commercial bank loans. The Kumtor project is also supported by loans from IFC and the EBRD. Thus, the project is an example of collaboration among leading multilateral and bilateral financing and political risk insurance agencies.

✦ KYRGYZ REPUBLIC
Efes Sinai Yatirim Ve Ticaret, A.S.

MIGA issued a $14.3 million guarantee covering Efes's equity investment in Coca-Cola Bishkek Bottlers (CCBB) to bottle and sell Coca-Cola products under a franchise agreement with the Coca-Cola Company. MIGA insurance covers Efes against expropriation and war risks.

CCBB, the first producer of soft drink beverages in the Kyrgyz Republic, is owned jointly by Efes (a Turkish company), the Coca-Cola Export Corporation, and a local investor. The project will establish an efficient distribution system using modern technology.

By procuring available raw materials locally, the project will contribute to the local economy. Domestic production will replace approximately $1.6 million of beverage imports annually and will have a positive effect on the balance of payments. CCBB also will benefit local merchants, restaurants, and other small businesses through greater product availability and sales. The project will employ 180 workers, who will be trained in modern manufacturing techniques, sales, distribution, and marketing management.

✦ KAZAKSTAN
Efes Sinai Yatirim Ve Ticaret, A.S.

MIGA also issued $13.3 million of coverage to Efes for its equity investment in a soft drink facility that will produce, bottle, and distribute Coca-Cola beverages in Kazakstan. The project enterprise, Coca-Cola Almaty Bottlers (CCAB), is a joint venture with TONUS, which is owned jointly by the Kazak state and private nationals. MIGA guarantees were issued against the risks of expropriation and war and civil disturbance.

Kyrgyz Republic President Askar Akaev (second from left) joins the project partners in toasting the opening of Coca-Cola Bishkek Bottlers, the first producer of soft drink beverages in the country.

CCAB, which will establish an efficient product distribution system based on modern techniques, will generate developmental benefits for both Kazakstan and Turkey. The project will create more than 150 jobs for Kazak nationals, who will be trained in all aspects of soft drink bottling operations, including modern manufacturing techniques, sales, marketing management, and distribution. Domestic suppliers will benefit from local procurement of some raw materials, and local retailers will benefit from increased availability and sales of soft drinks. Efes's investment includes equipment and machinery from Turkey, which will stimulate private enterprise in the country and have a positive impact on Turkish export earnings.

An environmental audit was undertaken to examine possible wastewater contamination and other environmental issues related to operation of the soft drink facility. Efes has committed to implement the recommendations of the audit and to comply with local regulations.

✣ BULGARIA

Rover Overseas Holdings Limited
Rover Exports Limited

Rover Overseas Holdings Limited (ROH) received MIGA guarantees totaling $4.9 million in three separate contracts for its loan, technical assistance, and equity investments in Rodacar AD, the first automobile assembly facility in Bulgaria. MIGA guarantees cover the risks of currency transfer, expropriation, and war and civil disturbance.

Rodacar is owned jointly by ROH of the Rover Group Limited, a subsidiary of Germany's Bavarian Motorworks AG, and the Daru Group of Bulgaria, which includes Daru Car, Ltd., the official importer and local distributor of BMW and Rover vehicles in the country. The project enterprise, to be located in the port of Varna on the northeast coast of Bulgaria, will assemble cars using knock-down kits imported from Rover's facilities in the United Kingdom.

❖ BULGARIA
ING Bank, N.V.

MIGA issued ING $24 million in guarantees against currency transfer and expropriation risks for its $26.6 million shareholder loan to expand its branch bank in Sofia. The new investment will finance medium- and long-term lending for projects sponsored by multinational corporations and export-oriented Bulgarian companies.

❖ HUNGARY
UBP Hungary, Inc.

In two guarantee contracts MIGA insured UBP, a wholly owned subsidiary of Universal Automotive Industries, Inc., of the United States for its equity and shareholder loan investments in UBP Csepal Iron Foundry Kft. MIGA coverage of $3.2 million was issued against the risks of currency transfer, expropriation, and war and civil disturbance.

UBP acquired the financially distressed Csepal iron foundry, a major steel manufacturing and fabrication plant for more than a century. UBP will modernize and expand the plant, which will produce gray iron and ductile castings for automobile spare parts and machine tools. Automated molding machinery will be introduced for the manufacture of brake rotors, mostly for export to Canada, the United States, and Western Europe, generating export earnings of about $10 million annually.

In addition to improving the plant's production and operations, major rehabilitation of the foundry also will mitigate some environmental impacts. The existing emissions control system will be refurbished, filters and wet scrubbers will be installed to control dust, and the resulting sludge will be neutralized and then disposed of at a government-operated landfill. The project will preserve current jobs and create new jobs for an additional 100 nationals. Local managers and other staff will be trained in the United States.

❖ HUNGARY
ING Bank, N.V.

MIGA insured ING's loan to expand its current banking operations in Hungary. The $17.2 million MIGA guarantee covers ING's $24 million loan against the risks of currency transfer and expropriation.

❖ SLOVAK REPUBLIC
ING Bank, N.V.

MIGA issued a contract totaling $19.8 million in coverage for ING's loan to its Bratislava branch. This U.S. dollar-denominated contract substitutes for a deutsche mark-denominated contract issued in fiscal 1995. MIGA guarantees cover the risks of currency transfer and expropriation.

❖ POLAND
ABN AMRO Bank, N.V.

MIGA issued a $21.8 million guarantee to ABN AMRO Bank, N.V., for its equity investment in the establishment of a bank in Poland. MIGA coverage was issued against currency transfer and expropriation risks.

The project enterprise, created in 1991 as Interbank, S.A., was taken over in 1992 by the National Bank of Poland, which sought new investors to operate the financially distressed bank. ABN subsequently bought a majority interest in the bank and created ABN AMRO Bank (Polska), S.A., to provide corporate and investment banking to medium-size domestic banks and companies.

❖ POLAND
ING Bank, N.V.

ING Bank extended a $26.6 million loan to ING Bank Warsaw (IBW) to expand its banking operations in Poland. MIGA issued guarantees totaling $24 million to cover ING against currency transfer and expropriation risks.

IBW began operations in 1990, offering corporate banking, trade and commodity banking, capital market transactions, and services related to money markets and foreign exchange. Funds under the additional facility will finance medium- to long-term loans for energy projects, manufacturing, and telecommunications.

LATIN AMERICA AND THE CARIBBEAN

More than one-third ($866 million) of MIGA's total outstanding portfolio is in this region. Coverage issued during fiscal 1996 totaled about $200 million, for projects in the infrastructure, manufacturing, mining, and financial sectors. A special effort to promote investments between MIGA's developing member countries in the region resulted in investments by an Argentine firm and a Uruguayan company in manufacturing facilities in Brazil during the fiscal year.

❖ BRAZIL
Parmalat, S.p.A.

MIGA issued $21.6 million of coverage to Parmalat, S.p.A., of Italy for its loan guaranty in connection with the construction of a new bakery plant in Jundiai, São Paulo. Parmalat's guaranty covers a $24 million loan from the Bank of America, N.A., toward establishment of Parmalat's Brazilian subsidiary, Administração e Participações Ltda. MIGA guarantees cover the risks of currency transfer and expropriation.

The bakery will produce an estimated 40,000 tons of confectionery goods annually. Parmalat will source the most important raw materials, such as oil, sugar, wheat flour, and packaging, in the Jundiai region, boosting the local economy. The project's output will initially substitute for some imports; in subsequent years Parmalat expects to export its products to other Latin American markets. The investment will create more than 1,000 jobs.

❖ BRAZIL
Gribal, S.A.
Lloyds Bank, Plc.
The First National Bank of Boston-Nassau Branch

MIGA insured equity and loans in the expansion of soft drink and beer bottling facilities in the Brazilian states of Paraná and São Paulo. Gribal, S.A., a Uruguayan company, received $4.1 million in coverage against currency transfer risks for its equity investment. MIGA also guaranteed the loans made by Lloyds Bank and The First National Bank of Boston against the risks of currency transfer, expropriation, and war and civil disturbance for $16.1 million. Banco National de Desenvolvimento Economico e Social, the Brazilian development bank, also provided $46.7 million in debt financing.

The project enterprise, SPAIPA S/A Indústria Brasileira de Bebidas, was established in early 1995 as a holding company to consolidate and expand the operations of three Coca-Cola bottling franchises. Soon after, the franchises were merged into SPAIPA, which was transformed into an operating company to produce and distribute soft drinks and beer through 21 bottling and distribution units.

New machinery to bottle soft drinks will be installed at SPAIPA, a MIGA-insured project in Brazil.

The new investment will be used to install new machinery and equipment, including a bottling line for cans, which will increase production by 50 percent, to 15.4 million cases a month. Increased production and improved distribution will result in lower prices for consumers. Local businesses will benefit from ongoing local procurement, since the investment will purchase most goods and services in Brazil.

✣ BRAZIL
Lloyds Bank, Plc.
Puerto Seco, S.A.

Puerto Seco, S.A., of Argentina invested $15 million of equity, and Lloyds Bank of the United Kingdom lent $13.4 million, toward the acquisition and modernization of an automotive parts factory in Brazil. The project enterprise, Tecnologia em Componentes Automotivos, Ltda. (TCA), produces wire harnesses for Ford and Volkswagen vehicles assembled in Brazil under supply agreements with the two automobile manufacturers. MIGA guaranteed the loan (for $12 million in coverage) against currency transfer, expropriation, and war and civil disturbance risks and a portion of the equity (for $3 million) against the risk of currency transfer.

Puerto Seco, incorporated in 1986 in San Juan, Argentina, specializes in the manufacture of wire harnesses. It acquired TCA, located in Pernambuco State, in 1995 when Ford do Brasil, S.A., and VW do Brasil, S.A., decided to revert to car assembly as independent entities and dissolved their joint venture.

The plant will modernize its production to provide Ford and VW with a high-quality product at an internationally competitive price. TCA will introduce, for the first time in Brazil, technology based on mobile workstations.

✣ JAMAICA

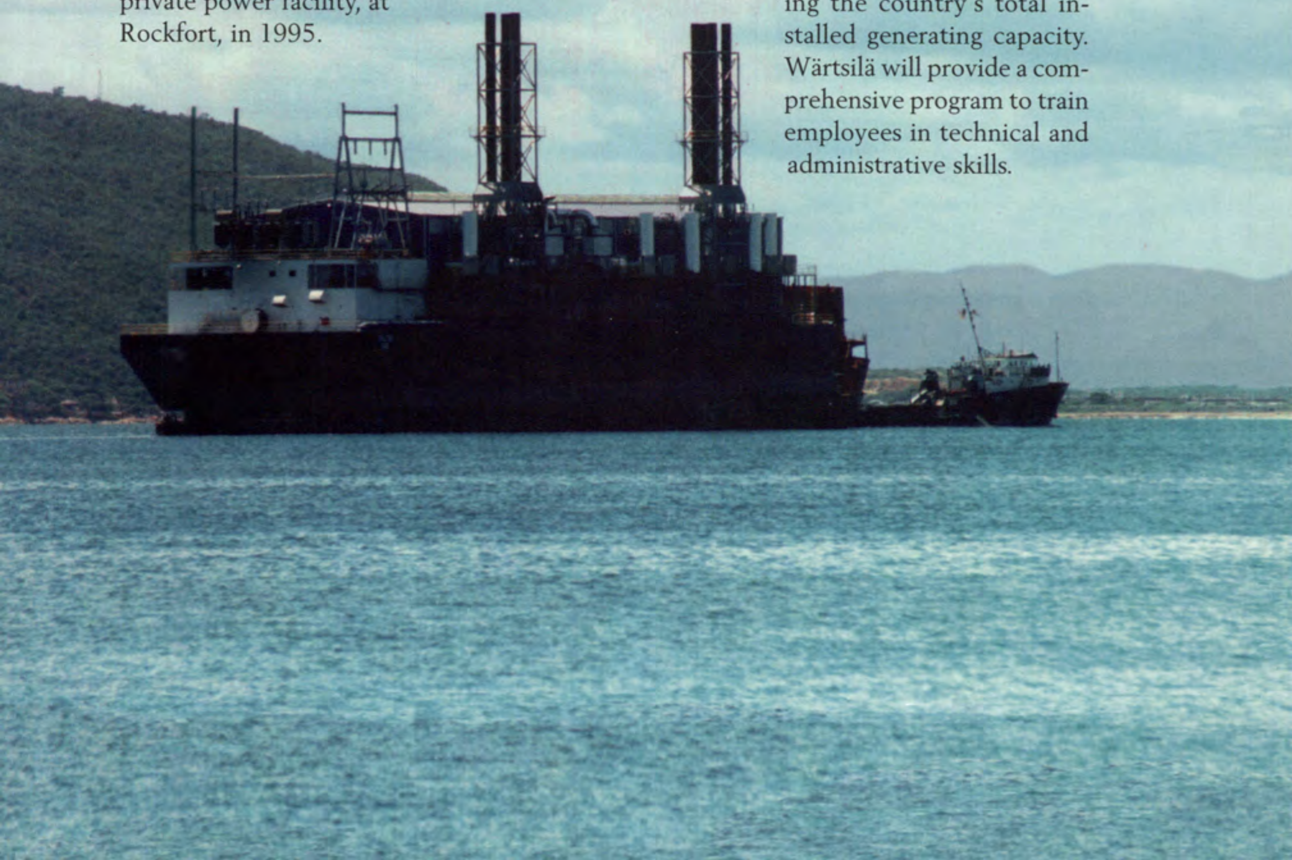
Barge Energy, L.L.C.
Illinova Generating Company
Metra Finance Oy AB
Scudder Latin American Power I-C, L.D.C.
Scudder Latin American Power I-P, L.D.C.
Wärtsilä Power Development Corporation, Inc.

MIGA issued $30 million in coverage to a group of equity and debt investors for the construction and operation of a 74-megawatt barge-mounted diesel power plant, Jamaica Energy Partners, L.P. (JEP). MIGA guarantees cover the risks of currency transfer, expropriation, and war and civil disturbance.

The enterprise, located at Old Harbour, Jamaica, is the country's second privately financed power plant supplying the national grid. MIGA insured the first foreign private power facility, at Rockfort, in 1995.

Wärtsilä Power Development, Inc., initially received a MIGA guarantee for its equity investment in the project enterprise, with the option to transfer coverage to future equity investors and lenders. In separate contracts MIGA then insured equity investments made by Wärtsilä (for $5.2 million in coverage); Illinova Generating Company (for $3.0 million); and two Cayman Islands investors, Barge Energy, L.L.C. (for $3.0 million) and Scudder Latin American Power (in two contracts totaling $6.2 million). MIGA also issued $12.6 million in guarantees to JEP for a loan made by Wärtsilä's parent company, Metra Finance Oy AB of Finland. (IFC and OPIC will also provide debt financing to JEP.)

JEP is a fast-track project. The barge facility was constructed in nine months and is already producing power. The project will help alleviate power shortages and improve the reliability of Jamaica's electric power system by significantly increasing the country's total installed generating capacity. Wärtsilä will provide a comprehensive program to train employees in technical and administrative skills.



✣ PERU
Volvo Truck Corporation

Volvo Truck Corporation (Volvo) of Sweden received $27 million in MIGA coverage for its $30 million loan guaranty to expand the customer financing services of its subsidiary, Volvo Peru, S.A. (VP). MIGA's guarantee covers Volvo against currency transfer, expropriation, and war and civil disturbance risks.

The loan is being financed by Bank of America and will expand Volvo's long-term customer financing through its credit leasing program, CrediVolvo. The first of its kind for the Peruvian truck and bus market, the program will give individual owners and small enterprises access to a much-needed source of financing. CrediVolvo is estimated to have increased sales of trucks and buses in 1995 by 35 percent.

VP is the only truck manufacturer in Peru with both an assembly plant and a nationwide maintenance network. Availability of its specially built trucks, designed for Peru's mountainous road conditions, is especially significant because of the country's reliance on road transportion.

The project is expected to result in greater local sourcing of parts and components. In 1992 VP began ordering only parts that could not be procured locally, rather than completely knocked-down kits. The next year VP bought locally about $10 million in components and parts, which represented about 30 percent of the total value of the goods and services it produced.

✣ PERU
Marubeni Corporation

Marubeni Corporation of Japan received $9.4 million in MIGA coverage for its $10.4 million equity investment in the privatization of the Cajamarquilla zinc refinery near Lima. The MIGA guarantee covers currency transfer, expropriation, and war and civil disturbance.

The project is a joint venture with Cominco, Ltd., a Canadian natural resources company. The refinery, established in 1981, was owned and operated by a government company and consistently suffered losses because of problems with the power supply. With the privatization of the project enterprise, Sociedad Minera Refineria de Zinc de Cajamarquilla, S.A., power and zinc for the facility will be purchased from other privatized Peruvian companies.

Cajamarquilla is expected to generate more than $75 million in export earnings each year. Approximately 60 percent of the total value of the goods and services used by the project will be purchased locally. The project also will provide technical services and on-the-job training for employees.

✣ VENEZUELA
BOC Holdings

MIGA issued a $30 million guarantee to BOC Holdings of the United Kingdom for its equity investment in the construction and operation of a hydrogen plant. MIGA's guarantee covers the risks of currency transfer, expropriation, and war and civil disturbance.

Compania de Hidrogenos de Paraguana (CHP), the project enterprise, is a joint venture with a U.S. industrial engineering services group and is located on the Paraguana Peninsula. Lagoven, a subsidiary of the state-owned Petroleos de Venezuela, will provide the natural gas, boiler feedwater, and cooling water for the plant, along with land use rights, permit support, and site utilities. Lagoven's Amuay oil refinery will purchase the hydrogen and steam the plant produces, making it easier for Lagoven to meet the environmental standards of its major export market, the United States, and enabling the firm to process heavier, higher-sulfur crude oil, resulting in improved profitability.

The plant is designed to comply with local environmental laws and relevant policies and guidelines of the World Bank. BOC will recycle the facility's solid waste.

❖ ARGENTINA
New World Power Corporation

MIGA issued New World Power Corporation (NWP) a $2.3 million guarantee covering NWP's $2.6 million equity investment in Salto Andersen Generación Hidraúlica, S.A. MIGA insurance covers the risks of currency transfer and expropriation.

NWP proposes to develop a seven-megawatt hydroelectric power plant adjacent to the Salto Andersen diversion dam, on the Río Colorado River in the state of Río Negro. The project will have low capital and operating costs and a short construction period and will use an environmentally sustainable source of renewable energy. Operation of the new generators will not affect the river flow because the generating equipment will be constructed on the existing surplus flow bypass. Similarly, because the project will not divert water flow, impacts on the aquatic habitat will be minimal.

❖ ECUADOR
Citibank, N.A.

MIGA issued coverage for $16 million to Citibank, N.A., of the United States for its shareholder loan to Citibank, N.A. (Ecuador) (CBE). MIGA's guarantee covers the risks of currency transfer and expropriation.

CBE will expand the services of its three branches in the country (two are in Quito and one is in Guayaquil). The funds will be used for short- and medium-term lending activities as well as portfolio investments. CBE will lend to the industrial, commercial, financial, agribusiness, and retail sectors.

❖ ECUADOR
ING Bank, N.V.

MIGA issued a $16 million guarantee to ING Bank for its shareholder loan to expand its branch operations in Ecuador. MIGA's guarantee covers the risks of currency transfer and expropriation.

The contribution will allow ING Ecuador Bank to finance medium- and long-term lending and to participate in project financing, treasury activities, and capital market transactions. The expansion is expected to create 22 jobs for Ecuadorian nationals.

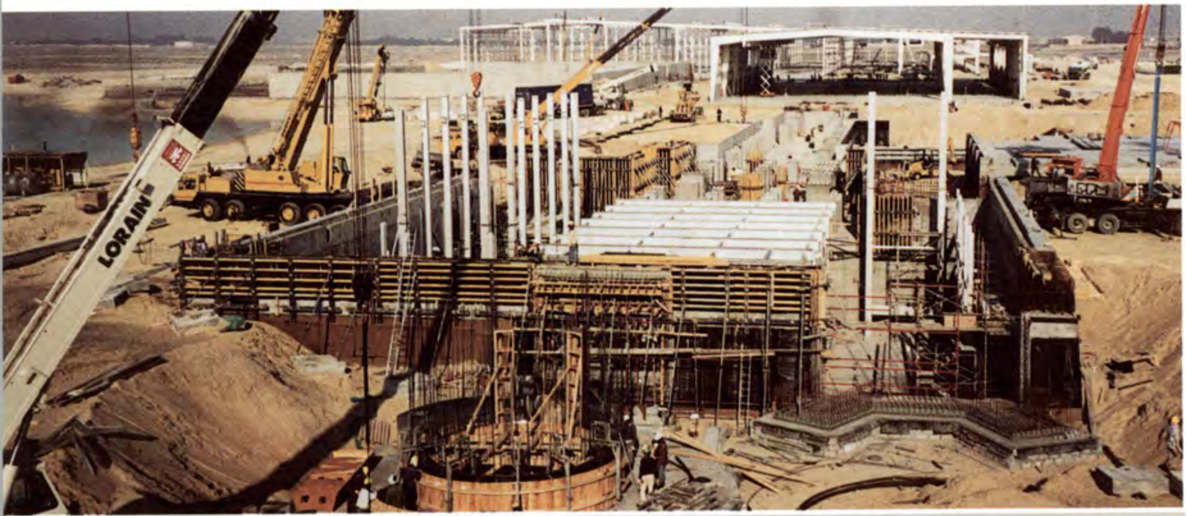
❖ EL SALVADOR
Citibank, N.A.

Citibank, N.A., received $9.9 million in MIGA coverage for its shareholder loan to expand its branch bank in El Salvador. MIGA's guarantee covers the risks of currency transfer and expropriation.

The loan will enable Citibank to finance long-term leases and provide a competitive source of capital to local companies for the acquisition of machinery and equipment, especially from Europe and the United States.

MIGA Member and Signatory Countries

Russian Federation
Finland
Sweden
Estonia
Latvia
Lithuania
Russian Fed.
Poland
Belarus
Germany
Italy
Ukraine
Moldova
Romania
Bulgaria
Georgia
Armenia
Azerbaijan
Turkey
Greece
Malta
Cyprus
Lebanon
Israel
West Bank and Gaza
Syrian Arab Rep.
Iraq
Jordan
Kazakstan
Uzbekistan
Kyrgyz Rep.
Turkmenistan
Tajikistan
Mongolia
Islamic Rep. of Iran
Afghanistan
Kuwait
Bahrain
Qatar
Pakistan
Nepal
Bhutan
China
Dem. People's Rep. of Korea
Rep. of Korea
Japan
Libya
Arab Rep. of Egypt
Saudi Arabia
United Arab Emirates
Oman
India
Bangladesh
Lao People's Dem. Rep.
Myanmar
Hong Kong (UK)
Macao (Port)
Niger
Chad
Sudan
Eritrea
Rep. of Yemen
Djibouti
Thailand
Vietnam
Cambodia
Philippines
N. Mariana Islands (US)
Guam (US)
Federated States of Micronesia
Marshall Islands
Nigeria
Ethiopia
Somalia
Central African Republic
Cameroon
Sri Lanka
Maldives
Brunei
Malaysia
Palau
Singapore
Gabon
Congo
Uganda
Kenya
Rwanda
Burundi
Zaire
Tanzania
Nauru
Kiribati
Indonesia
Papua New Guinea
Solomon Islands
Tuvalu
Comoros
Seychelles
Mayotte (Fr)
Angola
Zambia
Malawi
Mozambique
Madagascar
Mauritius
Réunion (Fr)
Zimbabwe
Namibia
Botswana
Vanuatu
Fiji
New Caledonia (Fr)
Australia
Swaziland
Lesotho
South Africa
New Zealand
Category One Members
Category Two Members
Category Two Signatories
(in process of completing membership)
Nonmembers



Construction is under way at Saudi Guardian International Float Glass Co., a joint venture of Guardian Glass Investments of Luxembourg and two Saudi companies.

MIDDLE EAST

During the year MIGA covered its first project in Kuwait and welcomed Qatar as a new signatory to its Convention. Demand for MIGA guarantees in the Middle East remained modest.

✣ SAUDI ARABIA
Guardian Glass Investments, S.A.

Guardian Glass Investments, S.A., of Luxembourg, a wholly owned subsidiary of Guardian Industries Corporation of the United States, was issued $10 million in MIGA coverage against the risk of war and civil disturbance for its $14.6 million equity investment in a float glass manufacturing facility in Saudi Arabia. The project enterprise, Saudi Guardian International Float Glass Co., Ltd., is located about 200 miles northeast of Riyadh and is a joint venture with two Saudi companies. It is expected to have a gross melting capacity of 450 metric tons a day. The output will be sold domestically as well as in neighboring countries.

The project will be the first local producer of float glass, which is currently imported from Asia, Europe, and the United States. About $20 million in net foreign exchange will be realized annually for Saudi Arabia from import substitution and exports outside the Gulf region. The project will benefit downstream glass fabricators by providing high-quality glass at competitive prices, creating several hundred additional jobs in related industries such as mirror and window manufacturing. Much of the raw materials used by the project will be procured in Saudi Arabia, facilitating the growth of local suppliers. The enterprise will provide local staff with technical training in the operation of float glass plants as well as housing, food, and medical and insurance benefits. A major portion of the broken glass generated by the operation will be recycled.

✣ KUWAIT
Union Carbide Corporation

In its first project in Kuwait, MIGA provided \$50 million in war risk coverage to Union Carbide Corporation (UCC) for a portion of its equity investment in the construction and operation of a petrochemical facility in the Shuaiba Industrial Complex, on the eastern coast. The project enterprise, Equate Petroleum Company KSC, is a joint venture with Petrochemicals Industries Company of Kuwait and represents the first hydrocarbon joint venture of its type in Kuwait.

The project will manufacture ethylene for use in the production of polyethylene and ethylene glycol for domestic sale and export. One of the world's most widely used plastics, polyethylene is used in the production of toys, packaging, storage containers, and wire and cable insulation. The plant will be among the lowest-cost producers of polyethylene in the world, primarily because of the availability of low-cost ethane feedstocks from nearby liquid petroleum gas refineries.

The project is expected to have significant developmental effects for Kuwait, including the transfer of technology and generation of export revenues. It also will create about 100 permanent jobs for Kuwaiti nationals and several hundred jobs for nationals from other developing countries. Employees will receive extensive ongoing training in plant operation and management and related health, safety, and environmental issues. The project will generate more than \$500 million in annual export earnings by 1997. ■

MIGA's Guarantee Clients

AAPC Ltd.
ABB Kraft A.S.
ABN AMRO Bank, N.V.*
Alimenta, S.p.A.
American Cyanamid Company
André & Cie, S.A.*
Anglo American Corporation of South Africa, Ltd.
Arcadian Partners, L.P.*
Atlantic Commercial Finance, B.V.
AVX Limited*
Banco Espagñol de Crédito
Banco Exterior de España, S.A.
Banesto Banking Corporation
Bank of America*
Bank of America NT & SA
Bank of Boston
Bank of Nova Scotia*
Banque Indosuez*
Banque Nationale de Paris
Barclays Bank, Plc.
Barclays Metals Limited
Barge Energy, L.L.C.
Barlows Tractor International Limited
Bering Netherlands, B.V.
BOC Holdings
British Gas, Plc.
Bureau de Recherches Géologiques et Minières*
Cadbury Russia Limited
Cambior, Inc.
Cameco Corporation
Capital Indonesia Power I C.V.
C.A.S., S.p.A.
Catalina Lighting, Inc.
China Capital Development Corporation
Chiyoda Corporation*
Ciments Français
Citibank, N.A.*
Citibank Overseas Investment Corporation
Clovergem AG
The Coca-Cola Export Corporation
Companhia Brasileira de Projetos e Obras
Conservation Tourism, Ltd.
Continental Grain Company
Crédit Suisse
Cyprus Climax Metals Company
Efes Sinai Yatirim Ve Ticaret, A.S.*
Energy Investors Fund II, L.P.
The First National Bank of Boston*
France Commodities, S.A.
Freeport-McMoRan Copper Co., Inc.
Gate Gourmet Holding, Ltd.
General Electric Company
Generale Bank, S.A.
Global Project & Structured Finance — GEC
Greenwood Mills, Inc.*
Gribal, S.A.
GSM Gold Limited
Guardian Glass Investments, S.A.
Habib Bank A.G. Zurich*
Harsco Corporation
Holding Savana, S.A.*
Honeywell, Inc.
Hydra-Co Enterprises, Inc.
Hydro Aluminum Jamaica A.S.
Illinova Generating Company*
Imperial Chemical Industries, Plc.
Impregilo, S.p.A.
ING Bank, N.V.*

Ingersoll-Rand China, Ltd.
International Energy Partners, L.P.
International Mariculture Partners
International Paper Investments
Komatsu, Ltd.
Kværner Energy A.S.
La Source*
Lloyds Bank, Plc.*
Magma Copper Company
Magma Netherlands, B.V.
Magma Power Company
Marriott International, Inc.
Marubeni Corporation*
McCullagh International, L.P.*
McDonald's Corporation
Mees Pierson, N.V.
Metallgesellschaft AG
Metra Finance Oy AB
Middenbank Curaçao, N.V.
Midland Bank, Plc.
Midlands Generation (Overseas), Ltd.
Millicom Cellular Holdings S.A.R.L.
Millicom International Development Corporation
Mine Or, S.A.
Motorola International Development Corporation*
Multiserv International, N.V.*
Multiserv Russia, S.A.
The National Grid Company, Plc.
New World Power Corporation
Newmont Gold Company*
Newmont Second Capital Corporation
Newmont Mining Corporation
Non-Fluid Oil Corporation
Parmalat, S.p.A.
PepsiCo, Inc.
Philip Morris Holland, B.V.
Placer Dome, Inc.
Puerto Seco, S.A.
Ratti Technologies S.r.L.
Ringnes A.S.*
Rio Algom Limited
Rockfort Power Associates, Inc.
Rover Exports Limited
Rover Overseas Holdings Limited
R.T.Z. Overseas Holdings Limited
SAS Service Partner
Saudi American Bank
Scudder Latin American Power I-C, L.D.C.
Scudder Latin American Trust I-P, L.D.C.*
Shinwha Textile Company, Ltd.
Société Générale
Société Internationale de Plantations D'Hévéas, S.A.
Standard Chartered Bank Africa, Plc.
Starlight Telecommunications Limited, L.L.C.*
Statkraft SF
Sumitomo Corporation
Sunnen Products Company
Toyota Tsusho Corporation
UBP Hungary, Inc.*
Union Bank of Switzerland*
Union Carbide Corporation
USEC-Precursor, Inc.
Volvo Truck Corporation
Wärtsilä Diesel Development Corporation, Inc.*
Wärtsilä Power Development Corporation, Inc.
Westvaco Corporation
Wilken Group Limited*
Zentraquip AG ■

* Client has multiple contracts with MIGA.

Technical Assistance Services

MIGA offers technical assistance, through its Investment Marketing Services and Legal Departments, to help its developing member countries promote private investment opportunities more effectively. Together, MIGA's investment promotion and legal advisory activities benefited some 100 countries during fiscal 1996. Highlights of these activities are discussed below.

Investment Marketing Services

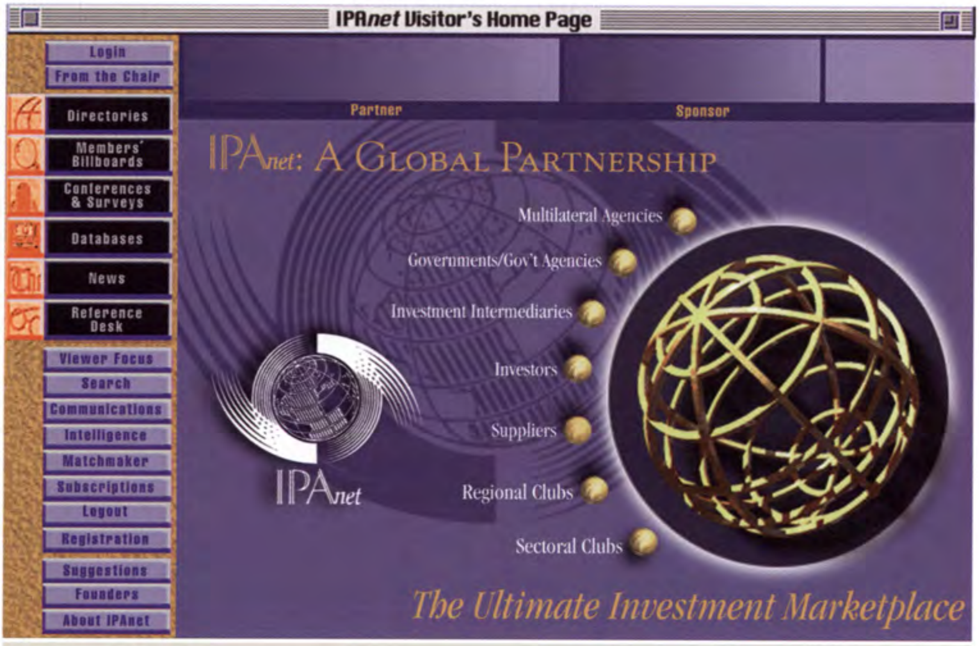
Through its Investment Marketing Services Department (IMS), MIGA delivers to its member countries an integrated program of investment promotion support focusing on three major types of assistance: dissemination of information on investment opportunities; direct support for investment promotion activities; and capacity building of investment promotion agencies (IPAs). By introducing new management and marketing techniques, MIGA helps member country IPAs to maximize the effectiveness of their efforts to attract foreign direct investment.

Information Dissemination

The launch of MIGA's Investment Promotion Agency Electronic Network (IPA*net*) during the first half of the fiscal year marked a major milestone in IMS activities and a shift in orientation toward information dissemination initiatives that benefit a large number of member countries simultaneously. IPA*net* is an on-line marketing, communications, and information marketplace on the Internet that links private investors with investment intermediaries and technology providers worldwide. The product of a three and a half-year research and development effort, IPA*net* has drawn user feedback and information from more than 90 countries.

IPA*net* was opened in November 1995 to the world investment community for a free trial period while content and features were being added. Concurrent with the launch MIGA initiated marketing efforts within the World Bank Group as well as worldwide, demonstrating the facility to gatherings of IPA officials and business representatives from Africa, Asia, Europe, Latin America, North America, and the South Pacific. These efforts, coupled with favorable press coverage in major business publications in Asia, Europe, and North America, helped boost registration in IPA*net* to more than 1,200 organizations in more than 90 countries by the end of fiscal 1996. In addition, several units within the World Bank Group, as well as other multilateral institutions, expressed interest in using IPA*net*'s powerful features, either through its "private club" facility or through independent initiatives modeled after IPA*net*.

The visibility that MIGA gained by launching IPA*net* helped to increase demand for other products and services of MIGA's Investment Marketing Services Department, particularly in the area of information dissemination. Sales of MIGA's African Mining CD-ROM picked up after a slow start, and countries in other regions expressed interest in MIGA's developing similar products in other sectors.



*The world investment community today is sharing foreign investment-related information and forging new business partnerships via IPA*net. *IPA*net *carries information on more than 100 countries at* ***http://www.IPAnet.net.***

Released in May 1995 at MIGA's *Second Annual African Mining Conference* in Toronto, Canada, the CD-ROM covers investment conditions and opportunities in 20 African countries. It offers a large library of documents, including mining laws, investment codes, and information on geology, mineral deposits, and investment opportunities, as well as hundreds of maps and charts.

During the fiscal year MIGA continued to provide fora for information sharing among IPAs and for gathering of market intelligence. Following the model of its well-received conference on *Foreign Investment Strategies of European Companies*, convened in Madrid, Spain, in September 1994, MIGA organized a symposium on *Asian Outbound Investment, Trade, and Financing Strategies* in March 1996. The symposium, held in Kuala Lumpur, Malaysia, attracted IPA executives and business representatives from more than 25 countries. Designed to promote the increased flow of South-South investment between Asia and Africa, Latin America, the Middle East, and Eastern Europe, the event provided a forum for IPAs and firms seeking to attract business collaboration from Asia to learn about government policies and programs to support outbound investment and to hear representatives of leading companies from Japan, Korea, Malaysia, and Singapore discuss investment strategies, requirements, and experiences. Associated Investor Service Workshops in Korea and Malaysia provided firms from these two countries with information about investment conditions and opportunities, financial services, and markets in Africa, Central Asia, and South America.

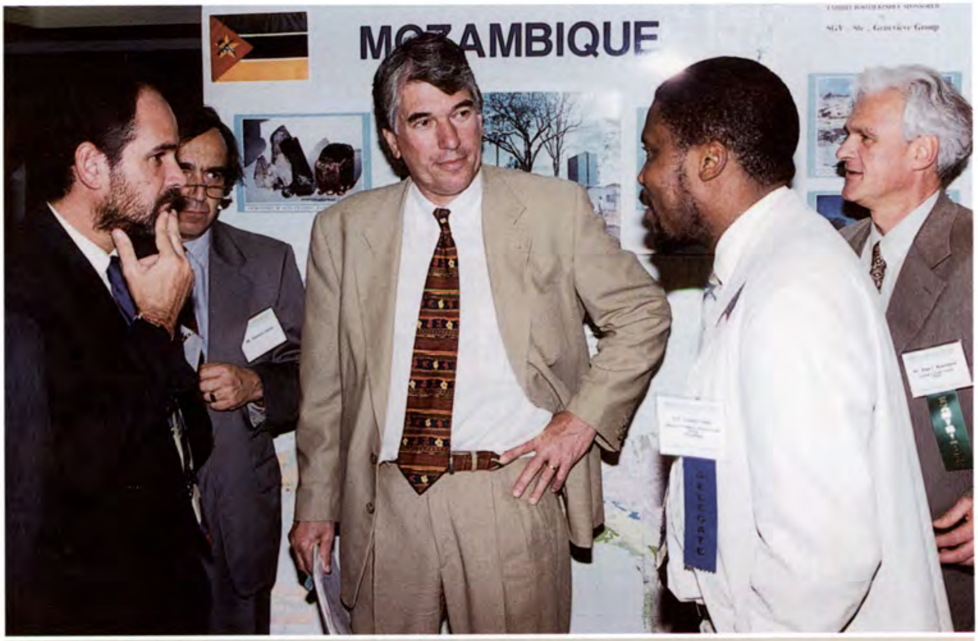
MIGA also continued to support development of an Africa chapter of its global IPA network through publication of *Locate Africa*, a newsletter on investment opportunities and conditions in Africa, and through an Executive Management Workshop for African IPAs. The workshop, held in Harare, Zimbabwe, in March 1996, attracted 17 chief executives and deputy chief executives of investment promotion agencies in Botswana, Ghana, Kenya, Malawi, Namibia, South Africa, Uganda, and Zimbabwe. Senior IPA executives and academic experts from Africa, the Caribbean, Europe, and North America shared information, experiences, and "best practices" in IPA management.

Direct Investment Marketing Support

During fiscal 1996 MIGA continued to capitalize on the momentum established earlier by its multicountry investment promotion programs in the mining and tourism sectors. The Agency also stepped up efforts to promote South-South investment flows between its developing member countries. In supporting investment promotion efforts in these and other sectors, MIGA not only assisted in the organization of major promotion events such as conferences and exhibitions but also offered training programs for host country officials and business executives as well as conference follow-up support.

Mining Program

The centerpiece of the program was again a major conference on investment opportunities in African mining. The *African Mining Investment and Business Opportunities Symposium*, convened in Montreal, Canada, in May 1996, marked MIGA's third annual conference on mining in Africa. These conferences have become recognized as preeminent events by firms



Mozambique's exhibit sparks discussion at the May 1996 symposium on investment opportunities in African mining.

interested in investing or facilitating investment in Africa's mining sector.

More than 30 African countries participated in the 1996 conference, which attracted more than 400 mining sector executives and representatives of financial institutions from Africa, Asia, Europe, and North America. As in earlier years most of the participating countries were represented at the ministerial level. The increased participation of African private sector representatives at the 1996 symposium was a sign of the growth of domestic investment in mining in the region. Along with presentations on investment opportunities in individual countries, the program included sessions on the financing of mining investments in Africa and the role of small-scale mining in the region. An exhibit area with country and company booths as well as informal business meetings facilitated direct exchange on specific investment projects.

MIGA held its first *Symposium on Mining Investment and Business Opportunities in Central Asia and the Balkan and Caucasus Countries* in May 1996 in Montreal, Canada, concurrent with the Africa symposium. Thus MIGA was able to transfer its investment promotion expertise in the mining sector to another region that is rich in minerals yet has not succeeded in attracting a significant number of foreign investments.

Ten countries in the Central Asia and Balkan and Caucasus regions—Albania, Armenia, Bulgaria, Kazakstan, Kyrgyz Republic, Romania, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan—participated in the symposium. Delegations were composed of top-level decisionmakers, including ministers and chairmen of state committees, as well as technical experts.

During formal presentations participating country representatives outlined the

Kazakhstan Minerals Corporation was one of the companies represented at MIGA's first symposium on mining in Central Asia and the Balkan and Caucasus countries.

conditions for foreign investment in their mining sectors and presented specific areas and projects available for exploration and development. Presentations by speakers from the mining industry, financial institutions, and international agencies focused on financing and insuring mining ventures, recycling and reusing resources, joint-venture operations, and contract negotiations. Strong emphasis was placed on strategies and experiences in mitigating and managing the environmental impact of mining investments.

There were three reasons for holding the two mining symposia together. First, the scheduling encouraged industry executives to attend both events. Second, officials from the two regions had an opportunity to learn from each other how investment promotion in the mining sector is conducted in another region of the world. Third, important economies of scale were realized.

MIGA organized several programs to help prepare participating countries in Central Asia and the Balkans for the Montreal symposium. An Executive Training Program for mining sector officials from the region was held in Istanbul, Turkey, in December 1995. Thirty-two officials from 12 countries participated. This followed a similar program held in June 1995. Both programs were organized in conjunction with the Organization for Economic Cooperation and Development and the Turkish International Cooperation Agency.

Finally, in fiscal 1996 MIGA began a program to support promotion of foreign investment in the mining sector in the Middle East, conducting a session on Bank Group services during the annual conference of the Arab Industrial Development and Mining Organization (AIDMO), held in Damascus, Syria, in November 1995. MIGA helped to broaden the scope of the AIDMO program beyond its traditional technical focus to include discussion of mining finance, industry competitiveness, and investment promotion strategy relevant to the region. With MIGA's encouragement AIDMO is now working to strengthen its role as the industry's main investment promotion vehicle in the Middle East. MIGA is making plans for related capacity-building activities for the 22 AIDMO member countries to strengthen the region's ability to attract and do business with foreign mining companies.

Tourism Program

As with its mining sector program, MIGA has been expanding the regional scope of its tourism sector program—in this case extending it to Central America while building on earlier efforts in South America, the Caribbean, and the Middle East. In June 1996, during the annual meeting of the Caribbean Group for Cooperation in Economic Development and in collaboration with the World Bank, MIGA conducted a forum on issues and opportunities in the tourism sector in the Caribbean. The program focused on new tourism "products," such as health care tourism, heritage tourism, and eco-tourism.

Earlier in the fiscal year MIGA conducted a series of reviews of investment opportunities, trends, and promotional arrangements in the tourism sector in five Central American countries. These reviews were in preparation for two events scheduled for fiscal 1997: a regional strategic planning workshop, scheduled for July 1996, and a regional conference designed to attract tourism investment from Asia, Europe, North America, and South America, to be held in Panama in early 1997.

Building on promotion efforts begun in 1993, a tourism investment promotion program was launched for the Andean countries. The first phase was a regional strategic planning workshop held in Lima, Peru, in June 1996. An investors forum in September 1996 will showcase projects from Bolivia, Chile, Colombia, Ecuador, Peru, and Venezuela.

Following on its successful March 1995 tourism promotion conference for the Middle East region, MIGA held a tourism promotion strategy workshop in Jordan, together with the Jordanian government and business community and the United States Agency for International Development, in September 1995. The workshop covered "best practices" in sustainable tourism development and financing in neighboring countries (Cyprus, Egypt, and Turkey) as well as elsewhere. It also included support to Jordan in the formulation of a strategy to attract tourism sector investment. Similar workshops are planned for Lebanon and Palestine, in preparation for a second major tourism investment promotion conference for the Middle East and North Africa, to be held in late 1996 or early 1997.

South-South Investment Promotion Efforts

During the fiscal year MIGA intensified efforts to encourage the flow of foreign direct investment between its developing member countries. The March 1996 symposium, *Asian Outbound Investment, Trade, and Financing Strategies* (discussed earlier), was convened expressly to bridge the information gap between non-Asian countries and firms and internationally minded investors from East Asia.

As in the past MIGA supported outbound investment missions by African countries (Ghana and Namibia) to Southeast Asia during fiscal 1996. These missions had a dual purpose: to expose IPA representatives from African countries to investment promotion practices in Korea, Malaysia, Singapore, and other Asian countries, and to build contacts between African entrepreneurs and potential investment partners.

Finally, at the request of the Islamic Chamber of Commerce and Industry,

Officials from countries in the Andean region participated in MIGA's tourism strategic planning workshop in Lima, Peru.

This panel on financing hotel development was one of several panels at MIGA's tourism strategic planning workshop.

MIGA conducted a session on financial institution services during the chamber's Second Private Sector Meeting in Cairo, Egypt, in October 1995. The meeting was attended by more than 400 participants, who represented the private sectors of approximately 40 developing countries.

IPA Capacity Building

An underlying objective of MIGA's technical assistance is to enhance the institutional capacity of the agencies involved in marketing investment opportunities in its member countries. While this focus on capacity building underlies all the activities of MIGA's Investment Marketing Services Department, several activities are designed specifically to build institutional marketing capacity. One of the main vehicles for enhancing the skill and expertise of investment promotion agency staff continues to be MIGA's specialized IPA management information system (MiS) software. Late in the fiscal year MIGA released an upgraded version of the Investor Tracking System that features a simplified user interface. The new version is designed to facilitate use in a wide-area network environment, thereby allowing the software to be used as a tool to coordinate investment promotion activities among various offices or agencies.

During fiscal 1996 MIGA executed six MiS-related activities, several linked to past or future installations of the system. In Ghana the MiS was introduced into the Ghana Investment Promotion Centre, and the center's staff were trained in computer applications. In Uganda MIGA conducted a usage audit of a previously installed system, which helped the staff of the Ugandan Investment Authority fine-tune their use of the system. In Ghana and Namibia information technology-related training and technical support were provided in preparation for MiS installation. In Namibia staff from the Investment Centre and other IPAs also received training in investment promotion skills.

In Trinidad and Tobago and in Russia MIGA conducted institutional assessments to determine how best to customize the software and to prepare the IPAs for possible installation of the system. MIGA also participated in a planning workshop for Tunisia's Foreign Investment Promotion

Agency, which plans to install the MiS in the future, to ensure that the software will be properly integrated into the agency's information system operations.

Another focus of MIGA's capacity-building programs is encouraging improved coordination between national IPAs and other organizations involved in promoting or facilitating foreign investment. Embassy and consular officials are a particularly important target for such initiatives because many countries that cannot afford to establish overseas investment promotion offices rely on them to interface directly with prospective investors. Yet these officials often are unfamiliar with investment promotion techniques and typically have not established effective procedures to coordinate with IPA staff in their home countries.

To address this critical need MIGA organizes orientation and training programs on investment promotion "best practices" for diplomatic officials and home-country IPA officials. During fiscal 1996 MIGA organized three such programs:

- In October 1995 MIGA collaborated with the Commonwealth Secretariat in organizing a workshop for Namibia's Europe-based economic and commercial officers and consular officials. The workshop, held in London, included a session on regional cooperation in investment promotion, which was attended by London-based economic and commercial officers from seven member countries of the Southern African Development Community.

- In conjunction with an institutional assessment of the Russian Foreign Investment Promotion Center (FIPC), MIGA sponsored an investment promotion workshop in Moscow in October 1995 for representatives of the FIPC, the Russian Privatization Center, and other national and regional agencies involved in promoting foreign investment in Russia.

- In May 1996 MIGA organized one-day seminars on investment promotion fundamentals in Washington, D.C., and Ottawa, Canada, for ambassadors and economic and commercial officers from African countries. Thirty-six representatives from 23 African countries attended the seminar in Ottawa, while 15 countries were represented at the Washington, D.C., seminar.

Finally, during the fiscal year one of MIGA's senior staff members was seconded to Namibia (under a joint arrangement with its Ministry of Trade and Industry and with SwedeCorp) to train IPA staff in Southern Africa in investment promotion skills and techniques.

Dispute Mediation and Legal Advice

The bulk of the technical assistance that MIGA offered during fiscal 1996, as in earlier years, revolved around the formulation of investment promotion strategies for member countries. However, increasing attention was paid during the year to the mediation of investment disputes.

MIGA is encouraged by its Convention to use its facilities to settle disputes between investors and its member countries. In keeping with this mandate, MIGA staff experts experienced in resolving conflicts relating to foreign direct investment provided guidance to parties from several member countries who sought creative ways to solve difficult situations. MIGA's goal in all cases was to resolve the dispute before it rose to a level that would require formal conciliation or arbitration and to avoid claims against its political risk insurance coverages. Several investment disputes around the world were resolved in this manner during the fiscal year.

MIGA also undertook a range of mediation activities designed to remove obstacles to the flow of foreign direct investment to its developing member countries. The most innovative of these initiatives was an effort to assist four member countries to delimit their common maritime boundaries with the level of precision desired by major international oil firms considering offshore prospecting.

During fiscal 1996 the Office of the General Counsel also provided member countries with assistance on investment-related matters, including help in negotiating bilateral treaties for the promotion and protection of investment and in conducting related technical training workshops. ■

Financial Statements of
The Multilateral Investment Guarantee Agency

MULTILATERAL INVESTMENT GUARANTEE AGENCY

Balance Sheet

June 30, 1996 and June 30, 1995

	1996	1995
	(thousands of U.S. dollars)	
Assets		
CASH	$ 7,767	$ 5,529
INVESTMENTS – Notes A and B		
Obligations of governments and other official entities	56,423	61,231
Time deposits and other obligations of banks and financial institutions	107,458	82,503
	163,881	143,734
NONNEGOTIABLE, NONINTEREST-BEARING DEMAND OBLIGATIONS – Note C	100,395	102,114
OTHER ASSETS	5,075	754
TOTAL ASSETS	$ 277,118	$ 252,131
Liabilities, Capital, and Retained Earnings		
LIABILITIES		
Accounts payable and accrued expenses	$ 3,490	$ 2,275
Unearned premiums and commitment fees – Note A	13,378	8,960
Reserve for claims	33,523	16,664
Total liabilities	50,391	27,899
CAPITAL AND RETAINED EARNINGS		
Capital stock – Note C		
Authorized capital (100,000 shares - June 30, 1996 and June 30, 1995)		
Subscribed capital (97,869 shares - June 30, 1996; 96,382 shares - June 30, 1995)	1,058,943	1,042,853
Less uncalled portion of subscriptions	847,155	834,283
Less amounts due on called subscriptions	731	731
	211,057	207,839
Payments on account of pending subscriptions	485	430
	211,542	208,269
Retained Earnings		
Accumulated net income	17,010	13,448
Cumulative translation adjustments	(1,825)	2,515
	15,185	15,963
Total capital and retained earnings	226,727	224,232
CONTINGENT LIABILITIES – Note D		
TOTAL LIABILITIES, CAPITAL, AND RETAINED EARNINGS	$ 277,118	$ 252,131

See Notes to Financial Statements

MULTILATERAL INVESTMENT GUARANTEE AGENCY

Statement of Income

For the fiscal years ended June 30, 1996 and June 30, 1995

	1996	1995
	(thousands of U.S. dollars)	
INCOME		
Premium and commitment fee income – Note A	$ 22,612	$ 14,392
Premium ceded	(722)	(15)
Net premium and commitment fee earned	21,890	14,377
Income from investments – Notes A and B	9,391	7,391
Miscellaneous income	26	2
Total income	31,307	21,770
EXPENSES		
Provision for claims – Note A	17,111	10,251
Administrative and other expenses – Note E	10,634	8,924
Total expenses	27,745	19,175
NET INCOME	$ 3,562	$ 2,595

Statement of Capital and Retained Earnings

For the fiscal years ended June 30, 1996 and June 30, 1995

	1996	1995
	(thousands of U.S. dollars)	
CAPITAL		
Balance at beginning of fiscal year	$ 208,269	$ 206,178
New subscriptions	3,218	3,103
Payments on account of pending subscriptions	55	(1,012)
TOTAL CAPITAL	$ 211,542	$ 208,269
RETAINED EARNINGS		
Accumulated net income		
Balance at beginning of fiscal year	$ 13,448	$ 10,853
Net income for the fiscal year	3,562	2,595
	17,010	13,448
Cumulative translation adjustments		
Balance at beginning of fiscal year	2,515	(1,516)
Translation adjustments for the fiscal year	(4,340)	4,031
	(1,825)	2,515
TOTAL RETAINED EARNINGS	$ 15,185	$ 15,963

See Notes to Financial Statements

MULTILATERAL INVESTMENT GUARANTEE AGENCY

Statement of Cash Flows

For the fiscal years ended June 30, 1996
and June 30, 1995

	1996	1995
	(thousands of U.S. dollars)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 3,562	$ 2,595
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for claims	17,111	10,251
Accretion of discounts, net	(74)	(94)
Increase in other assets	(4,324)	(196)
Increase in unearned premiums and commitment fees	4,535	2,473
Increase (decrease) in accounts payable	1,221	(1,115)
Net cash provided by operating activities	22,031	13,914
CASH FLOWS FROM INVESTING ACTIVITIES		
Maturities of investments	9,354,472	16,778,687
Purchases of investments	(9,375,980)	(16,794,441)
Net cash used in investing activities	(21,508)	(15,754)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital subscription payments	2,306	645
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(591)	161
Net increase (decrease) in cash	2,238	(1,034)
Cash at beginning of fiscal year	5,529	6,563
CASH AT END OF FISCAL YEAR	$ 7,767	$ 5,529

See Notes to Financial Statements

MULTILATERAL INVESTMENT GUARANTEE AGENCY

Statement of Subscriptions to Capital Stock and Voting Power

June 30, 1996

		Subscriptions (Note C) (thousands of U.S. dollars)				Voting Power	
Member	Shares	Total Subscribed	Amount Paid In	Amount Due	Amount Subject to Call	Number of Votes	% of Total
Albania	58	$ 628	$ 126	$ -	$ 502	235	0.19
Algeria	649	7,022	1,403	-	5,619	826	0.68
Angola	187	2,023	404	-	1,619	364	0.30
Argentina	1,254	13,568	2,714	-	10,854	1,431	1.18
Armenia	80	866	173	-	693	257	0.21
Azerbaijan	115	1,244	249	-	995	292	0.24
Bahamas, The	100	1,082	216	-	866	277	0.23
Bahrain	77	833	167	-	666	254	0.21
Bangladesh	340	3,679	736	-	2,943	517	0.43
Barbados	68	736	147	-	589	245	0.20
Belarus	233	2,521	504	-	2,017	410	0.34
Belgium	2,030	21,965	4,393	-	17,572	2,207	1.82
Belize	50	541	108	-	433	227	0.19
Benin	61	660	132	-	528	238	0.20
Bolivia	125	1,353	271	-	1,082	302	0.25
Botswana	50	541	108	-	433	227	0.19
Brazil	1,479	16,003	3,201	-	12,802	1,656	1.36
Bulgaria	365	3,949	790	-	3,159	542	0.45
Burkina Faso	61	660	132	-	528	238	0.20
Cameroon	107	1,158	232	-	926	284	0.23
Canada	2,965	32,081	6,416	-	25,665	3,142	2.58
Cape Verde	50	541	108	-	433	227	0.19
Chile	485	5,248	1,050	-	4,198	662	0.54
China	3,138	33,953	6,791	-	27,162	3,315	2.73
Colombia	437	4,728	946	-	3,782	614	0.50
Congo	65	703	141	-	562	242	0.20
Costa Rica	117	1,266	253	-	1,013	294	0.24
Côte d'Ivoire	176	1,904	381	-	1,523	353	0.29
Croatia	187	2,023	405	-	1,618	364	0.30
Cyprus	104	1,125	225	-	900	281	0.23
Czech Republic	445	4,815	963	-	3,852	622	0.51
Denmark	718	7,769	1,554	-	6,215	895	0.74
Dominica	50	541	108	-	433	227	0.19
Ecuador	182	1,969	394	-	1,575	359	0.30
Egypt, Arab Republic of	459	4,966	993	-	3,973	636	0.52
El Salvador	122	1,320	264	-	1,056	299	0.25
Equatorial Guinea	50	541	108	-	433	227	0.19
Estonia	65	703	141	-	562	242	0.20
Ethiopia	70	757	152	-	605	247	0.20
Fiji	71	768	154	-	614	248	0.20
Finland	600	6,492	1,299	-	5,193	777	0.64
France	4,860	52,585	10,518	-	42,067	5,037	4.14
Gambia, The	50	541	108	-	433	227	0.19
Georgia	111	1,201	239	-	962	288	0.24
Germany	5,071	54,868	10,973	-	43,895	5,248	4.32
Ghana	245	2,651	530	-	2,121	422	0.35
Greece	280	3,030	606	-	2,424	457	0.38
Grenada	50	541	108	-	433	227	0.19

Statement of Subscriptions to Capital Stock and Voting Power

June 30, 1996

		Subscriptions (Note C) (thousands of U.S. dollars)				Voting Power	
Member	Shares	Total Subscribed	Amount Paid In	Amount Due	Amount Subject to Call	Number of Votes	% of Total
Guinea	91	$ 985	$ 197	$ -	$ 788	268	0.22
Guyana	84	909	182	-	727	261	0.21
Honduras	101	1,093	219	-	874	278	0.23
Hungary	564	6,102	1,220	-	4,882	741	0.61
India	3,048	32,979	6,596	-	26,383	3,225	2.65
Indonesia	1,049	11,350	2,270	-	9,080	1,226	1.01
Ireland	369	3,993	798	-	3,195	546	0.45
Israel	474	5,129	1,025	-	4,104	651	0.54
Italy	2,820	30,512	6,102	-	24,410	2,997	2.46
Jamaica	181	1,958	391	-	1,567	358	0.29
Japan	5,095	55,128	11,026	-	44,102	5,272	4.34
Jordan	97	1,050	210	-	840	274	0.23
Kazakstan	209	2,261	452	-	1,809	386	0.32
Kenya	172	1,861	372	-	1,489	349	0.29
Korea, Republic of	449	4,858	971	-	3,887	626	0.51
Kuwait	930	10,063	2,013	-	8,050	1,107	0.91
Kyrgyz Republic	77	833	167	-	666	254	0.21
Lebanon	142	1,536	307	-	1,229	319	0.26
Lesotho	50	541	108	-	433	227	0.19
Libya	549	5,940	1,188	-	4,752	726	0.60
Lithuania	106	1,147	229	-	918	283	0.23
Luxembourg	116	1,255	251	-	1,004	293	0.24
Macedonia, former Yugoslav Republic of	50	541	108	-	433	227	0.19
Madagascar	100	1,082	216	-	866	277	0.23
Malawi	77	833	167	-	666	254	0.21
Malaysia	579	6,265	1,253	-	5,012	756	0.62
Mali	81	876	175	-	701	258	0.21
Malta	75	811	161	-	650	252	0.21
Mauritania	63	682	136	-	546	240	0.20
Mauritius	87	941	188	-	753	264	0.22
Micronesia, Fed. States of	50	541	108	-	433	227	0.19
Moldova	96	1,039	208	-	831	273	0.22
Morocco	348	3,765	753	-	3,012	525	0.43
Mozambique	97	1,050	210	-	840	274	0.23
Namibia	107	1,158	232	-	926	284	0.23
Nepal	69	747	149	-	598	246	0.20
Netherlands	2,169	23,469	4,694	-	18,775	2,346	1.93
Nicaragua	102	1,104	221	-	883	279	0.23
Nigeria	844	9,132	1,826	-	7,306	1,021	0.84
Norway	699	7,563	1,513	-	6,050	876	0.72
Oman	94	1,018	204	-	814	271	0.22
Pakistan	660	7,141	1,428	-	5,713	837	0.69
Papua New Guinea	96	1,039	208	-	831	273	0.22
Paraguay	80	866	173	-	693	257	0.21
Peru	373	4,036	807	-	3,229	550	0.45
Philippines	484	5,237	1,047	-	4,190	661	0.54
Poland	764	8,266	1,653	-	6,613	941	0.77
Portugal	382	4,133	827	-	3,306	559	0.46

MULTILATERAL INVESTMENT GUARANTEE AGENCY

Statement of Subscriptions to Capital Stock and Voting Power

June 30, 1996

		Subscriptions (Note C) (thousands of U.S. dollars)				Voting Power	
Member	Shares	Total Subscribed	Amount Paid In	Amount Due	Amount Subject to Call	Number of Votes	% of Total
Romania	555	$ 6,005	$ 1,201	$ -	$ 4,804	732	0.60
Russian Federation	3,137	33,942	6,788	-	27,154	3,314	2.73
St. Lucia	50	541	108	-	433	227	0.19
St. Vincent and the Grenadines	50	541	108	-	433	227	0.19
Saudi Arabia	3,137	33,942	6,788	-	27,154	3,314	2.73
Senegal	145	1,569	314	-	1,255	322	0.26
Seychelles	50	541	108	-	433	227	0.19
Sierra Leone	75	812	162	-	650	252	0.21
Slovak Republic	222	2,402	480	-	1,922	399	0.33
Slovenia	102	1,104	221	-	883	279	0.23
South Africa	943	10,203	2,041	-	8,162	1,120	0.92
Spain	1,285	13,904	2,781	-	11,123	1,462	1.20
Sri Lanka	271	2,932	586	-	2,346	448	0.37
Sudan	206	2,229	446	-	1,783	383	0.32
Swaziland	58	628	126	-	502	235	0.19
Sweden	1,049	11,350	2,270	-	9,080	1,226	1.01
Switzerland	1,500	16,230	3,246	-	12,984	1,677	1.38
Tanzania	141	1,526	305	-	1,221	318	0.26
Togo	77	833	167	-	666	254	0.21
Trinidad and Tobago	203	2,196	439	-	1,757	380	0.31
Tunisia	156	1,688	338	-	1,350	333	0.27
Turkey	462	4,999	1,000	-	3,999	639	0.53
Turkmenistan	66	714	143	-	571	243	0.20
Uganda	132	1,428	286	-	1,142	309	0.25
Ukraine	764	8,266	1,653	-	6,613	941	0.77
United Arab Emirates	372	4,025	805	-	3,220	549	0.45
United Kingdom	4,860	52,585	10,517	-	42,068	5,037	4.14
United States	20,519	222,016	44,404	-	177,612	20,696	17.02
Uruguay	202	2,186	438	-	1,748	379	0.31
Uzbekistan	175	1,894	380	-	1,514	352	0.29
Vanuatu	50	541	108	-	433	227	0.19
Venezuela	1,427	15,440	3,088	-	12,352	1,604	1.32
Vietnam	220	2,380	476	-	1,904	397	0.33
Western Samoa	50	541	108	-	433	227	0.19
Yemen, Republic of	155	1,677	335	-	1,342	332	0.27
Zaire[a]	338	3,658	-	731	2,927	515	0.42
Zambia	318	3,441	688	-	2,753	495	0.41
Zimbabwe	236	2,553	511	-	2,042	413	0.34
Total-June 30, 1996[b]	97,869	$1,058,943	$211,057	$731	$847,155	121,587	100.00
Total-June 30, 1995	96,382	$1,042,853	$207,839	$731	$834,283	119,038	

a. Amounts aggregating the equivalent of $485,000 have been received from (i) member country on account of its initial subscription that is in process of completion: Zaire, $1,000; (ii) countries that have signed and/or ratified the Convention and are in the process of completing their membership requirements: Eritrea, $40,000; Guatemala, $113,000; and Latvia, $79,000; and (iii) countries in the process of succession to membership: Republic of Bosnia and Herzegovina, $65,000, and Federal Republic of Yugoslavia (Serbia and Montenegro), $187,000.
b. May differ from the sum of individual figures shown because of rounding.

See Notes to Financial Statements

STATEMENT OF AGENCY PURPOSE

The Multilateral Investment Guarantee Agency (MIGA), established on April 12, 1988, is a member of the World Bank Group. The Agency is designed to help developing countries attract productive foreign investment by both private investors and commercially operated public sector companies. Its facilities include guarantees or insurance against noncommercial risks and a program of consultative and advisory services to promote improvements in member countries' environments for foreign investment.

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING AND RELATED POLICIES

MIGA's financial statements have been prepared in conformity with International Accounting Standards. In the absence of such standards, then, subject to relevant legal requirements, the policy adopted is that considered most appropriate to the circumstances of MIGA having regard to the accounting principles used in the United States and the practices of other international insurance entities. The accounting policies followed are consistent in all material respects with generally accepted accounting principles in the United States.

The preparation of financial statements in conformity with International Accounting Standards and generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from those estimates. The following summary of policies adopted by MIGA is provided to assist readers in the interpretation of these financial statements.

Translation of Currencies

MIGA's financial statements are expressed in terms of United States dollars solely for the purpose of summarizing MIGA's financial position and the results of its operations for the convenience of its members and other interested parties.

MIGA is an international organization that may conduct its operations in the currencies of all its members. MIGA's resources are derived from its capital and retained earnings in its members' currencies. MIGA strives to minimize exchange rate risks in a multicurrency environment. As such, MIGA attempts to match its contingent obligations in any one currency with assets in the same currency on a pro-rata basis.

Accordingly, MIGA may periodically undertake currency conversions on a pro-rata basis to match the currencies underlying its reserves with those of the outstanding contingencies. The purpose of these conversions will be to minimize currency exposure that may occur through operations. Otherwise, MIGA will not convert one currency into another except for small amounts required to meet certain operational needs.

Assets and liabilities are translated at market rates of exchange at the end of the period. Capital subscriptions are stated in accordance with the procedures described below. Income and expenses are generally translated at an average of the market rates of exchange in effect during each month. Translation adjustments are charged or credited to retained earnings.

Valuation of Capital Stock

Under the MIGA Convention, all payments from members subscribing to the capital stock of MIGA shall be settled on the basis of the average value of the Special Drawing Right (SDR) in terms of United States dollars for the period January 1, 1981 to June 30, 1985, such value being equal to $1.082 for one SDR. The Convention further states that ten percent of the members' shares be paid in cash, in freely convertible currencies, except that developing member countries may pay up to a quarter of the ten percent in their own currencies. In addition, another ten percent of the members' shares shall be paid in the form of nonnegotiable, noninterest-bearing promissory notes. The notes are denominated in freely convertible currencies and are due on demand to meet the Agency's obligations. The policies relating to translation of currencies as described above also apply to the cash and the promissory notes paid in.

Investments

Management has both the ability and intent to hold all investments to maturity. Accordingly, MIGA's investment holdings are carried at cost or amortized cost.

Revenue Recognition

Revenue from premium payments for direct insurance and reinsurance contracts assumed and ceded is recognized on a pro-rata basis over the contract period. Revenue from commitment fees, which are fees paid by investors to reserve for a limited period of time guarantee capacity for future use, is recognized on a pro-rata basis over the commitment period.

Reserve for Claims

The reserve for claims provides for losses inherent in guarantee operations based upon claim submissions, consideration of loss experiences by insurers engaged in similar underwritings, and other factors including changes in the composition and volume of the insurance and outstanding guarantees and worldwide economic and political conditions. This reserve is available to absorb losses related to insurance amounts outstanding, which are off-balance sheet commitments. The reserve is increased by provisions charged to expense and decreased for claims settlements.

The periodic provision for claims is usually based on management's evaluation of potential claim payments (net of expected recoveries) that may result from (i) risks that are inherent, but unidentifiable at the time of writing; (ii) unusually large concentrations of exposure in individual risks, countries, or guarantee contracts; and (iii) an ongoing assessment of MIGA's expected recovery rates on its total portfolio. However, given the lack of historical claims experience in MIGA, there is no actuarial or historical basis upon which to determine the Agency's expected claims experience. Accordingly, management, with the approval of the Board, relies on a premium-based methodology for establishing the reserve for claims.

Recognizing the fact that during the early years of the Agency's operations when its cash reserves are small in relation to its obligations assumed under its insurance activities and when there is limited history for estimation of losses, it is understood, in accordance with the provisions of the Convention, that the promissory note portion of the subscribed capital would be utilized to pay any claims in excess of the cash reserve. In this context, member capital remains subject to direct risk. Considering the absence of historical claims experience, this risk is difficult to assess. However, it should be noted that under an extreme hypothetical claims scenario, this risk could be considerable.

Acquisition Costs

Costs of acquiring investment insurance business are expensed in the year incurred, as such amounts are not material.

Reclassification

Certain amounts in the prior year have been reclassified to conform to the current year's presentation.

NOTE B: INVESTMENTS

The investment portfolio was denominated primarily in United States dollars with instruments in nondollar currencies representing 16.5 percent (18.6 percent - 1995) of the portfolio. Held-to-maturity securities at June 30, 1996 and June 30, 1995 were as follows (in thousands):

	Amortized Cost	*Gross Unrealized Gains*	*Gross Unrealized Losses*	*Estimated Fair Value*
At June 30, 1996				
Government Obligations	$ 56,423	$ 175	$ 126	$ 56,472
Time Deposits	107,458	-	-	107,458
Total	$ 163,881	$ 175	$ 126	$ 163,930
At June 30, 1995				
Government Obligations	$ 61,231	$ 409	$ 104	$ 61,536
Time Deposits	82,503	-	-	82,503
Total	$ 143,734	$ 409	$ 104	$ 144,039

The expected maturities of investments at June 30, 1996 were as follows (in thousands):

	Amortized Cost	*Estimated Fair Value*
Due in one year or less	$ 138,908	$ 139,071
Due after one year through two years	24,973	24,859
Total	$ 163,881	$ 163,930

NOTE C: CAPITAL STOCK

At June 30, 1996, MIGA's authorized capital stock comprised 100,000 shares, of which 97,869 (96,382 - June 30, 1995) shares had been subscribed. Each share has a par value of SDR10,000, valued at the rate of $1.082 per SDR. Of the subscribed capital, $211,057,000 ($207,839,000 - June 30, 1995) has been paid in; $731,000 ($731,000 - June 30, 1995) is due, and the remaining $847,155,000 ($834,283,000 - June 30, 1995) is subject to call by the Agency when required to meet its obligations. Of the amounts paid in, at June 30, 1996, $100,395,000 ($102,114,000 - June 30, 1995) is in the form of nonnegotiable, noninterest-bearing demand obligations (promissory notes).

NOTE D: GUARANTEE PROGRAM AND CONTINGENT LIABILITIES

Guarantee Program. MIGA offers guarantees or insurance against loss caused by noncommercial risks (political risk insurance) to eligible investors on qualified investments in developing member countries. MIGA insures investments for up to 20 years against four different categories of risk: currency transfer, expropriation, war and civil disturbance, and breach of contract. Currency transfer protects the investor from inconvertibility of local currency returns and proceeds from the liquidation of the investment project into foreign exchange for transfer outside the host country. Expropriation protects the investor against partial or total loss of the insured investment as a result of acts by the host government which may reduce or eliminate ownership of, control over, or rights to the insured investment. War and civil disturbance protects the investor against losses from damage to, or the destruction or disappearance of, tangible assets caused by politically motivated acts of war or civil disturbance in the host country. Breach of contract protects the investor against the impossibility to obtain or to enforce an arbitral or judicial decision recognizing the breach of an obligation by the host government. Investors may insure projects for any combination of the four types of coverage. MIGA guarantees, other than those issued as reinsurance, cannot be terminated unilaterally by the guarantee holder within the first three years from the date of issuance. Premium rates applicable to issued contracts are fixed for five years. Payments against all claims under a guarantee may not exceed the maximum amount of coverage issued under the guarantee.

On July 28, 1995, the Board of Directors, pursuant to a resolution of the Council of Governors approved on February 8, 1994, accepted Management's recommendation to increase the maximum aggregate amount of contingent liabilities that may be assumed by the Agency from an approved interim of 250 percent to 350 percent of the sum of the Agency's unimpaired subscribed capital and its reserves plus such portion of the insurance ceded by the Agency through contracts of reinsurance as the Board of Directors may determine. Accordingly, at June 30, 1996, the maximum level of guarantees outstanding may not exceed $3,944,701,000.

Contingent Liability. The maximum amount of contingent liability of MIGA under guarantees issued and outstanding at June 30, 1996 totaled $2,276,953,000 ($1,622,892,000 - June 30, 1995). The maximum amount of contingent liability is MIGA's maximum exposure to insurance claims, which includes "standby" coverage for which MIGA is committed but not currently at risk. At June 30, 1996, MIGA's estimate of its actual exposure to insurance claims exclusive of standby coverage is $1,547,221,000 ($1,150,156,000 - June 30, 1995). At June 30, 1996, approximately 73 percent of the contingent liability represents guarantees issued which will expire in or after fiscal year 2006.

The composition of the contingent liability including "current" and "standby" coverage under guarantees issued and outstanding by host country and by guarantee currency is summarized on the following page:

	Guarantee Currency (thousands of U.S. dollars)					
Host Country	U.S. Dollars	Deutsche Marks	French Francs	Japanese Yen	Pounds Sterling	Total
Brazil	$ 163,820	$	$	$	$	$ 163,820
Peru	157,362					157,362
Pakistan	99,190	27,889		1,154	9,198	137,431
Argentina	122,410					122,410
China	112,340					112,340
Russian Federation	109,240					109,240
Indonesia	101,458					101,458
Jamaica	100,223					100,223
Poland	86,825	8,995				95,820
Turkey	82,500					82,500
Papua New Guinea	76,600					76,600
Czech Republic	26,479				38,973	65,452
Tunisia	64,800					64,800
Philippines	60,000					60,000
Venezuela	60,000					60,000
Kyrgyz Republic	59,250					59,250
Bangladesh	19,800			34,503		54,303
Kuwait	50,000					50,000
Mali	50,000					50,000
Trinidad and Tobago	50,000					50,000
Uzbekistan	50,000					50,000
Guyana	49,878					49,878
Slovak Republic	19,786	27,832				47,618
Chile	47,300					47,300
Ecuador	44,000					44,000
Hungary	11,064	29,902				40,966
Nepal	32,827					32,827
Bulgaria	27,349				4,913	32,262
Costa Rica	31,419					31,419
Honduras	29,959					29,959
South Africa	20,800					20,800
Kazakstan	17,933					17,933
Uganda	15,048					15,048
Saudi Arabia	10,000					10,000
El Salvador	9,900					9,900
Morocco	9,900					9,900
Ghana	9,850					9,850
Madagascar			1,939			1,939
Vietnam	1,915					1,915
Tanzania	430					430
Total	$2,091,655	$94,618	$1,939	$35,657	$53,084	$2,276,953

Of the total contingent liability, $75,469,000 was ceded through contracts of reinsurance ($14,956,000 - June 30, 1995).

As of June 30, 1996, additional guarantee capacity amounting to $44,000,000 has been committed ($210,000,000 - June 30, 1995).

Claim Activity. As of June 30, 1996, there have been no claims lodged with the Agency. Two disputes were reported during the fiscal year between insured investors and their host governments. One of the disputes was resolved. MIGA was informed of the second dispute in June 1996. In principle, the risk that triggered the dispute is not covered under the Contract of Guarantee. The two disputes that were reported to the Agency as of June 30, 1995, have been amicably resolved with the assistance of MIGA.

NOTE E: OTHER MATTERS

Service and Support Fee. The International Bank for Reconstruction and Development (IBRD) charges the Agency an annual Service and Support Fee, which for the fiscal year ending June 30, 1996 amounted to $719,000 ($700,000 - June 30, 1995).

Staff Retirement Plan. The IBRD has a defined benefit retirement plan (Plan) covering substantially all of the staff of the Agency, the IBRD, and the International Finance Corporation (IFC). Under the Plan, benefits are based on years of service and average compensation, with the staff contributing a fixed percentage of pensionable remuneration, and the Agency, the IBRD, and IFC contributing the remainder of the actuarially determined cost of future Plan benefits. The total contribution is based upon the aggregate funding method. All contributions to the Plan and all other assets and income held for the purposes of the Plan are held by the IBRD separately from the other assets and income of the Agency, the IBRD, and IFC and can be used only for the benefit of the participants in the Plan and their beneficiaries until all liabilities to them have been paid or provided for. The total expense allocated to the Agency for the fiscal year ended June 30, 1996 was $971,000 ($907,000 - June 30, 1995).

Other Post-Employment Benefits. The IBRD also provides certain life insurance and medical benefits to substantially all retired staff of the Agency, the IBRD, and IFC and their spouses through contributions to a Retired Staff Benefits Plan (RSBP). Commencing in 1990, the Agency, the IBRD, and IFC began accruing and funding, on an actuarially determined basis, the expected future cost of providing such benefits for future retirees. All contributions to the RSBP and all other assets and income held for purposes of the RSBP are held separately from the other assets and income of the Agency, the IBRD, and IFC and can be used only for the benefit of the participants in the RSBP and their beneficiaries, until all liabilities to them have been paid or provided for. The total expense allocated to the Agency for the fiscal year ended June 30, 1996 was $263,000 ($208,000 - June 30, 1995).

NOTE F: ESTIMATED FAIR VALUES

The estimated fair values of the Agency's cash and nonnegotiable, noninterest-bearing demand obligations are assumed to approximate their carrying values. The estimated fair value of the Agency's investments shown in Note B, due to their short-term nature, is based on market quotations. The estimated fair values are only indicative of individual financial instruments' values and should not be considered an indication of the fair value of the Agency.

Report of Independent Accountants

Price Waterhouse (International Firm) — The Hague, Beijing, Hong Kong, London, New York, Tokyo, Washington

Price Waterhouse

July 31, 1996

President and Board of Governors
Multilateral Investment Guarantee Agency

In our opinion, the financial statements appearing on pages 52 through 63 of this Report present fairly, in all material respects, in terms of United States dollars, the financial position of the Multilateral Investment Guarantee Agency (MIGA) at June 30, 1996 and 1995, and the results of its operations and its cash flows for the years then ended in conformity with International Accounting Standards and with generally accepted accounting principles in the United States. These financial statements are the responsibility of management of MIGA; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards, including International Standards on Auditing, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

Note D discusses MIGA's guarantee program and recent increases in the maximum aggregate amount of resultant contingent liabilities that may be assumed by MIGA. As more fully discussed in Note A under Reserve for Claims, given the lack of historical claims experience, MIGA relies on a premium-based methodology for establishing the reserve for claims and, in accordance with the MIGA Convention, the promissory demand note portion of the subscribed capital would be utilized to pay any claims in excess of the cash reserve (defined as reserve for claims plus retained earnings). This subjects member capital to direct risk which, under an extreme adverse claims scenario, could be considerable.

Price Waterhouse
(International Firm)

Appendixes

MULTILATERAL INVESTMENT GUARANTEE AGENCY

Governors and Alternates

June 30, 1996

Member	Governor	Alternate
Albania	Rexhina Bajraktari	Edmond Leka
Algeria	(vacant)	(vacant)
Angola	Jose Pedro de Morais	Dumilde das Chagas Simoes Rangel
Argentina	Domingo Felipe Cavallo	Roque Benjamin Fernandez
Armenia	Vahram Avanessian	Armen Darbinian
Azerbaijan	Elman Siradjogly Rustamov	Fuad Akhundov
Bahamas, The	William C. Allen	Ruth Millar
Bahrain	Ibrahim Abdul Karim	Zakaria Ahmed Hejres
Bangladesh	Shah A. M. S. Kibria	Mahbub Kabir
Barbados	Owen S. Arthur	Erskine Griffith
Belarus	Nikolai Filippovich Rumas	Nikolai K. Lisai
Belgium	Philippe Maystadt	Gregoire Brouhns
Belize	Manuel Esquivel	Keith A. Arnold
Benin	Albert Tevoedjre	Felix Adimi
Bolivia	Juan Fernando Candia Castillo	Gonzalo Afcha
Botswana	Jameson L.T. Mothibamele	Modise Davies Modise
Brazil	Pedro Sampaio Malan	Gustavo J. Laboissiere Loyola
Bulgaria	Dimitar Kostov	Mileti Mladenov
Burkina Faso	Joseph Sirima	Patrice Nikiema
Cameroon	Justin Ndioro	Esther Dang Belibi
Canada	Paul Martin	Huguette Labelle
Cape Verde	Antonio Gualberto do Rosario	Jose Ulisses Silva
Chile	Eduardo Aninat	Jose Pablo Arellano
China	Liu Zhongli	Liu Jibin
Colombia	Jose Antonio Ocampo	Juan Carlos Ramirez
Congo	Nguila Moungounga-Nkombo	Jean Christophe Boungo Bazika
Costa Rica	Francisco de Paula Gutierrez	Rodrigo Bolanos Zamora
Côte d'Ivoire	Daniel Kablan Duncan	N'Goran Niamien
Croatia	Zlatko Matesa	Josip Kulisic
Cyprus	Christodoulos Christodoulou	George V. Hadjianastassiou
Czech Republic	Ivan Kocarnik	Jan Vit
Denmark	Poul Nielson	Ellen Margrethe Loj
Dominica	Julius C. Timothy	Cary A. Harris
Ecuador	Ivan Andrade Apunte	Jose E. Mantilla
Egypt, Arab Republic of	Nawal Abdel Moneim El Tatawy	Mahmoud Mohamed Mahmoud
El Salvador	Manuel Enrique Hinds	Jose Roberto Orellana Milla
Equatorial Guinea	Baltazar Engonga Edjo	Antonio Nve Ngu
Estonia	Mart Opmann	Enn Pant
Ethiopia	Sufian Ahmed	Ezra Worku
Fiji	Berenado Vunibobo	Tevita K. Banuve
Finland	Sauli Niinisto	Kari Rainer Nars
France	Jean Arthuis	Jean Lemierre
Gambia, The	Bala Garba Jahumpa	Sako M. Mboge
Georgia	David Iakobidze	Tengiz Geleishvili
Germany	Carl-Dieter Spranger	Juergen Stark
Ghana	Richard Kwame Peprah	Kwesi Amissah-Arthur
Greece	Yannos Papantoniou	Christos Pachtas
Grenada	Keith Mitchell	Linus Spencer Thomas
Guinea	Michel Kamano	Kerfalla Yansane
Guyana	Bharrat Jagdeo	Michael Sheer Chan

Governors and Alternates

June 30, 1996

Member	Governor	Alternate
Honduras	Guillermo Bueso	Juan Ferrera
Hungary	Peter Medgyessy	Gusztav Bager
India	P. Chidambaram	Montek Singh Ahluwalia
Indonesia	Mar'ie Muhammad	J. Soedradjad Djiwandono
Ireland	Ruairi Quinn	Paddy Mullarkey
Israel	Jacob A. Frenkel	David Brodet
Italy	Antonio Fazio	Mario Draghi
Jamaica	Omar Lloyd Davies	Wesley Hughes
Japan	Wataru Kubo	Kazuo Ogura
Jordan	Rima Khalaf Hunaidi	Mohammad Smadi
Kazakstan	Uraz Dzhandosov	Serik A. Akhanov
Kenya	W. Musalia Mudavadi	Benjamin Kipkoech Kipkulei
Korea, Republic of	Woong-Bae Rha	Kyung Shik Lee
Kuwait	Nasser Abdullah Al-Roudhan	Ali Abdulrehman Rashaid Al-Bader
Kyrgyz Republic	Kemelbek Nanaev	Askar I. Sarygulov
Lebanon	Yassine Jaber	Youssef Choucair
Lesotho	Leketekete Victor Ketso	E. M. Matekane
Libya	Mohamed A. Bait El Mal	Bashir Ali Khallat
Lithuania	Algimantas Krizinauskas	Jonas Niaura
Luxembourg	Marc Fischbach	Yves Mersch
Macedonia, former Yugoslav Republic of	Ljube Trpevski	Taki Fiti
Madagascar	Jean Claude Raherimanjato	Mamy Rabemila
Malawi	Aleke K. Banda	Alex C. Gomani
Malaysia	Anwar bin Ibrahim	Clifford Francis Herbert
Mali	Soumaila Cisse	Aboubacar Alhousseyni Toure
Malta	John Dalli	Albert A. Attard
Mauritania	Camara Ali Gueladio	Sidi Mohamed Ould Bakha
Mauritius	Rundheersing Bheenick	Jagnaden P. Coopamah
Micronesia, Federated States of	John Ehsa	Sebastian L. Anefal
Moldova	Valeriu Sergiu Kitsan	Andrei Keptine
Morocco	Mohamed Kabbaj	Abdelfettah Benmansour
Mozambique	Tomaz Augusto Salomao	Adriano Afonso Maleiane
Namibia	Hanno Rumpf	Paul Walter Hartmann
Nepal	Ram S. Mahat	Ram Binod Bhattarai
Netherlands	Gerrit Zalm	J. P. Pronk
Nicaragua	Emilio Pereira Alegria	Jose Evenor Taboada Arana
Nigeria	Anthony A. Ani	Gidado Idris
Norway	Sigbjoern Johnsen	Kari Nordheim-Larsen
Oman	Ahmed Bin Abdulnabi Macki	Mohammed Bin Musa Al Yousef
Pakistan	Qazi M. Alimullah	Javed Masud
Papua New Guinea	Christopher Haiveta	Gerea Aopi
Paraguay	Carlos Alberto Facetti Massuli	Jose Ernesto Buttner Limprich
Peru	Jorge Camet Dickmann	Alfredo Jalilie Awapara
Philippines	Roberto F. de Ocampo	Rizalino S. Navarro
Poland	Wieslaw Szczuka	Andrzej Chmiel
Portugal	Antonio de Sousa Franco	Fernando Teixeira dos Santos
Romania	Florin Georgescu	Vladimir Soare
Russian Federation	Vladimir V. Kadannikov	Yevgeni Yasin

Governors and Alternates

June 30, 1996

Member	Governor	Alternate
St. Lucia	Vaughan Lewis	Zenith James
St. Vincent and the Grenadines	James F. Mitchell	Maurice Edwards
Saudi Arabia	Ibrahim A. Al-Assaf	Jobarah Al-Suraisry
Senegal	Papa Ousmane Sakho	Awa Thiongane
Seychelles	Bertrand Rassool	Vilner Calixte
Sierra Leone	Thaimu Bangura	Samura Kamara
Slovak Republic	Sergej Kozlik	Vladimir Masar
Slovenia	Mitja Gaspari	Bozo Jasovic
South Africa	Trevor Andrew Manuel	C. L. Stals
Spain	Rodrigo de Rato Figaredo	Jose Manuel Fernandez Norniella
Sri Lanka	Chandrika Bandaranaika Kamaratunga	B. C. Perera
Sudan	Abdel Wahab Osman	Abdalla Hassan Ahmed
Swaziland	Noreen N. Maphalala	Ephraim Mandla Hlophe
Sweden	Erik Asbrink	Pierre Schori
Switzerland	Nicolas Imboden	Luciano Lavizzari
Tanzania	Daniel A. N. Yona	Peter J. Ngumbullu
Togo	Kwassi Klutse	(vacant)
Trinidad and Tobago	Brian Kuei Tung	Randolph Kong
Tunisia	Mohamed Ghannouchi	Taoufik Baccar
Turkey	Mehmet Kaytaz	Cuneyt Sel
Turkmenistan	Hudaiberdy A. Orazov	Orazmuradov Khakmurat
Uganda	Jehoash Mayanja-Nkangi	Emmanuel T. Mutebile
Ukraine	Ihor Mitiukov	Olexander Vesselovsky
United Arab Emirates	Mohamed Khalfan Bin Khirbash	Nariman A. Kamber
United Kingdom	Kenneth Clarke	Baroness Chalker of Wallasey
United States	Robert E. Rubin	Joan E. Spero
Uruguay	Luis Mosca	Ariel Davrieux
Uzbekistan	Makhmudjon A. Askarov	Saidakban Abdurakhimov
Vanuatu	Barak Tame Sope	Sampson Ngwele
Venezuela	Freddy Rojas Parra	Teodoro Petkoff
Vietnam	Cao Sy Kiem	Le Van Chau
Western Samoa	Tuilaepa S. Malielegaoi	Epa Tuioti
Yemen, Republic of	(vacant)	(vacant)
Zaire	Gilbert Kiakwama Kia Kiziki	(vacant)
Zambia	Ronald Damson Siame Penza	(vacant)
Zimbabwe	Herbert M. Murerwa	Charles Tawonerera Kuwaza

Directors and Alternates: Voting Power

June 30, 1996

Director	Alternate	Casting votes of	Total Votes	% of Total
ELECTED BY THE VOTES OF THE FIVE LARGEST SHAREHOLDERS:				
Jan Piercy	Michael Marek	United States	20,696	17.67
Atsuo Nishihara	Shin Yasunobe	Japan	5,272	4.50
Fritz Fischer [a]	Erika Wagenhöfer	Germany	5,248	4.48
Marc-Antoine Autheman	Arnaud Chneiweiss	France	5,037	4.30
Huw Evans	David Stanton	United Kingdom	5,037	4.30
ELECTED BY THE VOTES OF THE OTHER SHAREHOLDERS:				
Eveline Herfkens (Netherlands)	Sergiy Kulyk (Ukraine)	Bulgaria, Croatia, Cyprus, Georgia, Israel, Macedonia (former Yugoslav Republic of), Moldova, Netherlands, Romania, Ukraine	6,645	5.67
Luc Hubloue (Belgium)	Katalin Demeter (Hungary)	Belarus, Belgium, Czech Republic, Hungary, Kazakstan, Luxembourg, Slovak Republic, Slovenia, Turkey	5,976	5.10
Leonard Good (Canada)	Winston Cox (Barbados)	The Bahamas, Barbados, Belize, Canada, Dominica, Grenada, Guyana, Ireland, Jamaica, St. Lucia, St. Vincent and the Grenadines	5,964	5.09
Leonard Mseka (Malawi)	Joaquim R. Carvalho (Mozambique)	Angola, Botswana, Ethiopia, The Gambia, Kenya, Lesotho, Malawi, Namibia, Nigeria, Seychelles, Sudan, Swaziland, Tanzania, Uganda, Zambia, Zimbabwe	5,580	4.77
Franco Passacantando (Italy)	Helena Cordeiro (Portugal)	Albania, Greece, Italy, Malta, Portugal	4,500	3.84
Hak-Kuk Joh (Republic of Korea)	J. E. Ismael (Indonesia)	Fiji, Indonesia, Korea (Republic of), Malaysia, Micronesia (Federated States of), Nepal, Papua New Guinea, Vanuatu, Vietnam, Western Samoa	4,453	3.80
Ruth Jacoby (Sweden)	Jorgen Varder (Denmark)	Denmark, Estonia, Finland, Lithuania, Norway, Sweden	4,299	3.67
Pedro J. Mejia (Spain)	Edmond Benedetti (Venezuela)	Costa Rica, El Salvador, Honduras, Nicaragua, Spain, Venezuela	4,216	3.60
Bimal Jalan (India)	Mushfiqur Rahman (Bangladesh)	Bangladesh, India, Sri Lanka	4,190	3.58
Khalid M. Al-Saad (Kuwait)	Mohamed W. Hosny (Arab Republic of Egypt)	Bahrain, Egypt (Arab Republic of), Jordan, Kuwait, Libya, Oman, Tunisia, United Arab Emirates	4,150	3.54
Jean-Daniel Gerber (Switzerland)	(vacant)	Azerbaijan, Kyrgyz Republic, Poland, Switzerland, Turkmenistan, Uzbekistan	3,759	3.21

Directors and Alternates: Voting Power

June 30, 1996

Director	Alternate	Casting votes of	Total Votes	% of Total
Ali Bourhane (Comoros)	Luc-Abdi Aden (Djibouti)	Benin, Burkina Faso, Cameroon, Cape Verde, Congo, Côte d'Ivoire, Madagascar, Mali, Mauritania, Mauritius, Senegal, Togo, Zaire	3,712	3.17
Julio Nogués (Argentina)	Carlos Steneri (Uruguay)	Argentina, Bolivia, Chile, Paraguay, Peru, Uruguay	3,581	3.06
Li Yong (China)	Zhu Guangyao (China)	China	3,315	2.83
Khalid H. Alyahya (Saudi Arabia)	Ibrahim M. Al-Mofleh (Saudi Arabia)	Saudi Arabia	3,314	2.83
Andrei Bugrov (Russian Federation)	Eugene Miagkov (Russian Federation)	Russian Federation	3,314	2.83
Marcos Caramuru de Paiva (Brazil)	Juanita D. Amatong (Philippines)	Brazil, Ecuador, Philippines, Trinidad and Tobago	3,056	2.61
Abdul Karim Lodhi (Pakistan)	Ali Tricha (Morocco)	Ghana, Morocco, Pakistan	1,784	1.52

In addition to the Directors and Alternates shown in the foregoing list, the following also served after June 30, 1995:

Director	End of period of service	Alternate	End of period of service
Ibrahim A. Al-Assaf (Saudi Arabia)	September 20, 1995	Masahiro Fujita (Japan)	June 24, 1996
Faisal A. Al-Khaled (Kuwait)	July 31, 1995	Hak-Kuk Joh (Republic of Korea)	May 31, 1996
Enzo Grilli (Italy)	October 31, 1995	Helga Jonsdottir (Iceland)	July 31, 1995
J. E. Ismael (Indonesia)	May 31, 1996		
Philippe Peeters (Belgium)	August 27, 1995		
Zhang Shengman (China)	December 31, 1995		

Note: Algeria (826 votes), Armenia (257 votes), Colombia (614 votes), Equatorial Guinea (227 votes), Guinea (268 votes), Lebanon (319 votes), Mozambique (274 votes), Sierra Leone (252 votes), and Republic of Yemen (332 votes) became members after the 1994 Regular Election of Directors. South Africa (1,120 votes) did not participate in the 1994 Regular Election of Directors.

a. To be succeeded by Helmut Schaffer (Germany) effective July 1, 1996.

Signatories to MIGA's Convention

June 30, 1996

Albania*
Algeria*
Angola*
Argentina*
Armenia*
Azerbaijan*

Bahamas, The*
Bahrain*
Bangladesh*
Barbados*
Belarus*
Belgium*

Belize*
Benin*
Bolivia*
Bosnia and Herzegovina**
Botswana*
Brazil*

Bulgaria*
Burkina Faso*
Burundi**
Cambodia
Cameroon*
Canada*

Cape Verde*
Chad
Chile*
China*
Colombia*
Congo*

Costa Rica*
Côte d'Ivoire*
Croatia*
Cyprus*
Czech Republic*
Denmark*

Dominica*
Dominican Republic
Ecuador*
Egypt, Arab Republic of*
El Salvador*
Equatorial Guinea*

Eritrea**
Estonia*
Ethiopia*
Fiji*
Finland*
France*

Gabon
Gambia, The*
Georgia*
Germany*
Ghana*

Greece*
Grenada*
Guatemala
Guinea*
Guinea-Bissau
Guyana*

Haiti
Honduras*
Hungary*
India*
Indonesia*
Ireland*

Israel*
Italy*
Jamaica*
Japan*
Jordan*
Kazakstan*

Kenya*
Korea, Republic of*
Kuwait*
Kyrgyz Republic*
Latvia**
Lebanon*

Lesotho*
Libya*
Lithuania*
Luxembourg*
Macedonia, former Yugoslav Republic of*

Madagascar*
Malawi*
Malaysia*
Mali*
Malta*
Mauritania*

Mauritius*
Micronesia, Federated States of*
Moldova*
Mongolia**
Morocco*

Mozambique*
Namibia*
Nepal*
Netherlands*
Nicaragua*
Niger

Nigeria*
Norway*
Oman*
Pakistan*
Panama**

Papua New Guinea*
Paraguay*
Peru*
Philippines*
Poland*
Portugal*

Qatar**
Romania*
Russian Federation*
Rwanda**
St. Kitts and Nevis
St. Lucia*

St. Vincent and the Grenadines*
Saudi Arabia*
Senegal*
Seychelles*
Sierra Leone*
Slovak Republic*

Slovenia*
South Africa*
Spain*
Sri Lanka*
Sudan*
Suriname

Swaziland*
Sweden*
Switzerland*
Syrian Arab Republic
Tajikistan**
Tanzania*

Togo*
Trinidad and Tobago*
Tunisia*
Turkey*
Turkmenistan*
Uganda*

Ukraine*
United Arab Emirates*
United Kingdom*
United States*
Uruguay*
Uzbekistan*

Vanuatu*
Venezuela*
Vietnam*
Western Samoa*
Yemen, Republic of*
Yugoslavia, Federal Republic of (Serbia/ Montenegro)**

Zaire*
Zambia*
Zimbabwe*

* Member country.

** Country has ratified the Convention but not completed membership requirements.

MULTILATERAL INVESTMENT GUARANTEE AGENCY

Fiscal 1997 Budget

(thousands of U.S. dollars)

Income from:	
Investment	$ 9,500
Premium	26,500
Miscellaneous income	1,000
Total income	37,000
Expenditure by organizational unit:	
Office of Central Administration	3,573
Guarantees	5,552
Investment Marketing Services	2,716
Legal and Claims	1,676
Total expenditures	13,517
Net income	$ 23,483
Expenditure by category:	
Discretionary costs:	
Staff costs	$ 4,518
Operational travel	863
Representation	60
Consultant fees	756
Contractual services	485
IFC services	232
Marketing and publications	356
Direct communications	123
Internal computing	15
Furniture and equipment	323
Miscellaneous	90
Subtotal	7,821
Other direct costs:	
Staff benefits	$ 3,484
Office occupancy	887
IBRD service and support fee	715
Overhead	110
Subtotal	5,196
General contingency	500
Total budget	$ 13,517

Note: The Fiscal 1997 Budget was approved by the Directors in accordance with MIGA's bylaws.

HOW TO CONTACT MIGA

Telephone/Facsimile:

Guarantees Department	(202) 473-6167 (202) 522-2630 (fax)
Investment Marketing Services Department	(202) 473-0687 (202) 522-2650 (fax)

Address:

For Mailing	*For Visits*
MIGA 1818 H Street, N.W. Washington, D.C. 20433 U.S.A.	MIGA 1800 G Street, N.W., Suite 1200 Washington, D.C. 20433 U.S.A.

For information via the Internet:

MIGA Home Page:	http://www.miga.org
IPA*net* Home Page:	http://www.ipanet.net
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