### World Bank Group

<table>
<thead>
<tr>
<th>Organization</th>
<th>Role</th>
<th>Clients</th>
<th>Products</th>
</tr>
</thead>
</table>
| **IBRD** International Bank for Reconstruction and Development | Support countries’ economic and institutional development | Governments of member countries with annual per capita income between $1,025 and $6,055 | - Technical Assistance  
- Loans  
- Policy Advice |
| **IDA** International Development Association | Support countries’ economic and institutional development | Governments of member countries with annual per capita income of less than $1,025 | - Technical Assistance  
- Interest-Free Loans  
- Policy Advice |
| **IFC** International Finance Corporation | Promote private sector development | Investors in member countries | - Equity/Quasi-Equity  
- Long-Term Loans  
- Advisory Services |
| **MIGA** Multilateral Investment Guarantee Agency | Promote cross-border investment and lending | Debt and Equity investors in member countries | - Political Risk Insurance  
- Credit Enhancement |

**Shared Mission:** “End extreme poverty and build shared prosperity”
Product Line

Political Risk Insurance:
• Coverage for investors (equity, Shareholder loans, quais-equity) and lenders against losses resulting from four risks: Transfer Restriction and Inconvertibility, Breach of Contract, Expropriation, War and Civil Disturbance
• No minimum rating requirement
• Suitable for Project Finance transactions

Credit Enhancement:
• Coverage for lenders against losses resulting from a sovereign/sub-sovereign/SOE failure to make a payment when due under an unconditional financial payment obligation or guarantee, because of inability or unwillingness to pay
• Availability is limited to governments/Municipalities/SOEs with satisfactory credit ratings
• Suitable for Export Finance/ Public Finance transactions
Eligible Investments and terms

• Cross-border investments from any MIGA member country to a MIGA “developing member country
• MIGA can cover up to 90 percent of equity and 95 percent of debt
• Can cover both equity and debt in same project
• Tenors up to 15 years (occasionally up to 20 to match the term of contract – for example, a PPA)
• MIGA cannot terminate the contract unless the investor defaults on its contractual obligations to MIGA
• Client may reduce or cancel coverage without penalty on any contract anniversary date starting with the first anniversary
Political Risk Insurance Solutions

- Inability to convert or transfer dividends or loan payments due to FX restrictions
- Destruction or interruption of business due to political violence
- Failure of government to honor obligations under contractual agreements and subsequent failure to honor arbitral award
- Government nationalizes or otherwise makes it impossible to operate the project through discriminatory measures
- Transfer Restriction and Convertibility Cover
- War and Civil Disturbance Cover
- Expropriation Cover
- Breach of Contract Cover
**Political Risk Insurance – Transfer Restriction, Expropriation, War and Civil Disturbance and Breach of Contract**

Azura Power West Africa Ltd., Nigeria

- **Project:** Construction, operation and maintenance of a 459 MW gas-fired open-cycle power plant in the vicinity of Benin city, in Edo State, Nigeria; as well as construction of a 330-kV transmission line and a short underground gas pipeline spur connecting the power plant to the country’s main gas trunk line.

- **MIGA cover on:**
  1. Equity and/or Shareholder Loans from Azura-Edo.

- **Cover:**
  - Amount: $492m
  - Tenor: 15 years
  - Issued: December 2015

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**Sponsors**

- Azura-Edo Ltd
- Edo State Government
- Federal Govt. of Nigeria (FGN)
- National Bulk Electricity Trader (NBET)
- L/C Bank

**Lenders**

- Siemens Bank
- KfW IPEX-Bank
- Standard Bank
- Rand Merchant Bank
- Standard Chartered Bank (Agent)

**Guarantee Holder**

- Project Company
- Obligor

**Sponsors**

- Amaya Capital Ltd
- Aldwych Holdings Ltd
- African Infrastructure Investment Fund
- Asset and Resource Management Ltd.
- FMO

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*Interest rate swap is also covered by MIGA.*
Credit Enhancement Solutions

- Lower funding costs for sovereign and sub-sovereign borrowers
- Long-term financing for sovereign and sub-sovereign borrowers
- Lower funding costs and improved access to long-term financing for public entities (SOEs)

Non-Honoring of Sovereign Financial Obligations

Non-Honoring of Sub-Sovereign Financial Obligations

Non-Honoring of Financial Obligations/SOE
Criteria for Credit Enhancement

Non-Honoring of Sovereign and Sub-Sovereign Financial Obligations

- Satisfactory credit rating for country/project based on MIGA analysis and rating agency data
- Financial payment obligation is unconditional and not subject to defenses
- Must support an underlying investment project with measurable developmental benefits

Non-Honoring for State-Owned Enterprises

- SOE must be creditworthy
- SOE must be under the supervision and control of government
- SOE must perform a public function
- Financial payment obligation is unconditional and not subject to defenses
- Must support an underlying investment project or portfolio with measurable developmental benefits
Non-Honoring of Sovereign Financial Obligations
São Paulo Sustainable Transport, Brazil

Project: rehabilitation of about 800 kilometers of roads, reconstruction of two bridges, and other works to improve road safety.

MIGA Cover
- Amount: $361 million
- Tenor: 12 years
- Issued: November 2014

São Paulo Sustainable Transport Project

THE WORLD BANK

Obligor
Guarantee holder
Project
Non-Honoring of Sovereign Financial Obligations
Eskom, South Africa

- **Project**: Financing of capital expenditure program to strengthen the grid.
- Includes over 35 sub investments in construction or upgrades of substations and power lines
- **MIGA cover on Non-Shareholder Loans**
  - Amount: €698.9m
  - Tenor: 15 years
  - Issued: March 2016
## MIGA’s Value Added

| Strong pre-claim management | • Management of risks at pre-claim level (100+ pre-claims among over 750 projects. Two claims paid for expropriation, five for war and civil disturbance)  
• Leveraging the World Bank network |
| Highly rated | • Highly rated multilateral by Basel Committee  
• Reduce risk weighting and capital provisioning |
| Financially stable | • Strong capital base  
• Mobilize reinsurance capacity |
| Strong risk appetite | • Operates in challenging markets  
• Longer tenors (up to 20 years) |
| Environmental and social risk mitigation | • Best practices in environmental and social standards |

### Implications For Banks

1. Reduce risk weights on assets and provide capital relief
2. Optimize country capital allocation
3. Improve credit rating