



MIGA
in focus

PRODUCING RESULTS

During the past year, MIGA continued to provide its clients—investors, investment promotion intermediaries, and the developing countries themselves—with the high-quality products and services needed to promote FDI. Demand for our services, including guarantees, technical assistance, online investment promotion, and investment dispute mediation, has never been greater. And we have answered our clients' call—with record guarantee issuance, especially to poorer countries, and new products that are helping them in very practical ways.

MIGA's uniqueness lies in the fact that its sole purpose is to promote productive flows of foreign investment into developing countries. Recognizing that the environment in which MIGA and its clients operate has been changing rapidly (and will continue to change), the agency has focused on a host of innovative efforts—new products, partnerships, and approaches—designed to improve the efficacy and relevance of its services.

These innovations are also consonant with MIGA's efforts to concentrate more intensively on certain priority areas, such as the poorest countries (especially in Africa), investments into SMEs, South–South investments, complex infrastructure projects, and targeted technical assistance for those most likely to translate that assistance into actual FDI inflows.

Despite a recent downturn in FDI into developing countries, prompted by a slowing global economy, MIGA's guarantee program again reached new heights in fiscal 2001. The agency issued \$2 billion in protection against noncommercial risks for 46 new projects.⁶ Of these, 18 insured investments into SMEs, 18 were in the world's poorest countries, eight covered projects in Africa, and eight were cross-border investments among developing countries—helping MIGA to fulfill its mandate of facilitating FDI to promote economic growth in its developing member countries. These projects are expected to account for \$5.2 billion in total FDI flows, bringing the total facilitated by the agency since inception to an estimated \$41 billion.

Notable new developments included MIGA's first-time coverage of a capital markets deal, a performance bond, and a water project. The year also saw MIGA offer its first guarantees ever for ventures in Jordan, Panama, and Togo.

The agency opened a new Europe-Africa office during fiscal 2001 to support European investors, especially with respect to investment opportunities in developing member countries in Eastern Europe and Africa, and to collaborate more effectively with Europe-based development agencies.

MIGA also signed seven new cooperation agreements with investment insurance agencies and development finance institutions. It expanded its facultative reinsurance and cooperative underwriting agreements, as it continued to mobilize partners to boost the availability of political risk insurance and meet its clients' needs. MIGA has continued its leadership role in supporting investment promotion intermediaries in developing countries through technical assistance, advisory services, and online investment promotion instruments.

The past year saw growing demand for MIGA's technical assistance services from clients across all regions. MIGA's hands-on technical assistance emphasizes the transfer of best practice in FDI promotion. It takes many different forms, encompassing the range of services required to support investment promotion intermediaries at all stages of development. The new Investment Promotion Toolkit, for example, affords MIGA the opportunity to broaden its outreach by providing a foundation of information that can be used as a reference by investment promotion intermediaries and as an adjunct to the assistance provided.

In fiscal 2001, MIGA implemented 59 technical assistance or advisory service projects. In many cases, these projects were multifaceted efforts incorporating strategy development, hands-on training, assistance in information technology, and other elements of service delivery. More than half (20) of the countries receiving technical assistance are IDA-eligible (see box 1), the poorest MIGA member countries. A significant portion of the technical assistance activities was undertaken in cooperation with the World Bank Group's private sector units and FIAS.

The changing nature of investment flows and the rapid evolution of Internet technology have led MIGA to be particularly innovative in online investment promotion. Tools such as PrivatizationLink and IPAworx serve the same overall goal: to provide host country agencies with state-of-the-art instruments for attracting investments. MIGA has also continued to develop and enhance these online services that have earned international recognition, and which enjoy great popularity with our clients. MIGA's investor information resources are utilized by more than 25,000 people every month, many from the developing world.

MIGA pays 1st claim, signs 500th guarantee

As an insurer, MIGA stands ready to pay a valid claim when it is filed. Until recently, however, the agency was able to use its good offices, working with investors and host countries (by definition, MIGA members) to resolve all potential claims situations. Paying its first claim shortly before issuing its 500th guarantee highlights the value and popularity of MIGA's guarantees—and its commitment to prudent underwriting of projects that support productive development.

MIGA's first claim was paid at the end of the previous fiscal year for a MIGA-guaranteed power project in Indonesia. Since that time, however, the

country has begun to reimburse the agency for the \$15 million claim, and MIGA is once again offering political risk insurance coverage in Indonesia.

Shortly after the claim was paid, the issuance of MIGA's 500th guarantee spotlighted the agency's unflagging commitment to reducing poverty by facilitating FDI into those economies investors most often ignore.

This \$61 million guarantee, to Unión Fenosa Internacional S.A., a Spanish investor, for a power project in Moldova, covers investments in the upgrading of three electricity companies, which are expected to help reduce significant power shortfalls and blackouts. The project is an important component in Moldova's efforts to reform its energy sector.

box 2 LANDMARK PROJECTS EARN HONORS

Industry experts gave top marks to MIGA's first coverage of a capital markets transaction (see p. 6) and three other MIGA-guaranteed projects in fiscal 2001, showcasing projects that stood out in their complexity, innovation, and quality.

Receiving four awards was the \$1.7 billion refinancing of BCP, the Brazilian mobile telecommunications company, in the region's largest telecomms deal to date. The project, guaranteed in fiscal 2000, involves establishing and operating a cellular telecommunications network in the São Paulo metropolitan area. It is expected to benefit some 18.5 million people. The transaction involved a diverse group of participants, including export credit agencies, commercial banks, and public and private insurers. Political risk insurance was the lynchpin that enabled BCP to extend its refinancing to five years.

The deal was named "Latin American Loan of the Year" by *International Financing Review*, "Latin American Telecomms Deal of the Year" and "Overall Americas Deal of the Year" by *Project Finance* magazine, and "Americas Telecomms Deal of the Year" by *Project Finance International*. The awards were based on such criteria as difficulty of market conditions, innovativeness, and number of players involved.

Taking home *Project Finance's* award for "Latin American Oil and Gas Deal of the Year" was Barracuda, a deep-sea oil and gas production project that is expected to increase Brazil's oil production by about 18 percent and reduce the country's reliance on imports. MIGA provided \$72 million in coverage to the project's Japanese and German sponsors and lenders, and facilitated a further \$50 million in private political risk insurance through its CUP.

The MIGA-guaranteed Julietta mining project also received accolades from *Project Finance*, which named the undertaking "European Mining Deal of the Year." The project, the first Russian mining deal to close in four years, received political risk insurance from MIGA in fiscal 2000.

NEW PRODUCTS AND SERVICES: MEETING CLIENT DEMANDS

Dramatic changes in the global economy over the past decade have produced new opportunities and challenges for the developing world and for countries in transition from a centrally planned economy to a market-based system. Globalization, instant access to information via the Internet, large-scale privatization schemes and devolution of powers from central governments to regional governments and parastatal entities have combined to produce a far more complex, interconnected world.

For investors and host countries in the developing world, the untapped opportunities are enormous—but the challenges in realizing this potential are also formidable. In addition, investor interest has traditionally focused on only a handful of countries that currently receive the lion's share of FDI flows to the developing world. This means that other countries must first have in place the basic legal and regulatory infrastructure to support investments. They also need state-of-the-art tools and customized training to spread the word to potential investors about investment opportunities in their countries. As the investment marketplace has become more complex and Internet-dependent, so too have the needs of host country agencies involved in investment promotion.

Even if investors are aware of these opportunities, however, many of them may perceive the potential noncommercial risks of a project to be too great to consider making the investment without some sort of protection, particularly in the form of political risk insurance. In fact, traditional political risk insurance no longer seems fully adequate for many of the new types of investments being made now—complex infrastructure deals, capital market transactions, privatizations in sensitive sectors such as water, and projects involving regional governments or parastatal companies.

During the past year, MIGA has worked hard to develop and launch new products and services that meet the changing needs of our clients and reflect the momentous shifts in FDI flows.

Investment Marketing Services: Connecting developing countries to potential investors

MIGA has been conceptualizing, developing, and implementing new tools to help developing country clients attract and retain FDI. One such tool is the **Investment Promotion Toolkit**, which was formally launched at the Sixth Annual Conference of the World Association of Investment Promotion Agencies (WAIPA) in Geneva in February 2001. The nine-module toolkit is a comprehensive compilation of international best practices in investment promotion, and represents first-hand insights gained during MIGA's 13 years of experience providing technical assistance to emerging economies and developing countries worldwide.

MIGA developed the toolkit over an 18-month period and field-tested and revised it according to feedback received and knowledge garnered during implementation. The toolkit provides a valuable reference tool for sustaining investment initiatives after completion of MIGA's formal capacity building work. The toolkit is designed for use by a broad range of investment promotion intermediaries. Demand for the toolkit has been tremendous: In March 2001, the month following its official launch, it was the World Bank Group's best-selling publication.

In response to burgeoning demand from users of its online services for increased options for receiving investment information, MIGA has developed the **FDI Xchange**, an e-mail based update service. Piloted this year, the new service offers corporate investors timely and specific information about direct investment opportunities matching their expressed interests—geographic, sector, type, and size of investment—in emerging markets worldwide.

The FDI Xchange notifies potential investors, their advisers, and financial institutions worldwide of new investment opportunities and business environment information in developing countries and economies in transition. This information is





sourced directly from investment promotion and privatization agencies, as well as other qualified organizations promoting inward investment. Users of the service receive regular e-mail updates with links to the full text of the new investment opportunity and links to other relevant data and analysis on the specific country or sector.

Another important feature of the service is that investment promotion entities, privatization agencies, and other content providers are able to catalogue their new information resources directly into *IPAnet* and the FDI Xchange through a secure online interface. MIGA plans an intensive program of short-term assistance to these content providers as it deploys the service.

As part of its efforts to help clients bridge the digital divide, MIGA piloted *IPAworks* this past year. *IPAworks* is a prepackaged Web site with customizable features, created specifically for investment promotion intermediaries that lack the in-house capability to establish a professional Web presence. *IPAworks* has already been used in Cambodia, the Lao People's Democratic Republic, and Vietnam. The leaders of Vietnam's Ho Chi Minh City were so pleased with the *IPAworks* site that they have translated the entire contents into Vietnamese and developed a sister site that can be accessed by domestic investors.

Keeping pace with the rapidly developing online investment community, MIGA this year completed the total upgrading of the *PrivatizationLink Web site*—www.privatizationlink.com. Reflecting feedback on desired features and data from a PrivatizationLink user survey and a user focus group, the new version of PrivatizationLink includes enhancements in site design and navigation, as well as significant upgrades in content and functionality.

The revamped site now offers country fact sheets detailing privatization programs in individual countries. Another new feature is the best practice collection of reports, studies, and articles on trends and leading-edge practices in privatization. To promote interaction among privatization practitioners, users can provide ratings and written feedback on the content presented.

Furthermore, the new version includes a Practitioners' Corner, designed to support those involved in structuring transactions and containing a collection of hands-on learning and networking resources, and an Investors' Corner, which users can personalize to monitor the investment and advisory opportunities according to their sector or geographic interests.

For almost two years, MIGA has been working with the Russian government to gather and publish information on the state privatization program online. These efforts culminated with the launch of *PrivatizationLink Russia*—russia.privatizationlink.com—in October 2000. PrivatizationLink Russia is a joint initiative of MIGA, the government of Russia, and the Canadian International Development Agency (CIDA), and is also supported by the World Bank. It is designed to make information on privatization in Russia more transparent and accessible. For the first time, investors have instant, free access to business profiles of state-owned companies and assets currently for sale in the Russian Federation, along with details on the laws, regulations, and procedures governing these transactions.

Guarantees: Pioneering new insurance tools, entering new markets

MIGA also developed new products to meet the changing needs of its guarantee clients. In a move that broke new ground for financing in developing countries, MIGA

issued a \$90 million guarantee for the securitization of loan and lease receivables from the financing of medical equipment in Brazil. The deal marked several important firsts, including MIGA's initial foray into capital markets coverage, as well as Brazil's first internationally rated securitization of medical equipment receivables.

MIGA issued the guarantee to MSF Funding LLC, which will use the financing proceeds to originate new loans and leases in Brazil, where specialized medical equipment—such as MRI and CT scanners—is in short supply, and much of what exists is obsolete.

MIGA proved key to improving the risk profile of the notes and helping the investor secure the financing needed. The Class A Notes received an A2 rating from Moody's Investor Services and an A rating from S&P and Fitch IBCA. According to Moody's Investor Services, the ratings assigned exceeded Brazil's B2 rating because of MIGA's presence. The deal also received top honors from *Structured Finance International* magazine, which named it the year's "Best Securitisation of Emerging Market Assets."

With the signing of an \$18 million guarantee for a project to provide potable and sanitary water services in Guayaquil, Ecuador, MIGA crossed two other important thresholds. The guarantee marked the agency's first coverage of a water utilities investment and of a performance bond.

The guarantee covers an investment to privatize and upgrade municipal water services, as well as a performance bond posted by the company for the operating concession. The bond guarantees the company's delivery of specified services—successful management, expansion, and operation of the water services—within the concession time period. MIGA's guarantee protects against the wrongful call of the bond. The coverage resulted from MIGA's ongoing quest to provide the right products and services to meet client needs.

box 3 NEW PUBLICATIONS FOCUS ON RANGE OF MIGA ACTIVITIES

To bring MIGA's experiences to a wider audience and promote greater transparency, the agency periodically publishes detailed accounts of activities in which it is involved, including information on its cooperation with other entities that facilitate FDI, the impact of its various activities, and the methodologies it employs.

This year MIGA published two books, *Investment Insurance and Developmental Impacts: Evaluating MIGA's Experience and International Political Risk Management: Exploring New Frontiers*. It also released "MIGA Review 2000," which outlines future priorities and strategic directions for the agency. These can all be ordered from World Bank Publications at books@worldbank.org, or through MIGA's Web site (www.miga.org), where readers can also order MIGA's Investment Promotion Toolkit, discussed above.

Investment Insurance and Developmental Impacts: Evaluating MIGA's Experience shares the findings of MIGA's evaluation work with the interested public. It focuses on evaluations of 52 projects guaranteed by MIGA from fiscal 1991–96, and finds that the projects generally met or exceeded their anticipated developmental impacts. In fact, the projects evaluated facilitated \$7.1 billion in investment—\$1.3 billion more than investors had initially expected to invest when they insured their projects with MIGA. Those same 52 projects also directly created more than 15,500

jobs, often in areas of high unemployment or underemployment. Other important effects include increased tax revenues and exports, as well as environmental benefits and training for local workers. The book is especially useful to readers seeking to better understand how private FDI contributes to the development process, as well as for those interested in the methodology of developmental impact analysis.

International Political Risk Management: Exploring New Frontiers examines transformations in the political risk insurance market in the 1990s that resulted from changes in the broader insurance industry and from the rapid and complex expansion of FDI into emerging markets. It brings together the views and experiences of those who shaped the industry in the past decade—as academics and practitioners from the international investor, lender, and insurance communities. The book is a valuable guide for those considering private sector investments and privatizations in the developing world, as well as for independent analysts and scholars in the field of political risk management.

“MIGA Review 2000” is the agency’s newest five-year review, which is mandated by Article 67 of MIGA’s Convention. This strategy paper reviews MIGA’s activities over the past five years, analyzes key elements of its external operating environment, and develops detailed future strategic directions for the agency. The “multi-niche” strategy described in the paper focuses MIGA on opportunities which only it can serve, or which would not be realized without MIGA’s involvement.

NEW PARTNERSHIPS: WORKING TOGETHER FOR DEVELOPMENT

From its earliest days, MIGA has known that, as a relatively small multilateral institution, its ability to deliver the greatest potential impact for developing countries must lie in fostering relations with a variety of partners. This is true for both the guarantees program and for the agency’s technical assistance services. The result has been dynamic relations with private and public institutions—relations that grow deeper and broader every year.

Sometimes the best synergies are found closest to home. In this vein, MIGA has been working more closely than ever with other members of the World Bank Group to ensure that its activities are well coordinated and serve the common goal of reducing poverty. This includes the joint preparation of country assistance strategies and evaluations, as well as collaboration on a project-specific basis, with IFC and the World Bank.

More partners = More FDI flows

MIGA’s guarantees program has continued to develop partnerships on all fronts. We are proud to have the most far-reaching network of private partners of any public investment insurer. In addition, MIGA has been pioneering hands-on assistance for the growing number of public investment insurers in developing countries, responding to their interest in promoting greater FDI flows within the developing world.

During the year, MIGA signed **seven Memoranda of Understanding (MOU)** with export credit agencies and international financial institutions: the Islamic Corporation for the Insurance of Investments and Export Credit (ICIEC) of Saudi Arabia, Austria’s finance and guarantee agency (FGG), Finland’s export credit agency

(Finnvera), People's Insurance Company of China (PICC), PricewaterhouseCoopers Deutsche Revision of Germany, the Export Credit Insurance Organization (ECIO) of Greece and the Korea Export Insurance Corporation (KEIC). This brings the total number of such partners to 18.

These partnerships allow MIGA to strengthen cooperation and complement operations with the national entities of member countries, with a view to maximizing the efficiency of respective services. They also allow for cooperation in coinsurance and reinsurance and for jointly providing an array of services to investors. For investors, this collaboration mobilizes increased political risk insurance coverage for longer periods of time, and allows MIGA to provide a one-stop service to meet all guarantee needs. For insurers, these partnerships offer the added comfort of MIGA's involvement in underwriting and in the event of a dispute or claim.



The agreements to collaborate are not just an unfulfilled notion: MIGA and its partners work hard to take the promise from idea to practice. A good illustration of this is the agency's partnership with SIMEST, Italy's development finance agency. The two recently worked together on a new project in the Slovak Republic, putting into practice a recent agreement to jointly promote FDI into developing economies.

Through its **reinsurance and syndication** activities, MIGA continued to lead its partners into transactions that they may not have otherwise undertaken. This is illustrated by MIGA's reinsurance of the Österreichische Kontrollbank (OeKB), Austria's export credit agency and new MIGA partner, for a banking project in Bosnia and Herzegovina, and coverage for a mining project in Tanzania by a syndicate of private insurers, assembled by MIGA and coinsured with Canada's Export Development Corporation (EDC).

Throughout the fiscal year, MIGA furthered its relationships with private and public insurance partners such as Lloyd's of London, Chubb and Son, Munich Re, EDC, and Japan's Ministry of International Trade and Industry (EID/MITI). It concluded its first reinsurance agreements with American International Group, Inc. (AIG), OeKB of Austria, and Finnvera of Finland.

photos | left, Europe-Africa Office Director, Christophe Bellinger, speaking at MOU signing with Greek Export Credit Insurance Organization in Athens; center, EVP Motomichi Ikawa signing cooperation agreement with Liang Zhidong, General Manager of the Export Credit Insurance Department of the People's Insurance Company of China; right, Mr. Ikawa formalizing agreement with Tai-Jin Lim, Chairman and President of the Korea Export Insurance Corporation.

MIGA also added five new partners, including four Lloyd's Syndicates, to its Cooperative Underwriting Program (CUP). The CUP is an arrangement wherein MIGA is the insurer-of-record but retains only a portion of the exposure, with the remainder underwritten by one or more private insurers. The product was designed to encourage private insurers to enter transactions that they may not have felt comfortable undertaking alone.



photos | left, Mr. Ikawa greeting Dr. Winfried Braumann, head of FGG, Austria's finance and guarantee agency, at MOU signing in Vienna; right, MIGA staff with FGG representatives.

Another increasingly important aspect of partnership is the **training** MIGA provides to representatives of investment insurance agencies and development finance institutions from around the world. MIGA uses this training to help promote knowledge sharing and capacity building among national agencies, especially those from developing countries. The training showcases best practices in political risk insurance and information exchange on underwriting techniques and offers a platform for fostering future cooperation and network creation.

Last year, MIGA conducted two training programs, attracting participants from eight countries (Austria, Denmark, Italy, Kuwait, Malaysia, Panama, Saudi Arabia, and Thailand). The programs included sessions on country risk analysis, contract drafting, sector-specific underwriting, and online information services on investment opportunities in developing countries. This training has enabled attendees to not only liaise with MIGA and the rest of the World Bank Group but also to get better acquainted with other insurers.

Forging alliances for improved investment promotion

Similar collaboration was evidenced in the **new technical assistance initiative** announced at the May 2001 Conference on Least Developed Countries (LDC III) in Brussels. A cooperative effort among MIGA, FIAS, the United Nations Conference on Trade and Development (UNCTAD), and the United Nations Industrial Development Organization (UNIDO), the initiative is known as the Multi-Agency Technical Assistance Programme. Under the Programme, participating agencies will provide advice and services covering the full range of policies and activities needed to create an attractive environment and promote inward FDI to selected pilot countries. In each country, collaborating agencies will conduct a needs assessment and supporting investigations required to define the specific elements of the work program. From this assessment, a tailored set of objectives, scope of work, implementation plan, and anticipated outcomes will be established, and a detailed cost estimate and collaborative program schedule will be prepared, in partnership with the client country.



MIGA is also working with the private sector in conducting an [international survey](#) of factors and trends underlying corporate investment decision-making. MIGA has also continued to receive support from the Swiss government, which has provided funding to support its technical assistance efforts in Central Asia, from Japan for Asian and African initiatives, from Canada's CIDA for PrivatizationLink Russia, and from Austria's FGG, which supports the worldwide deployment of MIGA's online services, including FDI Xchange.

photos | left, Srilal Perera, MIGA's Chief Counsel, sharing the workings of the agency with MIGA partners; right, Federica dal Bono, Business Development Officer, providing additional training.

[Collaborating with other World Bank Group members](#)

MIGA has made significant progress in implementing a systematic approach to ensure that foreign investment-related issues play an appropriate role in the World Bank Group's country and overall development strategies.

In a joint initiative with the World Bank, MIGA is studying of the role of political risk insurance in fostering FDI into conflict-affected countries. Two case studies are being written on Bosnia and Herzegovina and Mozambique, and will be finalized in the next fiscal year.

[Coordination with IFC](#) in the field has also strengthened considerably, most notably in Asia and Africa. Special arrangements were made with IFC to market MIGA's activities in South Asia and Southern Africa. In India, a local IFC staff member has been marketing MIGA's activities on a part-time basis, and in South Africa, arrangements have been made for a MIGA staff member to market the agency's services with IFC's logistical support. The South African initiative has already started to foster closer relationships with new and existing clients, and has brought about a better awareness of MIGA's activities in the region.

Likewise, the launch of the [African Connection Telecomms Databank](#) drew and capitalized on the strengths of the World Bank and IFC, and of the many African governments involved. MIGA also put to good use the partnerships established in providing its technical assistance to a spectrum of beneficiaries. Worldwide, MIGA is

collaborating with the IBRD and host countries in formulating private sector strategies for Armenia, Cape Verde, El Salvador, Guatemala, Nicaragua, Nigeria, Romania, Senegal, Thailand, and the Federal Republic of Yugoslavia.

MIGA has also strengthened its working relationship with FIAS, and has partnered with the group in organizing field work, investment promotion strategy development, and investor facilitation efforts.

NEW APPROACHES: STRATEGIC DECISIONS, BETTER OUTCOMES

Perhaps the most difficult undertaking any institution or corporation can engage in is to think differently about how it reaches for its goals. After soliciting input through external and internal reviews, MIGA began to make some strategic decisions during the past year that have already produced favorable results and should have a profound longer-term effect on how we can most effectively deliver on our developmental mandate.

MIGA Review 2000 provides an in-depth description of this new strategy. Its three main conclusions should be underscored. First, the agency will concentrate on certain priority areas: the poorest countries, especially in Africa; investments into SMEs; coverage for investments among developing countries; complex infrastructure projects; and technical assistance to those most likely to translate that help into FDI flows in the medium term. Since most of these are frontier areas, special efforts and new approaches are needed.

Second, the agency will take measures, through internal and external controls, that ensure its operational effectiveness and measure how well it is actually doing in fulfilling its mandate. Finally, the review and the **COSO** self-risk assessment exercise both suggested that the agency could improve its internal operations by better capturing synergies between departments (see p. vii).

Catalyzing agency-wide synergy to spur African investment

Over the past year, MIGA has worked to catalyze FDI flows to Africa by maximizing synergy from an agency-wide collaborative effort. The focus has been on selected countries that offer prospects for significant new business. In October 2000, a strategy for this pilot program was defined and is now operational.

MIGA's **field representation** has recently been augmented by a part-time special representative based in Nairobi, Kenya, as well as MIGA's Europe-Africa outreach office in Paris. Ghana, Mozambique, Senegal, and Tanzania were selected as the pilot countries and an interdepartmental team was designated to develop programs for each of them. Country selection criteria included the potential to attract higher FDI flows in the near future and to benefit the most from MIGA's technical assistance activities.

In addition to these efforts, Promote Africa (MIGA's field function with offices in Lomé, Togo and Windhoek, Namibia, and other regional representatives) will continue to strengthen business involvement with partners from outside the region.

In **Ghana**, efforts have been made to increase awareness of MIGA's guarantee service, and agency representatives have met with authorities from the new government on an upcoming review of the country's investment promotion structure and MIGA's potential assistance in this process.

Following up on FIAS recommendations for the establishment of a new investment promotion agency in Senegal, MIGA, in conjunction with the World Bank, has developed a five-year strategy for that country's agency that will be submitted for funding to the Bank's Board of Directors. A MIGA mobile office visited Senegal in March 2001.

In Mozambique, MIGA has identified support needs in investment promotion to develop a program for donor consideration, and support has already been tentatively identified.

Finally, for Tanzania, tourism and tourism-related infrastructure have been identified as promising recipients of FDI. A fast-track initiative in the tourism sector, comprising a stakeholder workshop leading to an investor roundtable, has been agreed to with government authorities and local business leaders. On the basis of a review of the Tanzania Investment Centre and discussions with donors, MIGA developed a capacity building program to support the Centre's restructuring.

Reaching our clients: New places . . .

MIGA expanded its client outreach efforts in fiscal 2001 through a new Paris-based office, complementing its field representation in Tokyo, Bosnia, Southern and East Africa, and Switzerland. The new office is part of the agency's efforts to increase the level of FDI from Europe into developing countries, particularly those in Africa and Eastern Europe.

During its first six months, the office has focused on facilitating the underwriting of new projects, especially those involving SMEs, following up on work initiated in a satellite office in Switzerland. In addition, the office is developing new partnerships with bilateral development organizations and stakeholders, as well as member country governments represented in Europe.

MIGA also had a field presence, financed by the Policy and Human Resource Development Fund of Japan, in Southern and West Africa. Likewise, the Promote Africa program afforded new opportunities for MIGA to develop and utilize relationships with regional partners in support of outreach and marketing efforts initiated in Washington. A special representative in a staff exchange program with the Common Market for Eastern and Southern Africa (COMESA), and with the Nairobi-based African Trade Insurance Agency (ATI), worked with regional private sector and government representatives to promote the use of guarantees as a means of attracting FDI.

Funded by the European Union (EU), a staff member based in Bosnia and Herzegovina continued the agency's collaboration with the European Commission on the joint guarantee trust fund, a partnership begun in 1997 to promote FDI in the formerly war-torn country.

MIGA's representative for Asia, based in Tokyo and funded by the Miyazawa Initiative,⁷ helped to develop and administer missions from headquarters to the region.

In addition to its more permanent field offices, MIGA conducted road shows and visits around the world as part of its mobile office program. The effort featured seminars and meetings on MIGA's activities in Asia, Latin America, the Middle East and North Africa, Southeast Europe and West Africa. This outreach has enabled MIGA to raise its

profile and bring about a better awareness of its activities among members of various local business communities, and has been particularly helpful in promoting investments among developing countries.



... and a new look

As part of a comprehensive initiative to strengthen MIGA's impact and reach through a new look and revamped marketing materials, a new corporate brochure was produced and translated into French and Spanish, accompanied by fact sheets on the agency's sectoral and regional impact and investment marketing services. The revised Investment Guarantee Guide was also translated into several languages, including Arabic, Chinese, French, German, Italian, Japanese, Spanish, and Turkish. In order to improve client friendliness, the Preliminary Application Form for guarantees was streamlined and made accessible on the Web.

New unit to better evaluate MIGA's development effectiveness

Since MIGA is first and foremost a development agency, one of the most important questions that it must always address is: What is the developmental impact of MIGA's activities, both at the aggregate and project levels?

From the beginning, MIGA has sought to estimate the developmental impacts of prospective guarantee projects. An evaluation framework has evolved, with MIGA reporting its findings to the Board of Directors and to the broader public (see box 3). Evaluation staff also provide input into the guarantee process on whether a given project will likely have a beneficial developmental impact in the host country. Evaluation officers and other staff undertake onsite evaluations of a significant proportion of MIGA-guaranteed projects,⁸ once these have had sufficient time to become operational, to see whether the impacts are actually meeting initial expectations; in many cases, the developmental impact was found to significantly exceed initial estimates.

The next step in the evolution of MIGA's evaluation efforts was taken at the beginning of fiscal 2001: A separate **Operations Evaluation Unit** was established. The unit's mandate has been extended to cover not only the evaluation of guarantees operations, but also of MIGA's advisory and technical services. The institutionalization of an independent evaluation function within MIGA will enhance the objectivity, accountability, and feedback of evaluation findings. The unit will be able to work more closely with other parties, both within the World Bank Group and externally, that evaluate developmental impacts; this will add further depth and breadth to MIGA's evaluation efforts.

box 4 LOOKING BACK–SPAIPA

Frequently, MIGA-guaranteed projects have direct and indirect developmental impacts far beyond what the investors initially anticipated when applying for a MIGA guarantee and beyond requirements of local authorities. These impacts, often discovered during project evaluation site visits, frequently go unheralded because they are usually not captured by standard assessment techniques.

A MIGA-guaranteed soft drink bottling project in Brazil, which has acted as a good corporate citizen and undertaken extensive efforts to foster recycling, is a good example of such effects. SPAIPA S/A – INDÚSTRIA BRASILEIRA DE BEBIDAS (SPAIPA - São Paulo Interior e Paraná), Brazil's third-largest soft drink bottler and distributor, operates in the states of Paraná and São Paulo, primarily in the city of Curitiba.

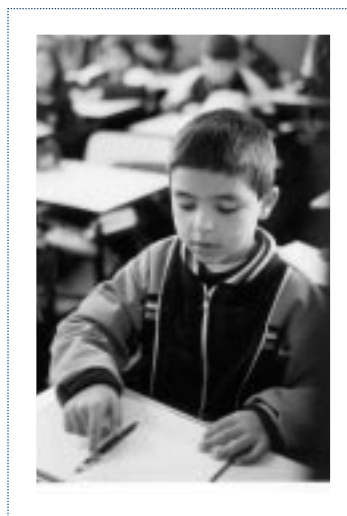
In 1996, SPAIPA benefited from three MIGA guarantees totaling \$20.25 million, covering investments by Gribal S.A. of Uruguay as well as loans provided by Lloyds TSB Bank plc and BankBoston to expand the company's operations. The total investment in the expansion was \$69 million.

That same year, SPAIPA and local recycler LATASA launched a recycling program that has served as a model for other bottlers and has had significant positive impacts on the local communities. Reflecting the innovative approach of both SPAIPA and Curitiba to environmental issues, SPAIPA also developed a highly maneuverable, electric cargo-handling vehicle, called "Ecocargo," that is now being used for distributing drinks in densely populated urban areas.

SPAIPA became the first bottler in Brazil to initiate a partnership with local schools, LATASA and the government of Paraná. In June 1996, it launched the Escola (School) program in Curitiba, and quickly expanded it to cover three other cities (Maringa, Aracatuba, and São José do Rio Preto). Currently, more than 1,900 institutions with 300,000 students participate.

Under the Escola program, schoolchildren in participating schools collect aluminum cans for recycling. SPAIPA collects the cans and delivers them to LATASA. The schools, in turn, receive much-needed equipment for their efforts. The schools choose from a long list of "prizes," which include items such as fans, water fountains, copiers, computers, wheelchairs, and sports supplies. To date, the schools

photos | left, a SPAIPA employee collecting recyclables from Escola Atuação in Curitiba, Brazil; right, a student listening to a SPAIPA environmental representative talking about the benefits of recycling.



have received equipment worth nearly \$500,000 in exchange for the more than 70 million aluminum cans collected.

When a school enrolls in the program, SPAIPA employees visit the school and explain the program and the environmental benefits of recycling. This meshes with efforts by the governments of Paraná state and the city of Curitiba to promote environmental awareness from the earliest possible age.

SPAIPA's ongoing, innovative efforts are not only contributing to a better environment in São Paulo and Paraná states, but also to a better understanding of environmental issues, particularly among the segment of society that will be most affected by those issues: the area's children. In addition, through their participation in the program, these children are contributing to improving their schools by earning much-needed equipment for their institutions.⁹
