



MIGA

**Multilateral Investment
Guarantee Agency**
WORLD BANK GROUP

MIGA Support to the Transport Sector

Jorge Rivas (Infrastructure)

(202) 473-5698

Jrivas@worldbank.org

- 1. MIGA in the World Bank Group**
2. Product Line
3. Portfolio and Business
4. MIGA Support to the Transport Sector
5. Transport Project Case Studies

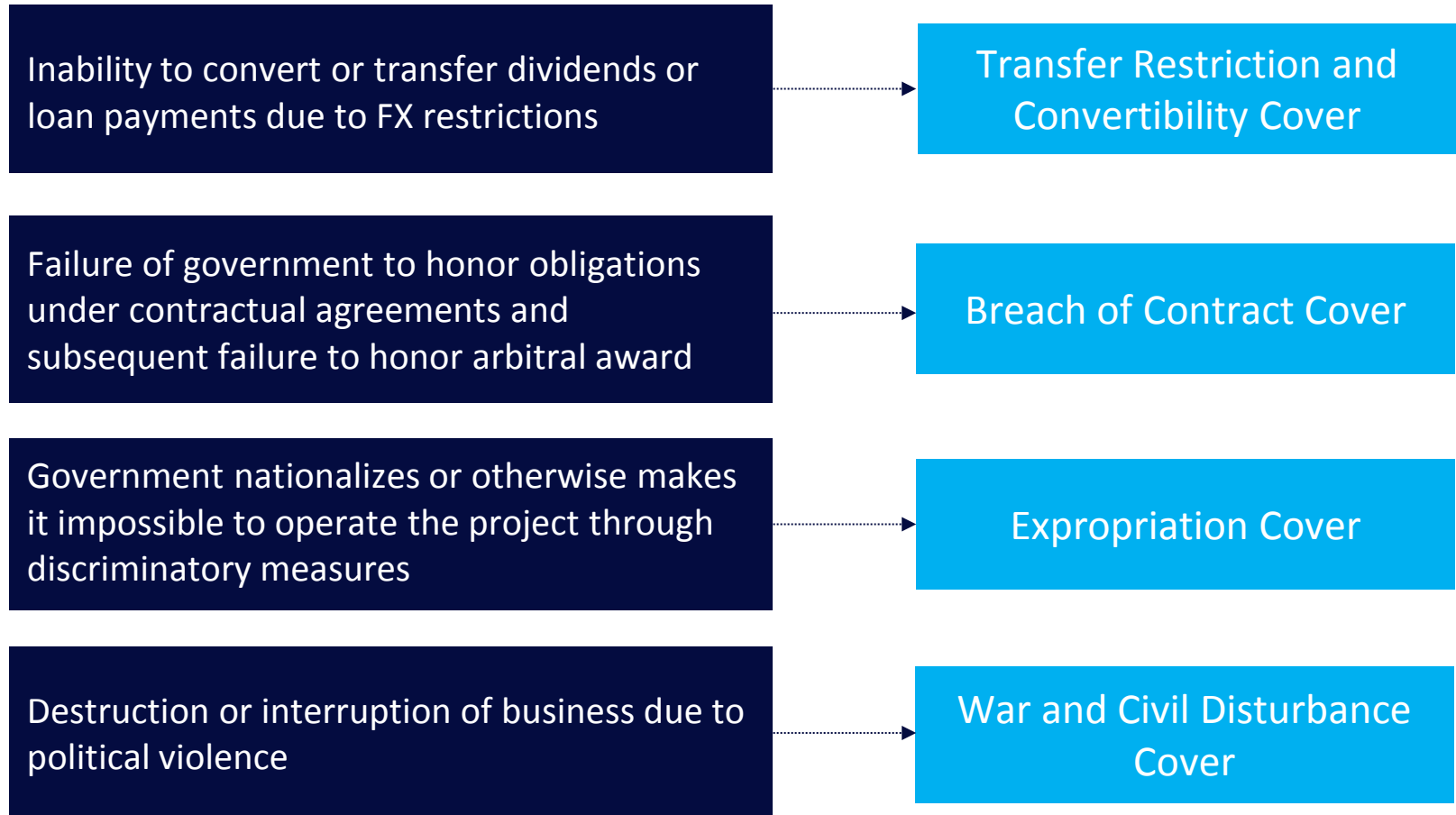
World Bank Group

	IBRD International Bank for Reconstruction and Development	IDA International Development Association	IFC International Finance Corporation	MIGA Multilateral Investment Guarantee Agency
	Est. 1945	Est. 1960	Est. 1956	Est. 1988
Role:	Support countries' economic and institutional development	Support countries' economic and institutional development	Promote private sector development	Promote cross-border investment and lending
Clients:	Governments of member countries with annual per capita income between \$1,025 and \$6,055	Governments of member countries with annual per capita income of less than \$1,025	Investors in member countries	Debt and Equity investors in member countries
Products:	<ul style="list-style-type: none"> - Technical Assistance - Loans - Policy Advice 	<ul style="list-style-type: none"> - Technical Assistance - Interest-Free Loans - Policy Advice 	<ul style="list-style-type: none"> - Equity/Quasi-Equity - Long-Term Loans - Advisory Services 	<ul style="list-style-type: none"> - Political Risk Insurance - Credit Enhancement

← Shared Mission: "End extreme poverty and build shared prosperity" →

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Risks Faced by Investors and Lenders: Political Risk Insurance Solutions



Inconvertibility and Transfer Restriction

- Protects against losses arising from inability to:
 - convert local currency into foreign exchange within the host country
 - transfer funds out of the host country
- In case of convertibility restrictions, MIGA's compensation is based on official rate of exchange at the date of loss
- Currency depreciation and devaluation not covered
- Conversion and transfer have to be lawful in the host country at the time MIGA's coverage is issued

Expropriation

- Protects against losses arising from:
 - nationalization and confiscation
 - creeping expropriation (a series of acts that are expropriatory taken in sum, e.g., gradual changes in tax regime)
 - expropriation of funds (e.g., “account freeze”)
- Expropriation also if the Project Enterprise
 - is deprived of a substantial benefit
 - constituting a fundamental right (e.g., under a project agreement)
 - essential to its overall financial viability (normally this implies insolvency or impending insolvency of the Project Enterprise)
- Non-discriminatory regulatory measures not covered, unless such measures have a confiscatory effect

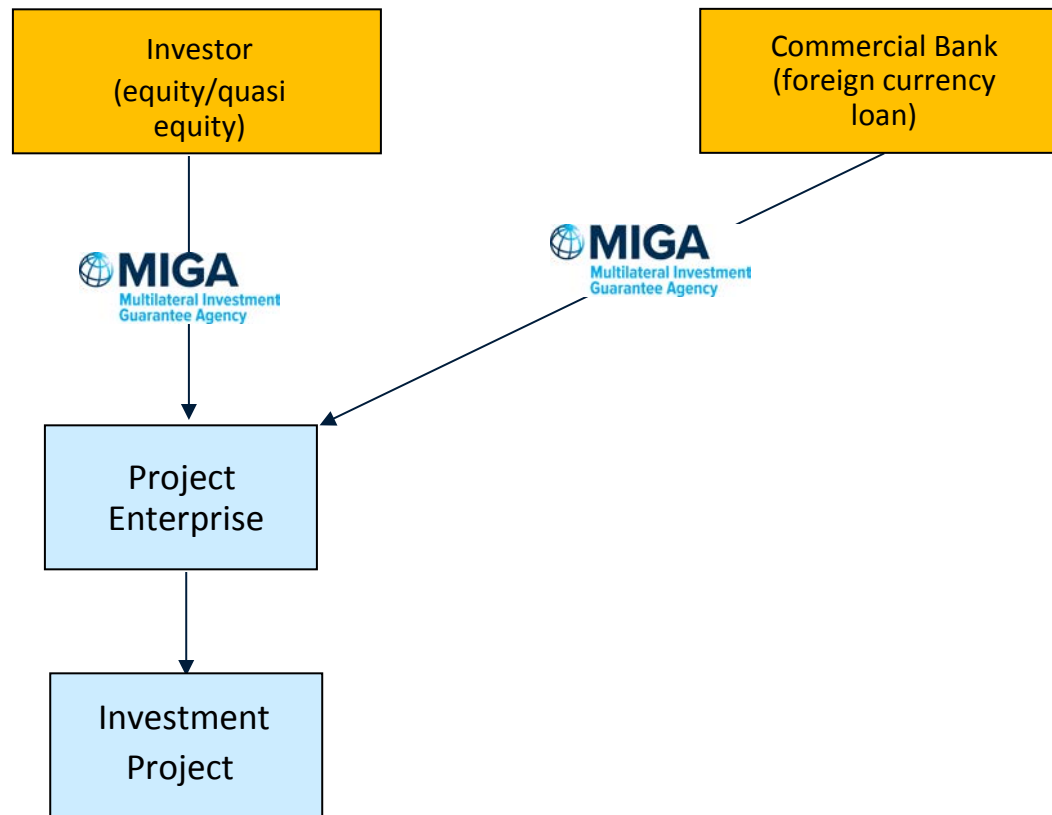
War and Civil Disturbance

- Three forms of coverage:
 - loss of assets
 - temporary loss of income (for equity)
 - permanent loss of use
- Loss has to be a direct and immediate result of acts of war, revolution, rebellion, insurrection, coup d'état, civil war, civil commotion, riots
- Act of sabotage or terrorism can also be covered
- Acts must pursue a broad political or ideological objective

Breach of Contract

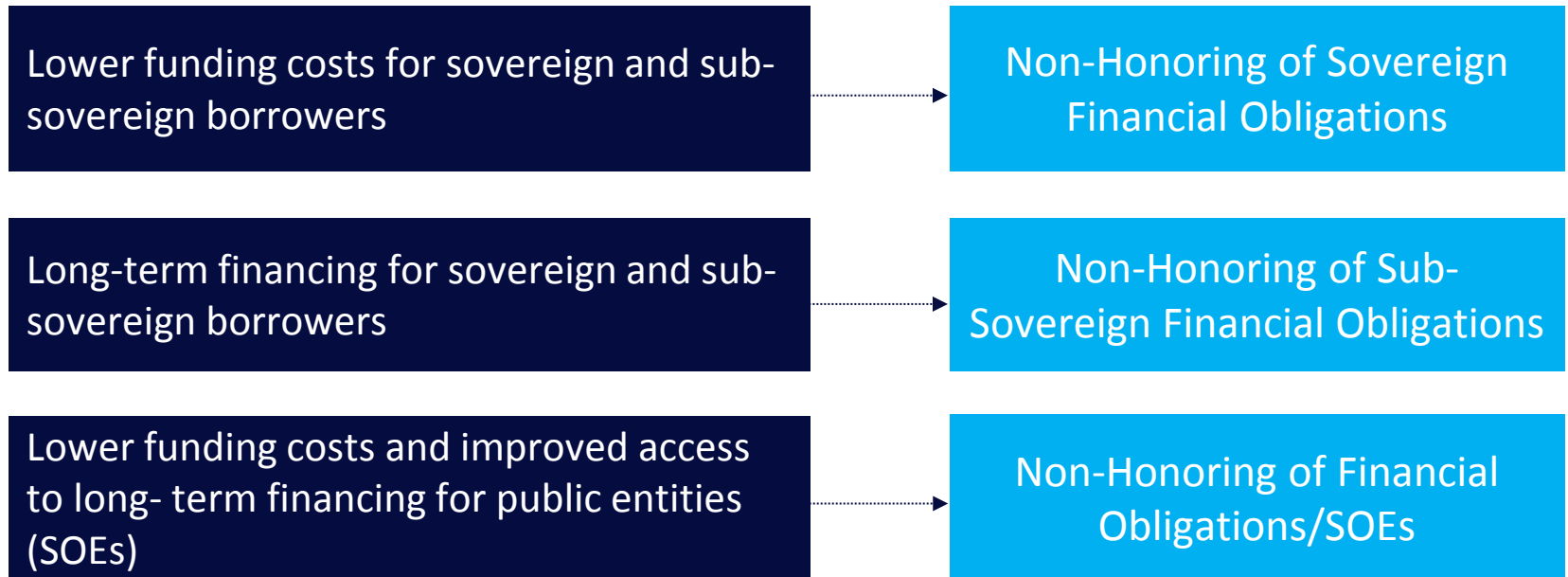
- Protects against loss arising from breach or repudiation of a project agreement (e.g., in infrastructure and power projects)
- Project agreement must be entered between the host government on the one hand and guarantee holder and/or project enterprise (for equity investments only) on the other hand
- MIGA covers “denial of justice” risks:
 - failure to pay on a valid arbitral award or judgment by a state court rendered against host government or
 - no recourse to judicial or arbitral forum by the investor or Project Enterprise
- May cover obligations of sub-sovereigns and state-owned enterprises, subject to certain restrictions

Typical Structure – Political Risk Insurance



■ Guarantee Holder

Credit Enhancement Solutions



Criteria for MIGA's Non-Honoring Products

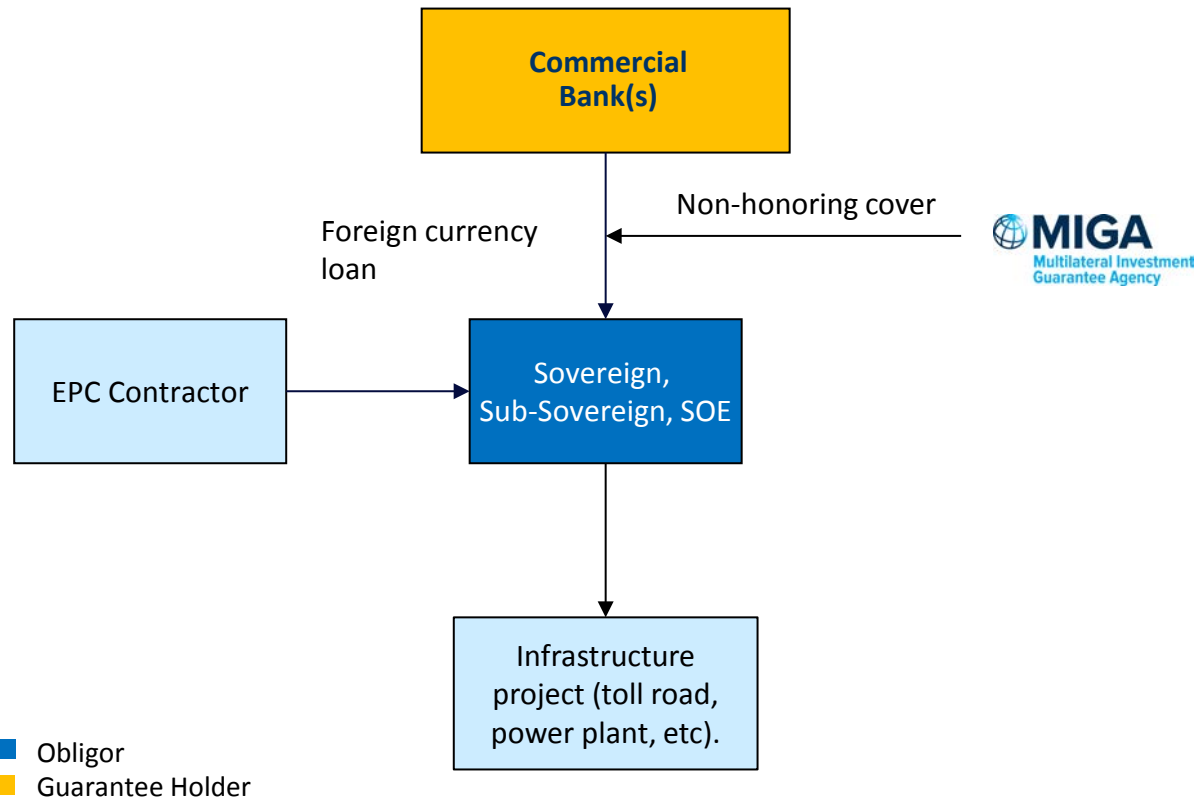
Non-Honoring of Sovereign and Sub-Sovereign Financial Obligations

- 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
- Currently Eligible for Non-Honoring Cover in Sub-Saharan Africa: Angola, Botswana, Gabon, Mauritius, Namibia and South Africa

Non-Honoring for State-Owned Enterprises

- SOE must be creditworthy
- SOE must be under the supervision and control of government
- Government guarantee may be required by MIGA
- 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

Typical Structure (Non-Honoring of Financial Obligations)



MIGA's Value Added

Strong pre-claim management

- Management of risks at pre-claim level (100+ pre-claims among over 792 projects. Two claims paid for expropriation, eight 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

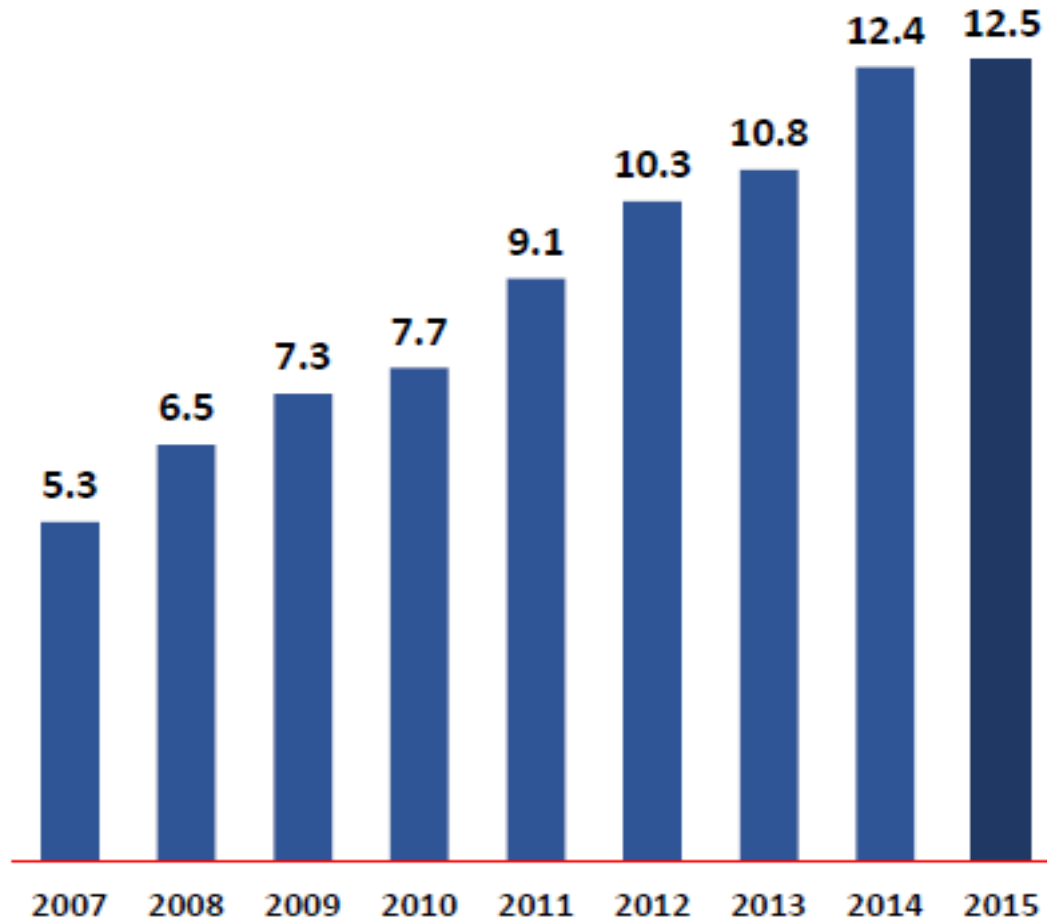
- Open for business in more challenging markets
- Longer tenors (up to 20 years)

Environmental and social risk mitigation

Best practices in environmental and social standards

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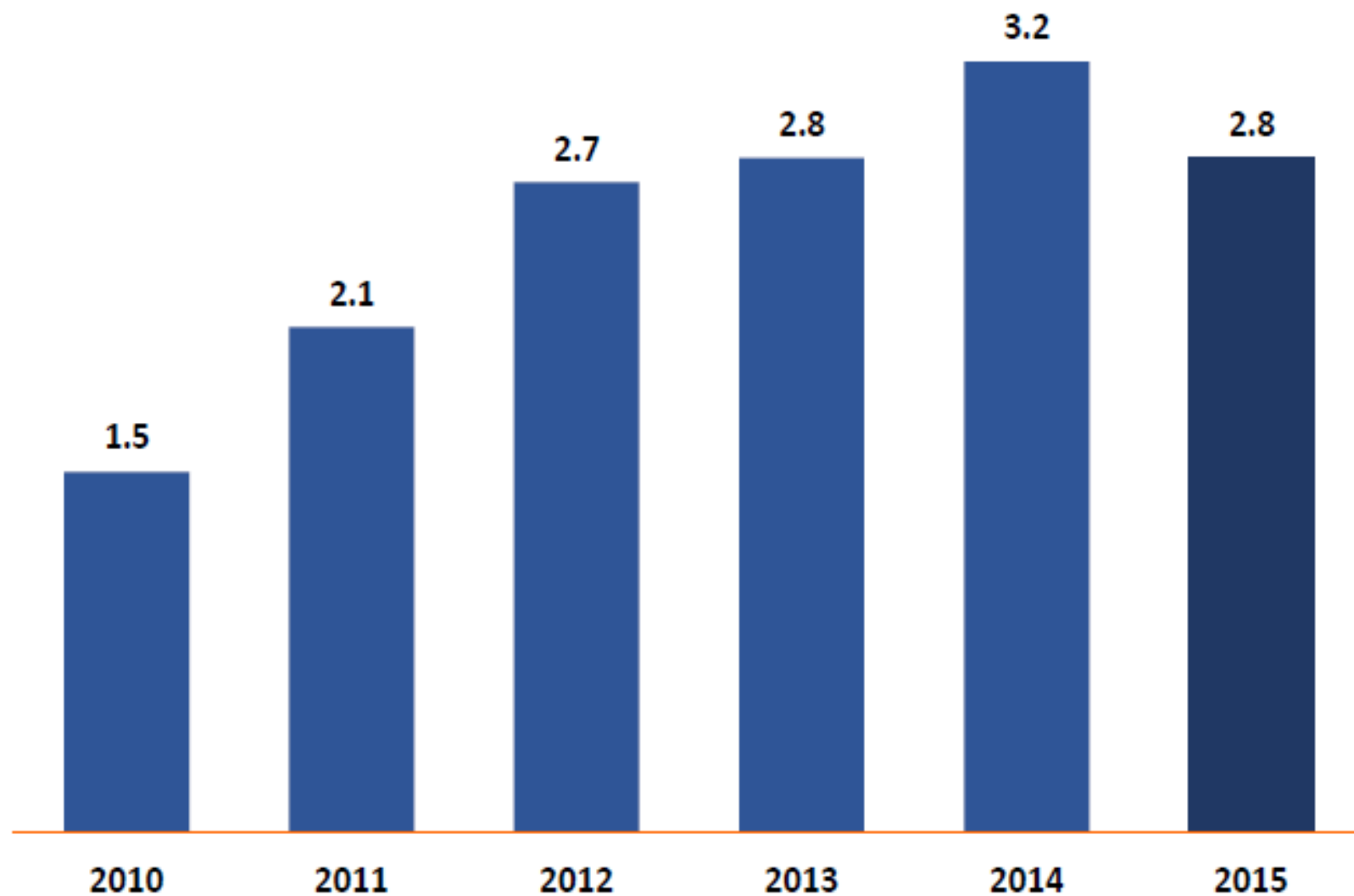
MIGA's Gross Exposure (US\$ billion)



❖ Supported **792 projects** in **109 countries**

MIGA's New Guarantee Issuance

(US\$ billion in fiscal year)

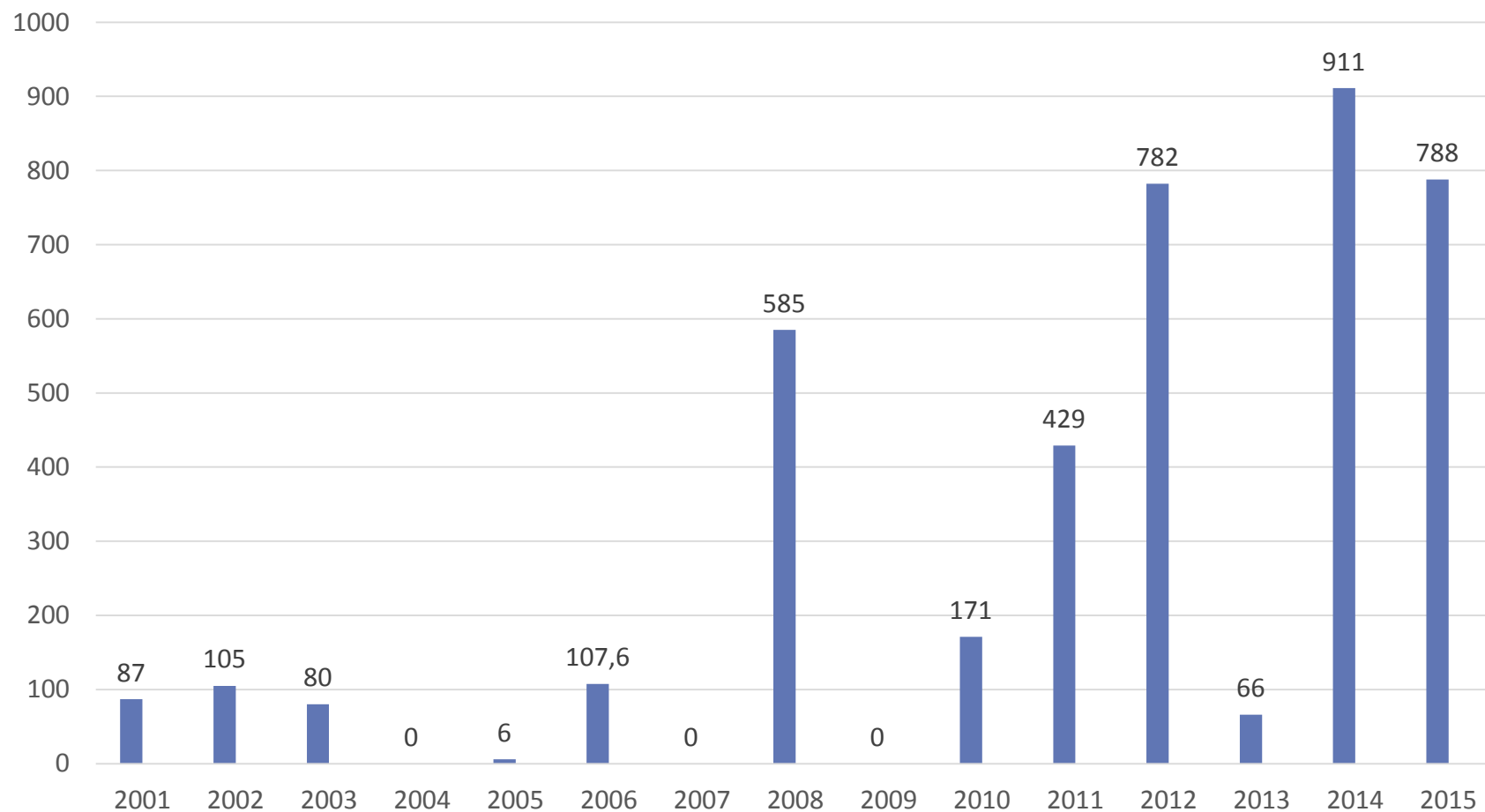


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MIGA's Transport Sector Portfolio

- From FY01-15, MIGA supported 31 transport projects (metro, railway, port, toll road, bridge, airport, etc.) with total gross exposure of \$4.1 billion
- Countries supported include Turkey, Panama, Brazil, Honduras, Vietnam, Djibouti, China, Tunisia, Senegal, Côte d'Ivoire, Philippines, Dominican Republic, Costa Rica, etc.
- Projects concentrated in Latin America, Turkey and Africa, and demand for guarantees in the transport sector fluctuates significantly from one year to the other (see the chart below in the next page)

MIGA's Guarantee Issuance in the Transport Sector (2001-2015)(USD, million)

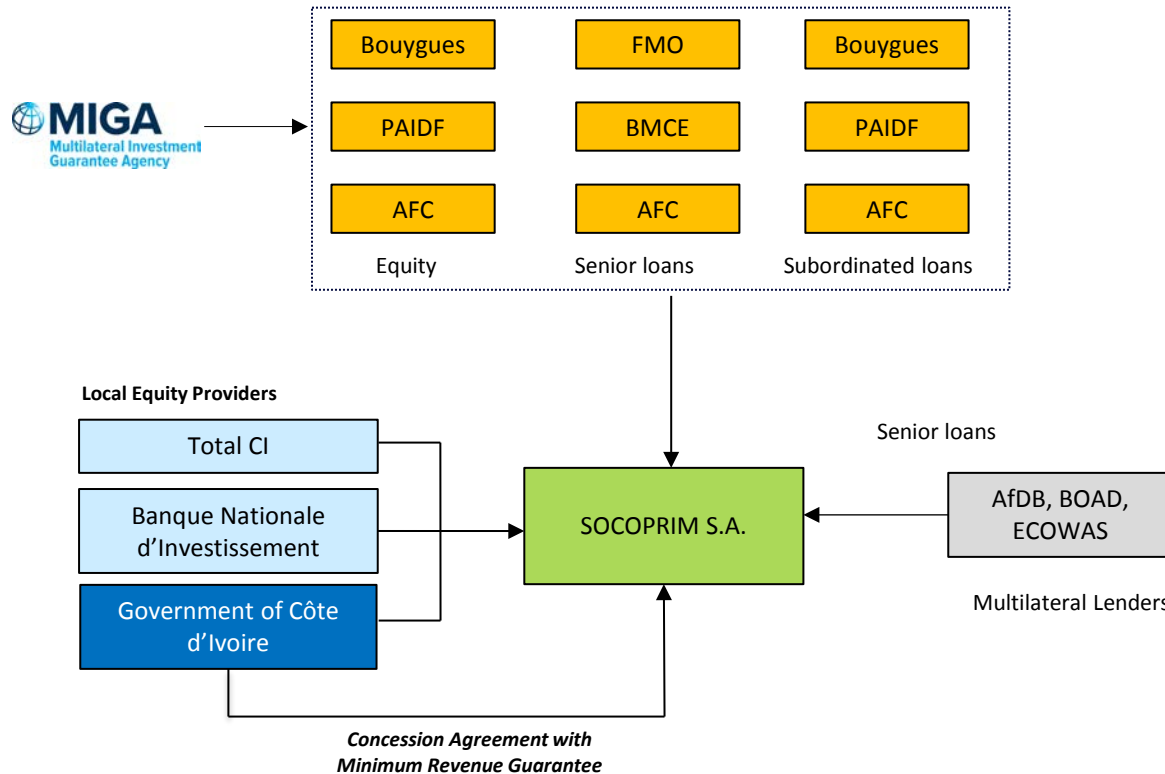


Selected MIGA Transport Projects

Project Name	Investor/MIGA Guarantee Holder	Host Country	Gross Exposure
HKB Bridge Project	Bouygues, PAIDF, AFC, FMO, BMCE	Côte d'Ivoire	\$145 mn
Panama City Metro Project	BTMU, Citi, Mizuho	Panama	\$320 mn
BT 20 National Highway Project	SMBC, Bank of Tokyo-Mitsubishi UFJ, DBS Bank Ltd, etc.	Vietnam	\$500 mn
Uskudar-Umraniye-Cekmekoy Metro Line Project	BNP Paribas, Credit Agricole Corporate and Investment Bank	Turkey	\$192.9 mn
São Paulo Sustainable Transport	Santander	Brazil	\$361 mn
Izmir Metro Project	ING Bank, a Branch of ING-DiBa AG	Turkey	\$32.6 mn
Izmir Tramway Project	ING Bank, a Branch of ING-DiBa, AG	Turkey	\$91.1 mn

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

Henri Konan Bédié Bridge, Abidjan, Côte d'Ivoire



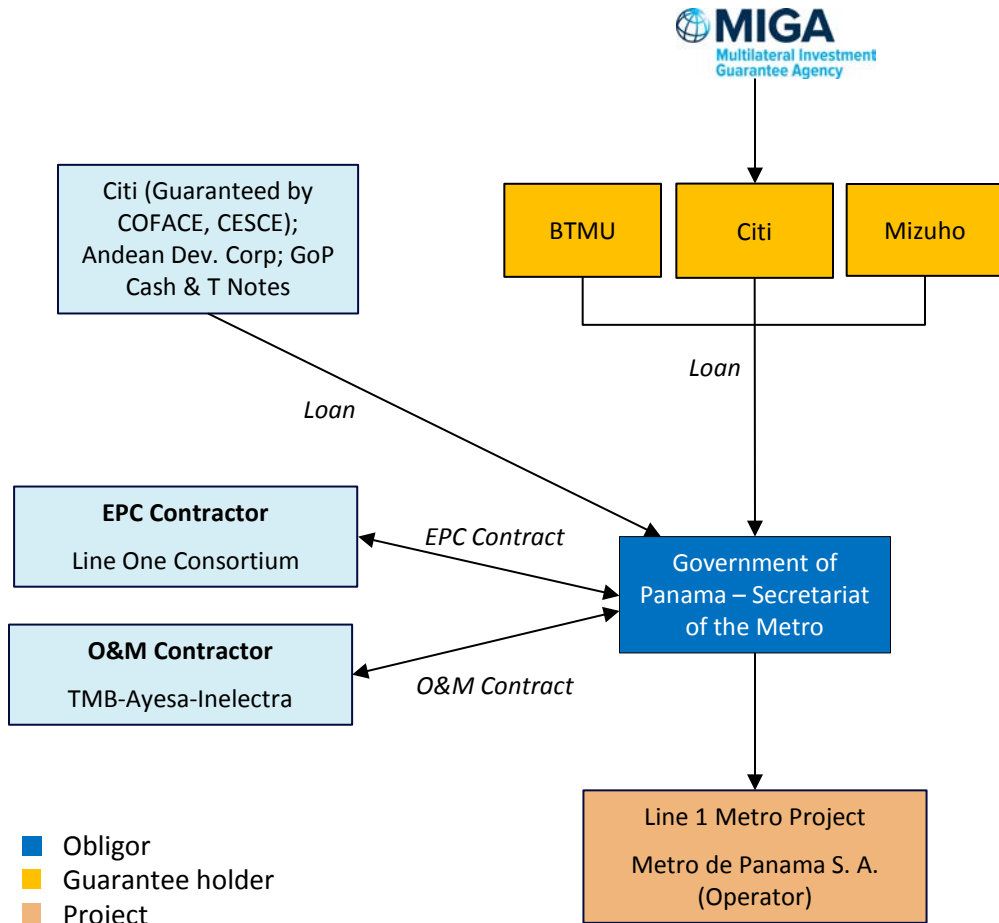
- Guarantee holder
- Project enterprise
- Obligor

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

- ❖ **Project:** Design, construction, and operation of a toll bridge in Abidjan, Cote d'Ivoire
- ❖ First PPP in Cote d'Ivoire since civil war and one of the first in West Africa
- ❖ MIGA covering all private sector participants in transaction on their equity and subordinated loans
 - Amount : \$145m
 - Tenor: 10-15 years
 - Issued: June 2012

Non-Honoring of Sovereign Financial Obligations

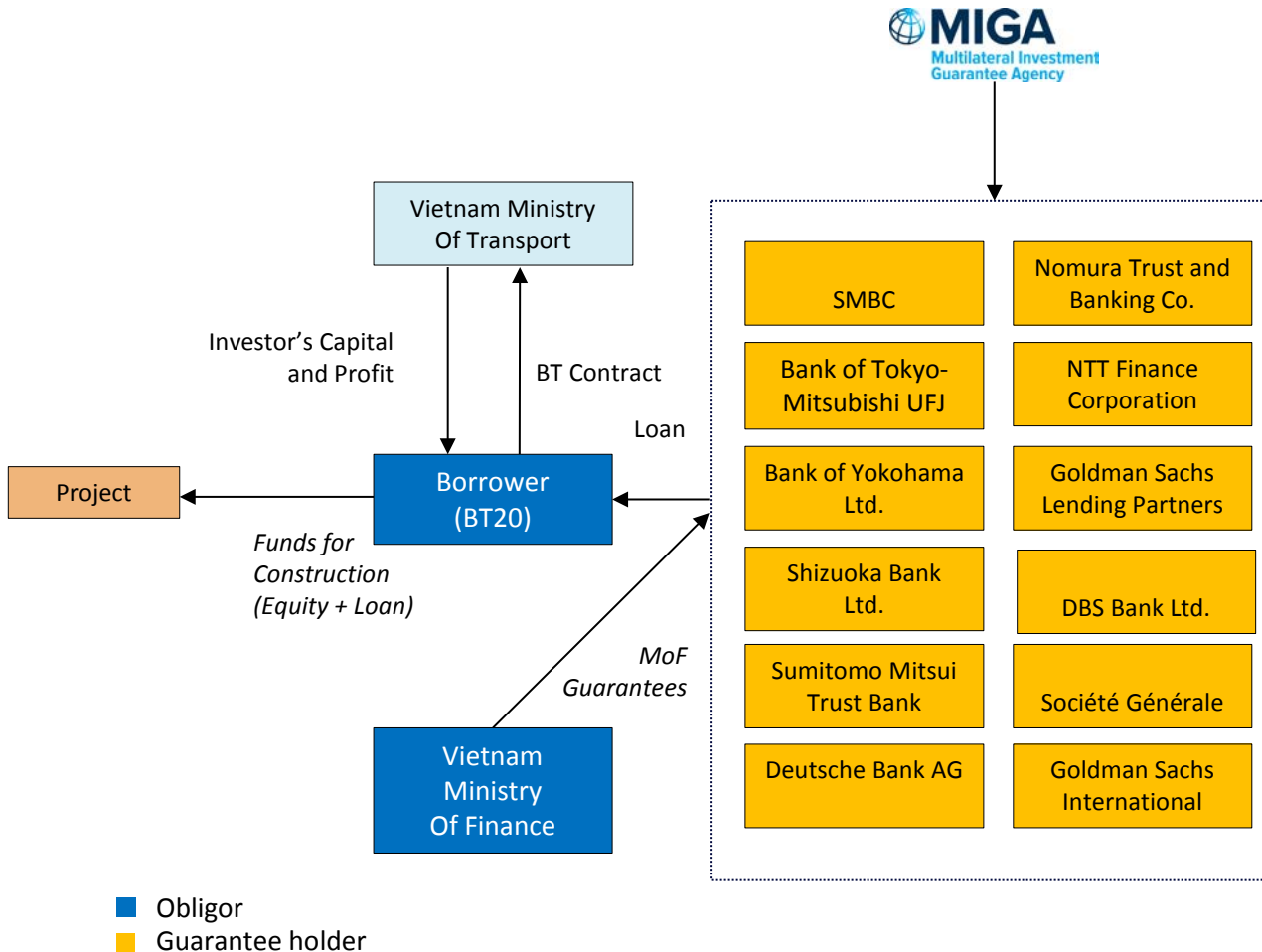
Panama City Metro Project, Panama



- ❖ **Project:** Construction of first line of Panama metro-rail, connecting northern and southern Panama City
- ❖ **MIGA Cover**
 - Amount: \$320 million
 - Tenor: 12 years
 - Issued: June 2012

Non-Honoring of Sovereign Financial Obligations

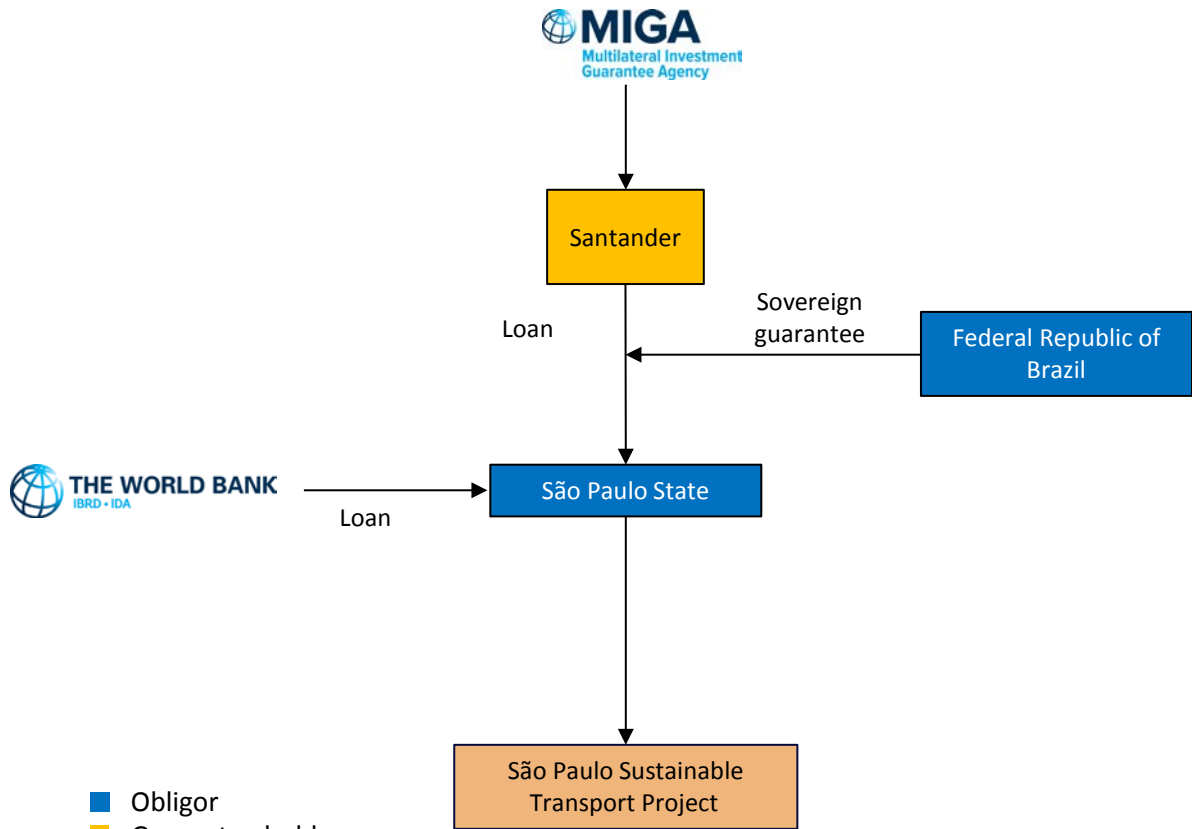
BT20 National Highway 20, Vietnam



- ❖ **Project:** Upgrading of highway connecting Ho Chi Minh City to Central Highlands
- ❖ Rehabilitation of a severely deteriorated section of the road, a source of significant transportation bottlenecks and accidents.
- ❖ **MIGA Cover**
 - Amount: \$500m
 - Tenor: up to 15 years
 - Issued: March 2014

Non-Honoring of Sovereign Financial Obligations

São Paulo Sustainable Transport

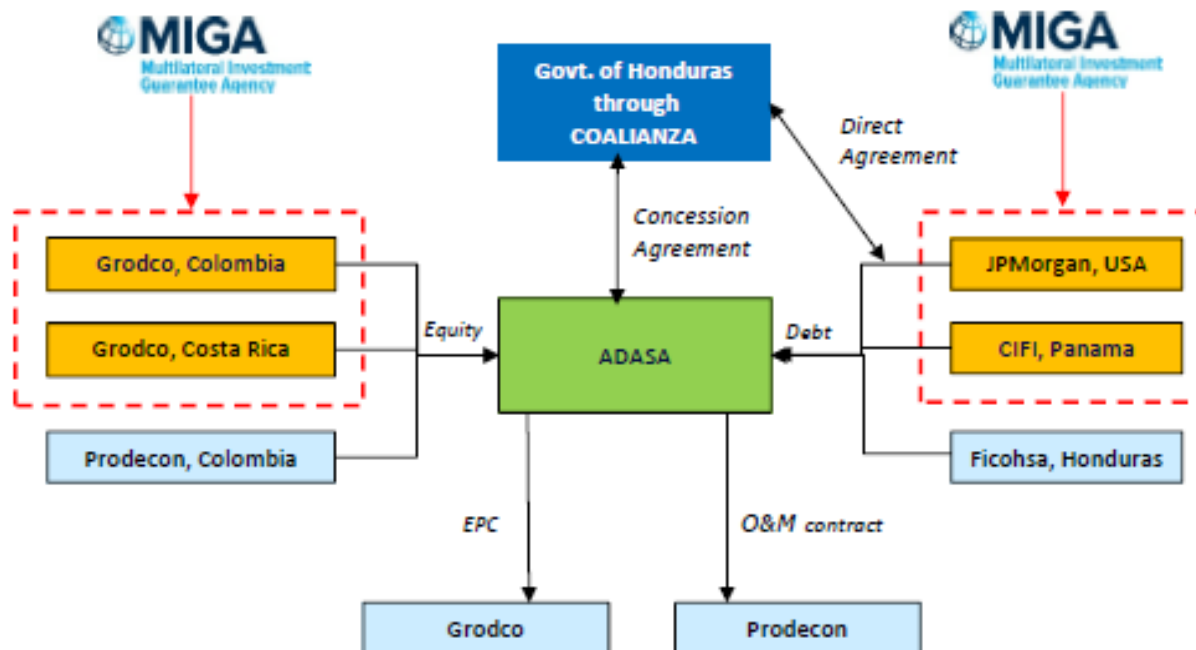


- Obligor
- Guarantee holder
- Project

- ❖ **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

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

Autopistas del Atlantico S.A. en C.V., Honduras

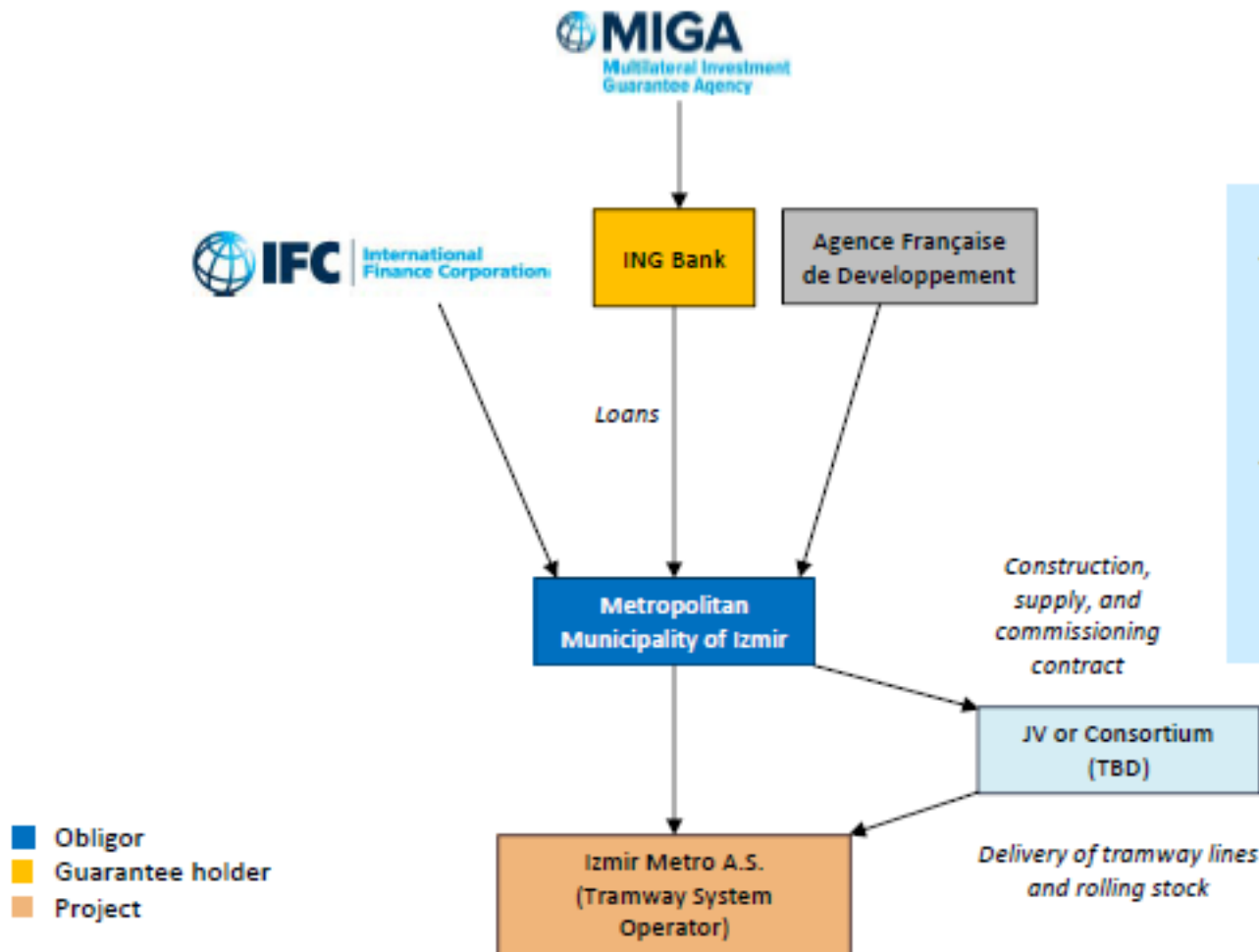


- ❖ Project: Rehabilitation of 220km of roads and reconstruction of bridges.
- ❖ 30-year concession agreement with a minimum revenue guarantee from the State.
- ❖ Financing: 15yr USD 145M of debt.
- ❖ MIGA cover
 - Against the risks of TR, Expro, WCD, BoC.
 - Debt: 15yr, USD 115M cover to JPMorgan and CIFl.
 - Equity: 20yr, USD 60M cover to Grodco.
 - Both issued 2015.

- Guarantee holder
- Project enterprise
- Obligor

Non-Honoring of Sub-Sovereign Financial Obligations

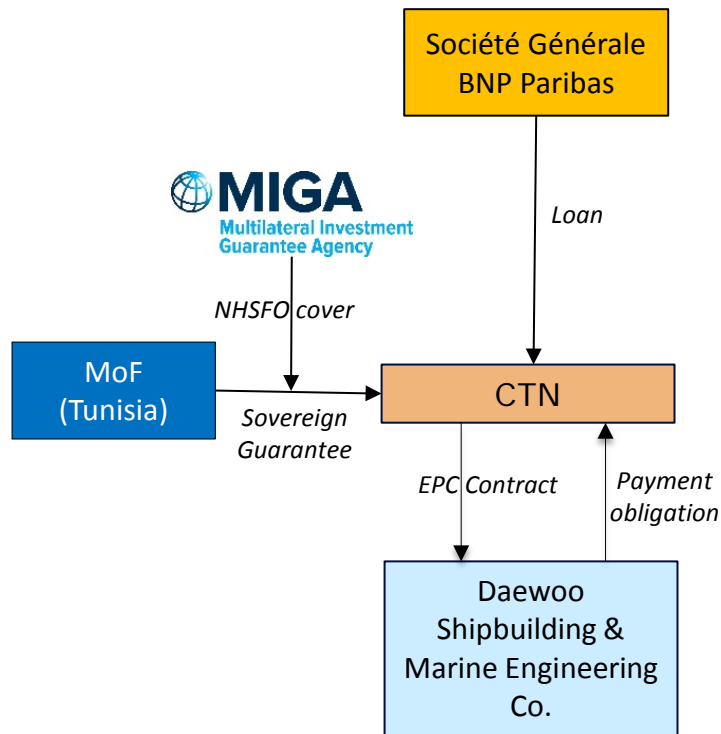
Izmir Tramway, Turkey



- ❖ **Project:** Construction of two urban tramway lines and related rolling stock in the Metropolitan Municipality of Izmir
- ❖ **MIGA Cover**
 - Amount: \$91.1 million
 - Tenor: 13 years
 - Issued: June 2014

Non-Honoring of Sovereign Financial Obligations:

Compagnie Tunisienne de Navigation (CTN), Tunisia



- Obligor
- Guarantee holder
- Project to be funded

❖ **Project:** financing of a passenger-car ferry for CTN, the Tunisian state-owned shipping line to reinforce transport links between Tunisia and Europe.

❖ **MIGA cover**

- Amount: \$270m
- Tenor: 13 years
- Issued: June 2011

MIGA's Future Support to the Transport Sector

- Continue collaboration and cooperation with the World Bank and IFC
- More and proactive marketing and business development to expand client base
- Further diversify transport business by region and country
- Use of full guarantee products if applicable (PRI and Credit Enhancement)
- Achieving continued strong development impact



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