

Multilateral Investment Guarantee Agency

A member of the World Bank Group that promotes foreign direct investment in developing countries by providing non-commercial risk insurance to private sector cross-border investors.

History

The idea for a multilateral institution to offer risk insurance for investments in the developing world was discussed for many years in the World Bank Group before the Multilateral Investment Guarantee Agency (MIGA) was created in 1988. MIGA was formed to complement other sources of private and public investment insurance and to attract foreign direct investment to the developing world. As a member of the World Bank Group, MIGA gained the confidence of international investors and has played an important role in opening up new sources of development funds.



Tran Thi Hoa / World Bank

Objectives and Practices

MIGA works to increase foreign direct investment in the world's poorest nations, with the goal of reducing poverty and creating sustained economic growth. It focuses on areas that are expected to have the greatest impact, including regions affected by conflict or unrest; infrastructure and extractive industries, as well as the financial, agribusiness, services, telecommunication, and

manufacturing sectors; and investments from one developing nation to another.

By providing insurance for the risks associated with investment in developing nations, MIGA opens up new lines of credit and access to needed projects. MIGA provides its skills in dispute management, intervening to prevent claims and mediating between parties to reach agreements. It also offers environmental and social expertise to ensure that projects adhere to its required performance standards.

MIGA guarantees cross-border investments against:

TRANSFER RESTRICTIONS

Overcoming the inability of an investor to legally convert units of local currency (capital, interest, profits, royalties, etc.) into hard currency.

EXPROPRIATION

Examining cases in which government action results in the loss of ownership of the investment.

WAR AND CIVIL UNREST

Addressing tangible losses and business interruptions due to conflict.

BREACH OF CONTRACT

Contending with the failure of a government to honor a contract with an investor.

NON-HONORING OF SOVEREIGN OBLIGATIONS

Dealing with the failure of the government to make a contractually-obligated payment to the investor.



MIGA



Dominic Sansoni / World Bank.

What is the World Bank Group?

The World Bank Group is an international organization consisting of five member institutions dedicated to reducing global poverty by providing financial and technical assistance to developing countries. MIGA is one of the five institutions of the World Bank Group; the other four are the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), and the International Center for Settlement of Investment Disputes (ICSID).

Who are the members of MIGA?

When it was created in 1988, MIGA included 29 member nations. Today, that number has grown to 177.

Why are they called "Bretton Woods" institutions?

The name derives from the town of Bretton Woods, New Hampshire, in the United States, where the United Nations Monetary and Financial Conference was held in 1944.

During the conference, member nations agreed to create a family of international financial institutions (IFIs), including the World Bank Group and the International Monetary Fund. Regional multilateral development banks (MDBs) are associated IFIs.