



IFC/MIGA joint seminar - Evolution of World Bank Group & MIGA-

World Bank Group - MIGA EVP Hiroshi Matano

May 2024, Tokyo



The World Bank Group Operating Model

**WORLD BANK
GROUP**



Public Sector Focus

IBRD

**International Bank
for Reconstruction
and Development**

Est. 1945

**Financing for middle-
income and creditworthy
low-income countries**

Technical assistance

Policy advice

Support countries' economic and institutional
development

IDA

**International
Development
Association**

Est. 1960

**Financing for the world's
poorest countries**

Technical assistance

Policy advice

Private Sector Focus

IFC

**International
Finance
Corporation**

Est. 1956

Investment (Equity/Debt)

Advisory Services

Encourage private
sector development

MIGA

**Multilateral
Investment Guarantee
Agency**

Est. 1988

Political Risk Insurance

Credit Enhancement

Promote foreign
direct investment

Shared Twin Goals: Eliminate Extreme Poverty and Boost Shared Prosperity

Ever-changing global landscape

SNAPSHOT – OUR ECONOMY

	POPULATION <i>(share of global population)</i>	GDP <i>(share of global economic activity)</i>	EXTREME POVERTY <i>(share of global population)</i>	CO ₂ EMISSIONS <i>(share of global emissions)</i>
LOW INCOME	8.9%	0.6%	36.5%	0.5%
LOWER MIDDLE INCOME	40.3%	8.3%	55.4%	15.7%
UPPER MIDDLE INCOME	35.1%	30.3%	7.1%	48.6%
HIGH INCOME	15.7%	60.8%	1.0%	35.2%

Source: WDR 2024 staff using the World Bank WDI, WB Poverty and Inequality Platform, and Global Carbon Project 2022 data.

AMBITION OF MIDDLE INCOME COUNTRIES'



China → 14th Five-Year Plan → median per capita GDP of developed nations by 2035—greatly expanding the middle class.



India → Prime minister's vision to make the nation a developed economy by 2047, the centennial of independence.



Viet Nam → National Master Plan 2021–2030 outlines a strategy for sustained per capita GDP growth of 7 percent through this decade, with a transition to high-income status by 2050.



South Africa → 2030 National Development Plan aims to raise per capita incomes from \$2,800 in 2010 to \$7,000 by 2030.

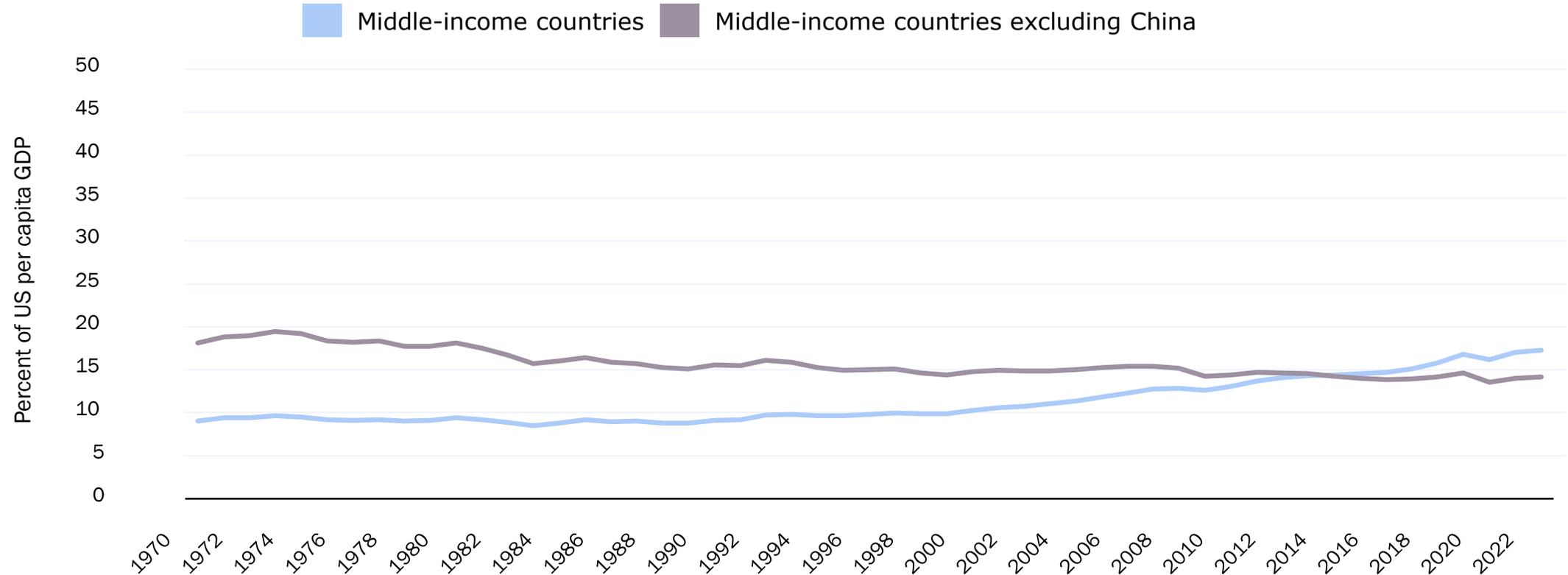


Other middle-income countries have similar aspirations.

Source: WDR 2024 staff using the World Bank WDI, WB Poverty and Inequality Platform, and Global Carbon Project 2022 data.

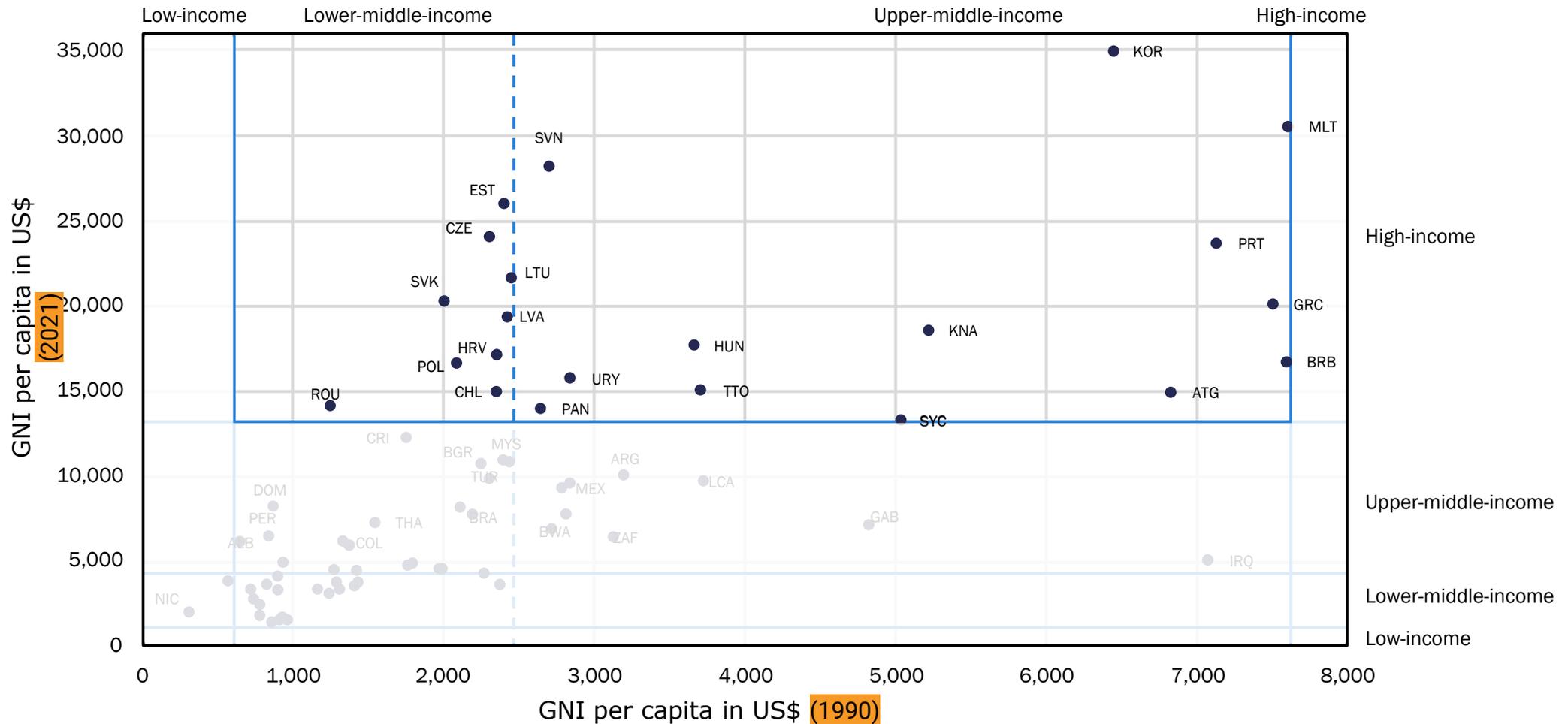
BIG PLANS, BIG PROBLEM

PER CAPITA ECONOMIC OUTPUT OF MIDDLE-INCOME COUNTRIES RELATIVE TO THE UNITED STATES HAS STAGNATED FOR DECADES



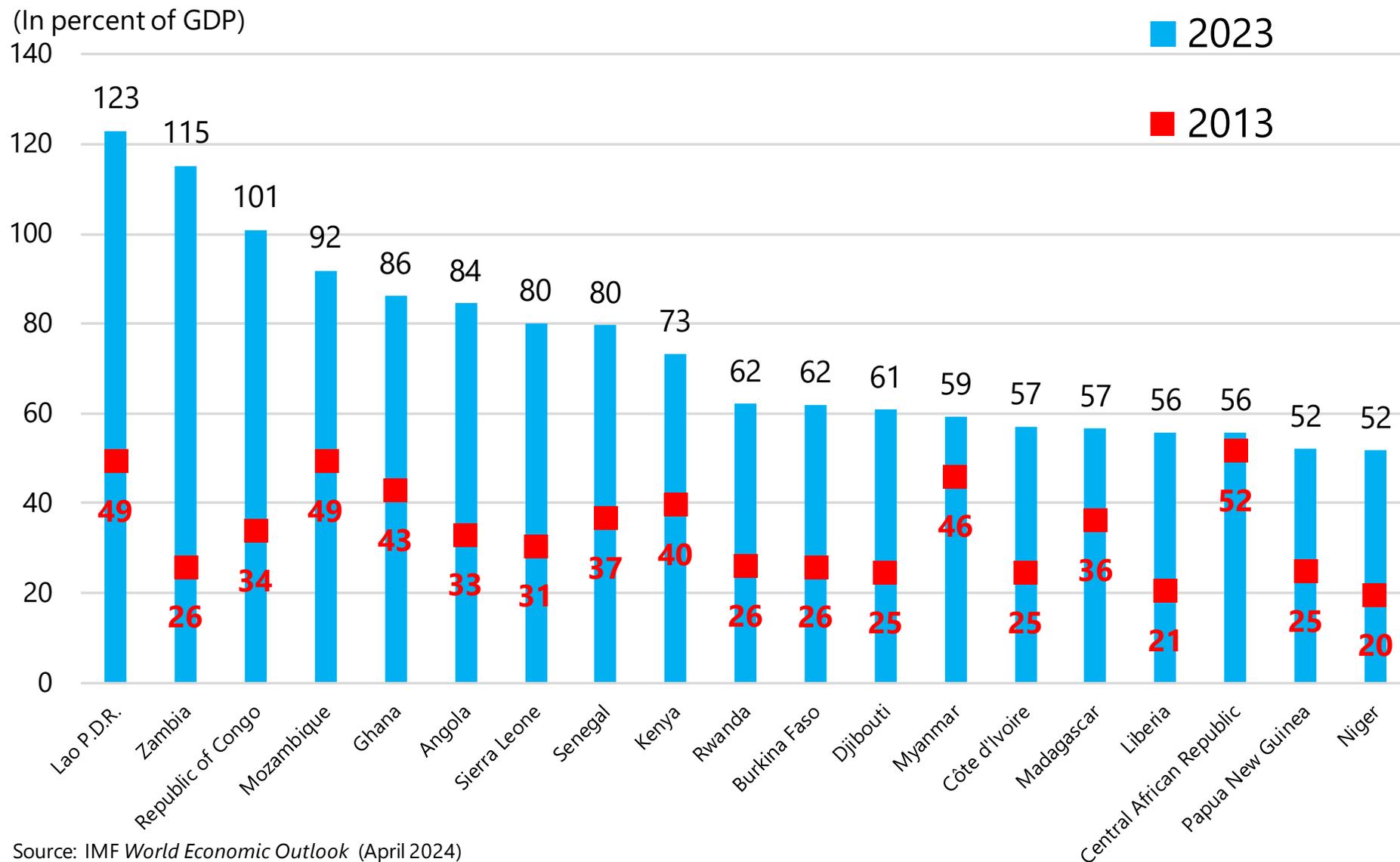
Source: WDR 2024 team using the World Development Indicators.

ONLY 34 MIDDLE-INCOME ECONOMIES BECAME HIGH INCOME IN 34 YEARS—WITH A COMBINED POPULATION OF 250 MILLION



Source: WDR 2024 team using the World Bank WDI database.
 Note: The scatters indicate a country's 1990 and 2021 GNI per capita in current US Dollar terms (Atlas method).

.... LOW INCOME COUNTRIES : DEBT TO GDP RATIO



Source: IMF World Economic Outlook (April 2024)

MIGA's approach

MIGA's core product: Political Risk Insurance (PRI) Solutions for Investors and Lenders



**Currency Inconvertibility
and Transfer Restriction**

Inability to convert or transfer dividends or loan payments due to FX restrictions



Expropriation

Government nationalizes or otherwise makes it impossible to operate the project through discriminatory measures



War and Civil Disturbance

Destruction or interruption of business due to political violence (incl. sabotage and terrorism)



Breach of Contract

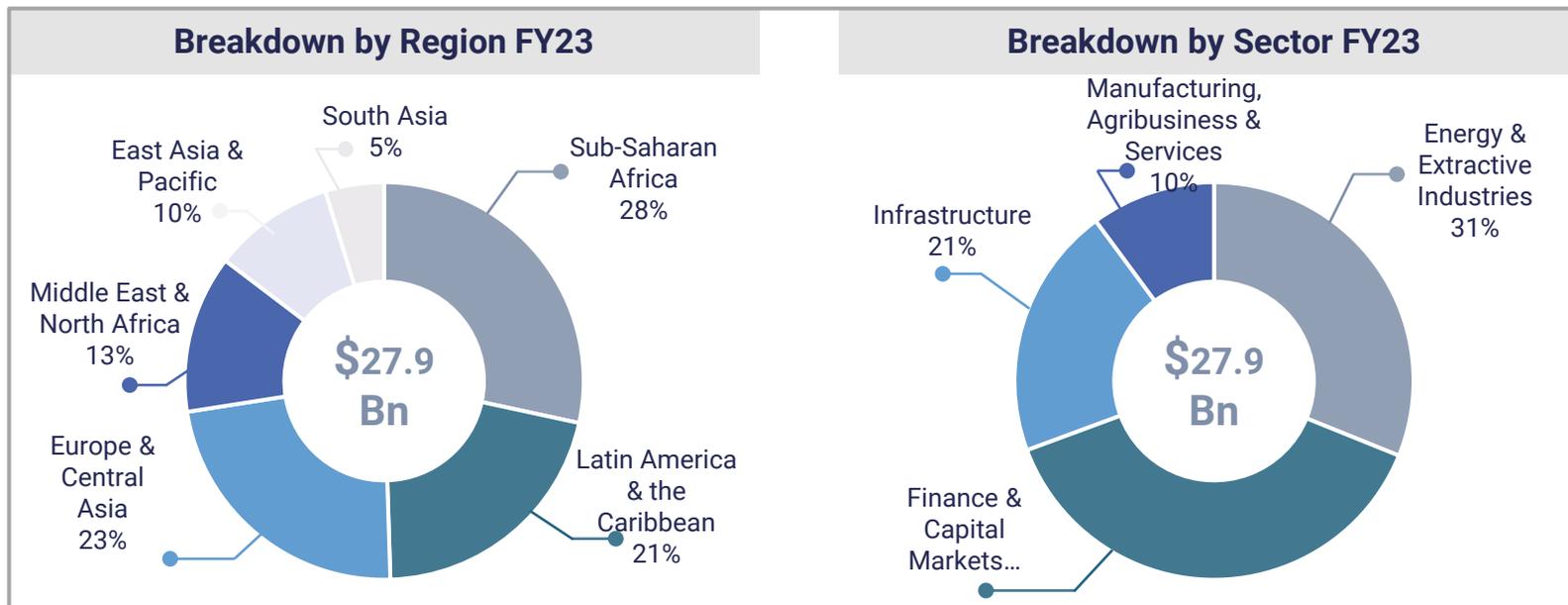
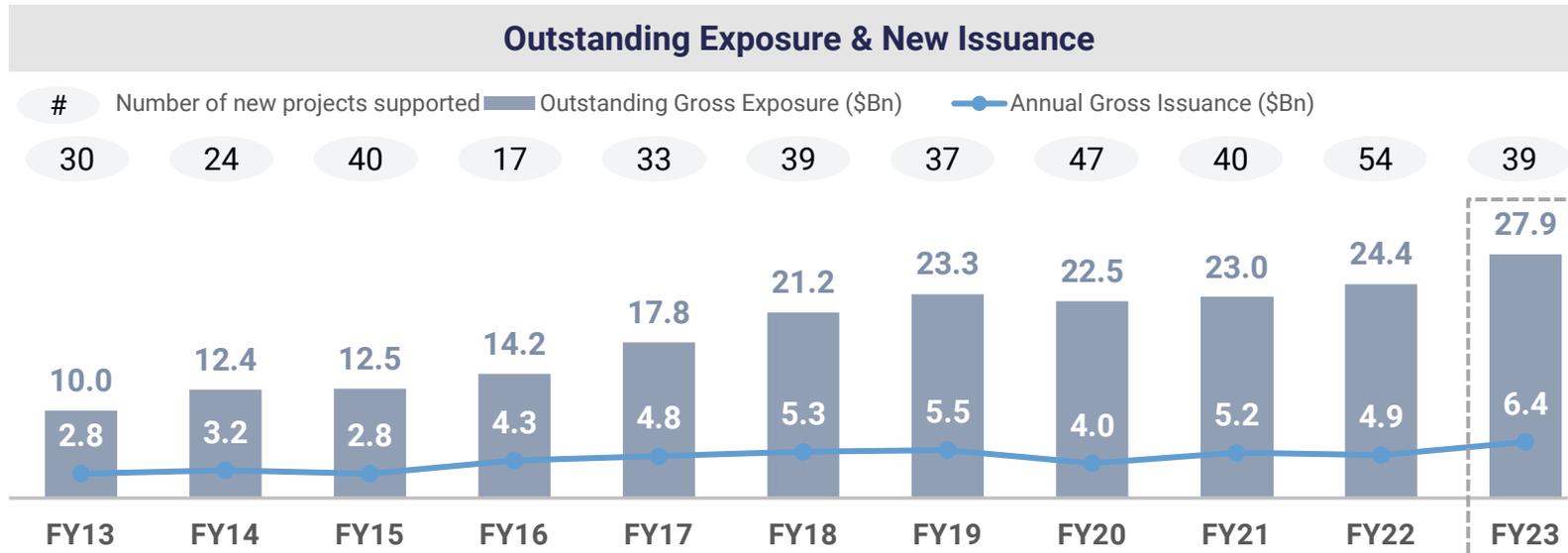
Failure of government to honor obligations under contractual agreements and subsequent failure to honor arbitral award

Key Parameters of MIGA cover

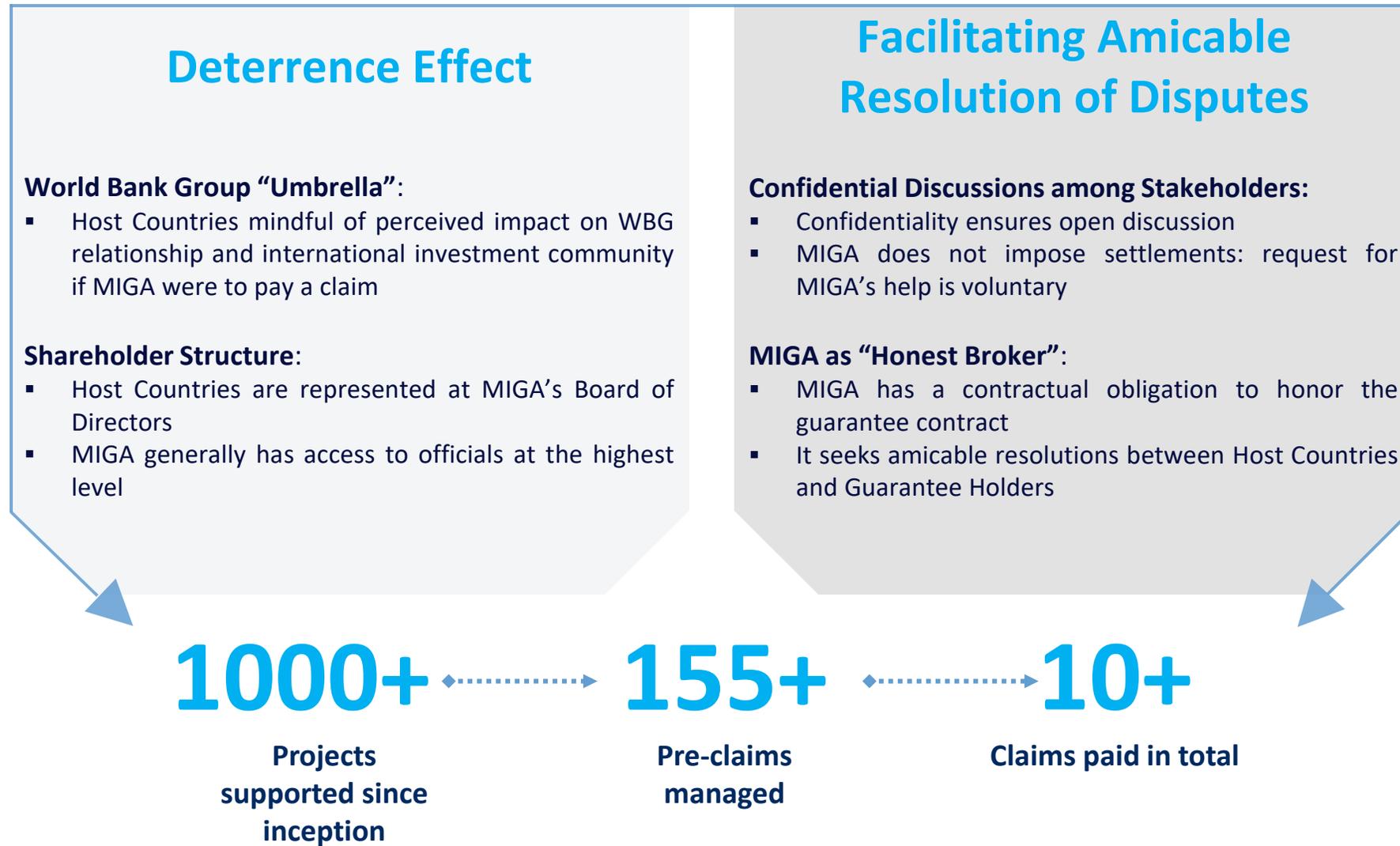


<ul style="list-style-type: none"> ▪ 182 eligible investor countries ▪ Can cover all/ some foreign investors in a project ▪ Collaborates with other development institutions (MDBs, DFIs, WB & IFC) 	<ul style="list-style-type: none"> ▪ 155+ eligible host countries ▪ 95% coverage for debt, 90% for equity ▪ Broad range of cover size ▪ Tenors up to 20 years ▪ Client can reduce, cancel, and - subject to approval - transfer or assign the policy 	<ul style="list-style-type: none"> ▪ Identified project ▪ Developmental impact ▪ E&S Performance Standards ▪ Integrity/ KYC
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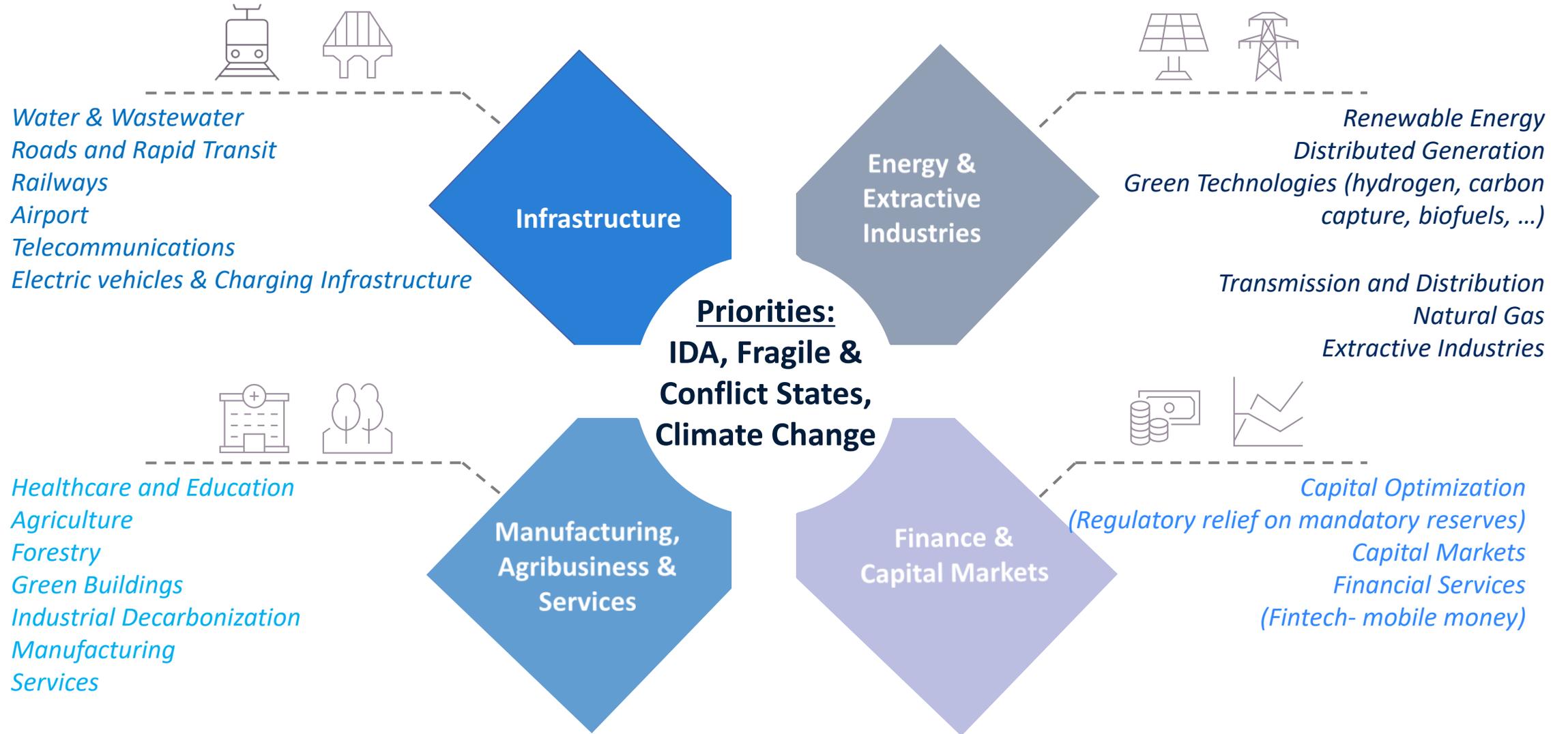
MIGA's Activity & Portfolio Overview



MIGA's expertise: Pre-Claim Management & Compensation Track Record



MIGA's Sectors and Priority Areas-



Project Example with Japanese companies

Africa

Trade Development Bank (Jun 2020)

Country: Regions of Africa
 Coverage: NH
 Total guarantee amount: €359Mn
 Tenor: 10Y
 Japanese investor: **MUFG, SMBC**

Sierra Tropical Pineapple Farm (Jun 2019)

Country: Sierra Leone
 Coverage: EXP, BOC
 Total guarantee amount: US\$36Mn
 Tenor: 10Y
 Japanese investor: **Itochu Corporation**

OCTP Sankofa Gas Field Development (Dec 2016)

Country: Ghana
 Coverage: PRI 4-points
 Total guarantee amount: US\$217Mn
 Tenor: 14Y
 Japanese investor: **Mizuho**

Befesa Desalination Plant (Oct 2012)

Country: Ghana
 Coverage: PRI 4-points
 Total guarantee amount: US\$179Mn
 Tenor: (Equity) 20Y, (SHL) 14Y, (Debt/IRS) 12Y
 Japanese investor: **Sojitz**

Heavy Duty Earth Moving Machinery Remanufacturing Plant (Mar 2011)

Country: Zambia
 Coverage: TR, EXP, WCD
 Total guarantee amount: US\$14Mn
 Tenor: 15Y
 Japanese investor: **Hitachi Construction Machinery**

Europe

Belgrade Waste-to-Energy (Oct 2019)

Country: Serbia
 Coverage: PRI 4-points
 Total guarantee amount: €97Mn
 Tenor: 20Y
 Japanese investor: **Itochu Corporation**

Turkish EXIM III (Jul 2018)

Country: Turkey
 Coverage: NH
 Total guarantee amount: €348Mn and US\$140Mn
 Tenor: 10Y
 Japanese investor: **MUFG**

Ikitelli Hospital (Jul 2017)

Country: Turkey
 Coverage: TR, EXP, WCD
 Total guarantee amount: US\$118Mn
 Tenor: 20Y
 Japanese investor: **Sojitz**

Turkish EXIM II (Jun/Jul 2016)

Country: Turkey
 Coverage: NH
 Total guarantee amount: US\$845Mn
 Tenor: 10Y
 Japanese investor: **SMBC**

LAC

Panama Metro (Jun 2012)

Country: Panama
 Coverage: NH
 Total guarantee amount: US\$320Mn
 Tenor: 12Y
 Japanese investor: **MUFG, Mizuho**

Asia

Bhola-2 CAPP M&A and Refinancing (Jun 2022)

Country: Bangladesh
 Coverage: (Equity) BOC, (Debt) PRI 4-points
 Total guarantee amount: US\$407Mn
 Tenor: (Equity) 20Y, (Debt) 18Y
 Japanese investor: **SMBC, Mizuho**

PT PLN COVID-19 Working Capital Facility (Jan 2021)

Country: Indonesia
 Coverage: PRI 4-points
 Total guarantee amount: US\$522Mn
 Tenor: 5Y
 Japanese investor: **BTPN (subsidiary of SMBC)**

BCIC Ghorasal Polash Urea Fertilizer Plant (Feb 2020)

Country: Bangladesh
 Coverage: NH
 Total guarantee amount: US\$357Mn
 Tenor: 14Y
 Japanese investor: **MUFG**

Cambodia Transmission Limited Refinancing (Aug 2019)

Country: Cambodia
 Coverage: PRI 4-points
 Total guarantee amount: US\$74Mn
 Tenor: 10Y
 Japanese investor: **Mizuho**

Hyundai Car Assembly Plant (Jun 2018)

Country: Pakistan
 Coverage: TR, EXP, WCD
 Total guarantee amount: US\$66Mn
 Tenor: 15Y
 Japanese investor: **Sojitz**

KDDI Summit Telecom (Aug 2016)

Country: Myanmar
 Coverage: TR
 Total guarantee amount: US\$406Mn
 Tenor: 10Y
 Japanese investor: **Sumitomo Corporation**

Hoi Xuan Hydropower (Jan 2016)

Country: Vietnam
 Coverage: NH
 Total guarantee amount: US\$240Mn
 Tenor: 15Y
 Japanese investor: **MUFG**

Oyu Tolgoi Mining (Dec 2015)

Country: Mongolia
 Coverage: PRI 4-points
 Total guarantee amount: US\$1,000Mn
 Tenor: 12Y
 Japanese investor: **MUFG, SMBC**

Rajamandala Hydro IPP (Aug 2014)

Country: Indonesia
 Coverage: PRI 4-points
 Total guarantee amount: US\$200Mn
 Tenor: 19Y
 Japanese investor: **Mizuho, JBIC**

Upgrading and Rehabilitation of BT20 National Highway (Mar 2014)

Country: Vietnam
 Coverage: NH
 Total guarantee amount: US\$500Mn
 Tenor: 16Y
 Japanese investor: **MUFG, SMBC, Sumitomo Mitsui Trust Holdings, Bank of Yokohama, Shizuoka Bank, Nomura Trust & Banking Co, NTT Finance Corporation**

WBG Evolution

WBG Evolution

“The World Bank needs to evolve to respond to the unprecedented confluence of global crises.

VISION&MISSION

- To end extreme poverty and boost shared prosperity **on a livable planet** [added in October 2023].

Operations

- Focus on **global public goods** (i.e., climate, pandemic PPR (prevention, preparedness, and response), and fragility).
- Speedier approvals with model projects under **the Global Challenge Programs** (e.g., digital, health and water) without relaxing safeguard policies.

Finance

- **Boost IBRD lending capacity by \$150 billion** over the next 10 years by relaxing the equity-to-loan ratio and introducing shareholder guarantees and hybrid capital.
- **IFC and MIGA** will be leveraged to mobilize private resources.



- ✓ Feedback received from the **Private Sector Investment Lab (PSIL)** members suggests there is significant room for improvement in the scope, delivery speed, rationalization, and ease of access to WBG public sector risk guarantee solutions

Unified Guaranteed Platform

OUR AMBITION

Mobilizing private capital for development by tripling World Bank Group annual guarantee issuance to \$20 billion or more by 2030

ABOUT THE PLATFORM

- The guarantee platform, housed at MIGA, will bring together World Bank Group guarantee products and experts for efficiency, simplicity, and speed.
- We will have a simplified menu of products, and public and private sector clients will have access to the best guarantee solutions available from the World Bank, IFC, and MIGA.
- Given the different mandates of each institution, every product will continue to be processed on the relevant institution's balance sheet.

SIX MAJOR CHANGES



Condensed Structure

Concentrating guarantee experts under one roof in MIGA, allowing the platform to focus on the best solution for clients in meeting project needs and development priorities



Simplified and Comprehensive Product Menu

Compiling all World Bank Group guarantees in a simplified market friendly menu



Streamlined Process

Streamlining the approach for guarantee reviews to remove redundant processes wherever possible



Greater Accessibility

Investing in a more accessible client experience by growing our guarantee teams and training staff worldwide



Scale

Applying a risk-weighted approach that focuses resources on high-impact projects and portfolios of projects



Innovative Tools

Developing new and innovative guarantee products that will enable the private sector to get more involved in solving the development challenges of today

For Private Sector and Country Clients

- There will be a simplified market-friendly menu of guarantee options to choose from.
- The platform (either directly or through your existing contacts) will serve as your point of contact for all World Bank Group guarantee options.
- For projects that use multiple World Bank Group guarantee instruments, processes will be streamlined as we remove redundant ones.

For Our MDB Partners

- The platform will be your single point of contact in collaborating on how guarantees can be coupled with your existing products to support developing countries in addressing an unparalleled set of overlapping global crises.