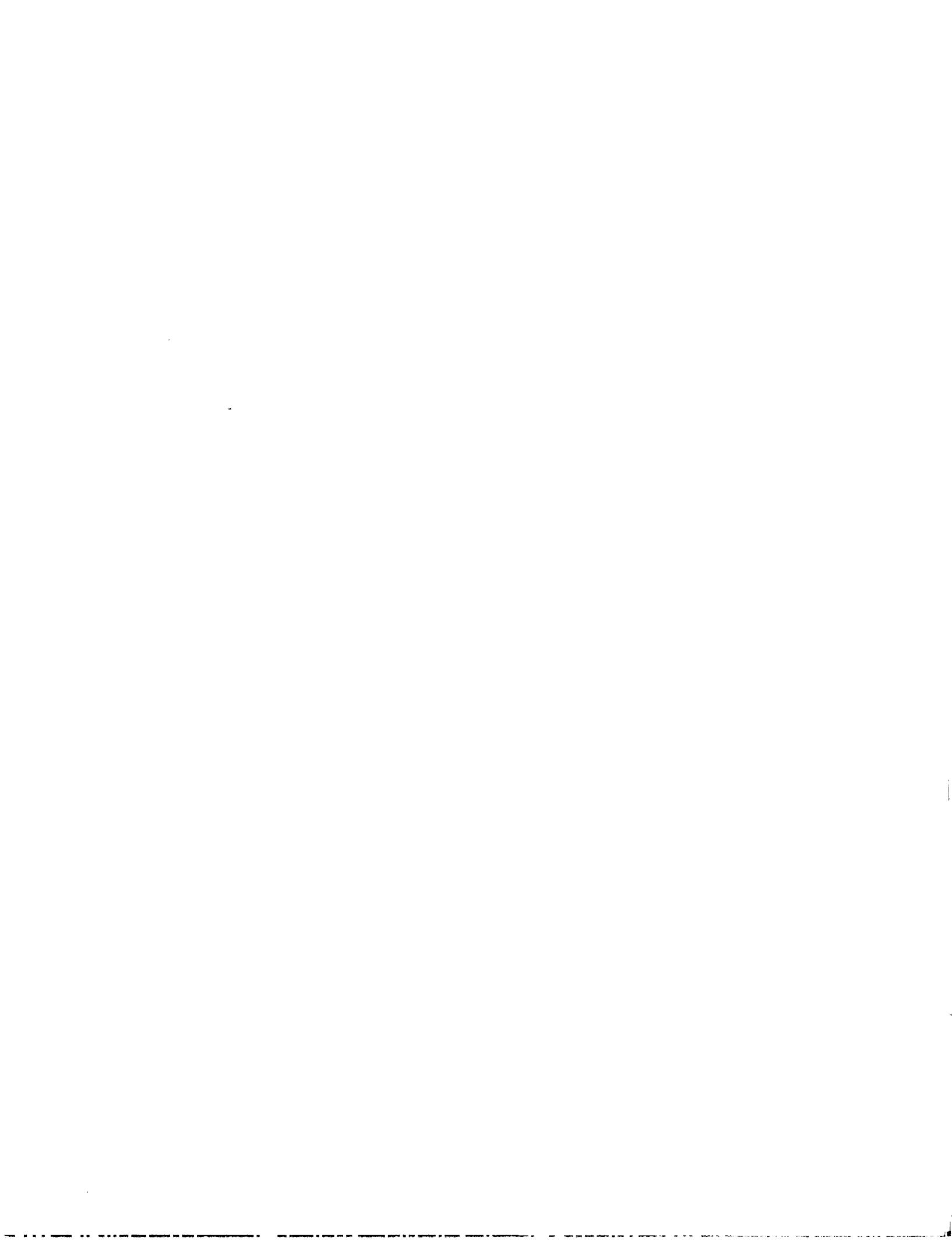
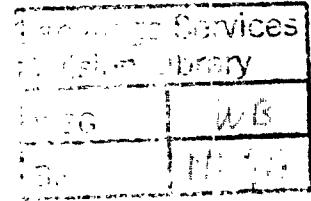


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# M.I.G.A.



# ANNUAL REPORT 1989

**Multilateral Investment Guarantee Agency**

## **Highlights**

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MIGA formally constituted	April 1988
Inaugural meetings of Council and Board, and appointment of Barber B. Conable as President	June 1988
Appointment of Yoshio Terasawa as Executive Vice President	July 1988
Establishment of the Foreign Investment Advisory Services (FIAS) as a joint venture of MIGA and IFC	November 1988
Fifty-second country ratifies MIGA convention	May 1989
Definitive Applications for Guarantee received as of June 30, 1989	15
Countries receiving policy and advisory services as of June 30, 1989	14

## Partners in Economic Development

In the 1980s, stagnant economic growth, expanding population, and the increasing debt problems continue to threaten the economic and financial stability of the developing countries. These countries account for about 77 percent of the world's population, but only 16 percent of its gross national product. Economic growth rates in many of them, in real terms, are below the rate of population expansion.

To overcome these serious problems, the developing countries need to restructure their economic and financial management, and make their policy framework more responsive to market forces and their institutions and administrative ma-

chinery more efficient. With the assistance of the World Bank Group, many of these countries have initiated structural changes toward these ends. Coupled with policy and institutional reforms, the developing countries need a heavy infusion of capital, management, technology, and market outlets to revitalize their economies and to expand and diversify their exports.

The tapping of additional funds, on reasonable terms and conditions, is a major challenge. Commercial lending has dwindled during the debt crisis. Funds from official sources are insufficient to meet the growing needs of these countries. Private resources — in particular, foreign direct investment (FDI) —

remain the last great, untapped reservoir for development, and, until now, have not been fully exploited.

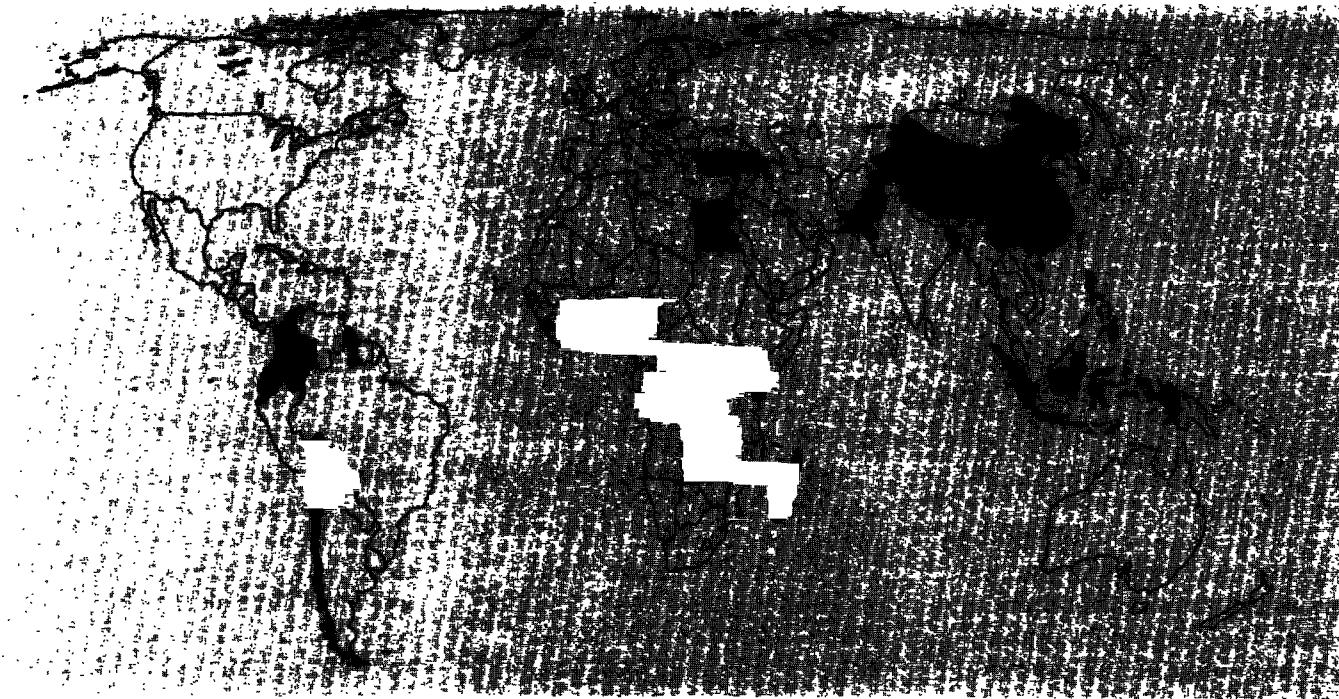
Policymakers in the developing countries now recognize the critical role of the private sector — both domestic and foreign — in investment and management. Dependence on the public sector alone as a major source of growth is declining. Many developing countries are taking measures to integrate the private sector as an active and equal partner in economic revival. Areas previously the preserve of the public sector are now being opened to private resources and management. The expansion and diversification of exports through the private sector are being encouraged. In addi-



Stovemaking, a small-scale enterprise in Jakarta, Indonesia.

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## Preliminary Applications for Guarantee



■ Host countries for which Preliminary Applications for Guarantee have been received.

Bangladesh	Indonesia
Bolivia	Kenya
Chile	Korea, Republic of
China	Madagascar
Colombia	Nigeria
Cote d'Ivoire	Pakistan
Ecuador	Philippines
Egypt, Arab Republic of	St. Kitts and Nevis
Ghana	Sierra Leone
Guyana	Turkey
Haiti	Zaire
Hungary	Zambia

parastatals undergoing privatization. Capitalization of otherwise remittable retained earnings is also eligible. The insurance is available for equity contributions and for loans and loan guarantees by equity holders. Some forms of non-equity contributions can also be insured, where these contributions have the characteristics of equity.

MIGA can insure up to 90 percent of the investment amount, subject to a present limit of some \$50 million of coverage per project. There is no legally required minimum amount of investment. Premium rates, determined separately for each project, depend on MIGA's assessment of several variables including the type of guarantee requested and the type and structure of the project to be insured.

MIGA's role as a facilitator of investment can be realized only for investments that have not been made or committed prior to the filing of the Preliminary Application for Guarantee. Thus, the potential investor must be aware that MIGA ex-

ists and that it may be of assistance to his plans. As a new organization, MIGA immediately embarked on a program of publicizing its purpose to international investors.

This "awareness" campaign was launched in Tokyo in late 1988 with technical seminars being held for officials of international corporations and intermediaries, such as financial institutions and insurance brokers. By the end of fiscal 1989, seminars had been given in Bonn, Copenhagen, The Hague, Helsinki, London, Milan, Osaka, Rome, Stockholm, Tokyo, and Zurich.

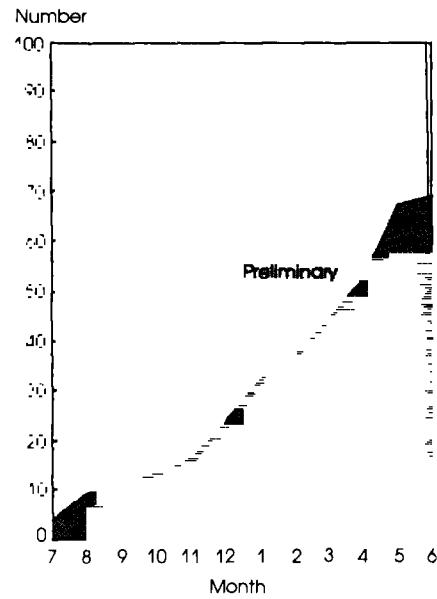
Media exposure, referrals by national export credit insurers, direct mailings, participation in business and trade fora, and the seminars have all contributed to the successful launching of the program. By June 30, 1989, MIGA had registered 69 Preliminary Applications for Guarantee covering potential investments in 24 member developing countries (see chart to the right). In addition, 21 Preliminary Applications were received during the same period that were not registered because projects were in non-member countries. Eligible project sponsors originated in 10 MIGA member countries — Canada, Denmark, the Federal Republic of Germany, Italy, Kuwait, Saudi Arabia,

Sweden, Switzerland, the United Kingdom, and the United States.

The variety of host countries in which the proposed investments are to be made is very encouraging (see map on page 4). These applications cover a diverse array of industrial sectors, including mining, agricul-

#### **PRELIMINARY AND DEFINITIVE APPLICATIONS FOR GUARANTEE APPROVED**

**July 1988 — June 1989**



ture, agribusiness, aquaculture, manufacturing, services, energy, and forestry.

Following the submission of the Preliminary Application, the second step toward obtaining the guarantee is to complete a more detailed Definitive Application for Guarantee. At this stage, MIGA analyzes the technical, economic, and developmental aspects of the project. Before approval is granted for the guarantee, the host country also must agree to the provision of cov-

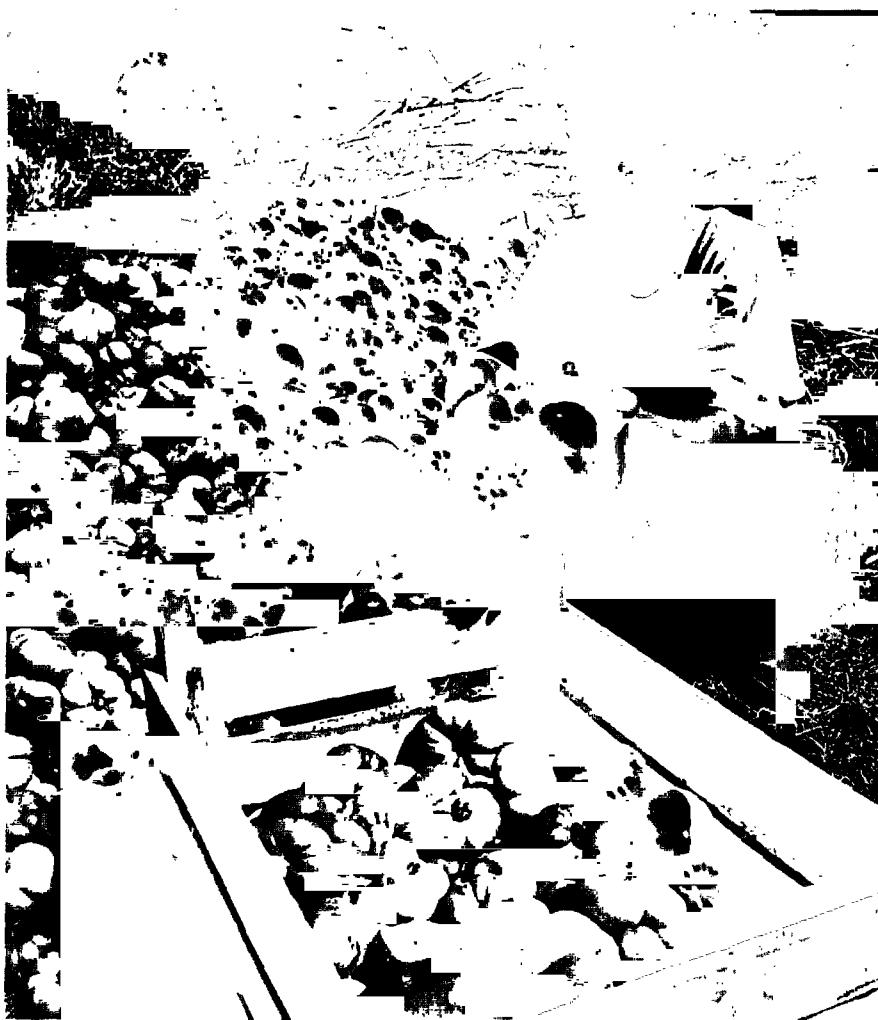
erage. By June 30, 1989, 15 Definitive Applications had been filed (see chart on page 5) covering investments in 11 countries.

Many countries sponsor national investment insurance schemes under which their investors may obtain protection similar to MIGA's. MIGA supplements these programs through coinsurance and reinsurance arrangements to bring additional capacity to bear for large projects and, possibly, to provide coverage not provided by the na-

tional agencies. Possibilities for such cooperation with several national insurance agencies are presently under discussion.

The same types of arrangements are also available for use with private political risk insurers. Cooperative efforts with private underwriters may also be realized in the near future.

Looking forward, MIGA's management expects that the broad publicity campaigns that launched the new agency will mature into a continuing program. Indeed, limited available resources will be channeled increasingly toward prompt and responsive underwriting of investment projects. Underwriting skills will be challenged by the expectation that MIGA will devote a substantial part of its activities and insurance capacity toward supporting projects in cooperation with the national investment insurance organizations and with private political risk underwriters.



Farmer with vegetables intended for export, Turkey.

## **Policy and Advisory Services**

**A**ttracting FDI to developing countries requires the establishment of dynamic and innovative business procedures, the development of an investment policy and information base, and the nurturing of confidence among the international community — in short, the creation of an attractive investment climate in which investors can operate profitably. To this end, MIGA's Policy and Advisory Services (PAS) will assist the member countries, in collaboration with the Bank Group, by providing advisory and consultative assistance.

The advisory functions of PAS are entrusted to the Foreign Investment Advisory Services (FIAS), initially a unit in the IFC and now a joint venture between MIGA and IFC. FIAS provides advice and technical assistance to developing coun-

tries on investment laws, policies, programs, and institutions that promote and regulate FDI.

FIAS's advisory services have included general diagnosis of impediments to FDI, and assistance in restructuring specific investment

### **Policy and Advisory Support to China**

In 1986, FIAS experts held a seminar in China—its first client—to discuss policies and practices related to FDI, and to consider the experiences of other countries dealing with FDI. Following this first project, FIAS responded to a request for assistance in the drafting of the law regulating one of the several types of joint ventures in China. FIAS assisted the government in analyzing the experience of other countries in this area and in drafting the law pertaining to joint ventures.

The third advisory project in China, completed in fiscal 1989, focused on China's main single inhibitor of foreign investment: the government's objective that each Sino-foreign joint venture should earn all the foreign exchange it may need, for whatever purpose (China's currency is not convertible). This approach has been particularly detrimental to the high-technology foreign investment, much desired by China, because this type of investment does not generate sufficient exports to meet its foreign exchange needs in the early years. Together with a Chinese counterpart team, FIAS investigated the several ways China has experimented with to correct the problems caused by the lack of foreign exchange. Recommendations were made to retain some of these, limit the use of others, and strengthen what FIAS saw as the best interim solution to the problem. This solution is an integrated national secondary market in foreign exchange, wherein any enterprise that needs more foreign exchange than it earns, can buy it at its true market value. These recommendations are being followed and FIAS continues to advise on the progress of their implementation.

laws and institutions that promote and regulate FDI. FIAS also undertakes operationally-oriented research to advise member countries on improving their foreign investment climate, such as the design of debt-equity swap programs.

The consultative services of PAS include the design and organization of investment promotion fora in developing member countries, the preparation of "Country Investors' Guides," and the start-up of a FDI databank to facilitate and promote joint ventures.

In carrying out these tasks, PAS will rely on the analytical and professional support of the Bank Group, and will cooperate closely with national agencies, and other bilateral and multilateral development organizations.

### **Policy and Advisory Support to Togo**

Work in Togo began with a brief review of the investment climate, focusing on needed changes in the investment code and prospects for export-processing free zones. This was followed by workshops with government officials, first in Washington and then in Togo, which assisted the government in revising the investment code and in developing a program of action for creating a free zone. The government is adopting the new code, which uses simplified performance-based incentives linked to the achievement of development objectives. Investment approvals are also made subject to transparent and automatic criteria under the new code. These changes will minimize the administrative requirements of implementing the code. The government has requested further FIAS assistance in drafting implementing regulations and streamlining administrative procedures to accompany the new code.



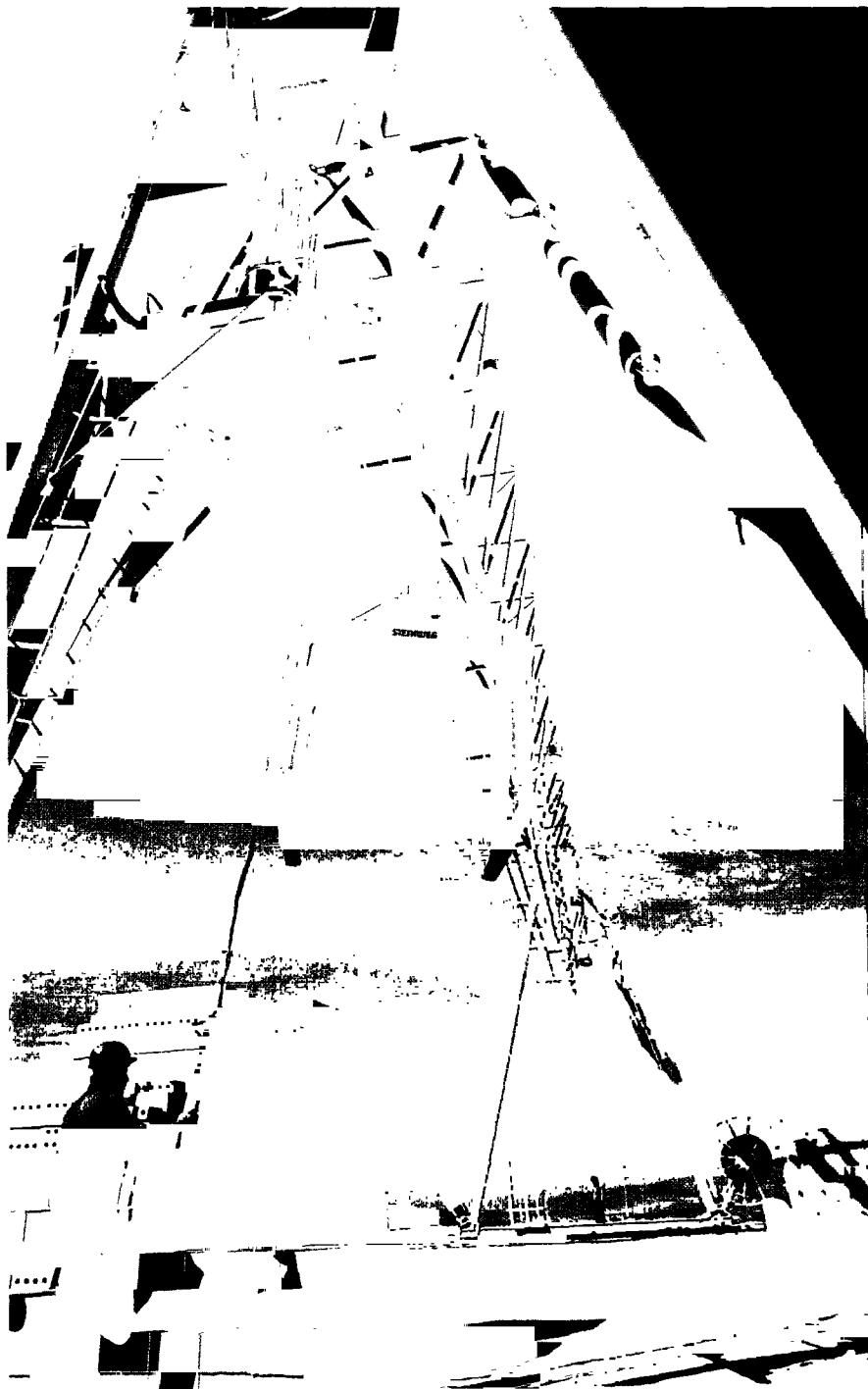
Aerial view of the Tarbela Dam, Pakistan.

## MIGA's Future

**M**IGA has made encouraging progress in achieving its basic mandate in its first year. The Guarantee Program has so far received a favorable reception from the international investment community, and its advisory and consultative services have been actively sought by developing member countries. These responses fit well with the various other initiatives launched by the other institutions of the World Bank Group for the purpose of enhancing the flow of FDI.

Compared with previous decades when restrictions on the entry, activities, and operations of foreign investors proliferated in developing countries, a liberalizing current has set in. But good intentions can bring good results only if the nations that are changing their attitudes to foreign investment get the changes right and get the message of change out to the international investment community.

MIGA's management recognizes that foreign investment is only one source of growth in an overall development strategy. Nonetheless, foreign investment is a resource that needs to be expanded, and MIGA will back that expansion vigorously.



Lime and silicate brick plant in Abu Nseir, near Amman, Jordan.

## Officers

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**Barber B. Conable**  
President



**Yoshio Terasawa**  
Executive Vice President



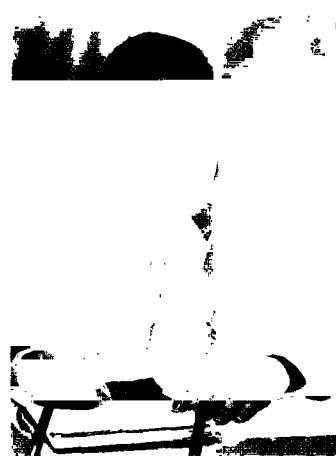
**Ghassan El-Rifai**  
Vice President, Policy  
and Advisory Services



**Leigh Hollywood**  
Vice President, Guarantees



**Timothy T. Thahane**  
Secretary



**W. John Griffith**  
Chief Financial and  
Administrative Officer



**Jurgen Voss**  
Deputy General Counsel

MIGA Board of Directors in session, June, 1989.



**Multilateral Investment Guarantee Agency**  
**Balance Sheet**

June 30, 1989

Expressed in thousands of US dollars

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**Assets**

CASH AND CASH EQUIVALENTS .....	\$ 4,838
<b>INVESTMENTS - Note A</b>	
Time deposits and other obligations of banks and financial institutions (at cost which approximates market) .....	67,259
<b>NONNEGOTIABLE, NON-INTEREST-BEARING DEMAND OBLIGATIONS FROM MEMBERS.....</b>	
	66,226
<b>OTHER ASSETS</b>	
Accrued interest on investments .....	\$ 434
Miscellaneous .....	35
	<u>469</u>
<b>TOTAL ASSETS .....</b>	<b><u>\$138,792</u></b>

**Liabilities, Capital and Reserves**

<b>LIABILITIES</b>	
Accounts payable and accrued expenses .....	\$ 1,662
<b>CAPITAL AND RESERVES</b>	
Capital stock - Note B	
Authorized capital (SDR1,000,000)	
Subscribed capital (SDR649,300) .....	\$702,543
Less uncalled portion of subscriptions .....	562,034
Less amounts due on called subscriptions .....	<u>6,325</u>
	134,184
Payments on account of pending subscriptions .....	1,777
Reserves	
Accumulated net income.....	2,807
Cumulative translation adjustments .....	(1,638)
	1,169
CONTINGENT LIABILITIES - Note C .....	
<b>TOTAL LIABILITIES, CAPITAL AND RESERVES.....</b>	<b><u>\$138,792</u></b>

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See Notes to Financial Statements

**Multilateral Investment Guarantee Agency****Statement of Income**

For the period from inception to June 30, 1989  
 Expressed in thousands of US dollars

**INCOME**

Income from investments - Note A.....	\$5,941
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**EXPENSES**

Administrative expenses - Note D .....	\$2,934
Contribution to Special Program - Note D.....	<u>200</u>

<u>3,134</u>
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NET INCOME.....	<u>\$2,807</u>
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**Statement of Capital and Reserves**

For the period from inception to June 30, 1989  
 Expressed in thousands of US dollars

	Capital	Reserves	Total
BALANCES AT BEGINNING OF PERIOD.....	\$ -	\$ -	\$ -
New subscriptions.....	134,184	-	134,184
Payments on account of pending subscriptions.....	1,777	-	1,777
Cumulative translation adjustments .....	-	(1,638)	(1,638)
Net income .....	<u>-</u>	<u>2,807</u>	<u>2,807</u>
<b>BALANCES AT END OF PERIOD.....</b>	<b><u>\$135,961</u></b>	<b><u>\$ 1,169</u></b>	<b><u>\$137,130</u></b>

See Notes to Financial Statements

**Multilateral Investment Guarantee Agency****Statement of Cash Flows**For the period from inception to June 30, 1989  
Expressed in thousands of US dollars**CASH FLOWS FROM OPERATING ACTIVITIES:**

Net income.....	\$2,807
Adjustments to reconcile net income to net cash provided by operating activities:	
Increase in accounts payable .....	1,663
(Acrease) in accrued interest on investments.....	(433)
(Acrease) in miscellaneous assets.....	<u>(35)</u>
Net cash provided by operating activities .....	\$ 4,002

**CASH FLOWS FROM FINANCING ACTIVITIES:**

New subscriptions .....	68,699
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**EFFECT OF EXCHANGE RATE CHANGES ON CASH AND INVESTMENTS .....**(604)**CASH AND INVESTMENTS AT END OF PERIOD .....**\$72,097**COMPOSED OF:**

Cash and cash equivalents .....	\$ 4,838
Investments .....	<u>67,259</u>
	<u>\$72,097</u>

**See Notes to Financial Statements**

Multilateral Investment Guarantee Agency

**Statement of Subscriptions to Capital Stock and Voting Power**

June 30, 1989

Expressed in thousands of US dollars

Members	Shares	Subscriptions (Note B)			Amount Subject to Call	Voting Power	
		Total Subscribed	Amount Paid-In	Amount Due		Number of Votes	% of Total
Bahrain	77	\$ 833	\$ 167	\$ -	\$ 666	304	0.36
Bangladesh	340	3,679	736	-	2,943	740	0.87
Barbados	68	736	147	-	589	290	0.34
Burkina Faso	61	660	-	132	528	278	0.33
Cameroon	107	1,158	-	232	926	354	0.42
Canada	2,965	32,081	6,416	-	25,665	3,142	3.71
Chile	485	5,248	1,050	-	4,198	980	1.16
China	3,138	33,953	6,791	-	27,162	5,371	6.35
Côte d'Ivoire	176	1,904	-	381	1,523	468	0.55
Cyprus	104	1,125	225	-	900	349	0.41
Denmark	718	7,769	1,554	-	6,215	895	1.06
Ecuador	182	1,969	394	-	1,575	478	0.56
Egypt, Arab Republic of	459	4,966	993	-	3,973	937	1.11
Finland	600	6,492	1,299	-	5,193	777	0.92
Germany, Federal Republic of	5,071	54,868	10,973	-	43,895	5,248	6.20
Ghana <sup>1/</sup>	245	2,651	-	530	2,121	583	0.69
Grenada	50	541	108	-	433	260	0.31
Guyana <sup>1/</sup>	84	909	-	182	727	316	0.37
Hungary	564	6,102	1,220	-	4,882	1,111	1.31
Indonesia	1,049	11,350	2,270	-	9,080	1,913	2.26
Italy	2,820	30,512	6,102	-	24,410	2,997	3.54
Jamaica	181	1,958	391	-	1,567	477	0.56
Japan	5,095	55,128	11,026	-	44,102	5,272	6.23
Jordan	97	1,050	210	-	840	338	0.40
Kenya <sup>1/</sup>	172	1,861	-	372	1,489	462	0.55
Korea, Republic of	449	4,858	971	-	3,887	920	1.09
Kuwait	930	10,063	2,013	-	8,050	1,716	2.03
Lesotho	50	541	108	-	433	260	0.31
Madagascar <sup>1/</sup>	100	1,082	-	216	866	343	0.41
Malawi	77	833	167	-	666	304	0.36
Netherlands	2,169	23,469	4,694	-	18,775	2,346	2.77
Nigeria <sup>1/</sup>	844	9,132	-	1,826	7,306	1,574	1.86
Oman	94	1,018	204	-	814	333	0.39
Pakistan	660	7,141	1,428	-	5,713	1,269	1.50
Portugal	382	4,133	827	-	3,306	809	0.96
St. Lucia	50	541	108	-	433	260	0.31
Saudi Arabia	3,137	33,942	6,788	-	27,154	5,370	6.35
Senegal <sup>1/</sup>	145	1,569	-	314	1,255	417	0.49
Spain	1,285	13,904	2,781	-	11,123	1,462	1.73
Sri Lanka	271	2,932	586	-	2,346	626	0.74
Sweden	1,049	11,350	2,270	-	9,080	1,226	1.45
Switzerland	1,500	16,230	3,246	-	12,984	1,677	1.98
Togo <sup>1/</sup>	77	833	-	167	666	304	0.36
Tunisia <sup>1/</sup>	156	1,688	-	338	1,350	435	0.51
Turkey	462	4,999	1,000	-	3,999	942	1.11
United Kingdom	4,860	52,585	10,517	-	42,068	5,037	5.95
United States	20,519	222,016	44,404	-	177,612	20,696	24.46
Vanuatu <sup>1/</sup>	50	541	-	108	433	260	0.31
Western Samoa <sup>1/</sup>	50	541	-	108	433	260	0.31
Zaire	338	3,658	-	731	2,927	736	0.87
Zambia	318	3,441	-	688	2,753	703	0.83
<b>TOTALS *</b>	<b>64,930</b>	<b>\$ 702,543</b>	<b>\$ 134,184</b>	<b>\$ 6,325</b>	<b>\$ 562,034</b>	<b>84,625</b>	<b>100.00</b>

<sup>1/</sup> Amounts aggregating the equivalent of \$1,777,000 have been received from members on account of their initial subscriptions which are in process of completion: Ghana \$199,000, Guyana \$22,000, Kenya \$186,000, Madagascar \$107,000, Nigeria \$685,000, Senegal \$184,000, Togo \$160,000, Tunisia \$126,000, Vanuatu \$54,000, Western Samoa \$54,000.

\* May differ from the sum of individual figures shown because of rounding.

See Notes to Financial Statements

**Multilateral Investment Guarantee Agency**  
**Notes to Financial Statements**

June 30, 1989

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**Statement of Agency Purpose**

The Multilateral Investment Guarantee Agency (MIGA) is a member of the World Bank Group designed to help developing countries attract productive foreign investment by both private investors and commercially operated public sector companies. Its facilities include guarantees against non-commercial risks and a program of consultative and advisory services to promote improvements in member countries' environments for foreign investment.

The Agency was established on April 12, 1988 (date of inception), when 29 countries ratified the MIGA convention and their subscriptions totalled 53.38% of the Agency's authorized capital.

**Note A: Summary of Significant Accounting and Related Policies**

MIGA's financial statements have been prepared in conformity with International Accounting Standards. In the absence of such standards, then, subject to relevant legal requirements, the policy adopted is that considered most appropriate to the circumstances of MIGA having regard to the accounting principles used in the United States and the practices of other international insurance entities. The following summary of policies adopted by MIGA is provided to assist readers of this Report in the interpretation of these statements. The accounting policies followed generally are consistent in all material respects with accounting principles in the United States.

**Translation of Currencies**

MIGA's financial statements are expressed in terms of US dollars solely for the purpose of summarizing the financial position and results of its operations for the convenience of its members and other interested parties.

MIGA is an international organization which conducts its operations in the currencies of all of its members. MIGA's resources are derived from its capital and accumulated earnings in its members' currencies. MIGA has a number of general policies aimed at minimizing exchange rate risk in a multicurrency environment. MIGA will attempt to match its contingent obligations in any one currency with assets in the same currency, as prescribed by its convention.

Accordingly, MIGA may periodically undertake currency conversions to match the currencies underlying its reserves with those of the outstanding contingencies. The purpose of these conversions will be to prevent any such currency mismatches which may occur through normal operations. With respect to its other operations, MIGA will not convert one currency into another except for small amounts required to meet certain operational needs.

Assets and liabilities are translated at market rates of exchange at the end of the period. Capital subscriptions are stated in accordance with the procedures described below. Income and expenses are generally translated at an average of the market rates of exchange in effect during each month. Translation adjustments are charged or credited to reserves.

**Multilateral Investment Guarantee Agency  
Notes to Financial Statements**

June 30, 1989

**Valuation of Capital Stock**

Under the convention of MIGA, all payments from members subscribing to the capital stock of MIGA shall be settled on the basis of the average value of the SDR in terms of United States dollars for the period January 1, 1981 to June 30, 1985, such value being equal to \$1.082 for one SDR.

**Investments**

Investment securities are recorded at cost or amortized cost. Interest income from investments is recognized as revenue on the effective yield method. Gains or losses on sales of investments, measured by the difference between the cost (on a last-in, first-out basis) and proceeds of sales, are recorded as an element of income from investments.

Due to the nature of the investments held by the Agency and its policies governing the level and use of such investments, the Agency classifies the investment portfolio as an element of liquidity in the Statement of Cash Flows.

**Revenue Recognition**

Revenue from premium payments will be recognized on a pro-rata basis over the contract period.

**Pending Claims**

Claims will be recorded as liabilities only upon determination that a liability exists and only when the amount of such liability can be reasonably estimated and its payment is expected. A receivable will be created to reflect the value of subrogated assets. Any deficit between the value of the asset and amount of claim will be recognized as an expense.

**Acquisition Costs**

Costs of acquiring investment guarantees or finance business will be expensed in the year incurred.

**Note B: Capital Stock**

At June 30, 1989, MIGA's authorized capital stock comprised of 100,000 shares, of which 64,930 shares had been subscribed. Each share has a par value of SDR10,000, valued at the rate of \$1.082 per SDR. Of the subscribed capital, \$134,184,000 has been paid in, \$6,325,000 is due and the remaining \$562,034,000 is subject to call by the Agency when required to meet its obligations.

**Multilateral Investment Guarantee Agency**  
**Notes to Financial Statements**  
June 30, 1989

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**Note C: Contingent Liabilities**

At June 30, 1989, MIGA has not issued any guarantee contracts and therefore has no contingent liabilities.

**Note D: Other Matters**

*Contribution to Special Program.* This represents grants to the Foreign Investment Advisory Service (FIAS), which was established to assist developing countries to improve their policies, programs, and institutions that relate to foreign direct investment. FIAS was established by the International Finance Corporation (IFC) in 1986, and became a jointly managed program of IFC and MIGA in November 1988.

*Service and Support Fee.* The International Bank for Reconstruction and Development (IBRD) charges the Agency an annual Service and Support Fee, which for the period ended June 30, 1989 has been fixed at \$415,000.

*Staff Retirement Plan.* The IBRD has a defined benefit retirement plan (Plan) covering substantially all of the staff of the Agency, the IBRD and the IFC. Under the Plan, benefits are based on years of service and average compensation, with the staff contributing a fixed percentage of pensionable remuneration, and the Agency, IBRD and IFC contributing the remainder of the actuarially determined cost of future Plan benefits. The total contribution is based upon the aggregate funding method. All contributions to the Plan and all other assets and income held for the purposes of the Plan are held by the IBRD separately from the other assets and income of the IBRD, Agency and IFC and can be used only for the benefit of the participants in the Plan and their beneficiaries until all liabilities to them have been paid or provided for. The total expense allocated to the Agency for the period ended June 30, 1989 was \$132,000.

## **Report of Independent Accountants**

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1801 K Street, N.W.  
Washington, DC 20006

Telephone 202 833 7932



*Price Waterhouse*

July 24, 1989

President and Council of Governors,  
Multilateral Investment Guarantee Agency

In our opinion, the financial statements appearing on pages 14 through 20 of this Report present fairly, in all material respects, in terms of United States dollars, the financial position of the Multilateral Investment Guarantee Agency at June 30, 1989, and the results of its operations and its cash flows for the period from April 12, 1988 (inception) to June 30, 1989 in conformity with generally accepted accounting principles in the United States and International Accounting Standards. These financial statements are the responsibility of management of the Multilateral Investment Guarantee Agency; our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for the opinion expressed above.

*Price Waterhouse*

**Multilateral Investment Guarantee Agency**  
**Signatory Countries to the Convention**

June 30, 1989

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Bahrain*	Greece*	Pakistan*
Bangladesh*	Grenada*	Philippines
Barbados*	Guyana*	Poland
Benin	Haiti	Portugal*
Bolivia	Hungary*	St. Kitts and Nevis
Burkina Faso*	Indonesia*	St. Lucia*
Cameroon*	Ireland	Saudi Arabia*
Canada*	Italy*	Senegal*
Chile*	Jamaica*	Sierra Leone
China*	Japan*	Spain*
Colombia	Jordan*	Sri Lanka*
Congo, People's Republic of the	Kenya*	Sudan
Cote d'Ivoire*	Korea, Republic of*	Sweden*
Cyprus*	Kuwait*	Switzerland*
Denmark*	Lesotho*	Togo*
Dominica	Madagascar*	Tunisia*
Ecuador*	Malawi*	Turkey*
Egypt, Arab Republic of*	Malta	United Kingdom*
Equatorial Guinea	Mauritius	United States*
Fiji	Morocco	Uruguay
Finland*	Netherlands*	Vanuatu*
France	Nigeria*	Western Samoa*
Germany, Federal Republic of*	Norway	Yemen Arab Republic
Ghana*	Oman*	Zaire*
		Zambia*

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\* Countries that have ratified the MIGA Convention.

**Multilateral Investment Guarantee Agency****Fiscal 1990 Budget**

Expressed in thousands of US Dollars

**Income from:**

Investment .....	\$6,800
Premium .....	1,210
Total Income .....	<u>8,010</u>

**Expenditures by organizational unit:**

Executive Vice President .....	2,688
Guarantees .....	1,278
Policy and Advisory Services.....	939
Legal and Claims .....	836
Finance and Administration.....	<u>825</u>
Sub-Total .....	6,566
Contribution to FIAS .....	400
Reimbursements from FIAS .....	(185)
Total Expenditures .....	<u>6,781</u>

<b>Net Income</b> .....	<u>\$1,229</u>
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**Expenditures by category:**

Discretionary Costs:	
Staff Costs .....	\$1,818
Services from IBRD .....	533
Operational Travel .....	522
Consultant Fees .....	366
Marketing and Publications .....	284
Contractual Services .....	132
Representation .....	84
Direct Communications .....	31
Internal Computing .....	15
Sub-Total .....	<u>3,785</u>

## Other Direct Costs:

Staff Benefits.....	1,106
Office Occupancy .....	764
Council and Board Meetings.....	220
Furniture and Equipment.....	49
Overhead .....	264
Contingency .....	378
Sub-Total .....	<u>2,781</u>

Total Discretionary and Other Direct Costs.....	6,566
Contribution to FIAS .....	400
Reimbursements from FIAS .....	(185)
Total Expenditures .....	<u>\$6,781</u>

**Note:** The fiscal 1990 budget was approved by the directors in accordance with the by-laws of MIGA.



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Guarantee Agency.

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The photographs on pages 1, 6, 8, 9, and 12  
are of World Bank Group assisted projects.

