



Political Risk Insurance (PRI): Role of PRI in Protecting Foreign Investments

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“Kiev Arbitration Days 2013”: Think Big!

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World Bank Group
Multilateral Investment
Guarantee Agency

Part I – MIGA Overview

Members of the World Bank Group



IBRD ... 1944

IDA ... 1960

ICSID ... 1966

IFC ... 1956

MIGA ... **1988**

Part II – Risks and Coverage

Expropriation

- Government actions that deprive the guarantee holder of ownership or control of the guaranteed investment or deprive the guarantee holder of a substantial benefit of the investment, e.g., nationalization and confiscation, creeping expropriation and regulatory expropriation

Part II – Risks and Coverage

Currency Transfer & Inconvertibility

- Inability to convert local currency to foreign currency
- Inability to transfer funds out of host country



Part II – Risks and Coverage

War & Civil Disturbance

- Damage / disappearance of tangible assets due to war or civil disturbance (including revolution, insurrection, coups d'état, sabotage, and terrorism)
- Business interruption
 - Total
 - Temporary (new coverage)

Part II – Risks and Coverage

Breach of Contract

- Failure of the host government to pay an arbitral award rendered against the host government for breach of contract



Part II – Risks and Coverage

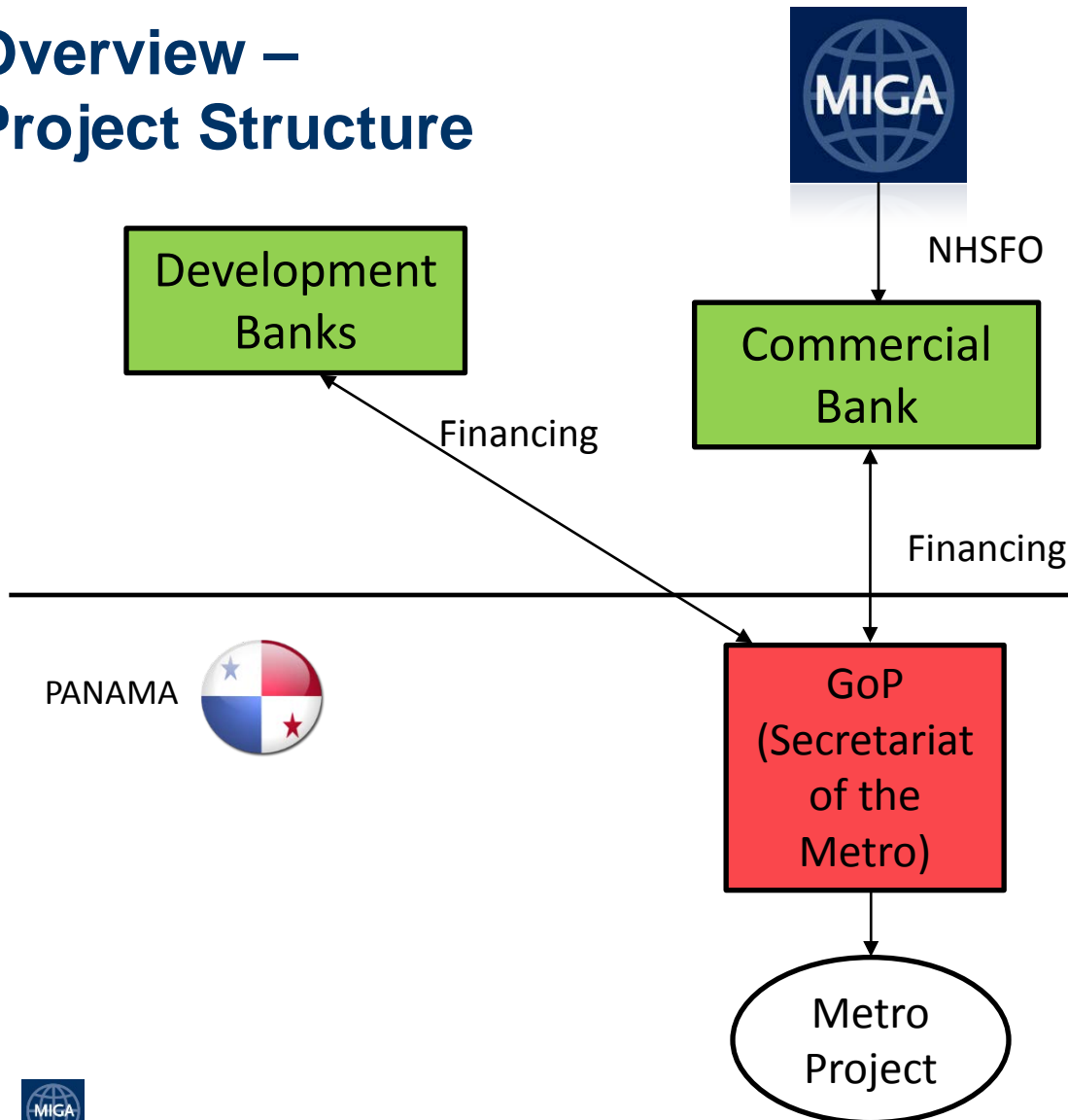
New: Non-Honoring of Sovereign Financial Obligations

- Failure of the host government to pay a financial obligation when due
- Must be unconditional payment obligation, not subject to defenses



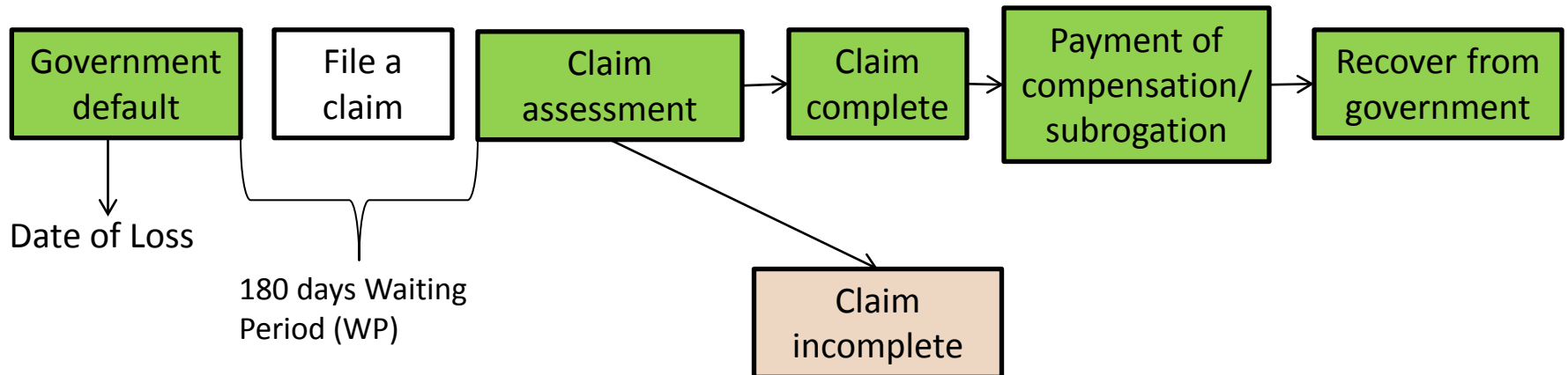
Part II – Risks and Coverage

Overview – Project Structure



Part II – Risks and Coverage

NHSFO at a Glance



Part III – Claims and Pre-Claims

MIGA – Our value-added . . .

- Umbrella of deterrence – ability to resolve pre-claim situations to satisfaction of investor (consequently only six claims paid in 25 years)
- Pre-Claim Efforts:
 - Leverage with Host Countries, our members
 - Mediation helps clients by preventing cancellation of projects
 - “Good Offices” for impartial mediation
 - Claims paid when reasonable mediation fails



Thank you.

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