Working with the Multilateral Investment Guarantee Agency

Overview

The Multilateral Investment Guarantee Agency was created in 1988 in response to the twin debt crises of the 1980's. The 29 founding governments shared a conviction that heavily indebted countries needed to rely more on private enterprise and foreign private investment - an expandable growth resource that would not compound their debt problems. The same prescription would enable other, less indebted countries to avoid the debt trap. At that time, annual net flows of foreign direct investment to developing countries had fallen to $8-$9 million, and even this small amount was concentrated in a few countries, mainly in East Asia.

MIGA was created to supplement national and private agencies supporting foreign direct investment through investment insurance. It was designed to encourage foreign investment by filling gaps in investment insurance against noncommercial risks in developing countries, so as to make investment opportunities in those countries more competitive with alternatives in industrial countries. MIGA's multilateral character and joint sponsorship by developed and developing countries were seen as enhancing confidence among the parties to international investment.

The MIGA Convention also gives the Agency a technical assistance mandate to "carry out research, undertake activities to promote investment flows and disseminate information on investment opportunities in developing member countries, with a view to improving the environment for foreign investment flows to such countries." MIGA carries out this mandate through promotional programs, disseminating information on investment opportunities, and technical assistance that enhances national investment promotion capabilities in an increasingly competitive environment.

MIGA's Role

MIGA was established as an agency affiliated with, but financially independent of, the World Bank. Membership is open to all Bank members and the Agency has a capital stock of SDR 1 billion.