

Leveraging Investment Guarantees Through the Multilateral Investment Guarantee Agency (MIGA):

Opportunities for Investors and Legal Practitioners In Africa



The increasing demand for infrastructure development, energy transition, agribusiness expansion, and digital transformation across Africa has heightened the need for innovative mechanisms capable of mitigating investment risks and attracting private capital. The Multilateral Investment Guarantee Agency (MIGA), a member of the World Bank Group established in 1988, plays a critical role in addressing these concerns through the provision of political risk insurance, credit enhancement guarantees, and trade finance guarantees. By reducing non-commercial risks associated with investments in developing economies, MIGA has emerged as a significant catalyst for foreign direct investment (FDI), public-private partnerships (PPPs), and sustainable economic development.

INTRODUCTION

One of the most significant impediments to foreign investment in developing economies is the perception of political and regulatory risk. Investors frequently raise concerns relating to expropriation, currency restrictions, political instability, government interference, breach of contractual obligations, and weak institutional frameworks. To address this challenge, the international financial community developed risk mitigation instruments, among which MIGA remains one of the most important.

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Historical Evolution and Institutional Framework of MIGA

The origins of MIGA can be traced to the Bretton Woods Conference of 1944, which established the World Bank and IMF. The Convention Establishing the Multilateral Investment Guarantee Agency entered into force on 12 April 1988.¹ MIGA was created to encourage productive investment in developing countries through guarantees against non-commercial risks and complementary investment promotion activities.

Governance and Membership Structure

MIGA is owned by its member states and governed by a Council of Governors and a Board of Directors. Membership is limited to countries that are members of the International Bank for Reconstruction and Development (IBRD). The Agency enjoys strong credibility due to its affiliation with the World Bank Group.

MIGA Guarantee Products and Their Importance²

MIGA provides political risk insurance, credit enhancement guarantees, and trade finance guarantees. Political risk guarantees cover breach of contract, currency inconvertibility and transfer restrictions, expropriation, and war and civil disturbance. Credit guarantees improve access to financing while trade finance guarantees support cross-border transactions.



1 [MIGA Convention \(April 2018\).pdf](#)

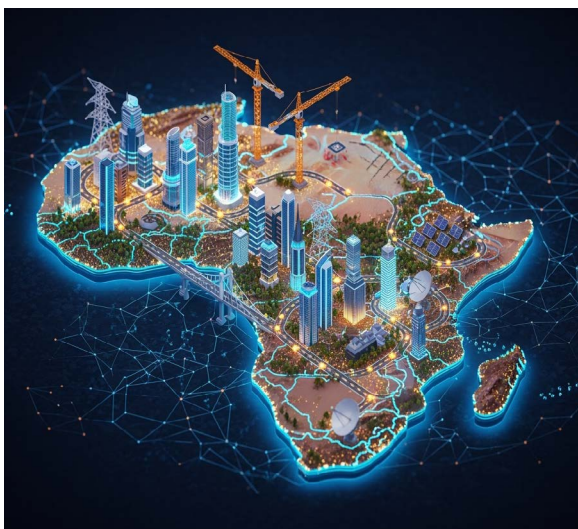
2 [Our Solutions | World Bank Group Guarantees | MIGA](#)

Eligibility Requirements for MIGA Guarantees³

Eligible investments generally involve cross-border investments into developing member countries. Investors may include corporations, financial institutions, and individuals from member countries. Covered investments include equity, shareholder loans, and related financing arrangements.

Application Process and Documentation Requirements

The process involves preliminary application, definitive application, due diligence, host country approval, and execution of guarantee contracts. Required documentation include business plans, financial models, loan agreements, environmental impact assessments, permits, licences and corporate documentation.



Projects and Sectors Excluded from MIGA Coverage

Excluded activities include weapons and munitions, harmful child labour, forced labour, gambling enterprises, and environmentally harmful projects inconsistent with international standards.

MIGA's Growing Impact in Africa

MIGA has supported investments across Africa in agriculture, renewable energy, infrastructure and financial services.

An example of such investments includes a master contract of guarantees entered into in 2021 with a Mauritius-based private equity fund focused on the hospitality sector, to support the redevelopment and construction of hotels across Sub-Saharan Africa. The guarantees covered political risks including transfer restriction, expropriation, and war and civil disturbance, for a period of up to 15 years. Within just three years, the programme was fully executed across seven countries, encompassing 14 contracts of guarantee and 17 hotel projects totalling approximately 2,900 rooms.⁴

Other mini-grid solar power projects in Congo DRC and Uganda demonstrate the Agency's commitment to facilitating sustainable economic development on the continent.⁵

³ [Get Coverage | World Bank Group Guarantees | MIGA](#)

⁴ [Transforming Hospitality in Africa | World Bank Group Guarantees | MIGA](#)

⁵ [Africa's Largest Mini-Grid to Provide Affordable and Sustainable Electricity in DRC | World Bank Group Guarantees | MIGA](#)

In addition, the World Bank Group has announced plans to significantly expand guarantee issuance across Africa by 2030. It plans to do this by doubling its annual issuance of guarantees to \$6.4 billion.⁶ This expansion is expected to attract greater foreign direct investment, improve access to finance, strengthen PPPs, and support sustainable development objectives.

The Role of Legal Practitioners in Leveraging MIGA Opportunities

Legal practitioners play critical roles in advising investors on eligibility, structuring transactions, conducting due diligence, ensuring regulatory compliance, negotiating project documentation, and resolving disputes. As MIGA-backed investments continue to increase, legal practitioners will remain indispensable to successful project execution.

CONCLUSIONS

MIGA has emerged as a critical institution for mobilising private capital and reducing investment risks in developing economies. Its growing presence in Africa presents significant opportunities for investors, governments, and legal practitioners. Through effective utilisation of MIGA guarantees, Africa can attract greater investment, accelerate development and promote sustainable economic growth.

Selected OSCOLA References

- Convention Establishing the Multilateral Investment Guarantee Agency 1985.
- World Bank Group, MIGA Annual Report.
- Multilateral Investment Guarantee Agency, 'What We Do' <<https://www.miga.org>>.
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A U T H O R S



'SIMIOLUWA FASHANU

SENIOR ASSOCIATE

T: +234 201 700 2570, Ext 122
E: sfashanu@alp.company

OBINNA DIKE

ASSOCIATE

T: +234 201 700 2570, Ext 138
E: odike@alp.company



CONTACT US:

Lagos

📍 15, Military Street, Onikan, Lagos

☎ +234 201 700 2570-9

Abuja

📍 3, Lobito Crescent, Wuse 2, Abuja

☎ +234 209 700 2570-9

🌐 www.alp.company

✉ alp@alp.company

🌐 [ALP NG & Co](#)

🌐 alpng.co

✖ [ALPNigeria](#)

