Adding Value to Solid Waste Management Project

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Gross Exposure
as June 31, 2006

$5 billion

<table>
<thead>
<tr>
<th>By Sector</th>
<th>Gross Exposure</th>
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</thead>
<tbody>
<tr>
<td>Infrastructure</td>
<td>39%</td>
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<tr>
<td>Financial</td>
<td></td>
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<tr>
<td>Oil, Gas &amp; Mining</td>
<td>9%</td>
</tr>
<tr>
<td>Agribusiness &amp; Manufacturing</td>
<td>8%</td>
</tr>
<tr>
<td>Tourism &amp; Services</td>
<td>5%</td>
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</tbody>
</table>

- Infrastructure accounts for 39% of MIGA’s portfolio, most of this exposure is in the power sector.
- Water and waste management is small but growing area.
MIGA Projects in the Water and Waste Management Sector:

Water utility concession in Shanghai-Pudong

BOT concession for wastewater treatment plant in the Deqing county, Zhejiang province of China

Landfill gas flaring project in El Salvador (Carbon Finance transaction)

Solid waste management contracts in Cairo and in Dakar (Senegal)

Solid waste management concession in Uruguay

.........Several new water, waste water, and waste inseneration project in China are in the pipeline

MIGA Promotes Cross-Border Investments

- Supporting development of water and waste management solutions by private sector in a sustainable manner through political risk guarantees;
- Covering various types of private sector investment (loans, equity or loan guarantees) against risks of Transfer Restriction and Inconvertibility, War & Civil Disturbance, Expropriation and Breach of Contract by the Government
- Providing Long-Term coverage for 15-20 years
- Syndicating capacity with the private markets on favorable terms and conditions
- Covering risks at sub-sovereign level without sovereign guarantees. Covering performance bonds
- Mediating disputes
Carbon Finance Project in El Salvador

*Involves capturing and flaring of methane gas generated by a large municipal waste landfill in El Salvador*

- Reduces Greenhouse Gas emission, making the project eligible for the Carbon Emission Reduction trading under the Kyoto Protocol
- Government of El Salvador issued the Letter of Approval to a private sector developer, who, in turn, will sell its rights to the CERs to a private carbon fund for an upfront payment plus additional payments upon CER delivery
- The upfront payment will be used for equity investment into the project in El Salvador for the installation of equipment

MIGA value added: Higher CER pricing due to mediation of political risk impacting CER delivery

- Administrative/regulatory decisions that may indirectly cause a reduction in waste quantities delivered to the landfill covered under Expropriation coverage;
- Expropriation of assets;
- Withdrawal of El Salvador from the Kyoto Protocol;
- Physical damage to the asset as the result of war, terrorism and sabotage; and,
- Inability of auditors to enter the project site due to politically motivated violence.
Egypt: solid waste management project in the Municipality of Cairo

*Involves the collection of municipal waste*

- The private sector investor signed a contract with the municipal authorities of Cairo for the collection and removal of municipal waste.
- The project is repaid by local currency fees paid by municipality.
- The contract allows the municipality not to pay to the investor in case if the quality of service is poor.

MIGA value added: facilitating private sector participation by mitigating sub-sovereign payment risk

- Breach of the Concession Agreement, mainly the obligations to pay by the municipality;
- Inability to convert locally denominated payments into hard currency and transfer them from Egypt to pay dividends;
- Physical damage to trucks as the result of politically motivated violence or war;
- Prolonged business interruption due to inability to access roads, the collection points or the city dump.