

MIGA puts PRI centre stage



Moina Varkie, Director, Outreach and Partnerships, and Stephan Dreyhaupt, Head of Investment Information Services, MIGA, talk to GTR about a new service from the World Bank's investment guarantee agency – the PRI-Center.

GTR: MIGA is set to launch a new online web service

– the Political Risk Insurance (PRI) Center. What is it?

MV: The PRI-Center (www.pri-center.com) is a new, one-of-a-kind web service geared towards providing investors with the latest intelligence and information



Varkie at MIGA

on the mitigation of non-commercial, or political, risks. Political risk mitigation is an important part of any business strategy to protect against potential losses, particularly for investments in emerging markets. And with political risks on the rise in certain regions of the world, it's very important for investors and lenders to know where to turn for reliable information and resources.

While the PRI-Center is still at a pilot stage, we hope it will grow into the definitive resource that the investor community can turn to for political risk insurance information.

GTR: Why should investors be interested?

SD: Currently, comprehensive PRI-related information is not widely available, and whatever exists is scattered across websites of various PRI-providers, trade associations and facilitators. The new PRI-Center is conceived as a one-stop shop for PRI resources

online. The service compiles and analyses trends and data about political risk and the investment insurance market. The bottom line for an investor is that a service like this reduces transaction-related costs

related to searching for reliable and timely information, so this is a real boon. And if that's not enough of a sell, the service is absolutely free to all users!

GTR: What will the site offer?

MV: PRI-Center allows users to tap into a virtual marketplace of PRI information with one simple click. The website aims to serve as a neutral, industry-specific 'marketplace' that enables private and public sector insurers, brokers, investors, the academic community, and the general public to share their perspectives and knowledge on political risk management. The overall structure of the PRI-Center revolves around the following main content categories:

- A 'Features' page, highlighting specific areas of interest to investors or practitioners, along with relevant resources. The first feature will focus on the political risk posed by terrorism.
- 'Country Analysis' pages, with access to country tools and research, ratings and the latest updates of political risk analysis, partner information, news and directories.
- A 'Research and Tools' page provides expertise and information resources from public and private PRI providers, facilitators and the research community.
- A searchable 'Directories' page of industry players, political risk insurance providers, intermediaries, facilitators, PRI newsletters, industry news, and an industry events calendar.

GTR: Who do you think will benefit from PRI-Center?

SD: This site has something for everyone, but the target audience is really the underserved segment of the PRI market. We are looking at small and medium-sized enterprises, for example, which may not have the risk management resources available to larger companies. We're also looking at multinationals from developing countries, particularly the so-called BRICs (Brazil, Russia, India and China), which are emerging as a growing force in the global FDI marketplace. For many nascent investors, large and small, there is a need to become more aware of the risks – and rewards – that FDI entails, and of ways to manage those risks.

GTR: How did you come up with the website concept?

MV: We conducted a survey of MIGA's guarantee clients as well as our currently registered online users to gauge their perceptions of political risks and availability of online resources. The survey found that information tends to be spread out over many sites, making it hard to verify and compare. The majority of those surveyed indicated that a portal consolidating resources on political risk insurance would satisfy their information requirements. It's amazing to think that in today's day and age, where there's seemingly a web portal for just about everything, there is no comprehensive site on political risks. So we are basically responding to that demand.

SD: We also looked at the supply side and consulted extensively with the principal players and information providers in this area and sought to ensure that key players, such as the Berne Union secretariat and Lloyd's, were aware and supportive of the PRI-Center.

The site has leveraged much of the valuable information that these entities have posted on their corporate websites. MIGA has placed considerable importance on the formation of partnership in its business plan for the PRI-Center for leveraging content and for gaining recognition in the political risk insurance industry. So we're not crowding out or duplicating any existing service.

GTR: Why is MIGA providing a service like this?

MV: MIGA was created in 1988 as a member of the World Bank Group to promote

foreign direct investment into developing countries to support economic growth,



Dreyhaupt at MIGA

Tackling asymmetries

reduce poverty, and improve people's lives. One of the key ways we do this is by helping foreign investors reduce the non-commercial risks to their investments, especially in those markets perceived to present the highest risk. Foreign direct investment – a key driver of economic growth – is on the rise once again, with flows to developing countries reaching US\$238bn in 2005.

But only a few countries are benefiting from these flows.

Therefore, it is important for us to encourage foreign investors to venture into these markets.

GTR: How will PRI-Center fit in with MIGA's other online offerings?

a series of award-winning websites, with its first investor-oriented service launched in 1995. Today, the agency operates online information services that serve over 75,000 investors, advisers, and investment promotion practitioners with updates on new investment opportunities, as well as critical information and analysis to support their investment decision-making. The PRI-Center nicely complements FDI.net, MIGA's new web portal, which recently consolidated MIGA's existing online investment information services into a single portal – *www.fdi.net* – offering users a single entry point for key information needed to make informed decisions about foreign investment.

The PRI-Center in particular fits into our mandate of not increasing competition among PRI providers, but rather complementing the market to increase the actual pie of FDI going into developing countries. And that's ultimately what the online services are all about: identifying and detecting asymmetries in the market for political risk information and then trying to close this gap by compiling information to increase the amount of business going into emerging markets.

MV: Our hope is for the PRI-Center to become more than just an information service, and to evolve into a forum that brings together a community of practitioners, investors, and the general public in which issues of concern, experiences and best practices can be shared.



foreign direct investment into developing countries to support economic growth,

SD: MIGA has a long history of promoting investment in developing countries through