



**International
Finance Corporation**
World Bank Group

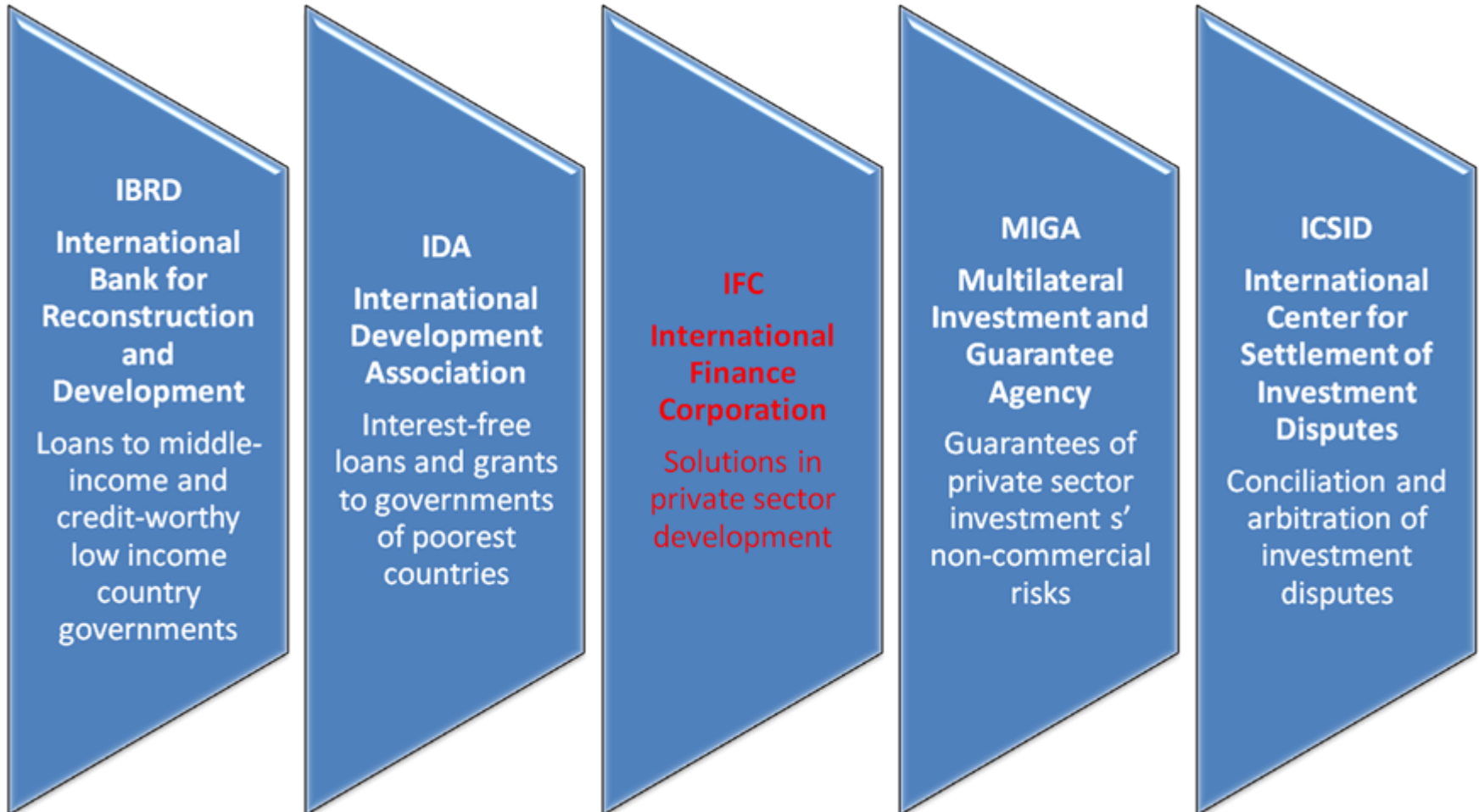
**WE CAN END
EXTREME
POVERTY
IN A GENERATION
AND BOOST
SHARED
PROSPERITY**

THE POWER
OF
PARTNERSHIPS

Partnering with IFC

Anita Bhatia and Urkaly Isaev
October 2014

World Bank Group



Twin Goals of the World Bank Group

Ending
poverty

- From 18% to 3% of world population by 2020

Boosting
Shared
Prosperity

- Increased incomes for bottom 40% of every developing country

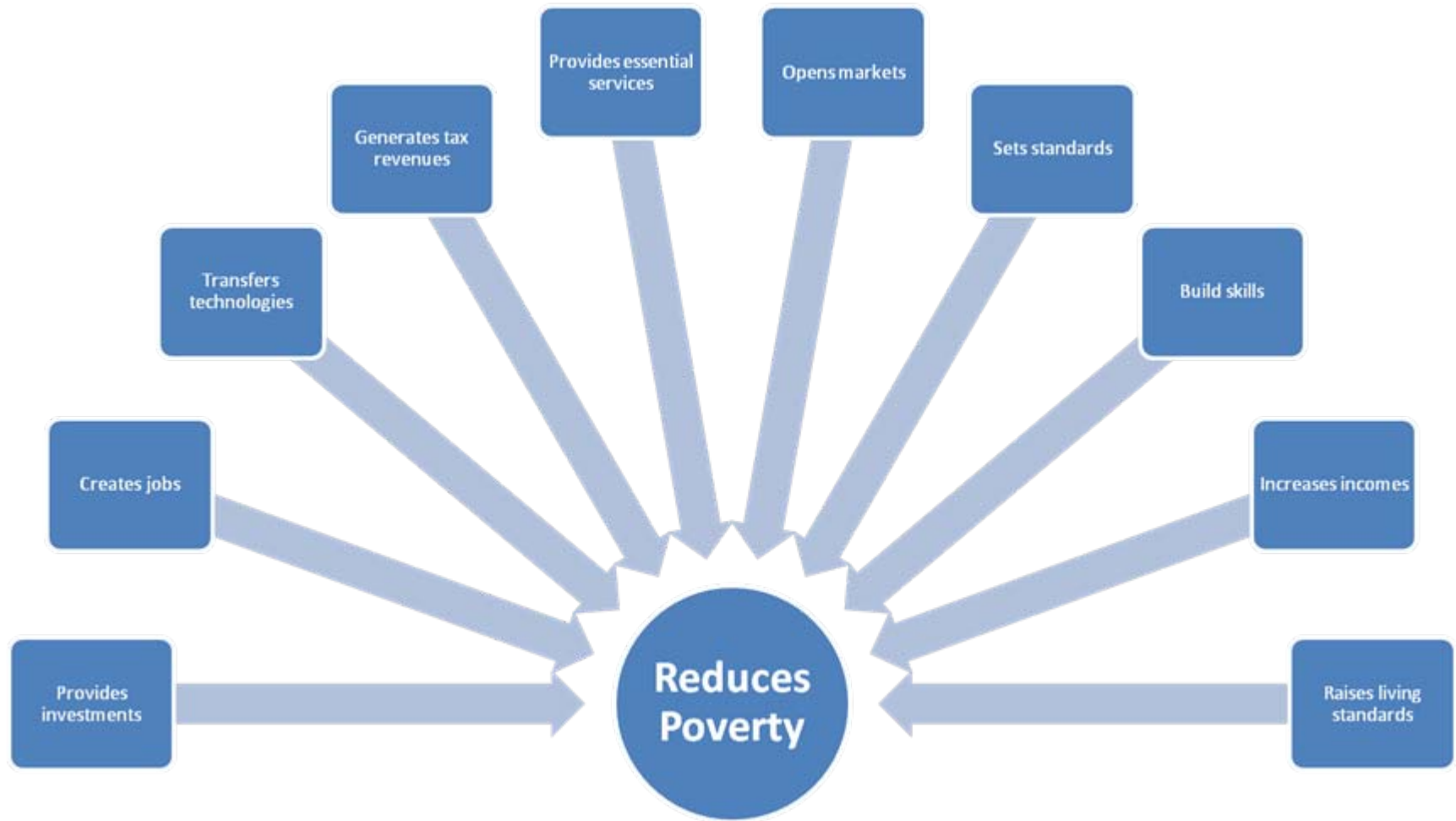
IFC's Vision

- People should have the opportunity to escape poverty and improve their lives

IFC's Purpose

- To promote open and competitive markets in developing countries
- To help generate productive jobs and deliver essential services to the underserved
- To support companies and other private sector partners where there is a gap
- To catalyze and mobilize other sources of finance for private sector development

The private sector in development



IFC's Three Businesses

Integrated Solutions, Increased Impact

Investment Services

- Loans
- Syndicated loans
- Guarantees
- Risk management products
- Equity
- Blended finance

\$22 billion (FY14)

Advisory Services (AS)

- Delivered by IFC directly (firm-level, enabling environment w/non-govt clients, Public-Private Partnerships)
- Delivered via WBG Global Practices (Finance & Markets, Trade & Competitiveness, Health)

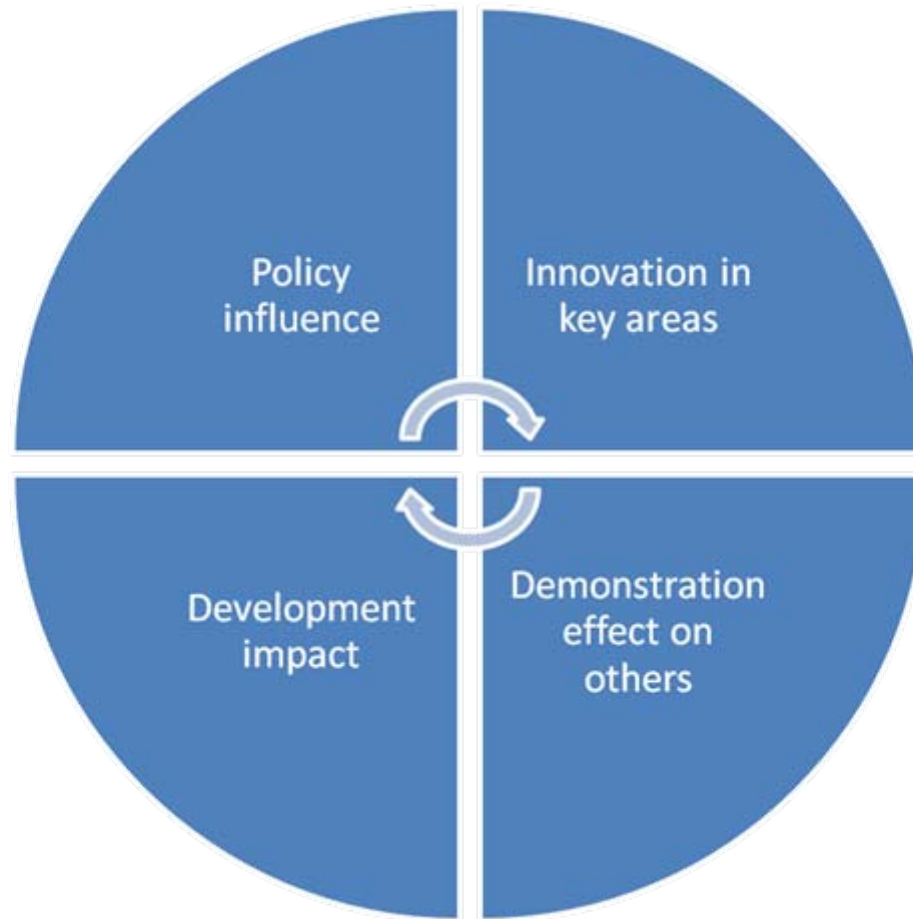
\$390 million (FY14)

Asset Management Company (AMC)

- Wholly owned subsidiary of IFC
- Private equity fund manager
- Invests third-party capital alongside IFC
- AMC Funds

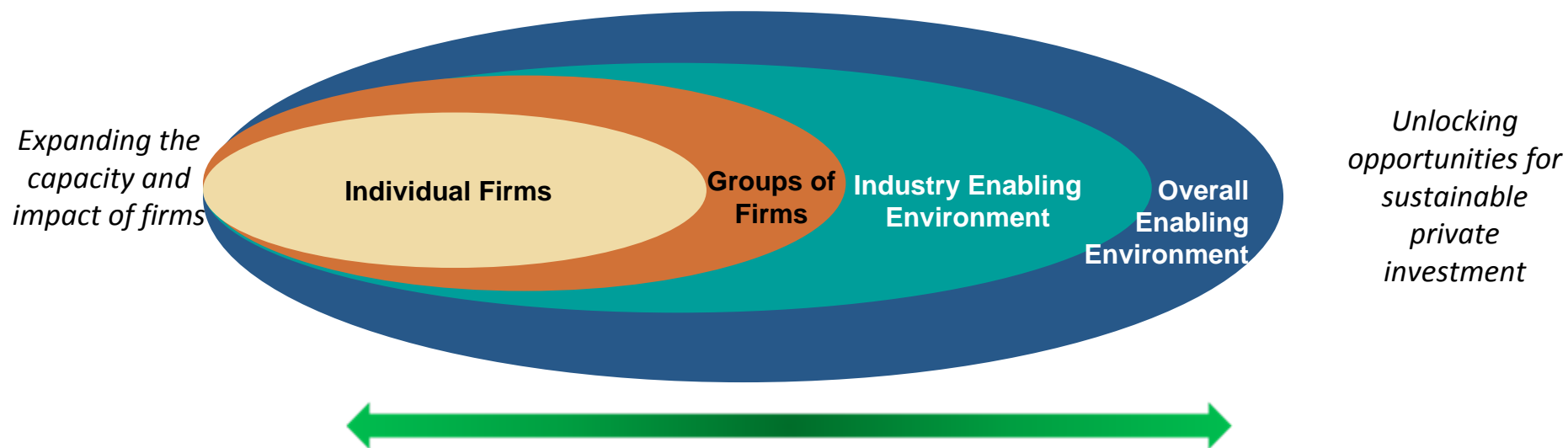
\$6 billion (FY14)

What IFC Delivers to Clients



IFC AS Helps Drive Market Transformation

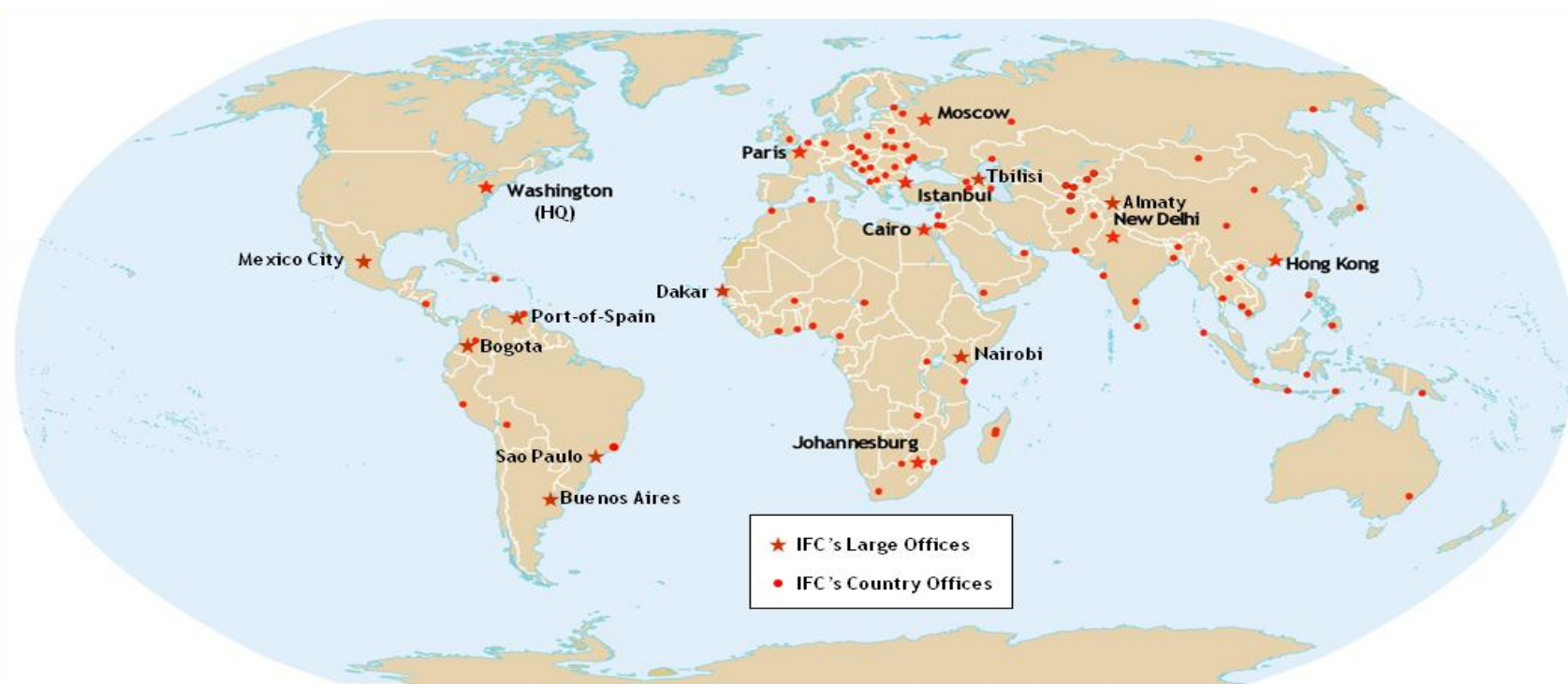
- **IFC Advisory Services help drive market transformation in 3 ways:**
 - *Helping firms to strengthen their capacity and development impact*
 - *Helping governments to design and implement PPP transactions*
 - *Helping governments and non-government institutions improve the enabling environment for sustainable private investment.*



Global Footprint

IFC Advisory Services operate in over 100 countries worldwide

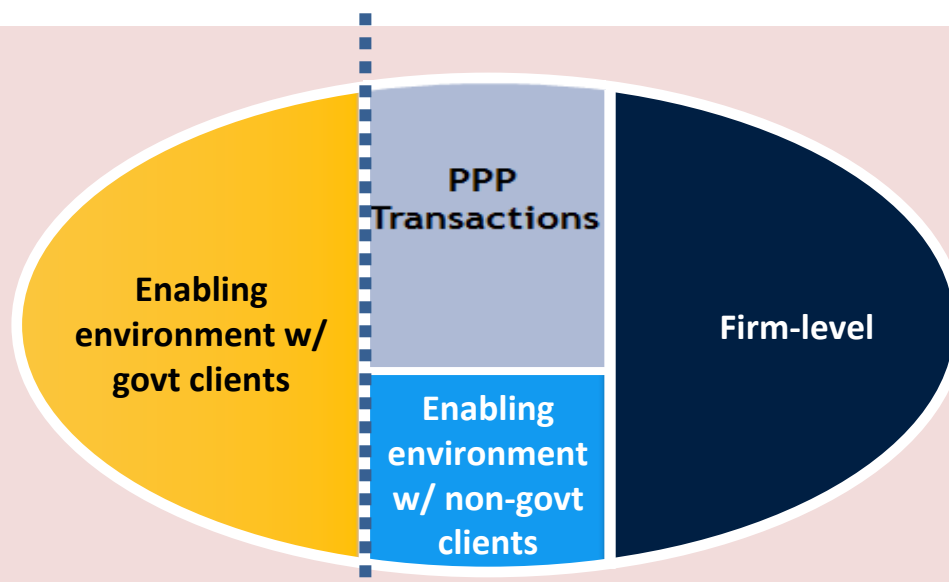
- **Global Knowledge and Local Access:** 720 active projects in 106 offices worldwide, with around 80% of the 1000 professional-level staff based in the field
- **Illustrative FY14 Results:** Over \$14m loans disbursed to MSMEs, totaling \$103bn; 76 investment climate reforms adopted in 43 countries; 9 PPPs closed—3m people to receive improved access to infrastructure and health services.



Reorganized AS for Greater Impact

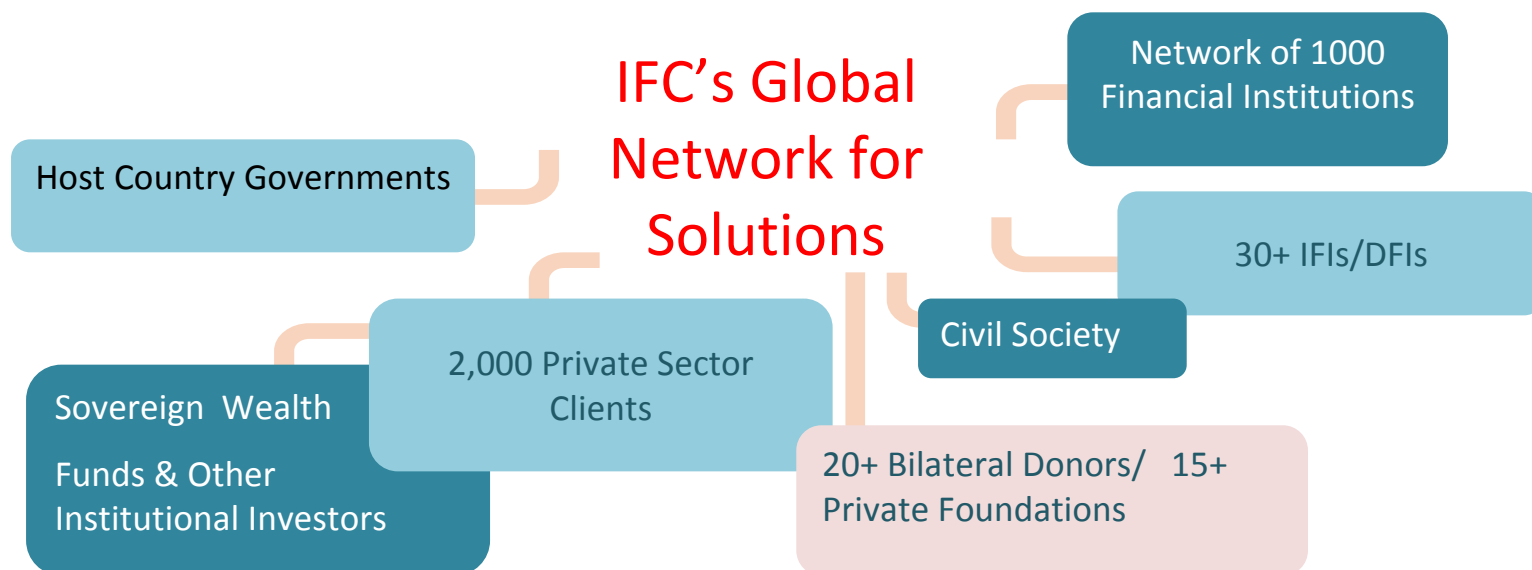
- To take AS to the next level, IFC has decided to further strengthen client focus and impact by bringing AS together with relevant WBG Global Practices and with IFC Investment Services:
 - Work with governments on the enabling environment for private sector development is delivered through 2 WBG Global Practices: *Trade & Competitiveness*, and *Finance & Markets*
 - Work with firms, and PPP transaction advice to governments, continues to be delivered directly by IFC, supported by new mechanisms to strengthen WBG collaboration (eg. joint country strategies, WBG Cross-Cutting Solutions Areas).

Delivered via
WBG Global Practices



Delivered by
IFC Directly

The Power and Importance of IFC Partnerships



Engaging in win-win partnerships with others who share our objectives allows us to...

- Achieve more than we can alone, including greater development impact
- Enhance outreach to underserved market segments
- Tackle the highest-priority challenges on the development agenda
- Leverage the knowhow and expertise of like-minded partners

Partnership Mechanisms Offered to Government Partners

Investment Partnerships...

- ✓ Co-investment in both debt and equity investments as well as structured transactions and syndications
- ✓ Market-based (Commercial) Trust Fund Investments (TFIs)
- ✓ Concessional TFIs/Blended Finance
- ✓ Asset Management Company – AMC

- Co-investments are usually done through the relevant DFI – Proparco in France, FMO in the Netherlands, Export-Import Banks, etc.
- TFI Programs & Initiatives: Global Trade Liquidity Program, Global Agriculture and Food Security Program, Global SME Finance Facility, Climate Change Programs funded through Climate Investment Funds and Global Environmental Facility

Advisory Partnerships...

- ✓ Grants to programs and projects via IFC Trust Funds (similar to WB Trust Funds)
- ✓ “Parallel” funding (direct contributions to programs and projects managed by IFC)
- ✓ In-kind contributions

30 donor governments support IFC Advisory Services programs via IFC Trust Funds: pooled/multi-donor or single-donor, programmatic or project-specific, global or focused on a specific country/region/sector, and consultancy trust funds

Selection of Partnership Mechanisms

What type(s) of partnerships to choose...

Choice of partnership mechanism and programs of interest depends on ODA priorities, empowering legislation, and mandate of a government institution, especially when investing along with IFC. These need to be examined carefully to determine the type and the scope for cooperation, depending on the government.

For Example:

- Some government entities can only invest in equity (or only in debt) which limits opportunities
- Some national ministries have an entity whose by-laws allow to do equity or debt investments in emerging markets, other do not
- Some governments can only support their own national sponsors
- Some DFIs can only invest in new projects so investment in distressed assets is not possible (e.g. EIB)



Examples of Existing IFC Partnerships

Governments and other development partners support private sector development through multiple pathways

Financial

Financial sponsorship – Partners provide continued support to IFC TFs across AS, IS, AMC



- Chinese sovereign wealth fund supports IFC with approx. \$3B fund to co-invest

Advocacy – Partners support critical new issues in global private sector development



- Korean government support for Busan forum ensured continued focus on private sector development

Convening– Partners bring together other agencies and foundations on specific issue to generate sustained commitment to addressing over time



- ESMID Africa sponsored by Sweden development agency with IFC/WB support
- Aims to develop securities markets in E. Africa
- >\$950M in new bond issues to date

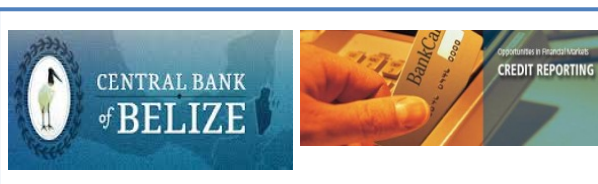
Non-financial

Coordinating – Partners assist with coordinating other partners and stakeholders on complex projects



- German, French, Dutch DFIs supported \$260M investment in O3B satellite service company
- Private equity and debt financing supplied additional \$930M

Knowledge-sharing – Partners share new ideas and innovative methods to create higher impact in private sector investments



- Canada partnered with IFC to host series of conferences on best practices in building credit reporting systems across Caribbean

IFC's Relationship with the Netherlands

Strategic Priorities:

- Food Security
- Water Management
- Security/Rule of Law (including FCS)
- Sexual & Reproductive Health

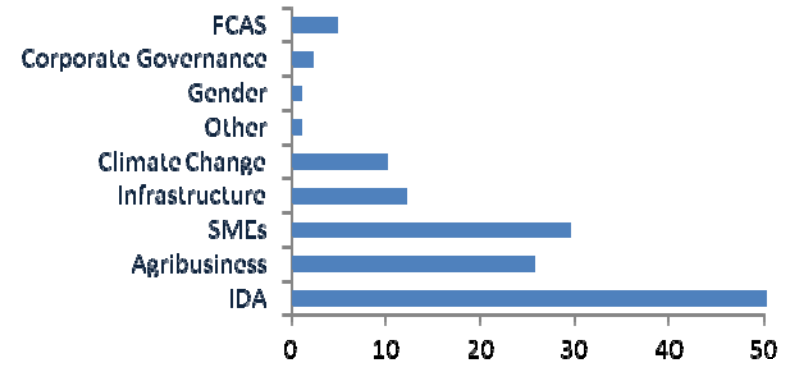
The Netherlands is the second largest donor to IFC AS, and has also provided considerable funding to IFC's donor-funded investment initiatives.

Since 2010 the Dutch have gradually shifted from social to economic sectors and from aid to investment. PSD has become increasingly important (including the involvement of the Dutch business community).

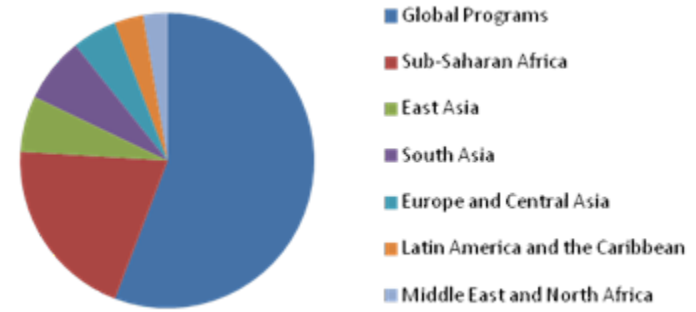
Project Examples (FY11-FY14):

- Ghana – Health Public Private Partnership
- Kenya Investment Climate Program
- Private Sector Development in Southern Sudan

Support to AS by IFC Strategic Priority (FY12-FY14), US\$m*



Support to AS by Region (FY09-FY14)



Participation in IS Initiatives (FY09-FY14)

- Global Trade Liquidity Program (GTLP)
- Global Agriculture and Food Security Program (GAFSP)

*Note: Many Commitments support multiple strategic priorities

IFC's Relationship with the United Kingdom

Strategic Priorities:

- **Education:** support 9m primary students and 2m secondary students; 50% of whom will be girls
- **Health:** immunize more than 55m children; save the lives of at least 50k women in childbirth and 250k babies
- **Governance & conflict:** focus 30% of aid on FCS by 2014; help 10m women access justice through the courts
- **Water & sanitation:** give 15m people access to clean drinking water; improve access to sanitation for 55m
- **Food & nutrition:** help more than 6m to escape extreme poverty; stop 20m breast-feeding women and children from going hungry

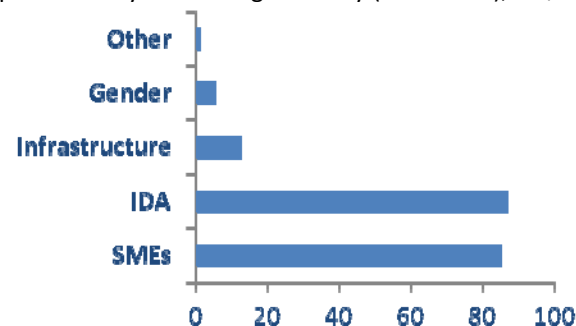
DFID is the largest donor to IFC AS, but has provided considerably more funding to IFC's donor-funded investment initiatives.

DFID was also the first bilateral aid agency to provide funding to AMC. DFID have also agreed to contribute to MIGA's Conflict Affected and Fragile Economies Facility (CAFEF).

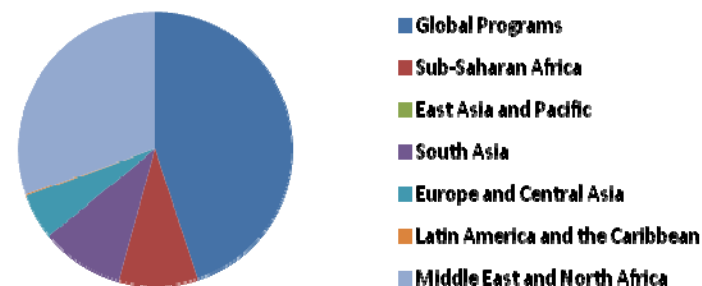
Project Examples (FY11-FY14):

- HANSHEP Pilot Health PPP Facility
- Kenya Investment Climate Program

Support to AS by IFC Strategic Priority (FY12-FY14), US\$m*



Support to AS by Region (FY09-FY14)



Participation in IS Initiatives (FY09-FY14)

- Global Trade Liquidity Program (GTLP)
- Global Agriculture and Food Security Program (GAFSP)
- Global SME Finance Facility (GSMEF)
- West Bank and Gaza Affordable Housing Program
- IFC Catalyft Fund (AMC)

*Note: Many Commitments support multiple strategic priorities

IFC's Relationship with Switzerland

Strategic Priorities:

- Strengthen economic and fiscal policy (e.g. investment climate)
- Improve urban infrastructure and provision (e.g. PPPs)
- Support private sector development and local entrepreneurship (e.g. access to finance, women in business)
- Promote sustainable trade (e.g. trade finance)
- Facilitate environmentally friendly growth (e.g. SBA)

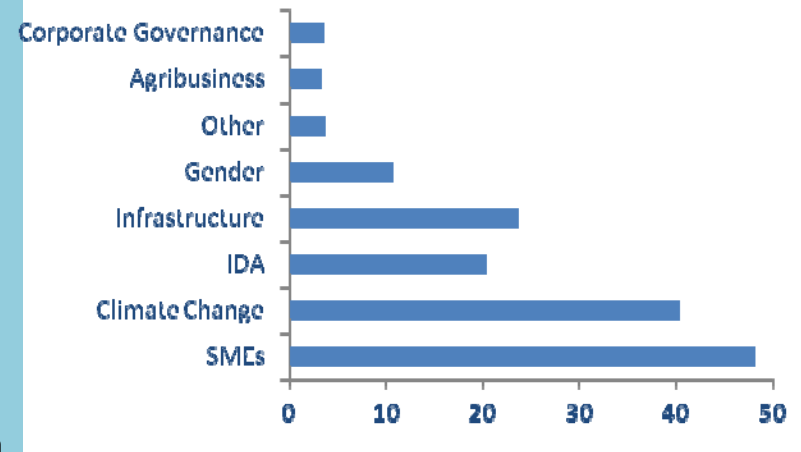
All Swiss contributions have gone to AS (none to IS or AMC).

SECO's support to AS has traditionally been strongly focused on SMEs, with a secondary focus on IDA, infra, gender and agribusiness.

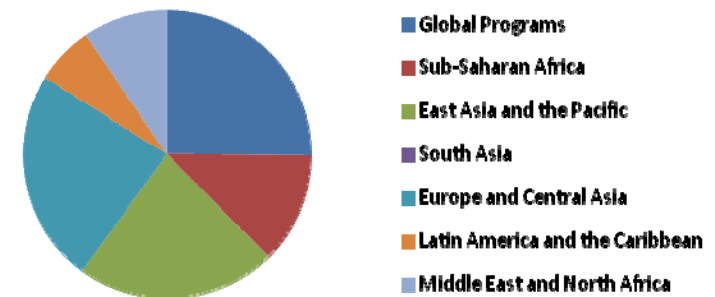
Project Examples (FY11-FY14):

- Bosnia-Herzegovina Microfinance
- Kosovo Investment Climate
- Southeast Europe Tax Transparency and Simplification Program (Serbia, Albania, Bosnia-Herzegovina, Montenegro, Macedonia, Kosovo)
- Vietnam Microfinance

Support to AS by IFC Strategic Priority (FY12-FY14), US\$m*



Support to AS by Region (FY09-FY14)



*Note: Many Commitments support multiple strategic priorities

IFC's Relationship with Canada

Strategic Priorities:

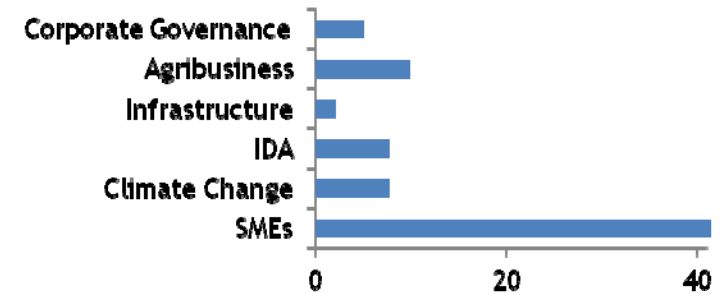
- **Increasing food security:** focus on food aid & nutrition; sustainable agricultural development; research & development
- **Securing the future of children and youth:** focus on child survival (including maternal health); access to quality education; safe and secure futures for children and youth
- **Stimulating sustainable economic growth:** focus on building economic foundations; growing businesses; investing in people

In March 2013, IFC signed a 'global framework agreement' with CIDA to support gender, extractives, and financial inclusion.

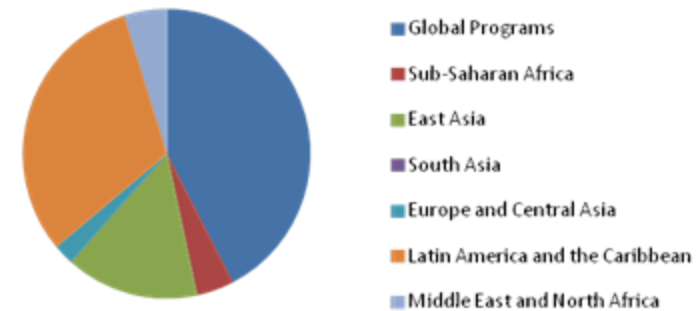
Project Examples (FY11-FY14):

- Ukraine Agri-Insurance Development Project
- Philippines and Vietnam Agribusiness
- Program for Eastern Indonesia Small and Medium Enterprise Assistance (PENSA)
- Joint IFC-WB MSMEs Technical Assistance Facility for MENA

Support to AS by IFC Strategic Priority (FY12-FY13), US\$m*



Support to AS by Region (FY09-FY14)

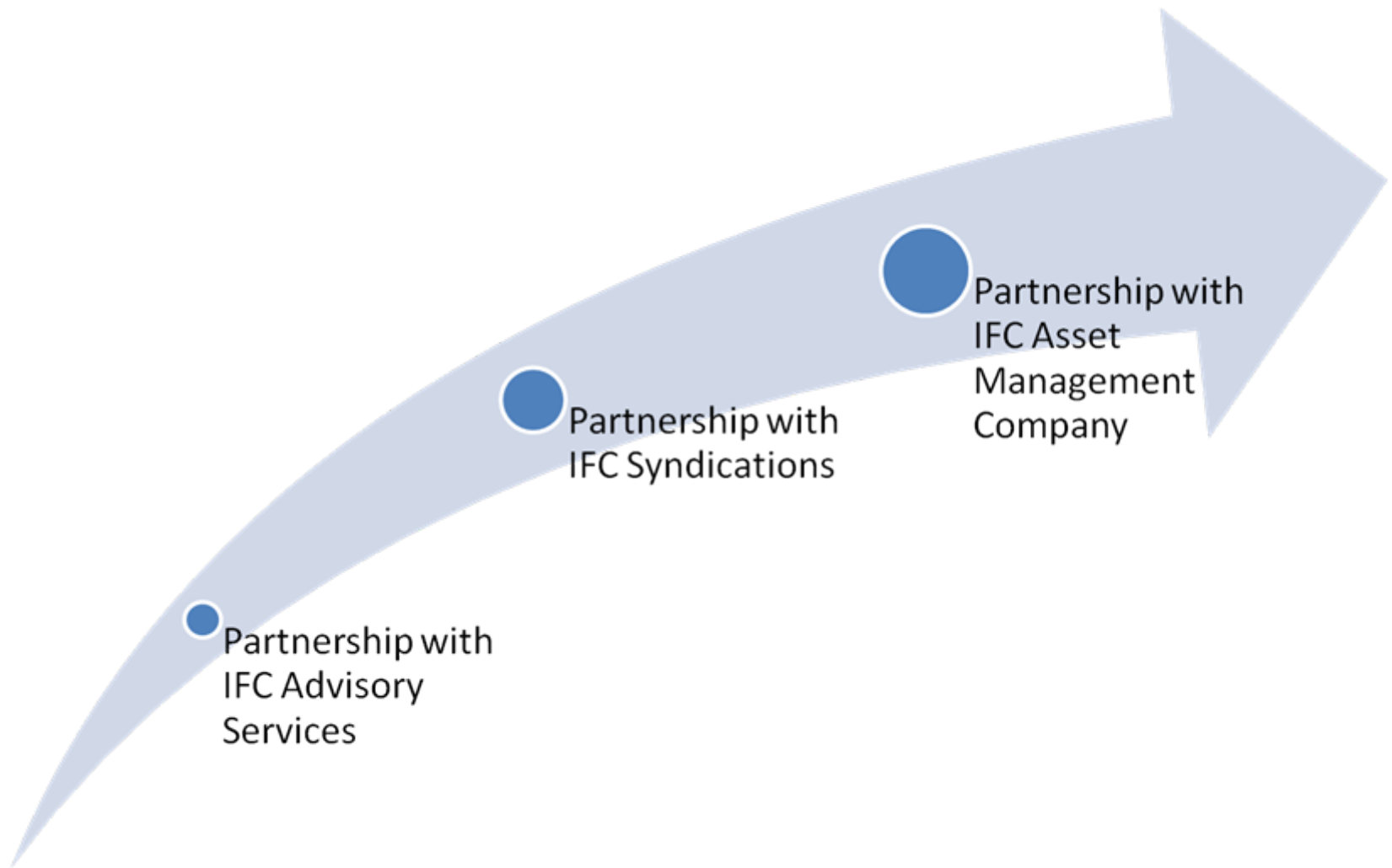


Participation in IS Initiatives (FY09-FY14)

- Global Trade Liquidity Program (GTLP)
- Global Agriculture and Food Security Program (GAFSP)
- Financial Mechanism for Climate Change
- IFC Catalyst Fund (AMC)

*Note: Many Commitments support multiple strategic priorities

IFC-Hungary Partnership: Evolution in One Year



IFC-Hungary Partnership Trust Fund: Regional & Thematic Priorities

Regional Priorities

East Asia and the Pacific



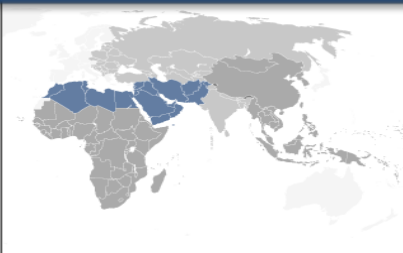
*China
Indonesia
Mongolia
Vietnam*

Europe and Central Asia



*CIS Countries
Western Balkans*

Middle East and North Africa



*Tunisia
Egypt
Morocco
Libya*

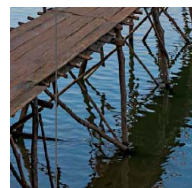
Thematic Priorities



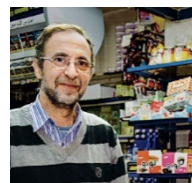
Agribusiness



Health



Water Management



SMEs