

# OPPORTUNITIES FOR CZECH PRIVATE SECTOR COMPANIES TO COOPERATE WITH IFC

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*Creating Markets, Creating Opportunities*

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# IFC: A MEMBER OF THE WORLD BANK GROUP



WORLD BANK GROUP

**IBRD**

International  
Bank for  
Reconstruction  
and  
Development

Loans to  
middle-income  
and credit-worthy  
low-income country  
governments

**IDA**

International  
Development  
Association

Interest-free loans  
and grants to  
governments  
of poorest  
countries

**IFC**

International  
Finance  
Corporation

**Solutions in  
private sector  
development**

**MIGA**

Multilateral  
Investment  
Guarantee  
Agency

Guarantees of  
foreign direct  
investment's non-  
commercial risks

**ICSID**

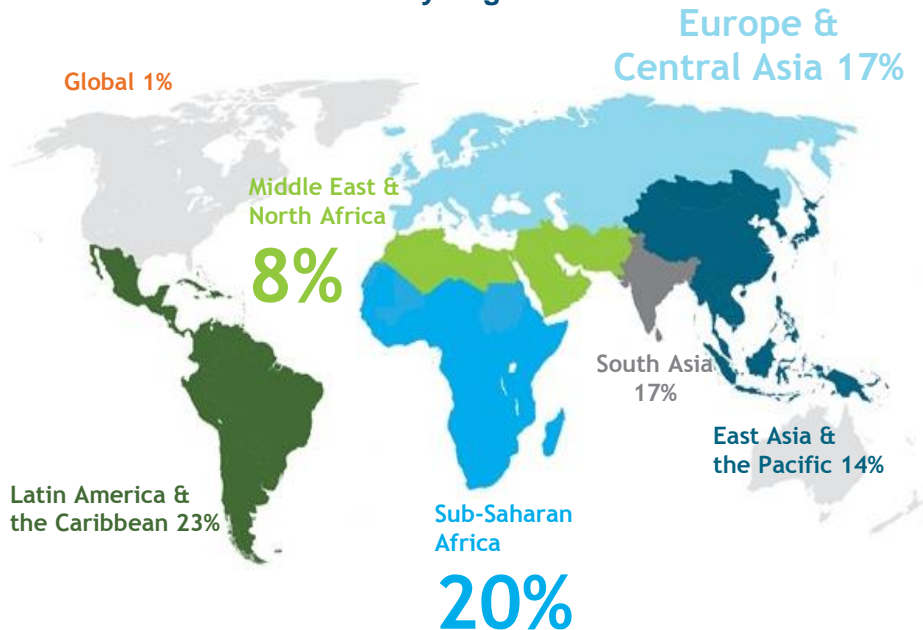
International  
Centre for  
Settlement of  
Investment  
Disputes

Conciliation  
and arbitration  
of investment  
disputes

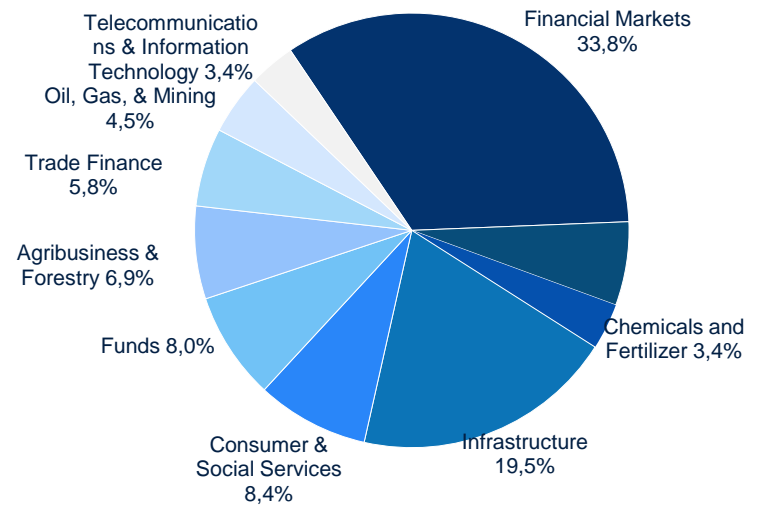
# IFC IS THE LARGEST GLOBAL DEVELOPMENT INSTITUTION FOCUSED ON THE PRIVATE SECTOR IN EMERGING MARKETS

Credit Rating		Total Assets	Portfolio	Commitments	Staff
S&P	AAA	\$92.3bn	\$57bn 2,005 Projects in 75 countries	Total: \$23.3bn Own: \$11.6bn Mobilized: \$11.7bn IDA Countries: \$6.8bn	3,860 staff
Moody's	Aaa				

**Commitments by Region**



**Commitments by Sector**



# IFC'S 3.0 STRATEGY

## USE THE POWER OF THE PRIVATE SECTOR TO HELP REALIZE THE 2030 SUSTAINABLE DEVELOPMENT AGENDA AND BRING GREATER PROGRESS TO THE POOREST AND MOST FRAGILE REGIONS

### What are the key challenges?

Official Development Assistance (ODA) alone cannot finance the needs of developing countries, and private capital does not flow at the scale needed to close the gap, especially in LICs and Lower-MICs. Attracting private capital to developing countries is hindered by high perceptions of risk, information gaps, and limited regulatory capacity.

### How does IFC 3.0 address these issues?

- The **IDA 18 Private Sector Window (PSW)**.
- Fundraising closed on IFC's latest **mobilization platform (MCP)**, the Green Cornerstone Bond Fund, a pivotal instrument for developing the green bond market in emerging economies.
- **Anticipated Impact Measurement and Monitoring (AIMM) framework**.
- **Advisory Services (AS)** aim to strengthen its efforts to deploy advisory services alongside investment and policy activities for market creation.
- **Country Private Sector Diagnostics (CPSD)** will allow IFC to better target its interventions to maximize direct and indirect impacts.
- **Creating Markets Advisory Window**, the new funding instrument to enhance upstream project preparation and address complex challenges to creating markets, is now fully operational.
- Focus on **Fragile and Conflicted Countries and Climate**-related opportunities.

# IFC'S STRATEGY

## Key Focus Areas

### FOCUS INDUSTRIES

Infrastructure

Agribusiness

Financial Inclusion  
Health & Education

### FOCUS CHALLENGES

Climate Finance

Fragility

Digital Economy

### FOCUS REGIONS

Africa

MENA

South Asia

**CROSS CUTTING:** Gender, Disruptive Technology, Developing Local Capital Markets, Scaling up Mobilization

### SUSTAINABILITY

Strong environmental, social, and governance standards are critical to IFC's business growth and development impact

# WHAT WE DO

Integrated Solutions, Increased Impact

## INVESTMENT

- Loans
- Equity
- Trade and Commodity Finance
- Syndications
- Derivatives and Structured Finance
- Blended Finance

## ADVICE

- Innovative Solutions Combining IFC's Expertise and Tools to:
  - Help Create New Markets
  - Unlock Investment Opportunities
  - Strengthen Clients' Performance and Impact
  - Improve Environmental, Social, and Corporate Governance Standards

## IFC ASSET MANAGEMENT COMPANY

- Mobilizing and Managing Capital for Investment

# INVESTMENT

IFC's broad range of financing products

<b>LOANS</b>	<ul style="list-style-type: none"><li>▪ Project and corporate financing</li><li>▪ On-lending through intermediary institutions</li></ul>
<b>EQUITY</b>	<ul style="list-style-type: none"><li>▪ Direct equity investments</li><li>▪ Private equity funds</li></ul>
<b>TRADE AND COMMODITY FINANCE</b>	<ul style="list-style-type: none"><li>▪ Guarantee of trade-related payment obligations of approved financial institutions</li></ul>
<b>SYNDICATIONS</b>	<ul style="list-style-type: none"><li>▪ Capital mobilization to serve developmental needs</li><li>▪ Over 60 co-financiers: banks, funds, DFIs</li></ul>
<b>DERIVATIVES AND STRUCTURED FINANCE</b>	<ul style="list-style-type: none"><li>▪ Derivative products to hedge interest rate, currency, or commodity-price exposures of IFC clients</li></ul>
<b>BLENDED FINANCE</b>	<ul style="list-style-type: none"><li>▪ Using donor funds to derisk projects and to crowd in private financing</li></ul>

# IFC PERFORMANCE STANDARDS

A Global Benchmark, applied international best practices

- 1 Assessment and management of environmental and social risks and impacts
- 2 Labor and working conditions
- 3 Resource efficiency and pollution prevention
- 4 Community, health, safety and security
- 5 Land acquisition and involuntary resettlement
- 6 Biodiversity conservation and sustainable management of living natural resources
- 7 Indigenous peoples
- 8 Cultural heritage



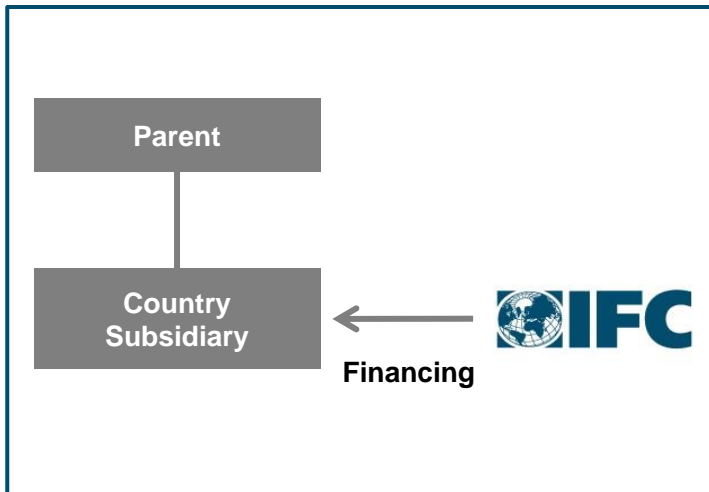
# Project / Subsidiary Finance

## Client Needs

- Long term project/subsidiary financing otherwise not available in local financial market
- Local currency financing to provide natural FX hedge
- Comfort to penetrate new markets



## IFC Solution: Long term financing at project/subsidiary level



## Main Features

- Financing up to 25% (greenfield) or 50% (brownfield) of total project cost
- Possibility to include working capital financing
- Sponsor support at least until project completion
- Possibility of equity investment if there is strong growth strategy and clear exit

## IFC Benefits to Clients

- ✓ Long Term funding - Maturity and grace period tailor to project needs
- ✓ Financing in US\$, €, and 40+ local currencies
- ✓ Diversified source of funding available across economic cycles
- ✓ Possibility to mobilize additional financing (syndicated debt, equity funds, etc.)
- ✓ No withholding tax
- ✓ World Bank Group reputation

# Corporate / Holding Finance

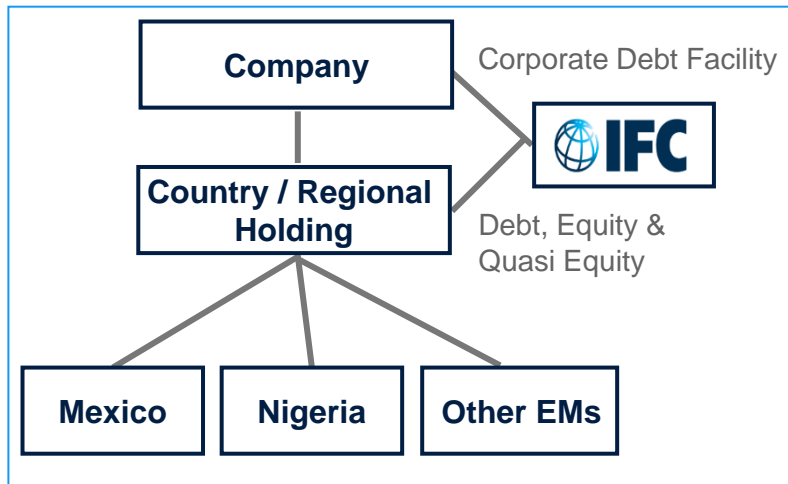
## Client Needs

- Reputable partner to enter and expand in new markets
- Sharing risk of emerging market expansion
- Additional capital



## IFC Solution:

Debt, Equity and / or quasi-equity financing in holding for country or regional operations



## Main Features

- Equity: IFC can invest up to 20% equity (up to 49% with IFC subsidiary fund), with exit identified (IFC to be minority investor)
- Quasi-equity: high return mezzanine/high yield debt
- Corporate debt facility dedicated to emerging markets
- Client needs to keep sizable % of equity

## IFC Benefits to Clients

- ✓ IFC has appetite for emerging market risk sharing
- ✓ IFC / World Bank Group reputation
- ✓ IFC stamp of approval
- ✓ Access to capital (IFC Equity + AMC)
- ✓ Access to IFC network and client portfolio
- ✓ Access to IFC market knowledge and expertise

# Global Trade Supplier Finance (GTSF)

## Client Needs

- A stable and reliable supply-chain requires adequately-financed suppliers
- Short term financing is needed for small- and medium-sized suppliers with limited banking relationship and credit lines



## IFC Solution: Short term supply chain financing

## IFC Benefits to Clients

- ✓ Improve treasury position and financial strength of suppliers.
- ✓ Does not use buyer credit lines with relationship banks
- ✓ IFC can either work through an independent or bank-owned platform
- ✓ Provide specialized on-boarding/training for suppliers

### Selected Buyers



PERRY ELLIS  
INTERNATIONAL



### Selected Platform



## Main Features

- Financing without-recourse and unsecured basis to suppliers
- Discount of invoices accepted for payment (post-shipment & post acceptance) by pre-approved buyers
- Market-based pricing
- Tenors up to 180 days
- Click-through agreements among buyers, suppliers, platform and IFC

# How IFC Differs from Other Partners

- ✓ **Long investment horizon:** up to 10-12 years, both equity and debt
- ✓ **Reduced Political risk** through government relations, preferred creditor status  
No withholding tax
- ✓ More than 108 offices in 100 countries with increased focus on local presence and expertise
- ✓ Local currency financing in 70+ currencies providing natural hedging
- ✓ Sustained emerging markets appetite: IFC mission is to promote economic and social development in these regions
- ✓ Counter-cyclical: Diversified source of funding available across economic cycles.  
E.g. Volkswagen in 2009 (India)
- ✓ World Bank Group reputation

## Sample of European Corporates who trust IFC

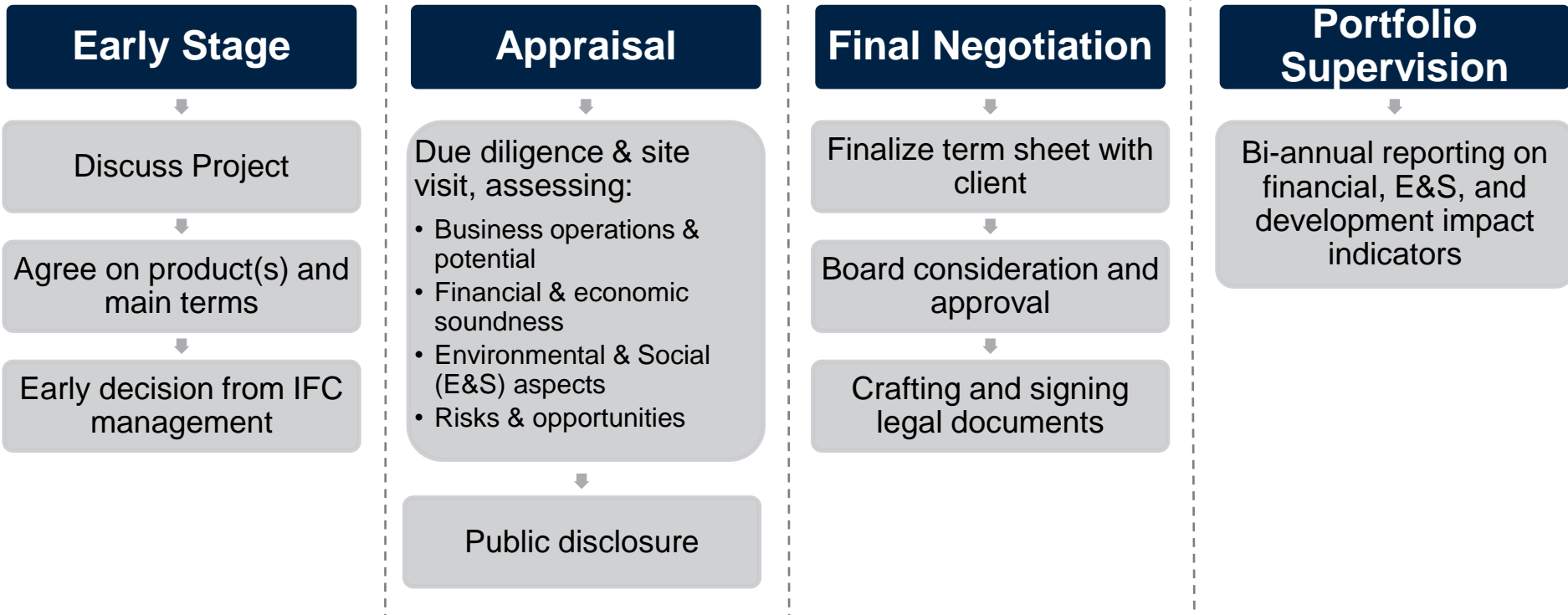


# Questions?

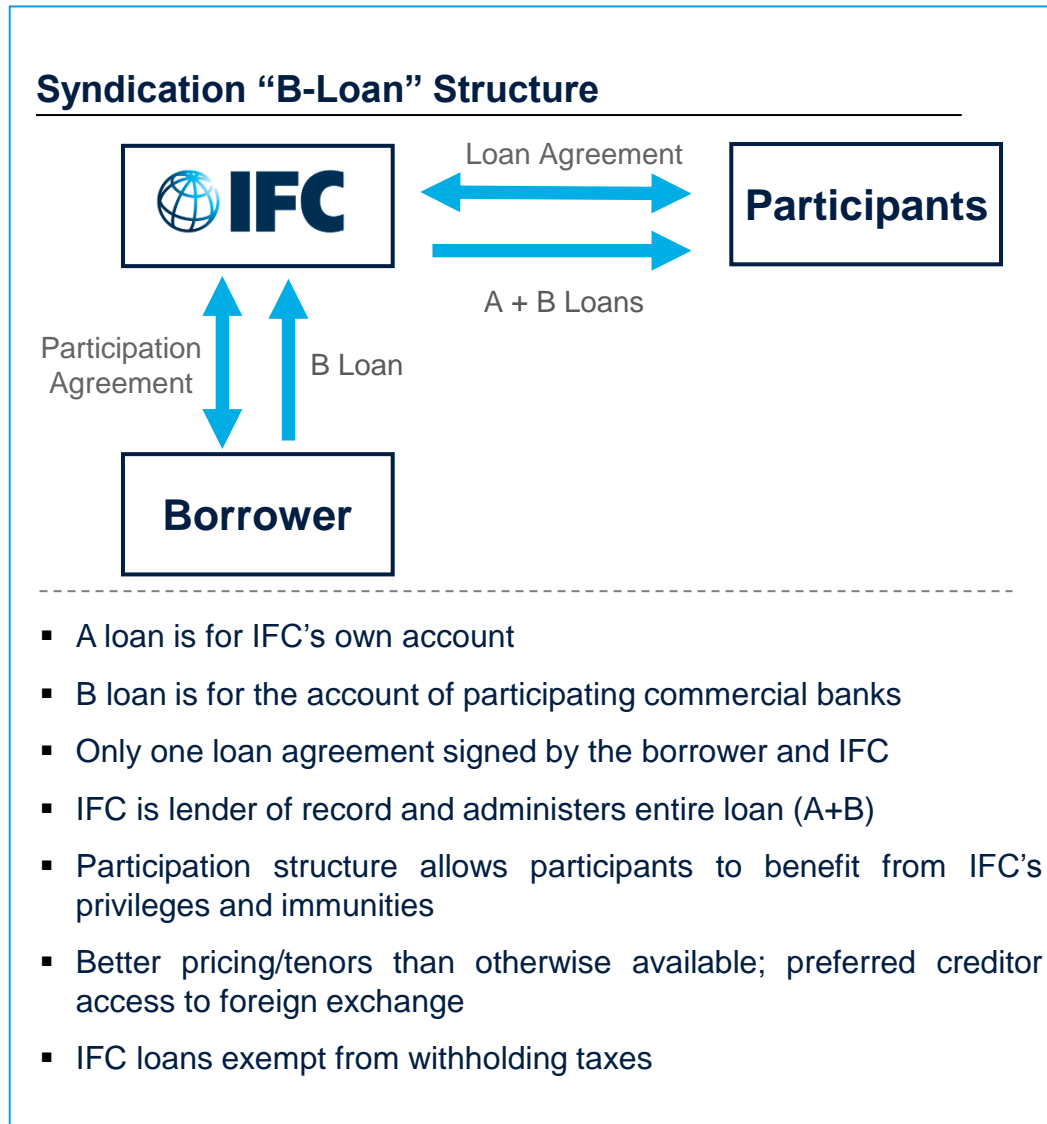
# THANK YOU FOR YOUR INTEREST

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# Annex 1 - IFC's Project Cycle: a 3-Step Process



# Mobilizing Financing – Syndication “B-Loan” Structure





# Annex 2 - Local Currency Financing

## Long-term loans available in the following Emerging Markets (as of October 2016)

### Asia:

- Chinese renminbi
- Hong Kong dollar
- Indian rupee
- Indonesian rupiah
- Korean won
- Philippine peso
- Thai baht
- Vietnamese dong
- Nepalese Rupee
- Pakistani Rupee
- Sri Lankan Rupee

### Africa:

- Botswana pula
- Ghanaian cedi
- Kenyan shilling
- Nigerian naira
- Rwandan Franc
- South African rand
- Tanzanian shilling
- Ugandan shillings
- Zambian kwacha

### EMENA\*:

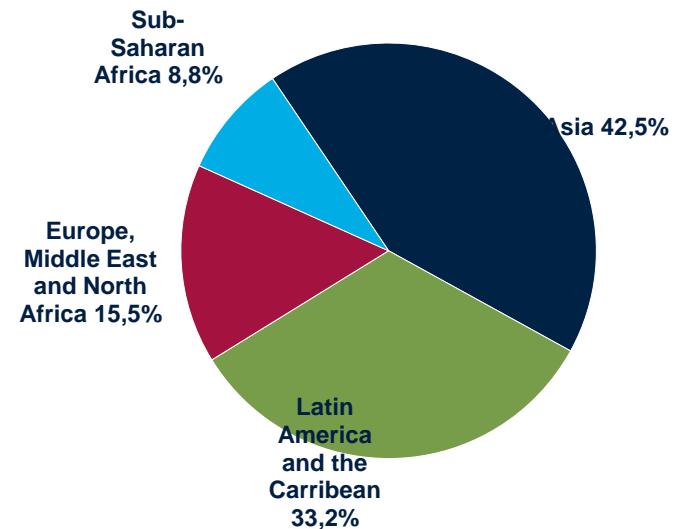
- Kazakh tenge
- Polish zloty
- Romanian leu
- Russian ruble
- Turkish lira
- Armenian Dram
- Azerbaijani manat
- Czech Republic Koruna
- Georgian lari
- Tajikistani Somoni
- Kyrgyzstani som
- Jordanian Dinar
- Moroccan Dirham
- Tunisian Dinar

### Latin America:

- Argentine peso
- Brazilian real
- Chilean peso
- Colombian peso
- Costa Rica colones
- Mexican peso
- Peruvian soles
- Paraguay guarani
- Uruguay peso
- Dominican Peso
- Guatemalan quetzal

\* Europe Middle East and North Africa

## Local currency loan distribution by region 100%= US\$ 13.6 billion, as of October 2016



- As of October 2016, IFC has committed over **US\$13.6 billion** equivalent of local currency loans in **52 countries**