

# **IFC Operations in Southern Europe**

## **Opportunities of Collaboration with EU**

**Brussels**

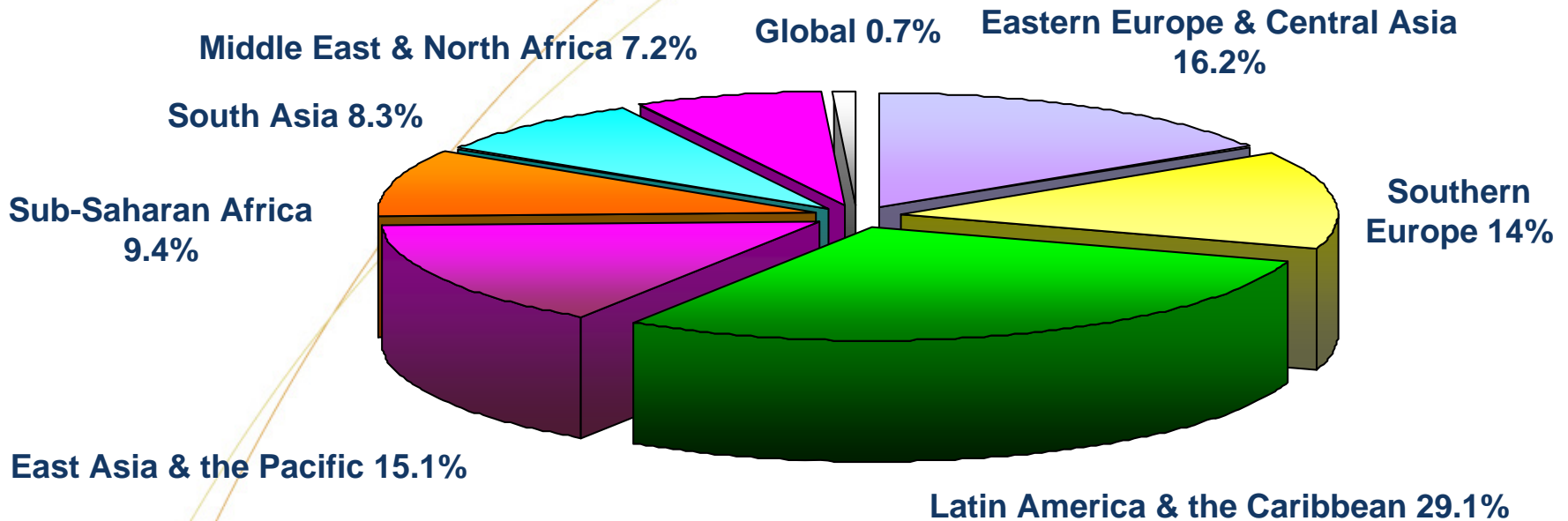
**November 2006**

*By Antoine Courcelle-Labrousse*

# IFC: the private sector arm of the World Bank group

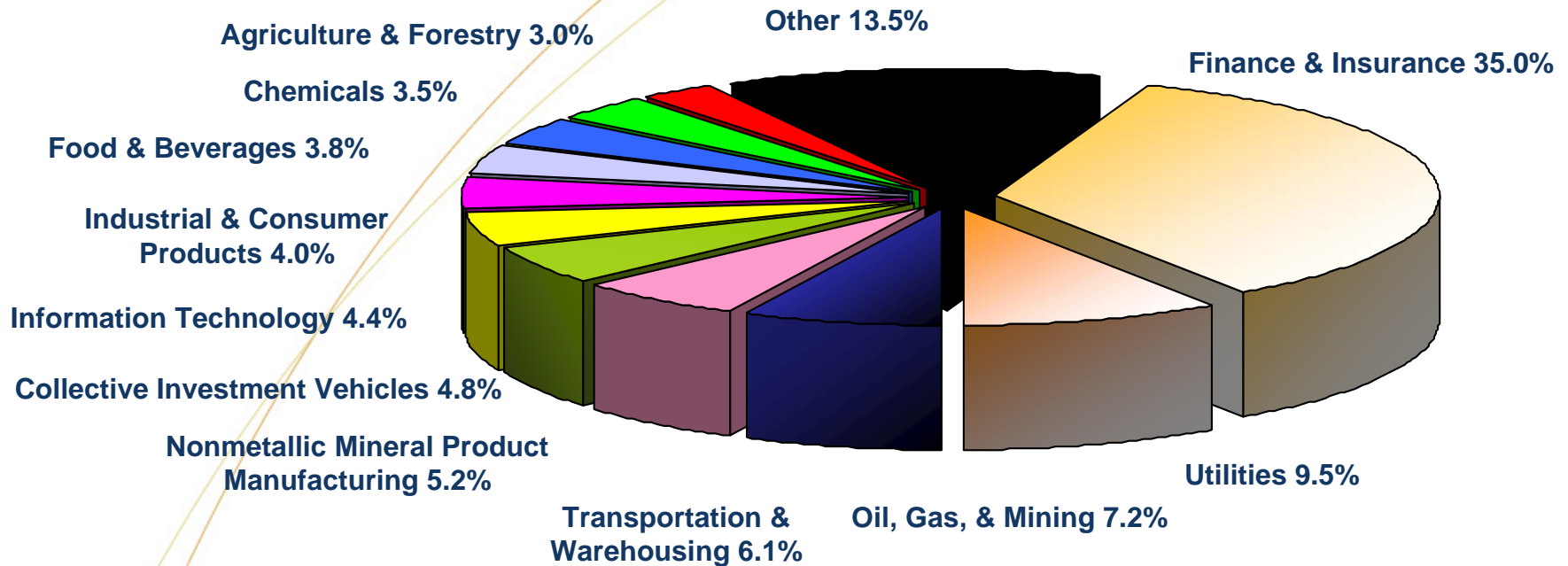
- Part of the World Bank Group, owned by 178 member countries
- Mission: promote sustainable private sector investment in developing countries, helping to reduce poverty and improve people's lives
- Products: loans, equity, quasi-equity, technical assistance and advisory services
- 2900 staff, 1400 in the field, 120 nationalities

# IFC Portfolio as of June 30, 2006 by Region



**Total for IFC's account: \$21.6 billion**

# IFC Portfolio as of June 30, 2006 by Sector



**Total : \$21.6 billion**

**An additional \$5.1 billion is held and managed for participants.**

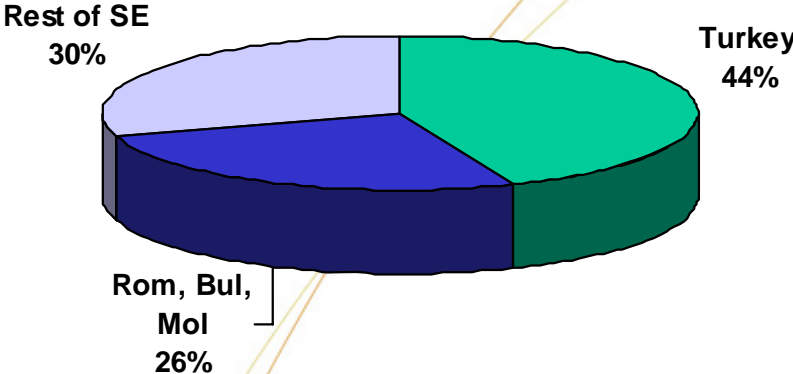
# IFC in Southern Europe: strong field presence, high level of activity

- **Offices in 8 countries (Albania, Croatia, Serbia, Macedonia, BiH, Bulgaria, Romania, Turkey)**
- **Yy staff in investment, 55 staff in technical assistance**
- **FY06:**
  - US\$972 million new investments
  - US\$3 investment portfolio as of end June 2006
  - \$zz million of TA funded in yy projects

# Southern Europe: where do we invest?

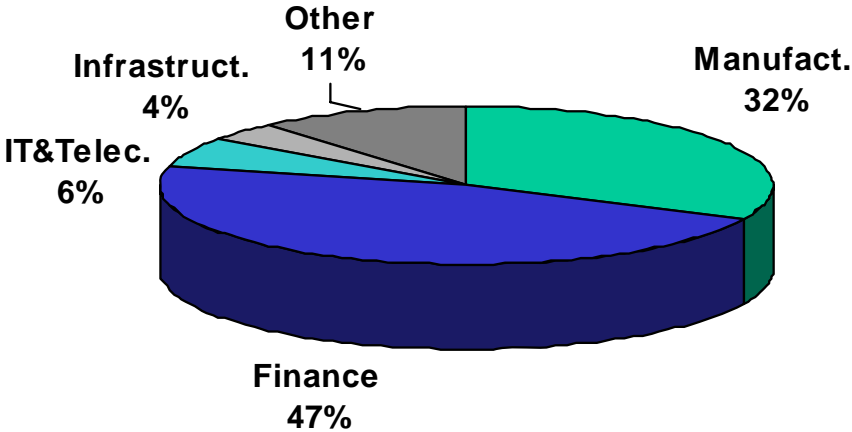
## Portfolio by Country

US\$3 billion as of End June 2006



## Portfolio by Sector

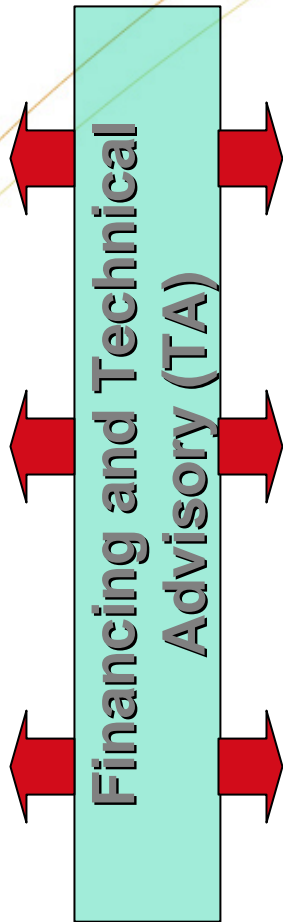
US\$3 billion as of End June 2006



# Strategic Priorities in Southern Europe

## OBJECTIVES:

- Support private sector driven growth
- Support creation and functioning of competitive markets
- Support privatization of strategic companies
- Facilitate cross-border investments
- Help local companies to become more competitive in the regional market
- Help improve business environment



## SECTORS:

- **Financial Sector (TA & Investment)**
  - Housing Finance
  - Energy Efficiency financing
  - SME banking
  - Micro-finance
  - Insurance
- **Infrastructure (TA & Investment)**
  - PPP Infrastructure
  - Sub-sovereign lending
  - Regional large cross-border projects
- **Manufacturing (TA & Investment)**
  - Post-privatization restructuring
  - Promote South-South investments
  - Seek equity opportunities
- **SMEs (TA)**
  - Value Addition to Firms
  - Business Enabling Environment

# Technical Assistance & Advisory Services (TAAS)

- **Focused on 4 business lines**
  - Infrastructure/PPP
  - Access to Finance
  - Value addition to firms (SMEs and Manufacturing)
  - Business Enabling Environment (SMEs)
- **Focused on frontier markets (Western Balkans): Albania, Macedonia, BiH, Serbia, Montenegro, Kosovo**
- **Strong IFC commitment: 55 staff in 5 field offices, US\$11 million funding**
- **Strong support from European Donors: US\$19 million**



# Opportunities for increased collaboration: Private Sector Participation in Infrastructure

- Private Enterprise Partnership – Southeast Europe Infrastructure (PEP-SEI)
  - Part of IFC’s Advisory Services supported by six donor-governments:
    - Austria, Italy, the Netherlands, Norway, Switzerland, USA.
- Infrastructure deficiencies continue to impede economic development in the region.
- Active projects and pipeline:
  - Countries with large demand for technical assistance in attracting PSP in infrastructure:
    - Albania, Bosnia&Herzegovina, Bulgaria, Croatia, Kosovo, Macedonia, Montenegro, Serbia.
  - Sectors:
    - Energy generation & distribution, water supply & sanitation, solid waste management, transport (airlines, airports, urban transport, motorways, ports).

# Opportunities for increased collaboration: Access to Finance TAAS

- **Housing Finance:**
  - Limited supply of mortgage financing
  - Improve regulatory framework and build capacity of banks (origination, ...)
  - Possible countries: Albania, Macedonia, BiH, Serbia
- **Energy Efficiency financing (through banks)**

# Opportunities for increased collaboration: Value Addition to Firms TAAS

- **Corporate Governance**

- help companies attract investment and improve performance
- Direct in-company work, seminars, workshop, public awareness

- **International Standards and Technical Regulations**

- help companies in meeting international and EU technical requirements and access EU markets
- Direct in-company work, seminars, workshop, public awareness

# Strong EC-IFC complementarities

- **IFC can complement EC programs through**
  - World-wide expertise
  - Well-tested TA products
  - Strong private sector financing capacity
- **EC brings strong financial support and country leverage**