IFC and Austria
Partners in Private Sector Development

OVERVIEW

IFC, a member of the World Bank Group, is the largest global development institution focused on the private sector in emerging markets. Working in more than 100 countries, IFC committed a record $43.7 billion in own-account investments and mobilization from third parties to private companies and financial institutions in developing countries in fiscal year 2023 (FY23).* IFC partners with multinationals and mid-sized firms that are interested in investing in emerging markets. As of June 2023, IFC had a long-term committed investment portfolio of close to $1.2 billion with Austrian partners spread across several sectors and regions.

IFC’s Long-Term Investment Portfolio with Austrian Sponsors

As of FY23 (ending June 2023), IFC’s long-term investment portfolio with Austrian sponsors amounted to $1.2 billion. Austrian private sector companies have benefited from co-investments with IFC, while making notable contributions to development.

- **Mobilization**: IFC has a strong relationship with Austrian financial institutions (FIs) and an active engagement across multiple sectors. As of June 2023, Austrian FIs held $183 million in IFC Syndicated Loans.

- **Global Trade Finance Program (GTFP)**: As of June 2023, IFC had issued 203 guarantees amounting to $962 million for Austrian banks since the GTFP began in 2005. The most active confirming bank has been Erste Bank Group.

*The World Bank Group fiscal year runs from July 1 to June 30 of the following calendar year.
PARTNERSHIP WITH THE GOVERNMENT

Austria is a strong partner of IFC Advisory Services, especially in Europe and Central Asia (ECA). With the support of the Austrian Ministry of Finance, IFC has implemented successful projects to promote renewable energy generation and distribution, strengthen cleaner production, expand green finance and increase productivity in agribusiness. Austria has also supported programs aimed at improving the investment climate for private sector development. In FY19-23, Austria provided cumulative funding of close to $23 million in support of IFC Advisory Services, most recently for the Austria-IFC Europe Climate Finance Program and the ECA Sustainable Upstream Infrastructure Platform.

Examples of Successful Cooperation

**Erste Group, Romania**
In May 2023, IFC invested €100 million in the green bonds issuance of Banca Comerciala Romana (BCR) to finance green mortgages, green buildings and onshore wind farms, which are defined as green projects by Erste Group’s Sustainable Finance Framework. Erste Group is one of the largest financial services providers in Central and Eastern Europe. It is based in Austria and is the parent company of BCR. The bonds qualify for the European Union’s Minimum Requirement for own funds and Eligible Liabilities (MREL), one of the key tools to enhance banks’ resilience. This is the first international bond issuance by BCR and the largest benchmark-size euro bond issued by a Romanian financial institution in the international market. IFC’s investment will help Romania finance its green and sustainable projects, supporting its green transition, while strengthening BCR’s resilience. IFC has played the role of an anchor investor, which has contributed to the success of the €700 million issuance.

**Raiffeisen, Croatia**
In 2022, RBA became the first bank in Croatia to establish a sustainability bond framework, enabling it to issue sustainability bonds in accordance with the International Capital Market Association (ICMA)’s guidelines. In September 2022, IFC committed €130 million to Croatia’s first sustainable bond, issued by RBA, the first foreign-owned bank in Croatia. Raiffeisen Bank International A.G. is one of the largest banking groups operating in European markets and the parent company of RBA. The funds raised from this bond issuance will help finance green and social projects in energy efficiency, renewable energy, healthcare, education, base infrastructure, affordable housing, and others. IFC’s investment will support access to sustainable finance in Croatia, while promoting greater market resilience and catalyzing other private sector players to invest in sustainable financial instruments.

**ECA Sustainable Upstream Infrastructure Platform, Europe and Central Asia**
The ECA Sustainable Upstream Infrastructure Platform, which is supported by the Austrian government, enables IFC to offer governments and private companies advisory solutions that address infrastructure gaps by supporting early-stage development of high-impact projects. The platform will help reduce green financing gaps for infrastructure projects, mitigate climate change impacts, and enhance connectivity, efficiency, and reliability of services in renewable energy, sustainable transport and ICT sectors. Between January 2020 and December 2023, the platform is expected to provide advisory support for at least five individual infrastructure projects, and to facilitate at least $150 million in financing from commercial investors (including IFC), of which at least 80% would qualify as green finance.

**Lenzing, Brazil**
In 2020, IFC arranged a $500 million financing package to LD Celulose, a joint venture between Lenzing and Brazil-based Dexco. Headquartered in Austria, Lenzing is a world market leader for wood-based cellulosic fibers. IFC’s financing contributed to the construction of one of the largest wood pulp dissolving plants in the world, in Minas Gerais State, Brazil, with a production capacity of 500,000 tons per annum and electricity capacity of 144 MW. The investment is part of a larger $1.1 billion financing package co-led with IDB Invest. The export credit agency Finnvera and seven commercial banks also participated in the financing. IFC’s investment will help strengthen the competitiveness of the pulp industry in Brazil and support job creation. In addition, LD Celulose’s cogeneration plant will contribute to an increase in the share of sustainable biofuels and renewable energy in the country’s energy mix, enhancing diversification and contributing to climate change mitigation. IFC has a long-standing relationship with Lenzing, having provided debt financing and syndications services to P.T South Pacific Viscose, a subsidiary of Lenzing based in Indonesia, for three projects since 2004.

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