

# IFC and Luxembourg

## Partners in Private Sector Development

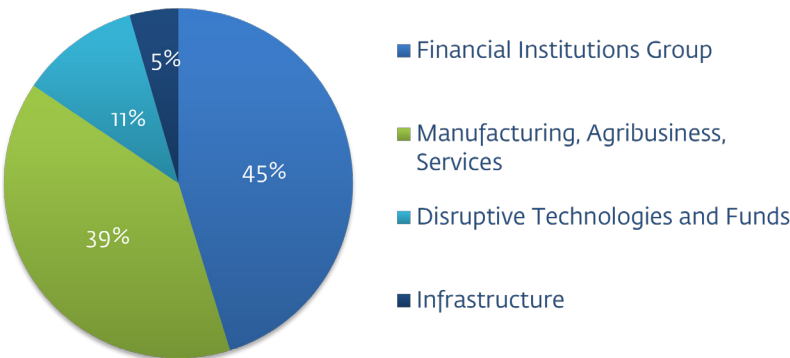


### OVERVIEW

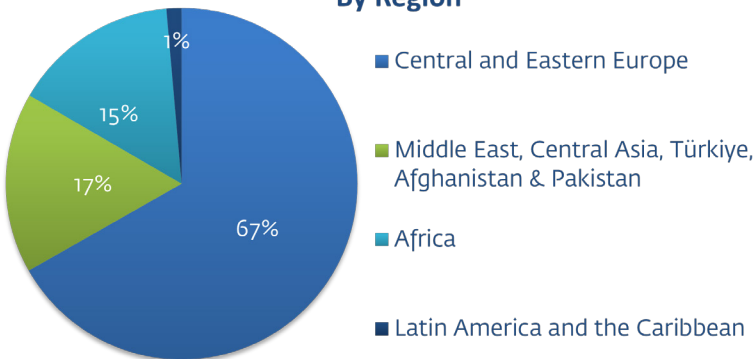
IFC, a member of the World Bank Group, is the largest global development institution focused on the private sector in emerging markets. Working in more than 100 countries, IFC committed a record \$56 billion in investments from its own account and in mobilization from third parties to private companies and financial institutions in emerging markets in its fiscal year 2024. IFC partners with multinationals and mid-sized firms from Luxembourg that are interested in investing in developing countries. As of June 2024, IFC had a long-term committed investment portfolio of \$444 million with partners from Luxembourg spread across several regions.

### IFC'S LONG-TERM INVESTMENT PORTFOLIO WITH SPONSORS FROM LUXEMBOURG

#### By Industry



#### By Region



### MOBILIZATION

IFC has a strong relationship with financial institutions from Luxembourg. As of June 2024, Luxembourg financial institutions held over \$585 million in IFC Syndicated Loans.

### Partnership with the Luxembourg Government and Institutions

IFC has a strong working relationship with the Ministry of Finance of Luxembourg. In fiscal years 2019-24, Luxembourg provided cumulative funding of over \$11 million to support IFC Advisory Services. Luxembourg supported various IFC programs focused on improving the business enabling environment, corporate governance, financial and compliance risk management; creating new markets for climate financing, as well as local capital resource mobilization; and enhancing women's involvement in corporate leadership.

In October 2022, IFC and the Ministry of Finance of Luxembourg announced the new Luxembourg-IFC Partnership Program, which will provide €9 million for IFC's advisory and upstream activities to support low and middle-income countries in market creation and private sector investment.

IFC also maintains a strong partnership with the Luxembourg Stock Exchange, dating back to 1986, when IFC first listed a security at the exchange. Given IFC's pioneering role in green finance and its commitment to accelerating sustainable growth in developing countries, the collaboration has grown particularly strong over the past years, reflecting the Stock Exchange's own efforts to unlock sustainable capital.

## EXAMPLES OF SUCCESSFUL COOPERATION

### Investing in Tech Startups in Türkiye and Central and Eastern Europe

In March 2024, IFC committed an equity investment of up to \$25 million and a co-investment envelope of \$15 million in Digital East Fund III, a venture capital fund incorporated in Luxembourg, for investment in technology companies in Türkiye and Central and Eastern Europe. IFC will also provide the Fund with its expertise and networks with respect to early-stage technologies in emerging markets. This investment will help support innovative early-stage startups in Türkiye and Central and Eastern Europe, while strengthening market integration and the digital entrepreneurship ecosystem in the region.

### Supporting Women Entrepreneurs in Türkiye, Southeast and Eastern Europe

In December 2023, IFC committed a €50 million investment in EFSE, a privately managed public/private investment fund based in Luxembourg which provides financing for micro, small and medium enterprises in Southeast Europe. This will support the fund's on-lending to businesses in 15 countries in Southeast and Eastern Europe and Türkiye, including 40 percent earmarked for women-owned businesses. IFC's investment will help accelerate growth and financial inclusion and strengthen job security in the target region amid a challenging economic environment. Through its collaboration with IFC, EFSE will grow its gender finance portfolio, increasing economic empowerment and equal opportunities for women entrepreneurs.

In June 2023, IFC committed an €8 million senior loan to KRK for on-lending to individual entrepreneurs and micro-businesses in Kosovo. KRK, Kosovo's third largest microfinance institution, is co-owned by EFSE. FMO, the Dutch development finance institution, is also a co-owner, along with SIDI and Crédit Coopératif, who are French solidarity investors active in the microfinance space. The investment is shared equally between IFC's own account, with concessional finance provided by the Global Agricultural & Food Security Program, a multilateral financing platform. Half of the loan is earmarked for agribusinesses, and at least twenty percent is allocated for women-owned enterprises. IFC's investment will help improve access to finance for micro and small enterprises in Kosovo, especially for underserved segments such as farmers, rural companies, and women-owned firms.

### Financing Smaller Businesses in Tajikistan

In June 2022, IFC committed a \$5 million senior loan in local currency to Imon International, the leading microfinance organization in Tajikistan, to help boost its lending to micro and small enterprises in Tajikistan hit by the COVID-19 pandemic. Imon International's key shareholders are Alternative Fund, a subsidiary of Mikro Kapital Group, a Luxembourg-based securitization fund management company; the Dutch development bank FMO; the European Bank for Reconstruction and Development; and MEDA Canada. IFC's investment will provide financing and support to hundreds of micro and small enterprises, helping them resume full economic activity after the pandemic and spurring private sector growth and economic development in Tajikistan.



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