

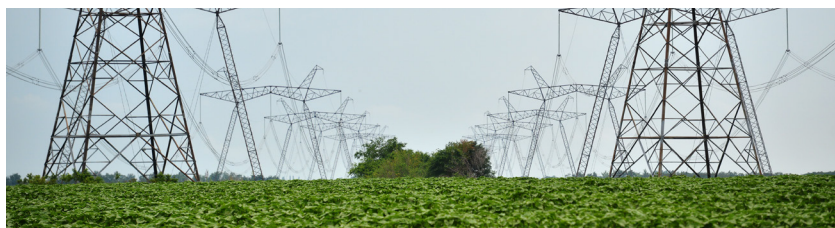
IFC and the European Union

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 has a longstanding partnership with the EU, with a particular focus on cooperation in emerging markets through programs and activities focused on private sector solutions, as well as through key policy initiatives. EU Member States hold almost a third of IFC's shares and as such contribute significantly to IFC's strategic objectives globally. IFC cooperates with EU institutions, most importantly the European Commission (EC), as the main development finance counterpart. IFC also engages with the European Parliament, mainly on issues related to the EU's development policy, by liaising with the relevant members of parliamentary committees, as well as through the World Bank's Parliamentary Network.



IFC AND THE EUROPEAN COMMISSION

The EC is one of IFC's most important development partners, providing support for IFC in many countries around the world. Between fiscal years 2019 and 2024, the EC provided \$538 million to IFC's blended finance initiatives and \$128 million to advisory services initiatives. This included approximately \$386 million provided by the EC for the Better Futures Program, an IFC-implemented guarantee facility currently focused on de-risking investments that help build resilient livelihoods – especially in the context of conflict and fragility – and promoting decarbonization and climate resiliency. The EC is currently IFC's largest blended finance contributor to Ukraine. IFC's relationship with the EC is far-reaching, including a number of areas focused on private sector development, fragile and conflict situations and upstream.



IFC and the European Investment Bank

IFC collaborates with the European Investment Bank in the co-financing of the private sector in emerging markets. In 2018, the EIB joined IFC and Amundi, Europe's largest asset manager, as an anchor investor in the world's largest targeted green bond fund focused on emerging markets, the Amundi Planet Emerging Green One. The fund is expected to deploy \$2 billion to green bonds in emerging markets over its lifetime, aiming to increase the capacity of banks to fund climate-smart investments in these markets.

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EXAMPLES OF SUCCESSFUL COOPERATION

Investing in Manufacturing and Infrastructure in Ukraine

The IFC and EC's \$386 million Better Futures Program: RE-Ukraine guarantee, which includes technical assistance, will scale up IFC's investments in Ukraine's real sector, making the EC IFC's largest blended finance contributor to Ukraine. Investments under the program by the private sector will reach more than €1 billion across manufacturing and infrastructure. The EC's contribution builds on its earlier support as well as financial contributions provided to IFC by the UK's Foreign, Commonwealth and Development Office for Ukraine's energy security, the Netherlands and Switzerland for the agricultural sector, and Canada through the Facility for Resilient Food Systems (FRFS).

Supporting Economic Resilience in Ukraine

The EC is an important partner of IFC's Economic Resilience Action (ERA) program. Under the SLGP, supported by the EC, IFC established €90 million risk sharing facilities to de-risk and scale up small and medium-sized enterprise finance from Ukraine's financial institutions, with a focus on agribusiness and women-owned enterprises.



Renovating Damaged Buildings, Housing Displaced People, and Enhancing Energy Efficiency in Ukraine

Launched in 2019 with IFC's support, the Ukraine Energy Efficiency Fund (EEF) aims to boost energy efficiency, reduce energy imports, and cut CO₂ emissions. Financed by the EU and Germany through a €100 million multi-donor trust fund managed by the EC, it provides grants to co-finance projects with the EEF. Since Russia's invasion in 2022, about two million homes have been damaged or destroyed, costing an estimated \$56 billion. To address this, IFC, the EU, and the EEF launched the €25 million Restoration of Homes program, expanded nationwide in October 2023. Over 860 grant applications have been received, benefiting nearly 80,000 households. Due to high demand, the EC added €14 million in October 2024. Additionally, IFC redirected €25 million from the EU-supported Energy Efficiency Program to help repair buildings for displaced people.

Accelerating Climate-Smart and Inclusive Infrastructure in South Asia (ACSIIS)

Since 2022, IFC and the EU have partnered under the Accelerating Climate-Smart and Inclusive Infrastructure in South Asia (ACSIIS) program, part of the EU's Global Gateway initiative, to foster climate-resilient development in Bangladesh, Bhutan, India, Maldives, Nepal, and Sri Lanka. With €18 million in EU funding, ACSIIS has mobilized \$850 million in private capital and facilitated over \$2.7 billion in green investments to drive sustainable infrastructure, agri-tech innovation, urban resilience, and gender equality. The program has helped avoid over 73,500 tonnes of greenhouse gas emissions to date. It has strengthened financial institutions in India, Nepal, and Sri Lanka to advance the net-zero transition, has promoted women's employment through gender-inclusive policy work in India and Bangladesh, and supported AI-powered agri-tech solutions to boost productivity and food security. The program sets a strong model for cross-country collaboration and climate-smart development in South Asia.

Supporting Local Currency Lending to Small Businesses

IFC's Small Loan Guarantee Program (SLGP) is supported by a €58 million first loss guarantee from the EC under its European Fund for Sustainable Development (EFSD) program. This is the first IFC-EU partnership using blended finance to support IFC's investment program. SLGP facilitates local-currency lending to small businesses in markets where lending is constrained by informality, high collateral requirements, and risk aversion. It provides risk mitigation in the form of risk-sharing facilities with local financial institutions covering a portfolio of loans to SMEs. IFC shares the credit risk with partner financial institutions to encourage them to expand their risk appetite and meet the financial needs of small businesses. SLGP is also supported by the International Development Association's Private Sector Window, a World Bank Group-managed facility. The program targets 57 countries in Africa, Middle East, Central Asia, and Europe, and is expected to increase financial inclusion, job creation and to bridge the finance gap by supporting the financing needs of small businesses in vulnerable macroeconomic environments.

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