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 with over 2,000 businesses worldwide, IFC’s long-term investments in developing countries exceeded $19 billion in fiscal year (FY) 2019. IFC partners with multinationals and mid-sized firms that are interested in investing in emerging markets. Of IFC’s long-term committed investment portfolio of $629 million with Austrian partners, 60% is in infrastructure, followed by 37% in the financial sector and 3% in manufacturing, agribusiness and services. The majority of IFC’s investment is in the Europe and Central Asia region. There is further potential for investment in emerging markets in those sectors where Austrian firms are most competitive, such as hydro, solar technology, agribusiness and waste and water management.

IFC’s Long-Term Investment Portfolio with Austrian Sponsors

As of FY19 (ending June 2019), IFC’s long-term investment portfolio with Austrian sponsors amounted to $629 million. 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 2019, Austrian FIs held close to $320 million in IFC Syndicated Loans.

- **Global Trade Finance Program (GTFP)**: As of June 2019, IFC had issued 100 guarantees amounting to $125 million for Austrian banks since the GTFP began in 2005. The most active confirming banks have been Unicredit Bank Austria AG and Raiffeisen Zentralbank Österreich AG.
PARTNERSHIP WITH THE GOVERNMENT AND DEVELOPMENT FINANCE INSTITUTION

Austria is a strong partner of IFC Advisory Services in Europe and Central Asia (ECA), especially in the Western Balkans and Ukraine. With the support of the Austrian Ministry of Finance, and until recently, the Austrian Development Bank (OeEB), IFC was able to implement successful projects, promoting renewable energy generation and distribution, strengthening cleaner production, and increasing productivity in agribusiness. Austria also supported programs aiming at improving the investment climate for private sector development, not only in ECA, but also in Sub-Saharan Africa. As of June 2019, Austria provided cumulative funding of over $164 million in support of IFC Advisory Services, including over $3 million in FY19.

Examples of Successful Cooperation

Erste Group, Romania
In March 2019, IFC committed an A loan of RON 100 million (approximately $23.5 million) for its own account to BCR Leasing, a wholly-owned subsidiary of Banca Comerciala România (BCR), the second largest financial group in Romania. BCR is a subsidiary of Erste Group, one of the largest financial services providers in Central and Eastern Europe based in Austria. The loan is intended for on-lending to small and medium enterprise (SME) borrowers, primarily in the field of vehicles and movable equipment in Romania. It will help address the SME funding gap and boost lower risk RON-denominated leasing in Romania. The project is expected to deepen the country’s financial markets and help generate employment through resultant growth of SMEs and investment in productive assets.

RBI, Bosnia & Herzegovina
In June 2015, IFC committed a €5 million ($6 million equivalent) A loan to Raiffeisen Bank dd Bosna i Hercegovina, a subsidiary of RBI, to provide much needed long-term financing to support its mortgage/housing lending program in Bosnia and Herzegovina. IFC’s investment will improve access to long-term funding for the financial sector and create a demonstration effect for similar foreign direct investment by other investors in Bosnia and Herzegovina; help facilitate access to long-term housing loans and, therefore, improve the affordability of housing; and sustain confidence in the Bosnian financial sector, critically upended by the 2008 global financial crisis.

Lenzing, Indonesia
Since 2004, IFC has provided debt financing and syndications services to P.T South Pacific Viscose for three projects. P.T South Pacific Viscose, a subsidiary of Lenzing AG - the second-largest viscose manufacturer in the world and a long-standing partner of IFC, is an export-oriented producer of high-quality fiber based in Indonesia. In combination with funds mobilized by IFC, the latest projects amounted to over $280 million and have allowed the company to expand its viscose production capacity based on renewable raw material. The projects support the long-term growth of the Indonesian textiles sector through increased domestic production of viscose at internationally competitive quality and costs. This ensures the retention and generates employment opportunities across the textiles value chain. Three earlier projects with Lenzing date back to the 1990s and supported the company in its expansion in Brazil and Indonesia.

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