IFC in Western Europe

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 reached $22 billion in fiscal year (FY) 2020. IFC’s Western Europe operations cover relations with 26 countries, including Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Iceland, Ireland, Israel, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Norway, Portugal, Slovak Republic, Spain, Sweden, Switzerland, the United Kingdom and the European Union.

IFC’s Investment Portfolio and Commitments with Western European Sponsors in FY20

- Of IFC’s total long-term committed investment portfolio of over $15 billion with Western European sponsors as of June 2020, 38% is in infrastructure, followed by the financial sector at 35%, manufacturing, agribusiness and services at 22% and disruptive technologies and funds at 4%. These investments are spread globally, with the largest exposures in Europe and Central Asia, Sub-Saharan Africa and Latin America and the Caribbean.
- Thirty-four percent of IFC’s new long-term commitments with European sponsors in FY20 were in the poorest countries, while 11% was in fragile and conflict-affected (FCS) markets, and 45% had a climate component.

IFC’s Long-Term Investment Portfolio with Western European Sponsors

As of FY20 (ending June 2020), IFC’s long-term investment portfolio with Western European sponsors amounted to $15.4 billion. Western European private sector companies have benefited from co-investments with IFC, while making notable contributions to development.

IFC Long-Term Investment Portfolio as of June 2020 by Industry with Western European Sponsors ($15.4 billion)

- Infrastructure: 38%
- Financial Institutions Group: 22%
- Manufacturing, Agribusiness, Services: 35%
- Disruptive Technology and Funds: 4%

IFC Long-Term Investment Portfolio as of June 2020 by Region with Western European Sponsors ($15.4 billion)

- Europe & Central Asia: 24%
- Sub-Saharan Africa: 19%
- Latin America & the Caribbean: 14%
- Global: 9%
- Middle East & North Africa: 3%
- East Asia & the Pacific: 10%
- South Asia: 22%
In February 2020, IFC arranged a €303 million financing package for the French participation.

Stena AB, Asia: In June 2020, IFC committed $30 million as part of a $60 million investment and resolution platform with Collectius, a Singapore-based debt management company and a pan-Asian pioneer in unsecured debt purchases. Collectius is partly owned by Stena AB, one of the largest family-owned companies in Sweden. The platform, which is part of IFC’s Distressed Asset Recovery Program (DARP), is dedicated to acquiring and resolving unsecured debt in Indonesia, the Philippines, Malaysia, Thailand and Vietnam, helping to unlock capital to support fresh lending in the East Asia and the Pacific region. In addition, IFC committed an $8 million equity investment to Collectius to support the company’s servicing capacity and further strengthen its position as a trusted partner to leading banks in the region. IFC’s investment will allow regional banks to deal effectively with their non-performing loans and focus on renewed lending, helping post COVID-19 recovery and economic growth.

Santander, Chile: In December 2019, IFC signed a $300 million unfunded risk-sharing facility with Santander Chile, the country’s second largest private bank and a subsidiary of Santander Group, a Spanish multinational bank and financial services company. The facility, which is the first of its kind in the Chilean market, will enable Santander Chile to promote the origination of climate-related loans, as well as expand Santander’s financing for SMEs, which contribute to over 66% of total employment in Chile but face a finance gap of $8.4 billion, or circa 4% of the country’s GDP. IFC’s investment will help increase access to financing for climate-related projects and SMEs in Chile and contribute to the sustainable growth of the Chilean economy by supporting the development of the climate financing market and employment creation.

TerraPay, Africa: In September 2019, IFC committed an equity investment of $5 million to TerraPay, a Netherlands-based, Africa-focused B2B remittance processing service for pre-funded small-value international money transfers. The investment will help TerraPay scale its operations across Africa and serve as a hub enabling low-cost real-time cross-border transactions between money transfer and mobile money operators. The project will help remove a barrier for transfers to mobile money accounts, enabling instant payments across interoperable networks and allowing recipients to access a wide range of financial and non-financial services through their mobile wallets. In addition, by lowering processing transaction costs for service providers, TerraPay will help improve service quality and reduce the costs of remittances in Africa.

Infrastructure

FRV, Armenia: In June 2020, IFC committed a financing package to FRV, a Spain-based utility-scale solar power developer, for the development of the 55-megawatt Masrik power plant facility, the first utility-scale solar power plant in Armenia and in the Caucasus. IFC’s package, which consists of an $9 million loan from IFC’s own account and an $9 million loan from the Finland-IFC Blended Finance for Climate Program, is part of a $35 million debt financing package which also includes a $18 million long-term loan from EBRD. The project will also receive a $3 million investment grant from the European Union, mobilized by EBRD. IFC’s investment will boost Armenia’s supply of renewable energy and help reduce the country’s reliance on imported fuels, thus improving energy security and lowering generation costs. The project is expected to displace the release of 40,000 tons of carbon emissions annually. In addition, as the first competitively-tendered solar-photovoltaic project in Armenia, it will set an example for subsequent solar generation projects.

Eranove, Côte d’Ivoire: In February 2020, IFC arranged a €303 million financing package for the French industrial group Eranove for the construction and operation of a new 390-megawatt natural gas fired Atinkou power plant located west of Abidjan, Côte d’Ivoire. The package includes €91 million for IFC’s own account, as well as financing from the ADB, FMO, the Emerging Africa Infrastructure Fund and the OPEC Fund. IFC is also providing interest rate swaps to hedge the project’s interest rate risk. The new power plant will use highly efficient combined-cycle turbine technology, substantially contributing to reducing Côte d’Ivoire’s generation costs and GHG emissions. IFC’s investment will help to provide affordable power to thousands of homes and businesses in Côte d’Ivoire, while replacing older and less efficient power plants in the country and contributing to its goal of transitioning to greener electricity production.

Suez, Serbia: In October 2019, IFC and MIGA committed a €260 million financing and guarantees package to clean up the Vinča landfill near the Serbian capital Belgrade, currently the largest untreated landfill in Europe, and construct a new, sustainable waste-management complex to help reduce pollution and mitigate climate change. The investee, Beo Čista Energija, is a special purpose vehicle dedicated to the project and supported by Suez, a French utility company and a global leader in the water treatment and waste management sector, along with two other sponsors. In addition, IFC’s PPP transaction advisory department acted as the City of Belgrade’s lead transaction advisor to structure and tender the project—the first large-scale environmental infrastructure PPP in the region. IFC’s investment will help improve the quality of waste management services provided to residential and commercial users in Belgrade and generate energy from a renewable source, resulting in significant environmental benefits. The project demonstrates a market-based solution for solid waste management in the Balkans and contributes to creating an enabling environment for private sector participation.
Dijon Céréales, Senegal: In June 2020, IFC committed a €3.5 million A loan for its own account and a €3.5 million IDA PSW Loan to SAF Ingredients, a French-Senegalese joint venture owned by Dijon Céréales, a French agricultural cooperative, and Biaugeaud, a French engineering company specializing in agribusiness project development, for the development of a €18 million greenfield onion dehydration plant and a 760-hectare nucleus farm near St Louis in Senegal. This will be the first industrial-scale dehydration plant of its kind located in West and Central Africa. IFC’s investment is expected to increase market access for onion farmers in Senegal and raise their productivity, create jobs, build specialized quality, food safety and maintenance skills in large commercial food processing operations in Senegal, and raise standards by formalizing and structuring the supply chain, helping to increase the competitiveness of the Senegalese onion market and connect it to a global value chain.

Lenzing, Brazil: In May 2020, IFC arranged a $500 million financing package to LD Celulose, a joint venture between Lenzing and Brazil-based Duratex S.A. Headquartered in Austria, Lenzing is a world market leader for wood-based cellulosic fibers. IFC’s financing will help build one of the largest dissolving wood pulp plants in the world, in Minas Gerais State, Brazil. 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 are participating 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.

WDP, Romania: In March 2020, IFC committed a green financing package of approximately €205 million to WDP (Warehouses De Pauw NV), a Belgian real-estate investment trust that develops, owns, acquires and manages high quality logistics, warehouses and semi-industrial property, to support the construction of around one million square meters of resource-efficient semi-industrial and logistics properties across Romania. This is IFC’s first green loan in the property sector in Europe and Central Asia. IFC’s investment will facilitate the growth of the e-commerce, warehousing, and distribution sectors, the business process outsourcing market, as well as the automotive and retail industries in Romania. The investment will increase competitiveness and productivity, and support the country’s construction industry. In addition, as part of the loan WDP will implement IFC’s EDGE green-buildings certification across its portfolio in the country, which is expected to result in at least 20% energy and water savings, as well as reduction in utility costs.

K+S, Uganda: In September 2019, IFC committed an A loan of $11 million to Grainpulse Limited, a Ugandan company specialized in coffee and grain supply chain management, human and animal nutrition and local fertilizer blending. Grainpulse is a subsidiary of Germany-based K+S AG, one of the world’s leading suppliers of fertilizers and salt products. IFC’s investment will support the company’s ongoing $18 million investment program, which includes the expansion and completion of maize and animal feed mills and a grain storage facility. The project will help to improve access to markets for local smallholder farmers and increase the supply and delivery of quality crop-specific fertilizer in Uganda, improving competitiveness in the country’s fertilizer sector through demonstration and replication effects, capacity building and skill development. The associated IFC advisory services program will help strengthen the upstream agricultural supply chain in Uganda by expanding capacity building programs for local SME and farmer suppliers.
IFC’s COVID-19 Response

- IFC launched an $8 billion fast-track COVID-19 facility in March 2020 to provide liquidity to existing clients globally, helping to keep companies in business and preserve jobs. IFC has assisted its clients in Western Europe to face the pandemic by supporting their investments in emerging markets, and sharing relevant lessons learned by its clients across the globe. To complement our relief efforts, IFC is also working with the broader World Bank Group to ensure developing countries have the policies and regulations in place to resolve distressed assets as quickly as possible, and nurture business environments that are conducive to an inclusive, sustainable, and resilient recovery post COVID-19.

Highlights of IFC’s Strategic Partnerships with Western European Stakeholders in FY20

- IFC signed Joint Collaboration Framework Agreements (JCFA) with the German development finance institution DEG and the French DFI Proparco to collaborate more closely to create markets, mobilize private sector investment, and support economic recovery in developing countries in the wake of the COVID-19 global crisis.

- Western European donors committed over $250 million to IFC Advisory Services, representing about 88% of IFC’s total donor commitments. IFC Advisory Services help unlock private sector investment, which is essential for expanding businesses, creating jobs, and achieving economic growth in emerging countries.

- IFC, Paris Europlace, the Paris financial markets organization, and Université Paris Dauphine-PSL started a partnership to develop a capital markets training program for regulators from francophone emerging economies.

- IFC and SOFID, the Portuguese development finance institution, entered into a new partnership to support sustainable tourism investments in emerging markets as an engine for growth and job creation.