IFC and Germany

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 is an active partner of German companies interested in investing in emerging markets. Of IFC’s long-term committed portfolio of $1.7 billion with German partners, 49% is in manufacturing, agribusiness and services, 28% in infrastructure, 21% in financial markets and the remaining 2% in telecom, media, and technology. Investments are spread across regions, namely 46% in Europe and Central Asia, 18% in East Asia and the Pacific, and 14% in Latin America and the Caribbean and Sub-Saharan Africa respectively.

PARTNERSHIP WITH THE GOVERNMENT AND DEVELOPMENT FINANCE INSTITUTION

Germany’s development institutions, KfW Bankengruppe (KfW), which includes DEG, are important partners and act as long-term co-lenders in a variety of industry sectors, including agri-finance, microfinance and sustainable energy. As of June 2019, Germany provided cumulative funding of over $57 million to support IFC Advisory Services, including over $16 million in FY19 for the PPP Advisory Fund for Infrastructure Investments in Developing Countries (over $7 million), and for the Energy Efficiency Support Program for Ukraine ($11 million). In December 2017, KfW contributed $12 million for IFC’s Support Program for the G20 Compact with Africa Initiative, which aims to unlock sustainable, inclusive private sector investment opportunities in Africa.

IFC's Long-Term Investment Portfolio with German Sponsors

As of FY19 (ending in June 2019), IFC’s long-term investment portfolio with German sponsors amounted to $1.7 billion. German private sector companies have benefited from co-investments with IFC, while making notable contributions to development.

- **Mobilization**: IFC has a strong relationship with German financial institutions (FIs) and an active engagement with companies across multiple industry sectors. As of June 2019, German FIs held over $1 billion in IFC Syndicated Loans.
- **Global Trade Finance Program (GTFP)**: As of June 2019, IFC issued over 4500 guarantees amounting to $8.4 billion for German banks since the GTFP began in 2005. The most active confirming banks have been Deutsche Bank, Commerzbank, BHF and LBBW.

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**IFC Long-Term Investment Portfolio as of June 2019**

- **by Industry with German Sponsors ($1.7 billion)**
  - Manufacturing, Agribusiness, Services: 21%
  - Financial Institutions Group: 28%
  - Infrastructure: 49%
  - Telecom, Media, Technology: 2%

- **by Region with German Sponsors ($1.7 billion)**
  - Europe & Central Asia: 46%
  - East Asia & the Pacific: 14%
  - Latin America & the Caribbean: 18%
  - Sub-Saharan Africa: 14%
  - Global: 7%
  - Middle East & North Africa: 1%

**IFC Long-Term Investment Portfolio by Sector as of June 2019 (Dollar Amounts in Millions)**

- Tourism, Retail & Property: 772
- Power: 251
- Transport: 234
- Banking: 208
- Insurance: 91
- Microfinance: 63
- Health, Education & Life Sciences: 46
- Construction Materials: 22
- Funds (Collective Investment Vehicles): 22
- Media & Technology: 18
- **Total**: 1727
Examples of Successful Collaboration

Siemens, Brazil
In March 2019, IFC committed an A loan of $288 million to UTE GNA I, a special purpose vehicle (SPV) dedicated to the design, construction, and operation of a new fully-integrated private LNG hub at Açú Port, Brazil. The SPV is supported by three sponsors. The local company Prumo Logística, the German conglomerate Siemens and BP, a British multinational oil and gas company. In addition, IFC mobilized $539 million in local currency from BNDES, structured in a partnership with KfW IPEX-Bank, which is in turn supported by Euler Hermes, the German Export Credit Agency. Siemens is also the turbine supplier and EPC contractor for the project in a consortium with a Brazilian company and will provide long-term technical assistance to UTE GNA I. IFC’s investment will contribute to the diversification of Brazil’s energy matrix, enhancing system resilience, promoting energy security, and contributing to clean, reliable and affordable energy. Designed as a backup for hydropower, the new facility can be turned on when needed, providing a more environmentally-friendly alternative to fossil fuels during times of drought.

Metro, Myanmar
In December 2018, IFC committed an A loan of about $20 million in local currency to Metro Wholesale Myanmar Limited (MWML), a subsidiary of the leading German cash & carry food retail group Metro AG. The investment is intended for the construction of a central warehouse at the Thilawa Special Economic Zone near Yangon and cross-docking platforms across the country, which will create a reliable source of demand for local SMEs suppliers across the country, improve the local distribution and logistics infrastructure and introduce higher standards and efficient delivery practices for MWML’s clients. The project is also expected to create around 300 jobs at MWML as well as indirect jobs in the services industry, and positively impact the local agriculture sector by promoting modern farming practices through MWML’s suppliers. Finally, MWML will be one of the first companies in the sector to adopt energy efficient building standards.

Schwarz Group, Europe and Central Asia
In September 2017, IFC committed an A loan of up to €180 million intended to partially finance Kaufland’s investments in Romania, Bulgaria and Moldova over the next two years. Kaufland is part of the Schwarz Group, a German privately-held company. The group, a repeat IFC client, is involved in food retail through two brands: Lidl and Kaufland. IFC’s investment will help promote access to affordable and high-quality food products for low to middle income households. In addition, the project is expected to generate significant direct and indirect employment throughout the supply chain and temporary employment during the construction phases of the project.

BMW, South Africa
In June 2017, IFC announced an agreement to support BMW South Africa, a wholly-owned subsidiary of Germany’s BMW Group, to build local capacity through a $150 million rand-equivalent loan. IFC’s financing is part of a ZAR 6 billion investment in BMW’s plant in Rosslyn. The partnership between IFC and BMW will support the transfer of technology and workforce skills from global auto manufacturers to local suppliers, while further investment will help to make domestic companies more productive and capable of paying higher wages and contributing more through taxes.

Fraport, Greece, Peru & Russia
In March 2017, IFC committed loans of €154 million to Fraport Greece for the privatization, upgrade, maintenance, management and operation of 14 Greek regional airports. IFC has a long-standing partnership with Fraport, a company that operates the Frankfurt Airport and several other airports around the world. The project will increase the capacity, improve the efficiency of operations and services of these airports, and support the growth of Greece’s economy by facilitating regional tourism and enhancing openness and competitiveness. In the past, IFC cooperated with Fraport in Peru, with Lima’s Jorge Chavez International Airport (JCA), Peru’s international airport, and in Russia, on the expansion, development and maintenance of the Pulkovo Airport in St. Petersburg, the fourth largest airport in the Russian Federation.

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