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 with over 2,000 businesses worldwide, IFC’s long-term investments in developing countries reached $22 billion in fiscal year (FY) 2020. IFC engages with the European Union (EU), with a focus on policy dialogue and cooperation on a large number of initiatives and projects. EU Member States hold almost a third of IFC’s shares. The European Commission (EC) is IFC’s main counterpart, cooperating with IFC on private sector development in the poorest countries around the world.

In addition, IFC maintains an ongoing dialogue and cooperates with other EU institutions, including the European Parliament (EP) and the European Investment Bank (EIB). IFC engages with the EP mainly on issues related to the EU development policy, by liaising with the relevant Members of the European Parliament and 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 partners and currently supports IFC in many countries around the world. IFC’s relationship with the EC is far-reaching. In addition to partnering on joint initiatives, IFC and the EC collaborate in a number of areas including private sector development, fragile and conflict situations and blended finance.

IFC AND THE EUROPEAN INVESTMENT BANK (EIB)

EIB, the lending arm of the EU, is a key IFC partner. In December 2011, the two institutions signed an agreement to improve their collaboration in financing private sector development projects in emerging markets, which streamlined the process of obtaining financing, reducing the administrative burden on borrower companies.

In 2018, 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 into emerging markets green bonds over its lifetime, aiming to increase the capacity of banks to fund climate-smart investments, in these markets.
Examples of Successful Cooperation

Kakuma Kalobeyei Challenge Fund, Kenya

In November 2020, IFC and the Africa Enterprise Challenge Fund launched a global competition for private sector and social enterprise projects to support investment, development, and job creation in UNHCR’s Kakuma refugee hosting area in Kenya’s Turkana County, home to roughly 300,000 people of different nationalities, of whom almost 200,000 are refugees and asylum seekers. The competition is implemented through the five-year Kakuma Kalobeyei Challenge Fund (KKCF) initiative, which is supported by the European Union through its Emergency Trust Fund for stability and addressing root causes of irregular migration and displaced persons in Africa, alongside KfW, SDC, the UK’s Foreign, Commonwealth & Development Office (FCDO) and the Government of the Netherlands. The initiative supports private sector investment and unlocks the economic potential of refugees living in the Kakuma camp, as well as surrounding host communities, with the focus on youth and women. The project is expected to enhance the self-reliance and socio-economic integration of target communities, while contributing to the development of the host region.

Private Sector Development in Somalia

Launched in 2017, IFC’s Private Sector Development in Somalia program will help catalyze private investment and contribute to job creation and revenue mobilization. The program will strengthen the voice and capacity of the private sector in engaging with the government to improve the business environment, enhance technical expertise and capacity of business-facing public institutions in formulation and enforcement of economic laws, rules and regulations and build capacity of businesses in selected sectors to design and deliver financial and non-financial services to support enterprise development. The EU contributed €1.5 million to the program which is supported by other partners, such as Danida and the UK’s FCDO.

Energy Efficiency in Ukraine

The Energy Efficiency Fund is financed from the state budget of Ukraine in partnership with the EU and the German government to distribute $235 million as grants to homeowner associations to cover the cost of energy efficient renovations. The EEF was designed and implemented with support from IFC. Financed by the European Commission, the IFC advisory program also manages donors’ contributions to the Multi-donor Trust Fund and aims to create a conducive environment for energy efficiency upgrades. IFC also works with banks to tailor products and services to help homeowners’ associations carry out these upgrades.

CONTACT
Andrea Engel
Principal Country Officer for the European Union
Tel: +32 2 522 00 39
E-mail: aengel@ifc.org

BRUSSELS
17, Avenue Marnix
2nd Floor
1000 Brussels, Belgium
Tel: +32 2 522 00 39

September 2020