

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 \$31.5 billion in own-account investments and mobilization from third parties to private companies and financial institutions in developing countries in fiscal year 2021 (FY21). IFC has a long-standing partnership with the EU, with a particular 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.

IFC maintains an ongoing dialogue and cooperates with EU institutions, including the EC, 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 development partners and currently supports IFC in many countries around the world. Between FY16-21, the EC had provided cumulative funding of over \$172 million to IFC's advisory services initiatives, including over \$28 million in FY21. 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 (EIB)

EIB, the lending arm of the EU, is a key IFC partner to promote private sector-led growth in emerging markets. In December 2011, IFC and the EIB signed an agreement to improve their collaboration in financing private sector development projects in emerging markets, which streamlined the process of obtaining financing and reduced 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.



Creating Markets, Creating Opportunities

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 the Kakuma refugee hosting area in Kenya's Turkana County. The Kakuma camp is home to roughly 450,000 people of different nationalities, of whom almost 220,000 are refugees and asylum seekers. The competition is implemented through the five-year, \$25 million Kakuma Kalobeyei Challenge Fund (KKCF) initiative, which is supported by the European Union through its Emergency Trust Fund aimed at promoting stability and addressing the 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 a 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 program will help catalyze private investment and contribute to job creation and revenue mobilization in Somalia. By strengthening the voice and capacity of the private sector to engage with the government, it will help to improve the business environment, enhance the technical expertise of business-facing public institutions in the formulation and enforcement of economic laws, rules and regulations, and build capacity of businesses in select 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

Created in 2018, the Ukraine Energy Efficiency Fund (EEF) is part of the overall effort by the Ukrainian government to increase the country's energy efficiency, lessen its dependence on energy imports and reduce CO₂ emissions. Designed and implemented with the support of IFC's advisory program, the EEF is financed from the state budget of Ukraine.

The IFC advisory program is financed by the European Commission and manages the \$100 million Multi-donor Trust Fund supported by the EU and Germany, which co-finances the energy efficiency projects with the EEF. The advisory program aims to create a conducive environment for energy efficiency upgrades and works with banks to tailor products and services to help homeowners' associations carry out these upgrades. The program will support the EEF in facilitating over \$345 million of investments in energy-efficient renovations for 1,220 multi-family buildings, resulting in reduced emissions of about 127,000 tons of CO₂ per year.

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