IFC and the Netherlands
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. The Netherlands has a long-standing partnership with IFC, supporting both investment and advisory services in emerging markets. Of IFC’s long-term committed portfolio of $732 million with Dutch partners, 63% is in finance, 31% in manufacturing, agribusiness and services, and the remaining 6% in telecom, media and technology. Thirty-five percent of investments are in Sub-Saharan Africa, followed by East Asia and the Pacific at 31%, the Middle East and North Africa at 26%, South Asia at 5%, and the remaining 3% in Latin America and the Caribbean.

IFC’s Long-Term Investment Portfolio with Dutch Sponsors

As of FY19 (ending in June 2019), IFC’s long-term investment portfolio with Dutch sponsors amounted to $732 million. Dutch private sector companies have benefited from co-investments with IFC, while making notable contributions to development.

Mobilization: IFC has a strong relationship with Dutch financial institutions (FIs) and an active engagement across multiple sectors. As of June 2019, Dutch FIs held close to $1.5 billion in IFC Syndicated Loans.

Global Trade Finance Program (GTFP): As of June 2019, IFC issued close to 1,200 guarantees amounting to almost $1.6 billion for Dutch banks since the program began in 2005. The most active confirming banks have been Rabobank, ING and ABN AMRO.
As of June 2019, the Netherlands committed $620 million to support IFC Advisory Services and Concessional Blended Finance, including $96 million in FY19. The Netherlands is one of the few partners that contributes to both IFC’s advisory services and IFC’s blended finance facilities, such as the Global SME Finance Facility or the Private Sector Window of the Global Agribusiness and Food Security Program. It has been an early supporter of IFC’s Conflict Affected States of Africa Program (CASA); and devoted funding to invest in IFC’s Global Trade Liquidity Program to promote trade flows to emerging markets. Most recently, the Netherlands facilitated the Prospects partnership between the World Bank Group, ILO, UNICEF and UNHCR to address the situation of forcibly displaced persons and their host communities in the Middle East and the Horn of Africa. The Netherlands Development Finance Company (FMO), the country’s international development bank, is active both in syndications and co-investments with IFC, having supported IFC’s microfinance projects and the Africa and China Project Development Facilities.

Examples of Successful Cooperation

Omni Bridgeway, Global

In November 2018, IFC and Omni Bridgeway (OB), a Dutch litigation funding company, have jointly made available $100 million under IFC’s Distressed Asset Recovery Program (DARP) to establish a new investment vehicle managed by OB’s regional non-performing loans servicer in Dubai. The NPL servicer, in which IFC has taken a minority interest, will invest in, manage and resolve up to $1 billion of NPLs and associated legal disputes. Specifically, IFC’s commitments included a $20 million junior capital and $30 million senior loan to the investment vehicle co-funded by OB and a $0.4 million equity investment in the regional NPL servicer. The project will help banks in Pakistan, Egypt, Morocco, Tunisia, Greece and Lebanon to re-deploy capital to ramp up lending to businesses and boost economic growth and employment. The investment is part of IFC’s strategy to develop innovative debt asset resolution capacity globally, assist financial institutions in reducing NPLs, de-risking their balance sheets and freeing capital. The project also aims to rehabilitate and re-integrate defaulted debtors into the formal credit markets and create a secondary market for NPLs.

FMO, Nepal

In July 2018, IFC committed a $15 million senior loan to NMB Bank, Nepal’s 10th largest private sector commercial bank in terms of asset size and a subsidiary of the Dutch development bank FMO. The investment will provide NMB with funding to support the working capital needs of its SME-clients in key sectors in Nepal. IFC’s commitment is expected to increase access to finance for SMEs and support key industries in Nepal.

Rabobank, Tanzania

In February 2018, IFC committed a commodity finance facility under IFC’s Global Warehouse Finance Program (GWFP) of up to $17.5 million (consisting of $10.5 million from IFC’s own account and $7 million from the Global Agriculture & Food Security Program (GAFSP), as part of a financing package to NMB, a leading retail bank in Tanzania. NMB’s main shareholders are the government of Tanzania and the Dutch banking group Rabobank. This was followed by a subordinated loan of up to $30 million equivalent in local currency and a $48 million equivalent senior loan, which were committed in May 2018 and June 2019 respectively. The project aims to help NMB expand its reach in MSMEs finance and commodity Agri finance. IFC’s investment is expected to help enhance access to finance for farmers in Tanzania, thereby promoting employment and supporting economic growth.

De Heus, Vietnam

In November 2017, IFC committed a $7.5 million A loan to Bel Ga Myanmar, a greenfield hatchery and breeding company owned by BDH Azier BV. BDH is a joint venture between Belgabroed, a Belgian poultry hatchery, and the Dutch animal feed producer De Heus. The project will supply farmers in Myanmar with high-quality poultry, helping address the region’s rapidly growing demand, promoting best practices in the poultry sector and helping to improve efficiency across the value chain. In addition, the project will contribute to increasing food security, as it supports the production of one of the key animal protein sources in Myanmar. IFC previously collaborated with Belgabroed and De Heus in March 2017 on supporting Bel Ga JSC, one of the leading broiler breeding and hatchery companies in Vietnam, helping promote sustainable farming practices and improving the competitiveness of locally-produced poultry.