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 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 partners with Dutch multinationals and mid-sized firms that are interested in investing in emerging markets. As of June 2021, IFC had a long-term committed investment portfolio of $937 million with Dutch partners spread across several sectors and regions.

IFC’s Long-Term Investment Portfolio with Dutch Sponsors

As of FY21 (ending in June 2021), IFC’s long-term investment portfolio with Dutch sponsors amounted to $937 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 2021, Dutch FIs held $1.5 billion in IFC Syndicated Loans.
- **Global Trade Finance Program (GTFP)**: As of June 2021, IFC issued close to 1500 guarantees amounting to $1.7 billion in favor of Dutch confirming banks since the program began in 2005. The most active confirming banks have been Rabobank, ABN AMRO and ING.
In FY16-21, the Netherlands committed $251 million to support IFC Advisory Services and Blended Finance and Mobilization, including over $38 million in FY21. 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, among others. 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. In FY19, 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. In 2018, IFC and the Netherlands established the Climate Advisory Partnership (CAP) to create and accelerate investment opportunities in climate business across energy, urban infrastructure, agribusiness, and water sectors, including solar energy, distributed energy and storage, green finance, green buildings and cities, climate-smart agriculture, among others. As of end of June 2021, CAP enabled $1 billion of climate financing from IFC and other investors, achieving 1.4 MT/year reduction of GHG emissions.

The Netherlands Development Finance Company (FMO), the country’s entrepreneurial development bank, is the third largest IFC syndications partner globally with an active committed exposure of $847 million, mainly through B-Loans. In 2009, FMO was one of the first three signatories to the Master Cooperation Agreement and is the only DFI eligible to participate in IFC’s B-loan program. Almost 57% of IFC and FMO’s syndicated portfolio is concentrated in Sub-Saharan Africa. Recent co-investments include a $20 million B-loan to I&M Bank Ltd. to help small businesses in Kenya access financing and weather the effects of COVID-19, and a $75 million B-loan to FirstRand Bank Limited to enable financial and advisory support to energy-efficient and water-smart projects in South Africa.

Examples of Successful Cooperation

Arise, Tanzania

In June 2021, IFC committed a $50 million senior loan under its COVID-19 Working Capital Solutions program to NMB Bank, the largest bank in Tanzania, to help it extend new trade-related or working capital loans to companies whose cash flows have been disrupted by the global outbreak of the COVID-19 pandemic. One of the shareholders of NMB Bank is Arise, a financial holding company co-founded by Rabobank, FMO and Norfund. IFC’s investment will help sustain access to working capital and trade finance for companies in Tanzania, supporting the economic recovery process amidst the challenges resulting from the COVID-19 pandemic.

Mercon, Central America

In April 2021, IFC committed $55 million as part of a $500 million regional syndicated credit facility, structured and managed by Rabobank, to strengthen Mercon’s operations in the Central American region. Headquartered in the Netherlands, Mercon Coffee Group is a vertically integrated global green coffee supplier and is among the top 10 coffee suppliers in the world. This investment will focus on supporting the coffee value chain in Nicaragua and includes up to $15 million from the IFC-backed Global Food Agriculture and Security Program (GAFSP). It will support producers within the coffee value chain, particularly in Nicaragua, Honduras, and Guatemala, improve the productivity of the coffee sector, promote the sustainability of its businesses, and protect jobs in rural areas, driving the recovery and growth of the region. In addition, IFC will advise Mercon on increasing the productivity and quality of Robusta’s supply chain in Nicaragua, and support financial education and training for small producers.

TerraPay, Africa

In March 2021, IFC committed a $6 million equity investment to TerraPay to further support TerraPay, a Netherlands-based, Africa-focused B2B remittance processing service for pre-funded small-value international money transfers. The investment follows an original 2019 equity commitment of $5 million to 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.