IFC and Portugal
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 partners with Portuguese multinationals and mid-sized firms interested in investing in emerging markets. Of IFC’s long-term investment portfolio of $195 million with Portuguese partners, 68% is in manufacturing, agribusiness and services, and 32% in finance. Fifty-three percent of investments is in Sub-Saharan Africa, and 47% in Latin America and the Caribbean.

IFC has a relationship with Portuguese financial institutions (FIs) and an active engagement across multiple sectors. As of June 2019, Portuguese FIs held over $20 million in IFC Syndicated Loans. The most active confirming banks have been Banco Português de Investimento, Caixa Geral de Depósitos, and Novo Banco.

IFC's Long-Term Investment Portfolio with Portuguese Sponsors

As of FY19 (ending June 2019), IFC's long-term investment portfolio with Portuguese sponsors amounted to $195 million. Portuguese private sector companies have benefited from co-investments with IFC, while making notable contributions to development.

IFC Committed Exposure by Sector as of June 2019 (Dollar Amounts in Millions)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Amount (Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tourism, Retail &amp; Property</td>
<td>103</td>
</tr>
<tr>
<td>Banking</td>
<td>62</td>
</tr>
<tr>
<td>Agribusiness &amp; Forestry</td>
<td>30</td>
</tr>
<tr>
<td>Total</td>
<td>195</td>
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</tbody>
</table>

Mobilization: IFC has a relationship with Portuguese financial institutions (FIs) and an active engagement across multiple sectors. As of June 2019, Portuguese FIs held over $20 million in IFC Syndicated Loans.

Global Trade Finance Program (GTFP): As of June 2019, IFC issued 1,100 guarantees amounting to over $300 million for Portuguese banks since the GTFP began in 2005. The most active confirming banks have been Banco Português de Investimento, Caixa Geral de Depósitos, and Novo Banco.
PARTNERSHIP WITH THE GOVERNMENT

IFC and the Portuguese Ministry of Finance signed a Memorandum of Understanding in 2015 to reinforce cooperation and promote the financing of investment projects by Portuguese companies in emerging markets. In 2009, IFC and Portugal set up a €500,000 trust fund to support IFC Advisory Services in Lusophone countries, aiming to improve the investment climate, facilitate investment, develop SMEs, and support access to finance and infrastructure.

As of June 2019, Portugal provided cumulative funding of about $6 million in support of IFC Advisory Services.

Examples of Successful Cooperation

**Jerónimo Martins, Colombia**

In June 2019, IFC committed an A loan of up to $93 million in Colombian Pesos to Ara Tiendas, a Colombian food store chain and a subsidiary of Jerónimo Martins. Based in Portugal, Jerónimo Martins is one of the largest European food retailers. IFC's investment will partially finance the expansion plan of Ara Tiendas for the next two years, including the opening of new proximity discount stores and distribution centers in large and small cities across Colombia, which are generally characterized by low formalization of the retail sector and limited availability of high-quality products. The project will help provide quality products at a low cost and create job opportunities for local communities in Colombia. It is also expected to strengthen the local supply chain as the majority of products sold in Ara Tiendas will be locally sourced. In addition, the project will enable local suppliers to improve their standards as the company invests significantly in training to provide a high level of quality goods and services.

**Milennium BCP, Angola**

In May 2019, IFC committed a senior loan of $50 million to Banco Millennium Atlântico, an Angolan subsidiary of Millennium BCP, Portugal's largest private sector banking institution. The loan will be complemented by a Global Trade Finance Program (GTFP) line of up to $50 million. IFC's investment will help to increase access to financial services for underserved SMEs in Angola, contributing to job creation and economic growth. The project is expected to create a demonstration effect for other international investors and banks, contributing to scaling up SME lending in Angola.