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 reached $22 billion in fiscal year (FY) 2020. IFC partners with Portuguese multinationals and mid-sized firms interested in investing in emerging markets. Of IFC’s long-term investment portfolio of $280 million with Portuguese partners, 81% is in manufacturing, agribusiness and services, and 19% in finance. Sixty-seven per cent of investments is in Latin America and the Caribbean, and 33% in Sub-Saharan Africa.

IFC’s Long-Term Investment Portfolio with Portuguese Sponsors

As of FY20 (ending June 2020), IFC’s long-term investment portfolio with Portuguese sponsors amounted to $280 million. Portuguese private sector companies have benefited from co-investments with IFC, while making notable contributions to development.

- **Mobilization**: IFC has a relationship with Portuguese financial institutions (FIs) and an active engagement across multiple sectors. As of June 2020, Portuguese FIs held over $20 million in IFC Syndicated Loans.

- **Global Trade Finance Program (GTFP)**: As of June 2020, IFC issued close to 1,300 guarantees amounting to about $364 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.

![IFC Long-Term Investment Portfolio](image)
PARTNERSHIP WITH THE GOVERNMENT AND DEVELOPMENT FINANCE INSTITUTION

In 2019, IFC and SOFID, the Portuguese development finance institution, signed a Memorandum of Understanding (MoU) to support sustainable tourism investments in emerging markets as an engine for growth and job creation in Lusophone African countries, with an initial focus on São Tomé e Príncipe.

IFC previously signed an MoU with the Portuguese Ministry of Finance 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 2020, 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.

**Portucel Moçambique**

In December 2014, IFC committed an equity investment of over $30 million in Portucel Moçambique, a fully owned subsidiary of the leading European pulp and paper producer The Navigator Company, to establish its operational base in the country and develop up to 40,000 hectares of sustainably managed eucalyptus plantations. In addition, IFC’s investment will help establish commercial scale eucalyptus plantations and build a 1.5 million ton pulp as well as a biomass power generation plant. The project will develop several types of infrastructure, generate up to 6,500 jobs, and improve the livelihood of 23,000 farmer households. The project will also promote the development of 100 micro, small and medium entrepreneurs as suppliers of goods and services to Portucel Moçambique. As the first project in Mozambique integrating eucalyptus plantation, agriculture, pulp and energy, it has contributed to increasing the country’s competitiveness through economic diversification.