

IFC and Hungary

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 maintains a focused relationship with Hungary, covering business development and donor funded initiatives. As of June 2021, IFC had a long-term committed investment portfolio of \$22 million with Hungarian partners in finance in Eastern Europe and Central Asia.



PARTNERSHIP WITH THE GOVERNMENT

IFC's main government counterparts are the Ministry of Finance and the Hungarian Export-Import Bank PLC (Eximbank). In FY21, Hungary provided \$10 million to IFC Advisory Services to expand the Hungary-IFC Partnership Trust Fund (HIPTF) in response to the COVID-19 crisis. The fund, which was established in 2014 to help catalyze IFC's private sector development work, has supported the energy, agribusiness, health, water management and ICT sectors across several regions in emerging markets. To date, the Hungary-IFC Partnership has disbursed \$408 million in SME loans and \$80 billion in sustainable energy finance (SEF) loans in 31 countries.

Examples of Successful Cooperation



OTP Group, Ukraine

In October 2019, IFC arranged a financing package of up to \$50 million equivalent to OTP Leasing in Ukraine to scale up sustainable energy investments, particularly for SMEs. OTP Group is a Hungary-based financial group and a major player in the financial market across Central and Eastern Europe. OTP Group is the sole shareholder of OTP Leasing, the largest leasing company in Ukraine with a market share of around 40% and a notable SME outreach. IFC's first climate-dedicated investment in Ukraine's leasing sector includes \$20 million equivalent from IFC's own account, and \$30 million syndicated by IFC to the Clean Technology Fund and to GGF, and a syndicated loan of up to \$10 million equivalent. IFC's investment will provide agricultural businesses and entrepreneurs with long-term financing to acquire energy-efficient machinery and upgrade their facilities with modern equipment to support a lower carbon footprint.



Ukraine Irrigation

The Ukraine Irrigation Program, supported by the Hungarian Export-Import Bank PLC through the Hungary-IFC Partnership Trust Fund (HIPTF), is focused on supporting the government of Ukraine and the private sector on implementing reforms in the irrigation sector through creating a regulatory framework for Water User Organizations (WUOs) and supporting the establishment of WUOs, and through identifying the proper institutional form to improve the operation of Ukraine's main irrigation and drainage canals. The Project will also support the Ukrainian government in designing viable public-private partnership (PPP) models that can effectively address the sector's massive financial needs and in attracting private sector investments into the local manufacturing of irrigation equipment. These reforms in the irrigation sector are critical to supporting Ukraine in mitigating the negative impact of climate change on the Ukrainian agricultural sector.

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