

# 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 \$32.8 billion in own-account investments and mobilization from third parties to private companies and financial institutions in developing countries in fiscal year 2022 (FY22).<sup>\*</sup> IFC maintains a focused relationship with Hungary, covering business development and donor funded initiatives. As of June 2022, IFC had a long-term committed investment portfolio of over \$20 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 FY18-22, Hungary provided cumulative funding of \$10 million for IFC Advisory Services to the Hungary-IFC Partnership Trust Fund (HIPTF) II, which was established in 2021 in response to the COVID-19 crisis. The program is a continuation of the first phase of the Hungary-IFC Partnership, which delivered significant development results since its creation in 2014, supporting the energy, agribusiness, health, water management and ICT sectors across several regions in emerging markets. As of FY22, IFC has allocated \$5.72 million of the HIPTF II funds, including \$2 million for the 2030 Water Resources Group and \$3.72 million for eight active IFC advisory projects in Africa, Asia, Europe and Central Asia.

## Examples of Successful Cooperation



### OTP Group, Central and Eastern Europe

In December 2022, IFC invested €110 million in the senior preferred bond of OTP Bank PLC, the largest bank in Hungary, eligible under the Minimum Requirement for own funds and Eligible Liabilities (MREL) framework. IFC's investment and comfort provided to investors amidst unprecedented market turbulence exacerbated by the war in Ukraine enabled the bond to reach the total amount of €650 million, thus making it the largest MREL-eligible bond issued by a bank in Central and Eastern Europe. The proceeds of IFC's investment will help expand access to climate finance for SMEs while bolstering the banking systems in Bulgaria, Croatia, Romania, and Serbia. IFC will also help OTP Bank PLC enhance its environmental, social, and governance risk management policies and procedures in line with IFC's Performance Standards.

<sup>\*</sup>The World Bank Group fiscal year runs from July 1 to June 30 of the following calendar year.

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