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 $23 billion in fiscal year (FY) 2018. Of IFC’s long-term committed portfolio of $1.5 billion with German partners, 60% is in manufacturing, agribusiness and services, 20% is in financial markets, 18% in infrastructure, and the remaining 2% in telecom, media, and technology. Investments are concentrated in Europe & Central Asia, East Asia and the Pacific and Sub-Saharan Africa.

PARTNERSHIP WITH THE GOVERNMENT AND DEVELOPMENT FINANCE INSTITUTION

Germany’s development institutions, KfW Bankengruppe (KfW), which includes DEG, are important partners and act as long-term co-lenders in a variety of industry sectors, including agri-finance, microfinance and sustainable energy. As of June 2018, Germany provided cumulative funding of over $40 million to support IFC Advisory Services, including over $20 million in FY18, of which $12 million were contributed by KfW for the launch of the IFC Support Program for the G20 Compact with Africa Initiative, in December 2017. The program provides support for enhancing impact and unlocking sustainable, inclusive private sector investment opportunities in Africa.

IFC’s Long-Term Investment Portfolio with German Sponsors

As of FY18 (ending in June 2018), IFC’s long-term investment portfolio with German sponsors amounted to $1.5 billion. German private sector companies have benefited from co-investments with IFC, while making notable contributions to development.

- **Mobilization**: IFC has a strong relationship with German financial institutions (FIs) and an active engagement with companies across multiple industry sectors. As of June 2018, German FIs held close to $900 million in IFC Syndicated Loans.

- **Global Trade Finance Program (GTFP)**: As of June 2018, IFC issued over 4,300 guarantees amounting to about $8 billion for German banks since the GTFP began in 2005. The most active confirming banks have been Deutsche Bank, Commerzbank, BHF and LBBW.
Examples of Successful Collaboration

Schwarz Group, Europe and Central Asia

In September 2017, IFC committed an A loan of up to €180 million intended to partially finance Kaufland's investments in Romania, Bulgaria and Moldova over the next two years. Kaufland is part of the Schwarz Group, a German privately-held company that is involved in food retail through two brands: Lidl and Kaufland. IFC’s investment will help promote access to affordable and high-quality food products for low to middle income households. In addition, the project is expected to generate significant direct and indirect employment throughout the supply chain and temporary employment during the construction phases of the project.

BMW, South Africa

In June 2017, IFC announced an agreement to support BMW South Africa, a wholly-owned subsidiary of Germany’s BMW Group, to build local capacity through a $150 million rand-equivalent loan. IFC’s financing is part of a ZAR 6 billion investment in BMW’s plant in Rosslyn. The partnership between IFC and BMW will support the transfer of technology and workforce skills from global auto manufacturers to local suppliers, while further investment will help make domestic companies more productive and capable of paying higher wages and contributing more through taxes.

Fraport, Greece, Peru & Russia

In March 2017, IFC committed loans of €154 million to Fraport Greece for the privatization, upgrade, maintenance, management and operation of 14 Greek regional airports. IFC has a long-standing partnership with Fraport, a company that operates the Frankfurt Airport and several other airports around the world. The project will increase the capacity, improve the efficiency of operations and services of these airports, and support the growth of Greece’s economy by facilitating regional tourism and enhancing openness and competitiveness. In the past, IFC cooperated with Fraport in Peru, with Lima’s Jorge Chavez International Airport (JCIA), Peru’s international airport, and in Russia, on the expansion, development and maintenance of the Pulkovo Airport in St. Petersburg, the fourth largest airport in the Russian Federation.

Mobisol, Eastern Africa

In November 2016, IFC made a €5 million equity investment alongside FMO, the international development bank of the Netherlands, and Investec Asset Management’s African Private Equity Fund into Mobisol GmbH. Mobisol is a leading pay-as-you-go solar energy service company based in Germany and operating in East Africa that seeks to make renewable energy solutions affordable for consumers who lack access to grid electricity through an innovative lease-to-own business model. The project will bridge the infrastructure gap by delivering a reliable, clean and affordable alternative to fossil fuels for lower-income households, as there are approximately 600 million people in Sub-Saharan Africa lacking access to electricity. The project will also leverage mobile payment technology to reduce the transaction costs of extending credit; allow bottom of the pyramid customers to access affordable digital financial services to purchase solar home system products that will facilitate access to financing for other products and services.

KIK, Global

In July 2016, IFC committed $10 million to a partnership with KIK, a large German discount apparel retailer, to provide financing to incorporate incentives for KIK suppliers in China to improve environmental, health and safety and social standards. IFC will offer suppliers short-term working capital financing, with tiered pricing and lower costs for suppliers with strong performance under KIK’s environmental and social monitoring ratings system. IFC and KIK expect to offer the program to suppliers in other Asian countries.