

IFC: Creating Opportunities for New Private Sector Investment

As part of the World Bank Group, IFC has two overarching goals: ending extreme poverty by 2030 and promoting shared prosperity. Through direct investments and advisory services, IFC provides private sector solutions that lay the foundation for sustainable and inclusive economic growth.

With its six decades of experience working with private sector clients and governments and global footprint, IFC is well-placed to catalyze private investment. IFC's corporate strategy is focused on creating markets, mobilizing private capital, and providing support to countries where private capital flows are inadequate to address major development needs.

To accelerate the creation of opportunities and markets that attract private sector investments, IFC is working to redefine development finance. IFC is dedicating resources and partnering with public and private clients to:

- Create the conditions and opportunities that will attract private sector investment in emerging markets.
- Develop a pipeline of investment-ready private sector opportunities and projects.
- Provide a full suite of investment, risk, and mobilization support to crystallize these opportunities into impact.

These efforts include technical assistance, capacity building for institutions and private companies, and support to clients and governments. Our traditional suite of investment, risk, and mobilization will crystallize these opportunities into impact.

Why Creating Opportunities for Private Sector Development

- The COVID-19 pandemic has halted investment around the developing world and reversed promising trends in development and income growth. Countries are more vulnerable than ever —and asking for additional support.
- Investment is often constrained not by the availability of capital but by a shortage of well-prepared, commercially-viable opportunities. These development gaps that can be addressed through private sector solutions.

Our approach to addressing the development challenge

Sector wide engagements

Activities which seek to create markets via a **sectoral or market-wide intervention** that will facilitate private sector investment

Project specific engagements

Activities which seek to create markets by supporting **the creation and realization of specific projects** that will provide wider demonstration or set broader market precedent

Replicable/Standardized engagements

Scalable instruments or solutions that can be replicated across countries and regions

Private Sector Investments



Creating Markets

- Government/regulator policy dialogue
- Programmatic sector development
- Private sector enabling environment
- Analytic and diagnostic work

Creating Opportunities

- Early-stage project development activities including co-development
- Preparing transactions for tender
- Firm-level advisory
- Replicable platforms

Crystalizing Investments

- Project risk structuring
- Early-stage risk capital products
- Third party investor mobilization
- Implementation support/ advisory

Project Highlights



Energy Service Company (ESCO) Global Platform | Sector engagement

Energy Services Companies (ESCOs) Global Platform was launched in FY20 to scale up innovative and cost-efficient technologies and business models for telecom operators. ESCOs reduce operational costs for telecom operators and their carbon footprint by using renewable energy solutions. This allows operators to improve the availability and quality of their service and to increase the number of people in remote and low-income villages that have access to telecom services.



Scaling Mini-Grid (SMG) Regional Platform | Replicable Advisory and Investment packaged solution

The Scaling Mini-Grid platform aims to create an innovative approach to accelerate private investment at scale in clean mini-grids in Sub-Saharan Africa through a one-stop shop approach. This entails a packaged WBG solution, a bankable template documentation to be tailored to local specificities, and mobilization of grants and concessional capital through collaboration with donors and development finance institutions. IFC has entered into an agreement with the Government of the Democratic Republic of Congo for the first engagement under the program to support the deployment of an estimated 200MW of solar-battery solutions, together with distribution and smart metering infrastructure, at an estimated CAPEX of US\$450 million.



Fes-Meknes Regional Rural Roads, Morocco | Project specific engagement

IFC's early-stage project development work focused E&S and technical support to reach acceptable standards of road construction and the development of a road maintenance plan to improve the longevity of the new road network. IFC has signed a US\$30 million A loan to the Region of Fes-Meknes without a sovereign guarantee. This lending structure supports sub-national investment without requiring sovereign guarantees.



Upper Trishuli Hydro, Nepal | Project specific engagement

IFC co-developed a 216 MW run-of-river hydropower project on the Upper Trishuli river in Nepal through IFC early-stage co-development instrument to address the significant national demand for electricity. IFC's early involvement has been instrumental in ensuring the buy-in by the Government of Nepal and the application of good environmental and social safeguards according to international industry practices, a major challenge in the hydropower sector in Nepal. The project brought to bear several World Bank Group financing mechanisms and strong development partner collaboration. IFC arranged the US\$453 million debt financing package, one of the largest foreign direct investments in Nepal's history.



Setrag II Railway, Gabon | Project specific engagement

IFC's firm level advisory work focused on review of SETRAG's operations and investment program and brokering an agreement with the government, which will lead to a high-level buy-in of the Government of Gabon, a new cost-reflective tariff regime benefitting the mining sector and a key amendment of the concession agreement to address bankability issues. This project is a €275 million investment program to further rehabilitate the 600+ Km "Transgabonais" freight and passenger railway in Gabon. It serves as the backbone of the country's manganese and forestry industries and is thus integral to Gabon's development plan to diversify and grow its economy while reducing dependence on oil.



Utilities for Climate (U4C) Global Platform | Advisory and Investment packaged solution

This client-focused relationship model combines IFC Advisory and Investment services to deliver climate-friendly solutions to water utilities. U4C creates and expands a global network of selected water utilities, positioning them as strong partners and leading players in the fight against climate change. The program has supported, among others, IZSU, the water utility in Izmir with up €30 million in investments to support water supply, wastewater and stormwater projects, and CORSAN, the water utility in Brazil with €56 million investments.

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