IFC and the United Kingdom
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 exceeded $19 billion in fiscal year (FY) 2019. Of IFC’s long-term committed portfolio of over $3 billion with UK partners, 47% is in infrastructure, 28% in finance, 13% in telecom, media, and technology, and the remaining 12% in manufacturing, agribusiness and services. Most investments are at the global level (34%), in Sub-Saharan Africa (30%) and East Asia and the Pacific (15%).

IFC’s Long-Term Investment Portfolio with British Sponsors

As of FY19 (ending in June 2019), IFC’s long-term investment portfolio with British sponsors amounted to over $3 billion. British private sector companies have benefited from co-investments with IFC, while making notable contributions to development.

- **Mobilization**: IFC has a strong relationship with British financial institutions (FIs) and an active engagement across multiple sectors. As of June 2019, British FIs held about $730 million in IFC Syndicated Loans.

- **Global Trade Finance Program (GTFP)**: As of June 2019, IFC issued close to 2,800 guarantees amounting to $3.9 billion for British banks since the GTFP began in 2005. The most active confirming banks have been Standard Chartered and HSBC.
IFC has a long-standing relationship with DfID. Currently, DfID is the largest development partner to IFC Advisory Services, contributing over $650 million as of June 2019, including $77 million in FY19, supporting its initiatives in Sub-Saharan Africa and Asia, as well as thematic focus areas such as peace and security, and climate change. From its founding in 1956, IFC has worked closely with CDC Capital Partners, PLC - the DfID-owned investment company - which focuses on private sector development in emerging markets. IFC and CDC co-invested in several equity funds. IFC also partners with the UK’s Foreign and Commonwealth Office (FCO) and the Department of Business, Energy and Industrial Strategy (BEIS).

Examples of Successful Cooperation

Development Partners International, Africa Region
In June 2019, IFC committed $20 million in equity to African Development Partners III L.P. (the “Fund”), a 10-year closed-end fund targeting commitments of $800 million managed by Development Partners International LLP (“DPI”). DPI is a UK-based private equity firm with $1.5 billion assets under management focused exclusively on investing in Africa. It will make growth equity investments to support the expansion of African businesses in industries catering to the region’s rapidly expanding middle class. This includes companies in the consumer goods, financial services, retail, logistics and healthcare sectors. In addition, IFC Asset Management Company committed $37 million to the Fund alongside IFC’s investment. The project will help provide a much-needed source of finance to companies across Africa, while boosting job creation and supporting regional integration by encouraging investee companies to expand in neighboring markets. Moreover, it is expected to create a demonstration effect for private equity investments and reduce investor risk perception, attracting new institutional investors to the region.

Apis Partners, Africa and Asia Regions
In March 2019, IFC committed an equity investment of $25 million to Apis Growth Fund II, LP (The “Fund”), which will be managed by Apis Partners LLP, a UK-based specialist technology-enabled financial services private equity fund manager focused on Africa and emerging Asia. The Fund will provide catalytic growth capital and expertise to mid-market financial services companies covering payments, credit and savings, insurance, technology enablers and service providers, which demonstrate significant social impact but lack sufficient access to equity capital. The primary focus countries of the Fund will include Cote d’Ivoire, Kenya, Morocco, Nigeria, South Africa, India, Indonesia, Pakistan and the Philippines. The support received by investee companies will make access to financial products and services in Africa and Asia more affordable, resulting in economic growth and job creation in target countries.

Demica, Global
In August 2018, IFC committed $5 million in equity to Demica, a UK-based financial technology company focused on providing working capital solutions to multinational corporate clients around the world, their suppliers and distributors in emerging markets. The investment will finance Demica’s global expansion in emerging markets and help deliver its innovative trade and supply chain finance products to SME suppliers and distributors. Through the project, IFC will also help Demica mobilize connections with prospective clients and financing partners in these countries, which will result in enhanced access to working capital for SME suppliers and distributors. IFC’s investment is expected to unlock as much as $10 billion in annual financing for businesses in emerging markets.

Global Tea, Malawi
In June 2018, IFC and the Global Agriculture and Food Security Program (GAFSP) committed a $4 million loan to support the expansion of Global Tea and its subsidiaries. Global Tea is an agribusiness group founded in the UK in 1992, that operates macadamia and coffee plantations in Malawi and tea packing factories in Kenya. Global Tea will use IFC’s financing to expand its operations in Malawi, both for macadamia and coffee, and developing a program to support smallholder farmers. IFC’s investment will contribute to the development of agribusiness industries in Kenya and Malawi, and create up to 900 jobs for farmers who supply the group. In addition, the project will support climate-smart agricultural practices, thereby boosting the sustainable production of commodities.

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