IFC and France

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 reached $22 billion in fiscal year (FY) 2020. IFC is a key partner for French companies in emerging markets and, in particular, in Sub-Saharan Africa and in Europe and Central Asia.

Of IFC’s long-term committed portfolio of over $2.3 billion with French sponsors, 47% is in infrastructure, 31% in finance and insurance, 17% in manufacturing, agribusiness and services, and the remaining 5% in disruptive technologies and funds.

IFC’s Long-Term Investment Portfolio with French Sponsors

As of FY20 (ending in June 2020), IFC’s long-term investment portfolio with French sponsors amounted to over $2.3 billion. French private sector companies have benefited from co-investments with IFC, while making notable contributions to development.

• Mobilization: As of June 2020, French financial institutions held over $1.2 billion in IFC Syndicated Loans, led by Crédit Agricole, Société Générale and BNP Paribas.

• Global Trade Finance Program (GTFP): As of June 2020, IFC issued over 2,000 guarantees amounting to $3 billion for French banks since the GTFP began in 2005. The most active confirming banks have been BNP Paribas, Crédit Agricole and Société Générale.

PARTNERSHIP WITH THE GOVERNMENT AND DEVELOPMENT FINANCE INSTITUTION

IFC maintains a strategic relationship with France through the Direction Générale du Trésor, Proparco and the Agence Française de Développement (AFD). In May 2020, IFC and Proparco signed a Joint Collaboration Framework Agreement (JCFA) to create markets, mobilize private sector investment, and support economic recovery in developing countries in the wake of the COVID-19 global crisis. The agreement will help build a pipeline of bankable and high-impact projects aimed at attracting investors into developing countries and promote greater reciprocity in project co-financing arrangements. In 2019, IFC and Proparco signed a Memorandum of Understanding to strengthen their partnership, with a particular focus on fragile and low-income countries. In addition, the Direction Générale du Trésor has been supporting the OHADA Business Law Program, an IFC advisory program improving the investment climate in West Africa, since 2010.
Examples of Successful Collaboration

Société Générale, Ghana

In June 2020, IFC committed a 5-year senior loan of $50 million to Société Générale Ghana, a subsidiary of the French financial services group Société Générale and one of the key players in SME finance in Ghana. The loan will be used for on-lending to local SMEs, allowing the bank to significantly grow its SME portfolio. SMEs represent more than 90% of businesses in Ghana and contribute about 70% of the country’s GDP; however, longer-term financing to financial institutions for targeted on-lending to SMEs is scarce due to the perceived risk associated with the SME segment.

IFC’s investment will increase access to longer-term funding for underserved local SMEs in Ghana while promoting greater market competitiveness through demonstration of the commercial viability of SME lending.

Eranove, Côte d’Ivoire

In February 2020, IFC arranged a €303 million financing package for the French industrial group Eranove for the construction and operation of a new 390 MW natural gas fired Atinkou power plant located west of Abidjan, Côte d’Ivoire. The package includes €91 million for IFC’s own account, as well as financing from the ADB, FMO, the Emerging Africa Infrastructure Fund and the OPEC Fund. IFC is also providing interest rate swaps to hedge the project’s interest rate risk. The new power plant will use highly efficient combined-cycle turbine technology, substantially contributing to reducing Côte d’Ivoire’s generation costs and GHG emissions. IFC’s investment will help provide affordable power to thousands of homes and businesses in Côte d’Ivoire, while replacing older and less efficient power plants in the country and contributing to the transition to greener electricity production.

NJJ, Comoros

In January 2019, IFC committed a senior loan of €13 million to Telco SA, a Comorian telecommunications operator providing mobile network services across the country. Telco SA, the subsidiary of France-based investment firm NJJ Indian Ocean S.A.S, has the potential to transform the mobile sector in one of the least developed telecom markets in Africa and globally. IFC’s investment will support the introduction of competition in a previously monopolized sector and help address the significant gap in connectivity and affordability. Through the enhancement of Comoros’ mobile network infrastructure and the introduction of the first 4G network, it will help increase access to mobile broadband, which is expected to contribute to greater financial inclusion, boost entrepreneurship in a variety of sectors and create numerous employment and education opportunities.

EDF, Cameroon

In November 2018, IFC committed to invest €60 million in equity and lend up to €110 million for its own account for the Cameroon Nachtigal Hydropower Project, a 420 MW run-of-the-river hydropower plant, making it IFC’s largest power investment in Africa to date. IFC and EDF, a France-based integrated energy company, are co-developers and shareholders in the project, along with the government of Cameroon. As global coordinator and lead arranger, IFC also mobilized an additional €806 million from 11 development finance institutions and four commercial banks for a total project cost of €1.2 billion. The project is facilitated by an interest rate swap from IFC with a notional amount of €300 million, as well as a set of guarantees provided by the World Bank and MIGA. The Nachtigal hydropower plant will increase Cameroon’s power generation capacity by 30% and improve the country’s power sector sustainability by ensuring access to clean, reliable and affordable energy. In addition, it is expected to create up to 1,500 direct jobs during peak construction.

Amundi, Global

In March 2018, IFC committed $256 million to the world’s largest targeted green bond fund focused on emerging markets, the Amundi Planet Emerging Green One fund. Amundi is Europe’s largest asset manager, with headquarters in Paris. The fund is the first of its kind to take a holistic approach by investing in emerging market green bonds while also supporting the creation of a robust green bond market. IFC’s investment in the fund, which will actively invest in emerging market green bonds issued by financial institutions through 2025, is expected to significantly increase the scale and pace of climate finance in emerging markets.

Neoen, Zambia

In October 2017, financing agreements were signed between Bangweulu Power Corporation Limited, a special purpose vehicle incorporated in Zambia, owned by Neoen, a leading French independent power producer specializing in the development of renewable energy projects; First Solar Inc., and the Industrial Development Corporation of Zambia (IDC); IFC, and the Overseas Private Investment Corporation (OPIC). The equity for the project, which is part of the World Bank Group’s Scaling Solar Program, is provided by Neoen/First Solar and IDC. The financing package includes senior loans from IFC, the IFC-Canada Climate Change Program, and OPIC, up to $13 million each, along with an interest rate swap from IFC and a partial risk guarantee from IDA. The project, which entered operation in 2019, includes the development, financing, construction, operation and maintenance of a new 47.5 MWac solar photovoltaic facility located in the Luakala South Multi-Facility Economic Zone in Zambia. IFC’s investment will provide up to 97 GWh per annum to the Zambian grid, helping to address a significant electricity supply deficit in the country. In addition, competitively priced solar electricity generated from the project will reduce Zambia’s dependence on hydropower and ultimately improve the long-term sustainability of Zambia’s electricity sector.