IFC and Italy
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. IFC is an active partner of established Italian multinationals and mid-sized firms interested in investing in emerging markets. Of IFC’s long-term committed portfolio of $1.4 billion with Italian partners, 55% is in the financial sector, followed by 25% in manufacturing, agribusiness and services, and 20% in infrastructure. IFC’s investments with Italian sponsors are concentrated in two regions: 42% in Europe and Central Asia, and 19% in the Middle East and North Africa.

IFC’s Long-term Investment Portfolio with Italian Sponsors
As of FY19 (ending June 2019), IFC’s long-term investment portfolio with Italian sponsors amounted to $1.4 billion. Italian private sector companies have benefited from co-investments with IFC, while making notable contributions to development.

- **Mobilization**: IFC has a strong relationship with Italian financial institutions (FIs) and an active engagement across multiple sectors. As of June 2019, Italian FIs held about $550 million in IFC Syndicated Loans.

- **Global Trade Finance Program (GTFP)**: As of June 2019, IFC issued over 1200 guarantees amounting to over $1.3 billion for Italian banks since the GTFP began in 2005. The most active confirming banks have been Banca Popolare di Sondrio, Intesa Sanpaolo, and UniCredit Group.

IFC Committed Exposure by Sector as of June 2019 (Dollar Amounts in Millions)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Amount (Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banking</td>
<td>500</td>
</tr>
<tr>
<td>Power</td>
<td>287</td>
</tr>
<tr>
<td>Trade Finance</td>
<td>168</td>
</tr>
<tr>
<td>Health, Education &amp; Life Sciences</td>
<td>156</td>
</tr>
<tr>
<td>Electrical Equipment, Automotive &amp; Machinery</td>
<td>107</td>
</tr>
<tr>
<td>Leasing</td>
<td>103</td>
</tr>
<tr>
<td>Chemicals &amp; Fertilizers</td>
<td>84</td>
</tr>
<tr>
<td>Total</td>
<td>1405</td>
</tr>
</tbody>
</table>

IFC Long-term Investment Portfolio as of June 2019 by Industry with Italian Sponsors ($1.4 billion)

- 55% Financial Institutions Group
- 25% Manufacturing, Agribusiness, Services
- 20% Infrastructure

IFC Long-term Investment Portfolio as of June 2019 by Region with Italian Sponsors ($1.4 billion)

- 42% Europe & Central Asia
- 19% East Asia & the Pacific
- 17% Latin America & the Caribbean
- 14% Middle East & North Africa
- 10% South Africa
- 7% Sub-Saharan Africa
- 6% Other
- 1% Global

PARTNERSHIP WITH THE GOVERNMENT AND DEVELOPMENT FINANCE INSTITUTION
IFC’s main counterpart and shareholder is the Ministry of Economy and Finance. IFC also works closely with other ministries and government institutions, including the Bank of Italy, the Ministry of Foreign Affairs and the Ministry of Environment, Land and Sea, as well as Cassa Depositi e Prestiti (CDP), the Italian National Promotion Institution. In addition, IFC collaborates with SIMEST, the Italian Development Finance Institution that supports the internationalization of Italian companies. As of June 2019, Italy provided cumulative funding of over $70 million to support IFC Advisory Services, including $9 million in FY19 to renew the Italian government’s commitment to expand energy access in developing countries, through the Italy-IFC Clean Energy Access Partnership.
Examples of Successful Cooperation

Renco, Armenia

In February 2019, IFC committed an A loan of $42 million to ArmPower, an Armenian special purpose company owned by Renco, Siemens Project Ventures and SIMEST, the Italian development finance institution. Renco is an Italian company with core activities encompassing engineering and construction services in the energy, oil & gas and infrastructure sectors. Siemens Project Ventures is part of Siemens Financial Services, a division of the German conglomerate Siemens. The financing package also includes $121 million mobilized by IFC from the Managed Co-Lending Portfolio Program, Asian Development Bank, DEG and OFID, and a guarantee of up to $39 million provided by MIGA to help Renco manage non-commercial risks. IFC's investment will finance the construction of a 250 MW greenfield combined-cycle gas turbine power plant in Yerevan, Armenia. The project will help increase the efficiency of Armenia's power generation sector, reducing the cost of natural gas and ensuring reliable power supply in the country, and will serve as a model for future IPP projects.

CLN, South Africa

In November 2018, IFC arranged a €134 million loan for CLN Group, a leading Italian manufacturer of components for the automotive industry, to expand and modernize the local production of advanced automotive parts in South Africa. The financing package consists of €48 million from IFC's own account, €36 million through the IFC Managed Co-Lending Portfolio Program and €50 million from Italy's National Promotional Institution CDP. CDP's investment represents the first transaction signed under the Master Cooperation Agreement with Italy, which aims to streamline lending procedures for joint investments to ease financing to private companies in emerging markets. The project is expected to boost South Africa's automotive industry, generate economic value and support job creation by increasing localization, introducing new production processes, and providing training to local workers.

Enel Green Power, Zambia

In June 2018, IFC committed a financing package to Ngonye Power Company Limited, a special purpose vehicle incorporated in Zambia. The package includes a senior loan of up to $5 million and a senior loan of $12 million from the IFC-Canada Climate Change Program. The European Investment Bank will also provide a loan of up to $12 million. Enel Green Power, the renewable energy division of the Italian multinational energy corporation Enel, is the main sponsor of the project. This project is the second Scaling Solar project under development in Zambia, which includes the construction and operation of a 34 MWp solar photovoltaic plant that will provide clean and affordable power to ease the country's energy shortages. The project will provide power to the Zambian grid at the equivalent of $7.8 cents per kilowatt hour, one of the lowest prices for electricity in the region. IFC's investment will help to address a significant electricity supply deficit in Zambia. 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.

Mapei, Egypt

In March 2018, IFC committed a senior loan of $15 million, of which $10 million is in local currency equivalent, to Vinavil Egypt, a leading manufacturer of construction-related materials, to help the company boost production and create jobs. Vinavil Egypt is owned by Mapei S.p.A, the fourth largest global construction specialty chemicals producer, headquartered in Milan, Italy. The financing is part of an effort by IFC to support the development of Egypt’s construction industry, an important source of employment and one of the country’s fastest-growing sectors. IFC’s investment will help Vinavil Egypt double its annual production of chemical binders and emulsions, which are used in paints for industrial and commercial projects. Through the project, IFC is addressing the need for local currency financing by providing the loan largely in Egyptian pounds. In addition, the project company will focus its research and development efforts on sustainable products, thereby helping to reduce environmental impacts.