IFC and Sweden
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 works with Swedish private sector companies investing in emerging markets. Of IFC’s long-term committed investment portfolio of $138 million with Swedish partners, 55% is in the infrastructure sector, followed by 28% in finance and insurance, 10% in manufacturing, agribusiness and services, and the remaining 7% in disruptive technology and funds. The majority of IFC investments with Swedish partners is in the Sub-Saharan Africa region, representing 55% of investments, 27% is in East Asia and the Pacific, while the remaining 18% is in South Asia.

IFC’s Long-Term Investment Portfolio with Swedish Sponsors

As of FY20 (ending in June 2020), IFC’s long-term investment portfolio with Swedish sponsors amounted to $138 million. Swedish private sector companies have benefited from co-investments with IFC, while making notable contributions to development.

• **Mobilization**: IFC has a strong relationship with Swedish financial institutions (FIs) and an active engagement across multiple sectors. As of June 2020, Swedish FIs held close to $65 million in IFC Syndicated Loans.

• **Global Trade Finance Program (GTFP)**: As of June 2020, IFC issued over 520 guarantees amounting to over $370 million for Swedish banks since the GTFP began in 2005. The most active confirming banks have been Nordea and Swedbank.
PARTNERSHIP WITH THE GOVERNMENT AND DEVELOPMENT FINANCE INSTITUTION

As of June 2020, Sweden provided cumulative funding of close to $160 million through the Swedish Development Cooperation Agency (SIDA) to support IFC Advisory Services. Over $23 million were provided in FY20, including about $20.5 million for the MENA MSME 2.0 Multi-Donor Trust Fund to improve financial inclusion and access to finance for micro, small and medium businesses with a particular focus on underserved groups in the MENA region.

In Autumn 2018, Sweden committed $6 million to IFC’s Green Bond Technical Assistance Program (GB-TAP), a multi donor-funded Advisory Services program managed by IFC that supports the issuance of green bonds in emerging markets. The program focuses on training bankers and knowledge-sharing on green bonds and sustainable finance, as well as providing advisory services to issuers and countries. In June 2019, under the GB-TAP, IFC, the Stockholm School of Economics, the International Capital Market Association and the Luxembourg Green Exchange launched a first-of-its-kind Green Bonds and Sustainable Finance Executive Program, followed by the second cohort in October 2019. The program gives bankers in emerging markets concrete tools to issue green bonds, supporting their transition to sustainable finance.

Since 2012, Swedfund, the Swedish Development Finance Institution, has been a signatory of IFC’s Master Cooperation Agreement, which streamlines lending procedures for joint investments to ease financing to private companies in emerging markets. Since then, Swedfund has co-invested in several projects alongside IFC, and was the first Swedish investor to adopt the Operating Principles for Impact Management in 2019. In addition, IFC has actively supported the efforts initiated by Sweden in the UN initiative Global Investors for Sustainable Development.

Examples of Successful Cooperation

Stena AB, Asia Region

In June 2020, IFC committed $30 million as part of a $60 million investment and resolution platform with Collectius, a Singapore-based debt management company and a pan-Asian pioneer in unsecured debt purchases. Collectius is partly owned by Stena AB, one of the largest family-owned companies in Sweden. The platform, which is part of IFC’s Distressed Asset Recovery Program (DARP), is dedicated to acquiring and resolving unsecured debt in Indonesia, the Philippines, Malaysia, Thailand and Vietnam, helping to unlock capital to support fresh lending in the East Asia and the Pacific region. In addition, IFC committed an $8 million equity investment to Collectius to support the company’s servicing capacity and further strengthen its position as a trusted partner to leading banks in the region. IFC’s investment will allow regional banks to deal effectively with their non-performing loans and focus on renewed lending, helping post COVID-19 recovery and economic growth.

Brummer & Partners, Bangladesh

In January 2019, IFC committed a $6 million A loan to Ananta Apparels Limited (AAL), a readymade garments manufacturer and exporter based in Bangladesh. Brummer & Partners, a Swedish investment management company, is one of AAL’s shareholders. IFC’s loan will help AAL to fund the machinery for a washing plant at its garment factory, thus increasing the efficiency of its manufacturing process through cost and time savings and improving energy and resource efficiency. The project will create over 1300 direct jobs at the plant and is expected to have a significant demonstration effect on addressing climate change issues in the textile industry in Bangladesh.

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