

IFC and the United Kingdom

Partners in Private Sector Development

OVERVIEW

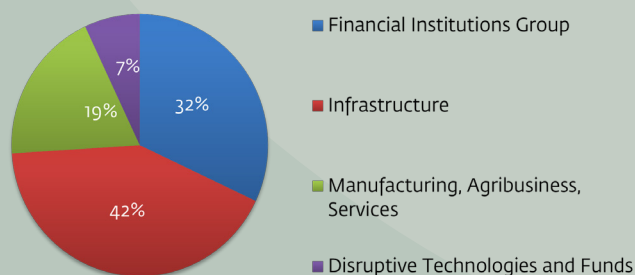
IFC, a member of the World Bank Group, is the largest global development institution focused on the private sector in emerging markets. Working in more than 100 countries, IFC committed a record \$43.7 billion in own-account investments and mobilization from third parties to private companies and financial institutions in developing countries in fiscal year 2023 (FY23).^{*} IFC partners with British multinationals and mid-sized firms that are interested in investing in emerging markets. As of June 2023, IFC had a long-term committed investment portfolio of over \$3.6 billion with British partners spread across several sectors and regions.



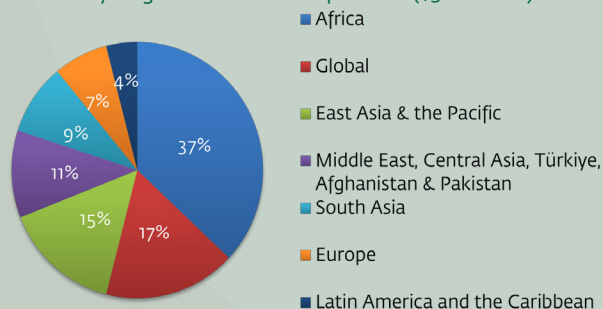
IFC's Long-Term Investment Portfolio with British Sponsors

As of FY23, IFC's long-term investment portfolio with British sponsors amounted to over \$3.6 billion. British private sector companies have benefited from co-investments with IFC, while making notable contributions to development.

IFC Long-term Investment Portfolio as of June 2023
by Industry with British Sponsors (\$3.6 billion)



IFC Long-term Investment Portfolio as of June 2023
by Region with British Sponsors (\$3.6 billion)



- **Mobilization:** IFC has a strong relationship with British financial institutions (FIs) and an active engagement across multiple sectors. As of June 2023, British FIs held close to \$4.5 billion in IFC Syndicated Loans.
- **Global Trade Finance Program (GTFP):** As of June 2023, IFC issued over 3,000 guarantees cumulatively amounting to close to \$5 billion for British banks since the GTFP began in 2005. The most active confirming banks have been Standard Chartered and HSBC.

PARTNERSHIP WITH THE GOVERNMENT AND DEVELOPMENT FINANCE INSTITUTION

The UK is currently the largest donor to IFC, contributing close to \$393 million in FY19-23 for advisory services and blended finance. IFC has a longstanding relationship with the UK's Foreign, Commonwealth & Development Office (FCDO). IFC also collaborates with the Department for Energy Security and Net Zero on climate mitigation work, as well as with the UK's development finance institution, British International Investment. The UK has supported, among other partners, the following initiatives:

- In November 2019, IFC launched a global competition for private sector and social enterprise projects in the Kakuma refugee hosting area in Kenya's Turkana County. The initiative supports investment and unlocks the economic potential of refugees and the host community with a focus on youth and women. The competition is implemented through the five-year, \$25 million Kakuma Kalobeyei Challenge Fund (KKCF) supported by the FCDO and other partners.
- The \$18.8 million umbrella TechEmerge Sustainable Cooling Innovation program, funded by the UK Government's International Climate Finance commitment, is supporting sustainable cooling technologies in Africa, Asia and Latin America. TechEmerge currently operates 46 projects for field testing over 30 innovative technologies that can reduce energy consumption and GHG emissions by 30%.
- In 2018, IFC launched the Market Accelerator for Green Construction (MAGC) Program, a blended finance and advisory facility funded by the UK Government's Department for Energy Security and Net Zero (DESNZ). The Program aims to boost the uptake of greener construction practices and technologies in 24 emerging countries, including new construction and retrofits. IFC works with banks and the construction industry to simultaneously transform these markets towards certified green buildings, reducing the cost of designing and building green, while catalysing dedicated green building financing.

^{*}The World Bank Group fiscal year runs from July 1 to June 30 of the following calendar year.

Examples of Successful Cooperation



Vodafone, Ethiopia

In June 2023, IFC committed a \$157 million equity investment in Global Partnership for Ethiopia (GPE) and a \$100 million debt funding in Safaricom, the Ethiopian telecommunications company, to help fund its capex requirement for a countrywide mobile network roll out in Ethiopia. The Multilateral Investment Guarantee Agency (MIGA) will provide 10-year guarantees of \$1 billion to cover the investment. Vodafone Group, one of the largest communications technology companies in the world based in the UK, and British International Investment are among the shareholders of GPE, which in turn owns Safaricom. IFC's investment will increase access to quality connectivity for individuals and businesses in Ethiopia, and create a competitive market for telecommunication services in the country.



InfraCo Africa, Zambia

In April 2023, IFC signed a letter of agreement to collaborate with Western Power Company Limited (WPC) to develop a bankable payment security mechanism for the Ngonye Falls hydropower project, a 180MW run-of-river hydroelectric power project on the Zambezi River in western Zambia. The mechanism will aim to secure the payment obligations of the national utility ZESCO to the project company, which will fully finance and execute the project. One of the investors in the Ngonye Falls hydropower project, InfraCo Africa, is part of the Private Infrastructure Development Group (PIDG) funded by the UK (FCDO), the Netherlands (DGIS) and Switzerland (SECO). This collaboration project will help increase Zambia's hydropower generation capacity and access to electricity in the area.



Standard Chartered, Pakistan

In December 2022, IFC and Standard Chartered Pakistan (SCBPL), a wholly-owned subsidiary of the UK-based multinational bank Standard Chartered, signed a risk participation facility on a portfolio of up to \$200 million equivalent in local currency. The exposure is shared on a 50:50 basis between IFC and SCBPL. IFC's own account exposure is up to US\$100 million equivalent in local currency with the balance under coverage by SCBPL. The investment supports SCBPL's trade and short-term working capital finance and supply chain finance to clients in Pakistan. IFC's investment helps facilitate trade volumes and domestic production in Pakistan via an increase in the supply of trade finance. The project also provides better access to finance for SMEs in Pakistan.



Anglo American, South Africa

In June 2022, IFC committed a \$100 million sustainability-linked loan to Anglo American, a global mining company headquartered in the UK, to support community development programs in education and livelihoods in rural areas close to the company's mining operations across South Africa. The interest rate of the loan is linked to Anglo American's sustainability performance in those areas. The loan is the first in the mining sector to focus exclusively on social development indicators. IFC's investment will improve the quality of education for more than 73,000 students by providing training to educators, practitioners, and school management teams and upgrading school infrastructure and equipment. The investment will also promote jobs by providing mentorship, capacity building, skills development, and access to finance to small businesses.



Department for
Energy Security
& Net Zero

Market Accelerator for Green Construction (MAGC), South Africa

In December 2021, Nedbank, one of South Africa's largest banking groups, issued a ZAR 1.09 billion (\$60 million) green residential development bond with IFC as the anchor investor. This bond is a first of its kind issue by a commercial bank in Africa focused on green residential housing. IFC invested ZAR500 million, while the remaining ZAR590 million were mobilized from private investors. The transaction received blended finance support from the UK-IFC MAGC facility in the form of performance-based incentives that will be passed through to the bank's borrowers upon providing proof of a green certifications. Nedbank will also benefit from IFC's advisory services, which include EDGE training and certification support for the bank and prospective developers. This bond plays a vital role in accelerating the growth of green buildings, supporting the decarbonization of the energy sector and addressing the housing deficit in the country.



CVC Capital, Thailand

In June 2021, IFC committed a \$100 million loan to Ngern Tid Lor Company Limited (NTL), one of the leading non-bank financial institutions in Thailand, partially owned by a fund managed by CVC Capital Partners, a UK-based private equity and investment advisory firm. The loan has been supporting NTL's financing program for micro and small enterprises in Thailand. IFC's investment will increase access to finance for micro and small enterprises in underserved areas of Thailand, helping the economic recovery following the COVID-19 pandemic and contributing to financial inclusion.



HSBC, Global

IFC and HSBC Global Asset Management launched the Real Economy Green Investment Opportunity Fund, or REGIO, in May 2020 with the goal of increasing access to climate finance for companies and municipalities while promoting the development of the green bond market in emerging markets. REGIO mobilized \$538 million in private sector capital to finance largely non-financial companies. IFC and HSBC each provided a \$75 million anchor investment in the fund, and nine private sector investors invested \$388 million. REGIO has a Technical Assistance Facility, managed by IFC, which provides support to real sector issuers of green bonds. REGIO was 60% invested in green bonds as at end of August 2023; and the Fund is ahead of its first green bond deployment milestone of 50% green bonds by 2024.

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