

IFC and Korea

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 amount of close to \$56 billion in own-account investments and mobilization from third parties to private companies and financial institutions in developing countries in FY24. Over the last 10 years, IFC had a long-term cumulative committed investments of \$8.8 billion with Korean sponsors spread across several sectors and regions.



IFC AND KOREA

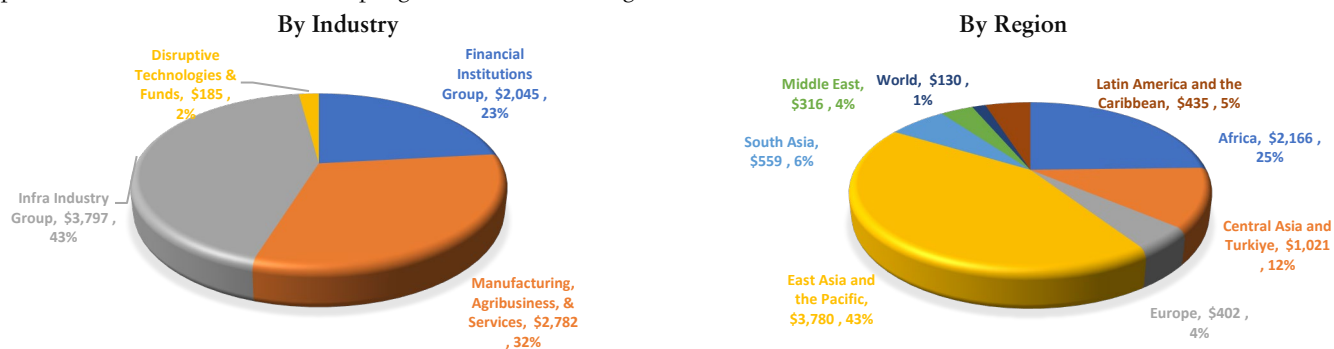
The Republic of Korea's relationship with IFC has grown over the last 50 years from a recipient country to a key partner in outbound transactions and a significant source of mobilization and grants.

Korea provides IFC with important donor funding through trust funds which enable IFC to provide technical assistance to clients in developing countries, especially in industries and regions that are aligned with Korea's international development priorities.

IFC and Korean private sector partners have also been working closely to develop projects and investment opportunities in emerging markets. These engagements cut across various sectors including renewable energy, manufacturing, and financial institutions.

IFC'S LONG-TERM INVESTMENT PORTFOLIO AS OF JUNE 2024 WITH KOREAN SPONSORS

IFC's long-term investment portfolio with Korean sponsors amounted to \$8.8 billion. Korean companies have made impactful investments in developing economies through co-investments with IFC.



IFC Committed Exposure by Sub-Sectors with Korean Sponsors

Electric Power	\$2,381
Finance & Insurance	\$2,220
Chemicals	\$1,784
Transportation & Warehousing	\$743
Others	\$1,682
Total in \$ millions	\$8,810

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

KOREA – IFC TRUST FUNDS

The Korea - IFC Partnership Program (KIPP) was established in 2018, representing the first dedicated Korea - IFC trust fund in support of IFC's Advisory and Upstream programs.

Contributions of \$18 million from the Ministry of Economy and Finance supports 16 projects to date across a diverse range of IFC industry groups and a thematic focus on climate, infrastructure, public private partnerships, and information communication and technology.

K-GRID Program: In April 2023, IFC and Korea signed two Agreements to support Green Resilient and Innovative Development. The program includes \$20 million for Advisory /Upstream and \$10 million for Blended Finance.

EXAMPLES OF SUCCESSFUL COOPERATION

CREATING JOBS IN HAITI'S APPAREL SECTOR: In 2015, IFC invested \$4 million to help Willbes Haitian S.A., expand its apparel manufacturing capacity and create 1,000 new jobs in Port au Prince. In addition, IFC mobilized a \$4 million parallel loan from the Inter-American Development Bank.

The financing supported the development of Haiti's apparel industry, a key component of the country's economy and an important source of foreign investment and jobs.

IFC also provided a \$2 million loan to support Hansae Haiti S.A., a Korean garment manufacturer, in setting up its first manufacturing operation in Haiti in 2017. The project is expected to create up to 2,600 jobs, most of them for women.

PILOTING SOCIAL BONDS IN INDONESIA: In 2022, IFC committed to invest in a \$300 million Social Bond, of which (i) \$60 million will be issued by PT. Bank KB Bukopin Tbk (Bukopin), and (ii) \$240 million issued by KB Kookmin Bank Co Ltd. (KBB), a parent bank of Bukopin for social loan growth.

The bond proceeds will be solely dedicated to financing social initiatives, focusing on addressing the socioeconomic consequences of COVID 19 and financing gaps in segments such as micro, small, and medium size enterprises, affordable housing, healthcare, education, and basic infrastructure.

This project is the first social bond instrument by a private bank in Indonesia and will help deepen capital markets in the country.

CATALYZING INVESTMENTS IN HYDROPOWER IN NEPAL: In 2019, IFC completed a \$453 million debt financing package including IFC and eight other lenders. This was one of the largest foreign direct investments in Nepal's history to develop a 216 MW run-of-river hydropower project on the Upper Trishuli River.

The project was developed by IFC and a consortium of Korean and Nepali partners, in collaboration with the Government of Nepal since 2012. The project received more than \$100 million in support from the IDA Private Sector Window, and the Multilateral Investment Guarantee Agency (MIGA) provided \$87.4 million in risk guarantees for the sponsors. The World Bank's Development Policy Credit had supported reforms in energy sector regulations, including actions to encourage better environmental and social impact guidelines for hydropower projects.

This project is a prime example of IFC's ability to create markets in low-income countries through years of strategic upstream project preparation. It leverages multiple World Bank Group financing mechanisms, upstream policy work, and strong collaboration with development partners.

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