

IFC and United States

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.

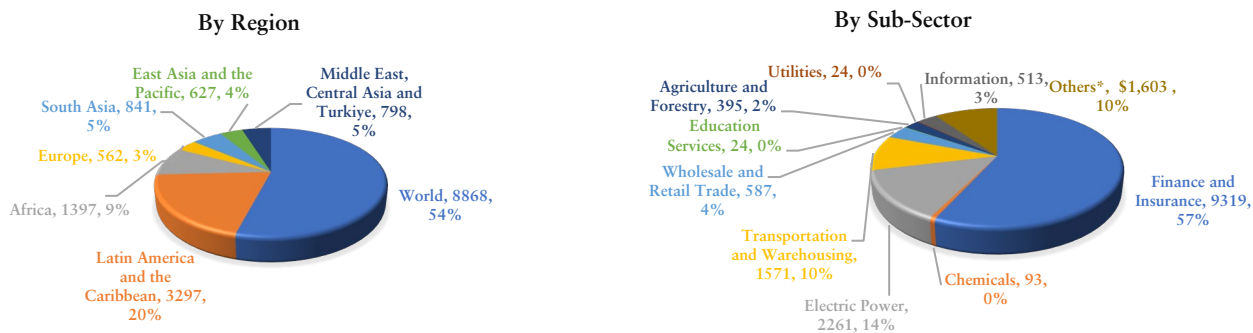


Over the last 10 years, IFC had a long-term cumulative committed investment of \$16.4 billion with U.S. partners (of which \$8.9 billion own account, and \$7.5 million mobilization) spread across several sectors and regions.

IFC AND THE U.S. PRIVATE SECTOR

The U.S. is IFC's largest shareholder and actively supports private sector development globally through a combination of co-investment, advisory and blended finance. The U.S. government has provided important contributions to IFC Private Sector Advisory Services with a historic focus on investment climate reform, private sector development, and solar energy. Through its contributions to the International Development Association (IDA), the U.S. also provides blended finance support to IDA via the IDA Private Sector Window, a mechanism that helps mobilize sustainable private sector investment in the poorest and most fragile markets. The U.S. also actively supports the long-standing Global Agriculture and Food Security Program (GAFSP) Private Sector Window through blended finance. The Development Finance Corporation (DFC) is an important co-investment partner. IFC also partners with U.S. companies that are interested in investing in emerging markets. Over the last ten years, IFC's investment portfolio with U.S. clients and project sponsors has focused finance and insurance (32%), followed by funds (12%), and electric power (9%) among others. The U.S. also ranks first among countries in IFC's syndicated portfolio, with a committed exposure of \$3.4 billion from U.S.- based banks.

IFC'S LONG-TERM INVESTMENT PORTFOLIO WITH U.S. SPONSORS AS OF JUNE 30, 2024.



Other sectors include; Industrial & Consumer Products; Professional, Scientific, & Technical Services; Food & Beverages; Healthcare; Textiles & Apparel; Tourism Services.

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

IFC AND THE U.S. GOVERNMENT

The U.S. is a key donor partner across multiple government agencies:

- **The Department of the Treasury** is the World Bank's primary government counterpart and a blended finance partner, including contributions to the GAFSP Private Sector Window and the Iraq Small Business Finance Facility.
- **The United States Agency for International Development (USAID)** provides grant financing in support of IFC's private sector advisory services and enabling environment programs, including the Invest in Childcare Initiative.
- **The U.S. International Development Finance Corporation (DFC)** works with the IFC on risk sharing and co-investments, including support for Ukraine's cross-border trade through the Global Trade Finance Program and the strengthening of Africa's vaccine and pharmaceutical development through the Global Health Platform.
- **The Millennium Challenge Corporation (MCC)** provided IFC with a grant to implement the Solomon Islands Tourism Investment Facilitation Project to support the country's tourism sector and generate economic growth.

IFC AND THE U.S. GOVERNMENT

HORIZON CAPITAL GROWTH FUND IV

To support Ukraine's economic recovery and encourage investors amid a grave humanitarian and financial crisis, IFC invested \$30 million in Horizon Capital Growth Fund IV (HCGF IV) in September 2022, followed by an additional \$30 million in April 2023. HCGF IV is managed by Horizon Capital, a U.S. domiciled fund manager and the leading private equity firm in Ukraine and Moldova. The partnership aims to support the tech industry and accelerate the growth of private equity markets in both countries. IFC's contribution aims to unlock additional commitments, mobilize additional private capital, and achieve its goal of raising \$300 million. This investment is part of its \$2 billion Economic Resilience Action (ERA) Program. Announced in December 2022 to address the immediate needs of Ukraine's private sector while ensuring access to critical goods and services.

ACAJUTLA LNG

In December 2019, IFC made an \$85 million-dollar investment in Energía del Pacífico (EDP) in El Salvador, to develop the first integrated Liquefied Natural Gas (LNG) to Power project. The greenfield project is majority-owned by Invenergy, a leading U.S. power developer, while the initial developer of the project, Quantum Energy (U.S.), remains a minority shareholder. The DFC is a parallel lender to this project. The project will have a high development impact for El Salvador and the region, creating high-quality jobs, diversifying the country's energy matrix, reducing fluctuations, making electricity more affordable and fostering long-term sustainable economic growth. Moreover, the Acajutla LNG Power project will have positive environmental effects by displacing carbon and oil-based energy generation, thereby reducing CO2 emissions.

KMF MICROFINANCE

In April 2018, IFC provided a senior syndicated loan of \$82 million equivalent in Kazakh tenge (Kazakhstan's currency) to "KMF" LLC, a leading Kazakh microfinance institution established through USAID grants by ACDI/VOCA, a U.S.-based NGO, to boost lending to micro and small enterprises, including women entrepreneurs and customers in rural areas of Kazakhstan. The investment comprised a senior loan of \$10 million for IFC's own account and a Hedged A-Loan Participation (HALP) of up to \$72 million for the account of leading international investors. It was the largest ever microfinance sector deal in Kazakhstan. IFC used the HALP, a syndication product allowing IFC to sell U.S. dollar participation in a local currency-denominated loan, to provide KMF with much needed local currency financing to support its growth, while protecting investors from currency risk.

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