

IDA PRIVATE SECTOR WINDOW

SUPPORTING GROWTH AND LIVELIHOODS
WHERE IT'S NEEDED MOST



WORLD BANK GROUP

THE WORLD BANK
IBRD • IDA

IFC

International
Finance Corporation

MIGA

Multilateral Investment
Guarantee Agency



IDA PSW FUNDS HAVE BACKED 238 PROJECTS IN 47 COUNTRIES WHILE \$3.9 BILLION OF SUPPORT HAS ENABLED OVER \$20 BILLION OF PRIVATE INVESTMENT.

The International Development Association's Private Sector Window (IDA PSW) is a development finance tool established in 2017 to help catalyze private sector investment in the poorest and most fragile countries. IDA PSW resources enable high-impact projects that otherwise would not happen by helping defray macroeconomic, political, and currency risk and lower project financing costs. IDA PSW is used by IFC and MIGA and their co-investors to enable the private sector to create jobs, reduce emissions, and contribute to other development outcomes.

IDA PSW, paving the way for sustainable private sector development

The private sector is essential for creating jobs and increasing incomes in the world's poorest countries. But the firms that form the backbone of the economy lack access to the capital they need to invest in their own future, especially in countries affected by fragility and conflict. Weak macroeconomic and regulatory environments, infrastructure bottlenecks, limited availability of skilled labor, and political instability dampen investment by the private sector.

IDA PSW enables IFC and MIGA to support the private sector through high-impact investment projects by blending concessional funds with commercial finance. IDA PSW helps mitigate risks and fill financing gaps in the market, providing first-loss guarantees on credit and market risk, facilitating longer-tenor loans, and providing local currency in markets where hedging options are limited. Every \$1 of IDA PSW funds mobilizes over \$5 of commercial finance (roughly \$2 from IFC and MIGA investment and \$3 of third-party investment).

IDA PSW-SUPPORTED PROJECTS IMPROVE LIVES AND LIVELIHOODS

1.1M

JOBS

accounting for 14 percent of formal
job creation in the countries
where IDA PSW operates



\$12.9B

IN CREDIT TO MICRO, SMALL, AND MEDIUM-SIZED ENTERPRISES THROUGH

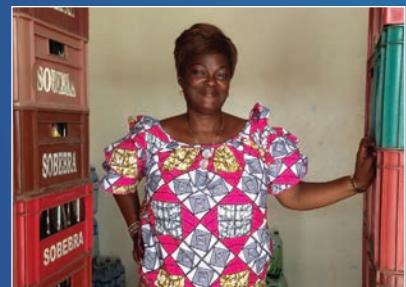
4M

LOANS

of which 37 percent are
for enterprises owned
by women

173,000

SMALLHOLDER FARMERS BENEFITING FROM IDA PSW SUPPORT



**IDA PSW-SUPPORTED PROJECTS
IMPROVE LIVES AND LIVELIHOODS**



492,000
TONS OF CO₂ EQUIVALENT
REDUCTION

561MW
OF INSTALLED RENEWABLE ENERGY
of which 60 percent is in countries affected by fragility and conflict

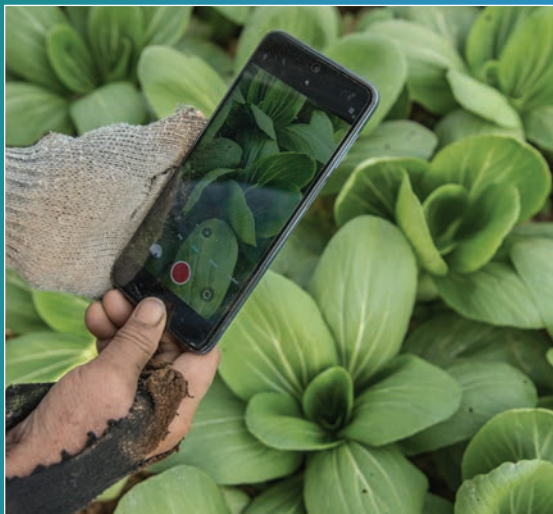
1.3M
PATIENTS
BENEFITING FROM
EXPANDED
HEALTHCARE
SERVICES



IDA PSW-SUPPORTED PROJECTS IMPROVE LIVES AND LIVELIHOODS

\$2.2B

OF IMPORTS AND
EXPORTS ENABLED
IN ELIGIBLE
COUNTRIES



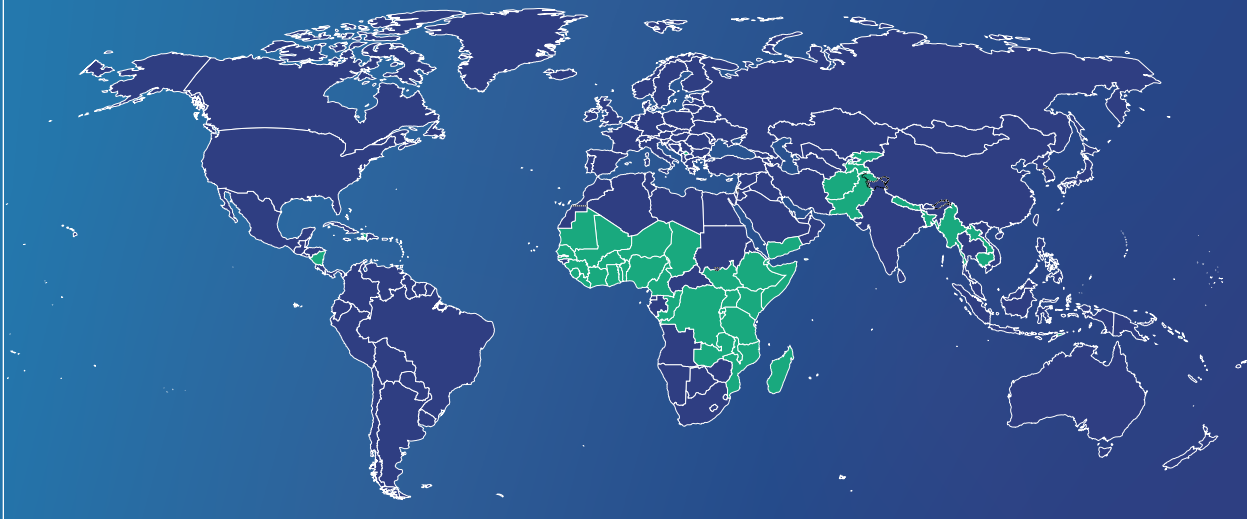
**DIGITAL
SERVICES**

TO OVER

29M

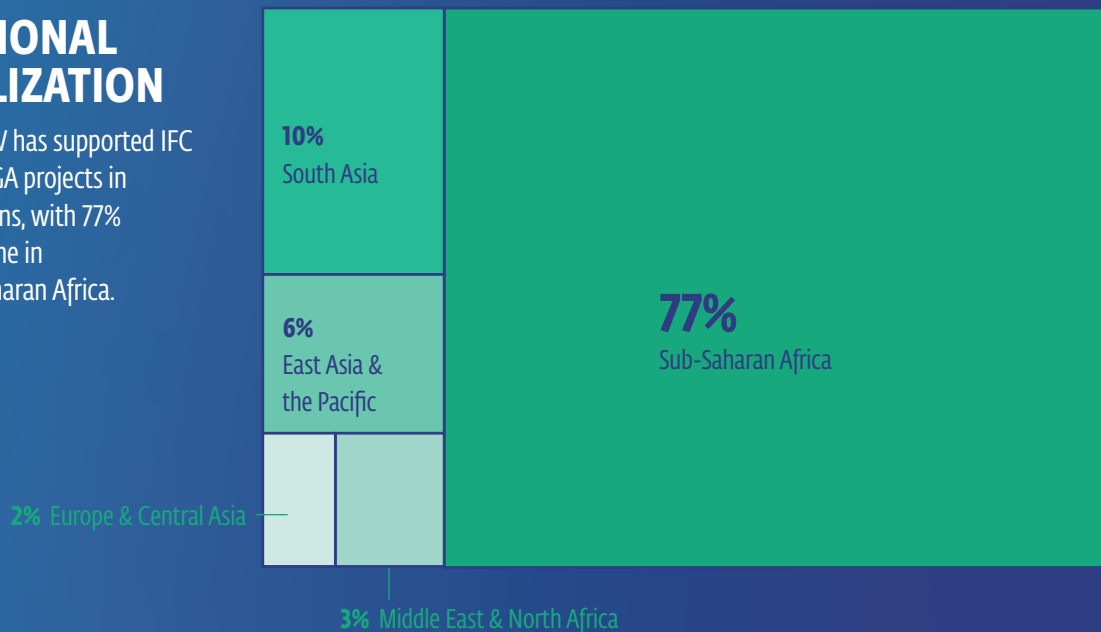
PEOPLE

IDA PSW FUNDS HAVE ENABLED 238 PROJECTS IN 47 COUNTRIES

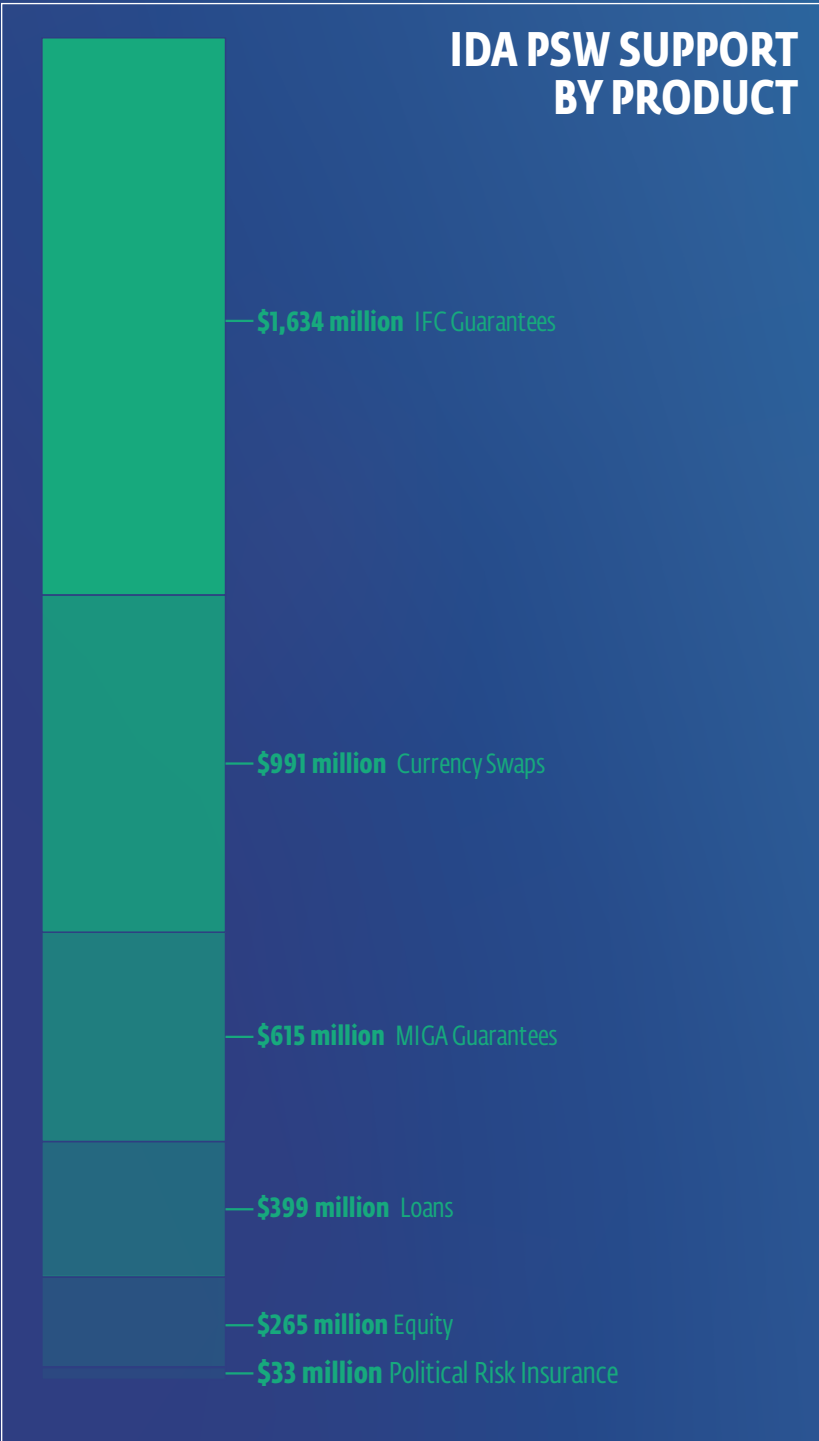


REGIONAL UTILIZATION

IDA PSW has supported IFC and MIGA projects in all regions, with 77% of volume in Sub-Saharan Africa.



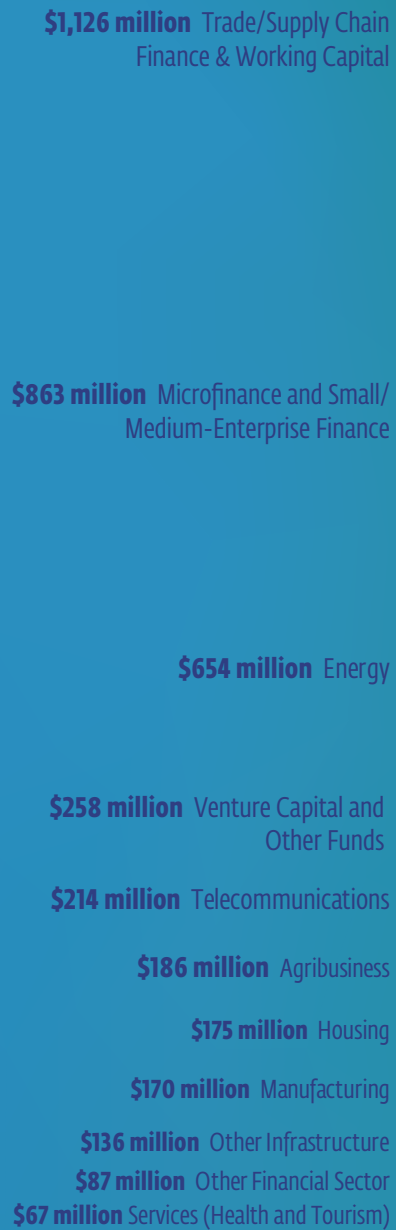
IDA PSW SUPPORTS LOCAL COMPANIES



72 PERCENT OF IDA PSW WAS USED IN IFC LONG-TERM FINANCE INVESTMENTS WITH LOCAL SPONSORS SINCE FY20



IDA PSW SUPPORT BY SECTOR



Boosting Access to Healthcare in Uganda

In Uganda, 45 percent of all health facilities are owned and managed by the private sector, employing nearly half the country's healthcare workforce.

The COVID-19 pandemic put a serious financial strain on these providers that are so critical to people's health and well-being. Lockdown measures resulted in a slowdown of operations and numerous private health facilities had to close clinics, reduce hours, and cut staff.

The IDA PSW local currency window enabled IFC to provide a loan in Ugandan shillings to International Medical Group, the Ugandan subsidiary of African platform Ciel Healthcare (CHL). Local currency financing was essential, since revenues to the clinics are in shillings. This alleviated the company's cashflow constraints, allowing it to continue providing vital services across its network of clinics and hospitals throughout the pandemic, including programs offering preferential rates on vaccinations, dialysis, and other treatments to low-income patients.

Photo by Birom Seck/IFC

PEOPLE

Strengthening Food Security in Yemen



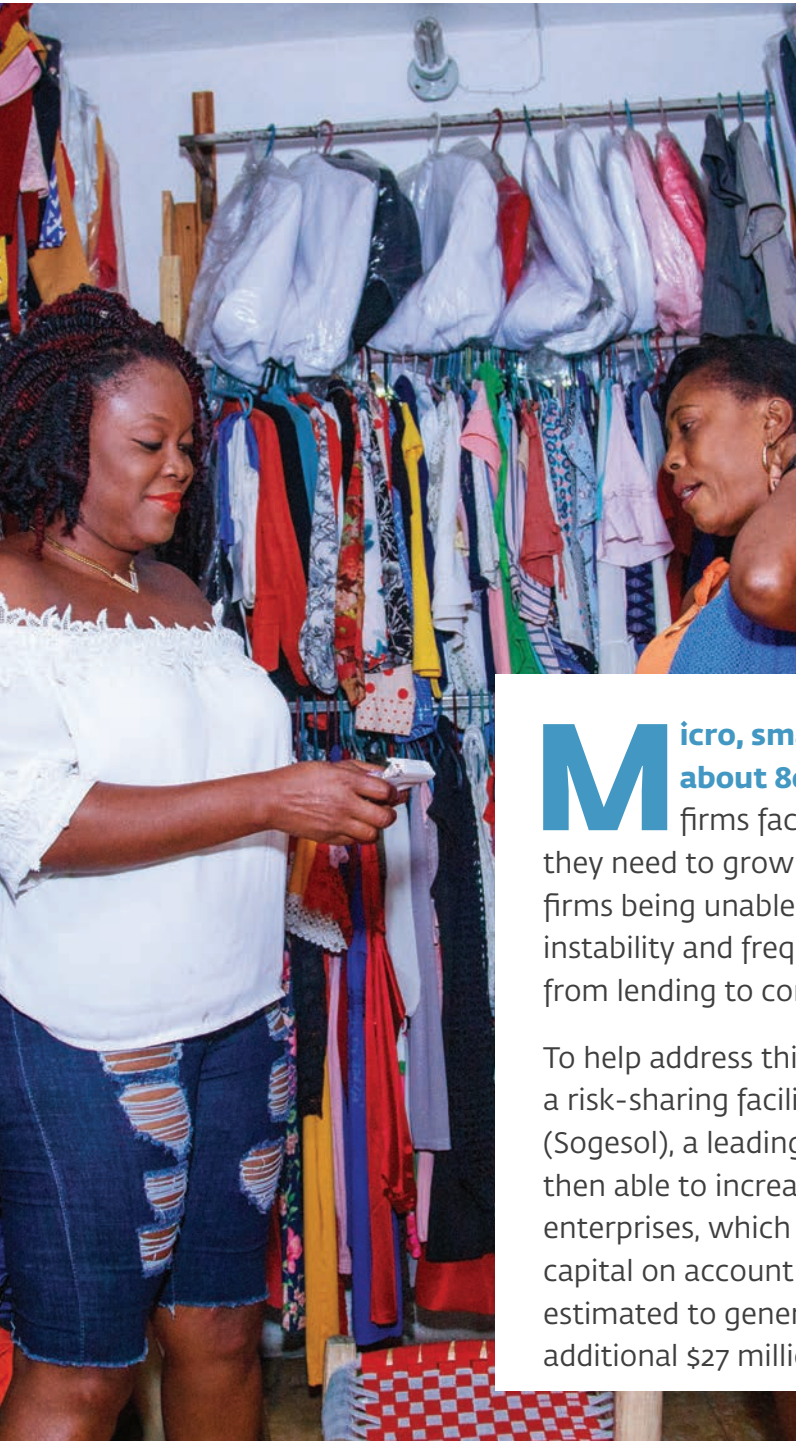
According to the World Food Program, half of Yemeni children under five are at risk of malnutrition. IDA PSW is enabling the continued provision of safe, fortified staple food products to Yemen's population even during the conflict. IFC's \$75 million financing package for Hayel Saeed Anam (HSA) Group—one of the country's largest food producers—is providing the company with working capital necessary to maintain operations and continue to serve the Yemeni domestic market with essential foodstuffs. With this support, provided in mid-2021, the company has been able to continue production, scale up inventories, and safeguard 5,000 jobs. As the company expands, IFC expects it to create 61,000 jobs.

IDA PSW's first-loss guarantee, of up to 50 percent, covered part of the credit risk, thereby enabling IFC to invest in Yemen for the first time in over a decade and giving FMO, the Dutch Entrepreneurial Development Bank, the confidence to invest alongside IFC and meet the financing needs of the client.



Photo by HSA

Supporting Small Businesses in Haiti



Micro, small, and medium-sized enterprises employ about 80 percent of Haiti's workforce. But these firms face steep challenges in accessing the financing they need to grow their businesses. This is largely due to small firms being unable to offer lenders collateral, while political instability and frequent natural disasters also help dissuade banks from lending to companies they perceive as high risk.

To help address this financing gap, IDA PSW and IFC established a risk-sharing facility with Société Générale de Solidarité S.A. (Sogesol), a leading local microfinance institution. Sogesol was then able to increase lending to Haiti's MSMEs, including agri-enterprises, which normally find it particularly hard to access capital on account of volatile revenues. The financing package is estimated to generate an additional 856 loans, amounting to an additional \$27 million.

Photo by Sogesol

PROSPERITY

Improving Diets and Boosting the Rural Economy in Ethiopia

Food insecurity and malnutrition affect large swathes of the population in Ethiopia, a country where more than 20 million people require food support. Those who can access food mostly consume a poor-quality diet that lacks key nutrients including protein.

In 2021, with support from the IDA PSW, IFC provided a loan in Ethiopian birr to support the expansion of EthioChicken, a poultry company that serves two million rural chicken farmers, many of whom are women. The investment proved a major boost to the rural economy as the company produces and sells highly fertile and disease resistant breeds of chickens to smallholders.

As a result of lower mortality among chickens and higher productivity, egg production is set to increase five times and rural incomes will rise. People will benefit from more protein-rich diets that reflect the improved availability of meat and eggs.



Photo by Mulugeta Wolde/IFC

Supporting Smallholder Farmers in Timor Leste

In Timor Leste, subsistence farming is the main source of employment for 70 percent of the country's rural population. A lack of access to capital—more than half of the population does not have a bank account—limits the ability of farmers to boost their incomes. In 2020, IFC and IDA PSW backed Kaebauk Investimentu no Finansas (KIF), Timor Leste's largest microfinance institution, with a combined \$5 million in loans.

This investment is helping unlock funding for around 4,900 farmers and is helping transform the agriculture sector from one dominated by subsistence into a more market-focused model. As well as providing finance, KIF is promoting partnerships between small landowners and larger-scale agribusinesses while working to boost gender equality in the workplace. By making agriculture a viable business for more people, KIF is driving the development of a more competitive and inclusive rural economy.

Photo by Alex Baluyut/World Bank

PROSPERITY

Supporting MSMEs at the Base of the Pyramid in the Kyrgyz Republic

The Kyrgyz Republic's private sector accounts for as much as three quarters of the country's economy. But growth has remained stagnant for almost two decades, partly on account of an underdeveloped financial sector that fails to provide enough finance for businesses to grow. Perceptions in capital markets of high risk in one of the weakest economies in the central Asia region have slowed foreign private investment to a trickle.

To address the capital shortage, IFC and IDA PSW backed three of the country's financial institutions to make more financing available to micro and small companies and firms owned by women. The investment is also making more housing finance available to low-income segments of the population. Over 100,000 individuals and businesses have accessed this support since it started in 2022, driving job creation and growth across the country.



Photo by Djenan Bacvic/IFC

Delivering Somalia's First Solar Power Plant

Somalia's energy sector is one of the most underdeveloped in east Africa, with less than half the population having access to electricity. Amid severe shortages of public resources to address this, private investment offers the best chance for broadening access to electricity. However, attracting private capital to a country characterized by unrest and conflict is difficult.

MIGA and IDA PSW are backing the construction of the country's first hybrid solar power plant, which will bring affordable, reliable, and clean energy to fragile and hard-to-reach areas. The support amounts to first-loss guarantees to minimize risk in an unstable area. The project will produce 4,000 MWh of electricity per year, cut greenhouse gas emissions, and build clean power generation capacity for the city of Baidoa, an important economic hub and home to many people displaced by conflict.

Photo by Doganmesut/AdobeStock

INFRASTRUCTURE

Boosting Access to Electricity in Djibouti

Support from MIGA and IDA PSW led to the construction and operation of a 17-turbine wind farm in Djibouti by a public-private consortium. The Ghoubet facility is the country's first utility-scale wind project, which will produce up to 60 MW of power, or about 237,000 MWh per year. It will make electricity available to many Djiboutians for the first time ever, improving quality of life in a country where as much as one-third of the one-million population did not have access to the power grid.

As an important improvement in infrastructure and a benchmark for future independent power producers, the project also promises to attract more foreign investment to the country. Furthermore, the project also marks an important step toward the country achieving energy independence—it traditionally imported over 80 percent of its electricity from neighboring Ethiopia—while ending reliance on fossil fuels as it strives for 100 percent renewable energy by 2035.



Photo by MIGA

Supporting African Artisans



Photo by Trevor Samson/World Bank

Africa's creative entrepreneurs face significant challenges accessing global markets, with only 12 percent of small businesses directly exporting their products. Côte d'Ivoire-based e-commerce platform ANKA offers a one-stop online platform for African artists, including those making and selling clothing, jewelry, and accessories, helping them connect with new markets by facilitating sales, shipping, and payment processing. The platform is used by more than 22,000 sellers, primarily in Africa and several in North America, the Caribbean, and Europe. The sellers' products can be purchased on the online marketplace Afrikrea, which is powered by ANKA.

With support from the IDA private sector window, IFC has made a \$3.4 million equity investment into ANKA to help support growth for thousands of small and women-led artisanal businesses, strengthening the region's creative industries and driving expansion in its online retail industry. The investment will unlock funding to allow ANKA to increase the number of vendors using it to access customers, by around 100,000 in the next several years.

DIGITAL

Expanding Digital Access in Sierra Leone and Liberia

In Sierra Leone and Liberia, cell towers, which are vital to mobile phone services, are mostly off-grid with 80 percent reliant on diesel power to generate the power they need. This not only keeps carbon emissions high but is also unreliable because fuel needs to be transported across fragile and unstable regions, making supply intermittent.

A \$26 million, 10-year guarantee from MIGA and the IDA PSW MIGA Guarantee Facility backing an investment in solar power generation in Sierra Leone and Liberia by Escotel Mauritius is providing a major boost to digital infrastructure. Installing photovoltaic panels to power existing and future cell towers in both countries will deliver more reliable service for cell-phone users and result in an important boost to the economy. It will also lead to significant cuts in emissions. The guarantee made this possible by reducing the associated risks to levels acceptable to the private-sector backers who will oversee the program's development.



Photo by Sagemcom

Backing a Debut Green Bond for a Sustainable Economy in Tanzania

Tanzania requires an estimated \$19.2 billion in financing to meet its climate targets by 2030. Currently, most of the country's climate financing comes from donors, although the private sector is becoming an increasingly important source of financing.

When Tanzanian lender CRDB Bank Plc raised the equivalent of \$68 million in its first-ever sustainability bond issuance IFC, with the backing of the IDA PSW local currency facility, subscribed to almost a third of the issuance.

The proceeds will be used to provide access to finance for green transactions and will be in accordance with CRDB's Green Bond Framework to finance or refinance eligible sub-projects that would contribute to sustainable and inclusive growth in Tanzania.

Photo by Nyani Quarmyne/IFC

About IDA

The International Development Association (IDA) is the part of the World Bank that helps the world's poorest countries. Established in 1960, IDA aims to reduce poverty by providing zero to low-interest loans (called "credits") and grants for programs that boost economic growth, reduce inequalities, and improve people's living conditions. For more information, visit ida.worldbank.org.

About IFC

IFC—a member of the World Bank Group—is the largest global development institution focused on the private sector in emerging markets. We work in more than 100 countries, using our capital, expertise, and influence to create markets and opportunities in developing countries. In fiscal year 2023, IFC committed a record \$43.7 billion to private companies and financial institutions in developing countries, leveraging the power of the private sector to end extreme poverty and boost shared prosperity as economies grapple with the impacts of global compounding crises. For more information, visit www.ifc.org.

About MIGA

The Multilateral Investment Guarantee Agency (MIGA) is a member of the World Bank. Our mandate is to promote cross-border investment in developing countries by providing guarantees (political risk insurance and credit enhancement) to investors and lenders. For more information, visit www.miga.org.

DECEMBER 2023

