

# IFC and Hungary

## 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).<sup>\*</sup> IFC maintains a focused relationship with Hungary, covering business development and donor funded initiatives. As of June 2023, IFC had a long-term committed investment portfolio of \$274 million with Hungarian partners in finance, all concentrated in Europe.

### PARTNERSHIP WITH THE GOVERNMENT

IFC's main government counterparts are the Ministry of Finance of Hungary and the Hungarian Export-Import Bank PLC (Eximbank). In FY19-23, Hungary provided cumulative funding of \$10 million to the Hungary-IFC Partnership Trust Fund (HIPTF) II, of which \$7 million to support IFC advisory services and \$3 million to support the 2030 Water Resources Group. As of June 2023, IFC has allocated \$6.49 million of the HIPTF II funds to 16 active IFC advisory projects in Africa, Asia, Europe, and Central Asia. The HIPTF II is the second phase of the Hungary-IFC Partnership, which was established in 2014 with an initial \$20 million contribution from Hungary and has delivered significant development results, supporting the energy, agribusiness, health, water management and ICT sectors across several regions in emerging markets.

- **Mobilization:** IFC has a good relationship with Hungarian financial institutions (FIs) and an active engagement, especially in the financial sector. As of June 2023, Hungarian FIs held \$560 million in IFC Syndicated Loans.

### Examples of Successful Cooperation



#### OTP Group, Ukraine

Bulgaria, Croatia, Romania, and Serbia together have the sixth highest greenhouse gas emissions intensity per unit of GDP among EU countries, while the total small and medium enterprise finance gap is almost \$90 billion. In November 2022 – May 2023, IFC invested \$250 million for its own account in two MREL-eligible senior preferred and one Basel III Tier 2 bonds of OTP Group, a Hungary-based financial group, as well as recognized core mobilization of \$550 million in connection to one anchor investment. The proceeds of the IFC investment will support on-lending to SMEs in the less developed regions of the target countries, as well as at least 40% is earmarked exclusively for climate finance. IFC's investment will expand access to climate finance and support SMEs while bolstering the banking systems in Bulgaria, Croatia, Romania, and Serbia.

<sup>\*</sup>The World Bank Group fiscal year runs from July 1 to June 30 of the following calendar year.

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