



New Report Finds International Finance Institutions Critical for Job Creation in Emerging Markets

Washington, D.C., September 23, 2011—A new report finds that international finance institutions play a key role in catalyzing job creation and growth through the private sector in emerging markets, particularly as governments face increased pressure on public resources.

The report, *International Finance Institutions and Development through the Private Sector*, was launched during the World Bank-IMF Annual Meetings. It was produced by 31 international finance institutions (IFIs). Senior officials of more than 20 IFIs are attending the launch event.

Key findings of the report are:

- **IFIs provide the private sector in developing countries with critical capital and knowledge.** Private sector direct foreign investment finance has reached over \$40 billion in commitments a year—about five percent of capital flows to emerging markets.
- **IFIs help companies set standards and manage risk** in areas such as environmental and social standards; corporate governance; health and safety, sponsor and business integrity; labor and human rights; revenue transparency; and international financial reporting.
- **IFIs catalyze additional financing from other private sector players.** Each \$1 of capital supplied to IFI's can lead to \$12 in private sector project investment
- **IFIs support entrepreneurship and innovation**, helping demonstrate the viability of private solutions in new or challenging areas.

This report underlines the importance of the private sector in developing countries,” said Nanno Kleiterp, CEO of FMO. “It shows that development banks help increase private sector investments in a sustainable way, and that their frontrunner role generates a substantial stream of commercial investments.”

The report was initiated under the sponsorship of the Private Sector Development Institutions Roundtable, an annual meeting of the heads of IFIs that focus on the private sector. The meeting is coordinated by IFC.

The report is available for download [here](#).

About The EDFI members:

About BIO

BIO is a Development Finance Institution (DFI) established in 2001 in the framework of the Belgian Development Cooperation to support private sector growth in developing and emerging countries. BIO finances the financial sector, enterprises and private infrastructure projects. Endowed with capital worth EUR 465 million, BIO provides tailored long-term financial products and finances technical assistance programmes and feasibility studies.

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About CDC

CDC's mission is to be a pioneering investor, stimulating the private sector and demonstrating the power of enterprise and private capital to reduce poverty in the poorest parts of the world. Owned by the UK government's Department for International Development, CDC is the world's oldest development finance

institution and has been investing in businesses in the developing world for over 60 years. CDC concentrates on the low and lower-middle income countries of sub-Saharan Africa and South Asia where 70% of the world's poor live. In lower-income countries, CDC's investments focus is on regions and sectors of need where capital is scarce.

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About COFIDES

Operating since 1990, COFIDES provides cost-effective financial support for projects involving Spanish interest in developing, transitional and emerging countries. With own resources over €60 million, COFIDES is 61% owned by the Spanish Government while 39% is held by three of the largest Spanish commercial banking groups. COFIDES manages two Spanish Government trust funds established to support Spanish investments abroad (FIEEX and FONPYME) and cofinancing facilities established with Multilateral Financial Institutions.

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About DEG

DEG, member of KfW Bankengruppe (KfW banking group), has been specialising in long-term project and corporate financing since 1962. As one of Europe's largest development finance institutions, DEG structures and finances investments by private companies in Africa, Asia, Latin America as well as in Central and Eastern Europe. DEG invests in profitable projects that contribute to sustainable development in all sectors of the economy, from agriculture to infrastructure and manufacturing to services. One focus is on investments in the financial sector in order to facilitate reliable access to investment capital for enterprises.

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About FINNFUND

Finnfund is a Finnish development finance company that provides long-term risk capital for private projects in emerging markets and certain transition economies. By sharing risks with the sponsors, Finnfund seeks to promote investments that are not only profitable but also environmentally and socially sound. Finnfund invests mainly with Finnish companies but can also finance their local partners, such as long-term customers, suppliers, subcontractors and companies that license technology. In addition, Finnfund can co-invest with other development finance institutions in projects that do not directly involve Finnish business but that generate significant environmental or social benefits. Renewable energy, forestry and telecommunications are among the industries where Finnfund is eager to co-finance projects with other development financiers.

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About FMO

FMO (the Netherlands Development Finance Company) is the Dutch development bank. FMO supports sustainable private sector growth in developing and emerging markets by investing in ambitious entrepreneurs. FMO believes a strong private sector leads to economic and social development, empowering people to employ their skills and improve their quality of life. FMO focuses on four sectors that have high development impact: financial institutions, energy, housing, and agribusiness. With an investment portfolio of EUR 5 billion, FMO is one of the largest bilateral private sector development banks

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About IFU-IØ

IFU, the Industrialisation Fund for Developing Countries, is a financial institution established by the Danish Government in 1967 as a self-governing Fund. IFU can co-finance projects in developing countries with a per capita income below USD 6,098 (in 2011). 50% of IFU's yearly investment must be made in countries with a per capita income below USD 3.156. IØ, the Investment Fund for Central and Eastern Europe, was established in 1989. IØ finances projects in Russia, Belarus and Ukraine. The two Funds share the same Supervisory Board and Executive Board. It is a condition for IFU-IØ's financial participation in a project that there is a private Danish co-investor.

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About Norfund

Norfund was established by the Norwegian Parliament in 1997 with the aim to develop and establish sustainable and profitable businesses in poor countries. The purpose is to promote business development and contribute to financial growth and poverty reduction. Norfund contributes to the realisation of viable projects which balance economic, social and environmental considerations. Norfund invests within four different investment areas: Industrial Partnerships, Financial Institutions, SMB Funds and Renewable Energy. Norfund. Can invest in countries with a GDP per capita of less than USD 6885 (2011 OECD DAC-list).

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About OeEB

Oesterreichische Entwicklungsbank AG (OeEB) has been operating as the official Development Bank of Austria since March 2008. It is specialized in the provision of long-term finance for the implementation of private sector projects in developing countries which create sustainable development. OeEB provides tailor-made financing solutions for a diverse set of long-term investments that would otherwise find it difficult to raise funding or borrow money in international capital markets. Additionally OeEB provides Technical Assistance (Advisory Programmes) which can be used to enhance the developmental impact of projects.

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About PROPARCO

The Société de Promotion et de Participation pour la Coopération Economique (PROPARCO) is a development finance institution with Agence Française de Développement (AFD), the French government-owned development financial institution as the majority owner. Other shareholders include major French private banks and companies, and international banks from developing countries. PROPARCO combines both a developmental objective with profit-oriented requirements and finances and invests in manufacturing, infrastructure and service sectors, including financial services. In 2009, PROPARCO's geographical coverage was extended to all countries eligible to development aid according to OECD rules. The rationale behind PROPARCO's funding may be summarised in four keywords: Long-term involvement, additionality, profitability and innovation.

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About SBI-BMI

BMI-SBI is a semi-public investment company, whose main objective is the medium to long term co-financing of foreign investments by Belgian companies. Its major shareholders are Belgian public institutions, the Federal Investment Company and the Central Bank of Belgium, as well as private companies such as BNP Paribas Fortis, ING Bank and Electrabel. Its activities are oriented towards the creation of new subsidiaries or joint ventures worldwide, as well as the acquisition, restructuring or further development of existing foreign subsidiaries, always in co-operation with Belgian companies.

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About SIFEM

The Swiss Investment Fund for Emerging Markets (SIFEM) is the Swiss Development Finance Institution. It provides long-term finance to private equity funds and financial institutions in emerging markets. SIFEM's primary focus is on institutions investing in the SME sector. On a selective basis, SIFEM also invests in microfinance. SIFEM's investment philosophy is guided by the belief that investing in commercially viable emerging market SMEs can provide investors risk adjusted returns, as well as generate sustainable, long-term development effects in local communities. SIFEM is fully owned by the Swiss Confederation and managed by Obviam, a privately owned management advisory group.

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About SIMEST

SIMEST is the development finance institution dedicated to supporting and promoting the activities of Italian companies abroad. SIMEST was set up as a limited company in 1991. It is controlled by the Ministry for Productive Activities, and its private-sector shareholders include major Italian banks and industrial business organizations. Its purpose is to promote Italian investment abroad and to provide technical and financial support for projects. It promotes direct investment by Italian companies outside the European Union and administers various forms of public support for the internationalization of the Italian economy. For firms it is a one-stop shop for assistance on every aspect of the development of business abroad.

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About SOFID

SOFID – Sociedade para o Financiamento do Desenvolvimento, Instituição Financeira de Crédito, SA was established on October 11, 2007. It is majority-owned by the Portuguese State (59.99%) with the remaining shareholders being four major Portuguese banks. Its status allows SOFID to exercise diverse financial operations. SOFID's role is to offer the full spectrum of financial tools to foster investment and business in developing countries, and to contribute for the sustainable development of these countries. SOFID is mandated to focus especially on beneficiary countries of the Portuguese Official Development Assistance (ODA). SOFID's mission is to foster investment and business, and to support Portuguese companies which have investments or wish to invest in these countries, either alone or in partnerships with local investors.

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About Swedfund

Swedfund International AB offers risk capital and know-how for investments in Africa, Asia, Latin America and Eastern Europe (non-EU members). Swedfund's vision is to contribute to the development of viable businesses thereby stimulating sustainable economic development in its investment countries. Swedfund is specialised in the field of complex investment environments with a high level of country risk. With a broad spectrum of financial solutions, combined with knowledge and experience, Swedfund enable our partners to invest more successfully.

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