

IFC - WESTERN BALKANS A PARTNER TO THE WBIF

December 2014

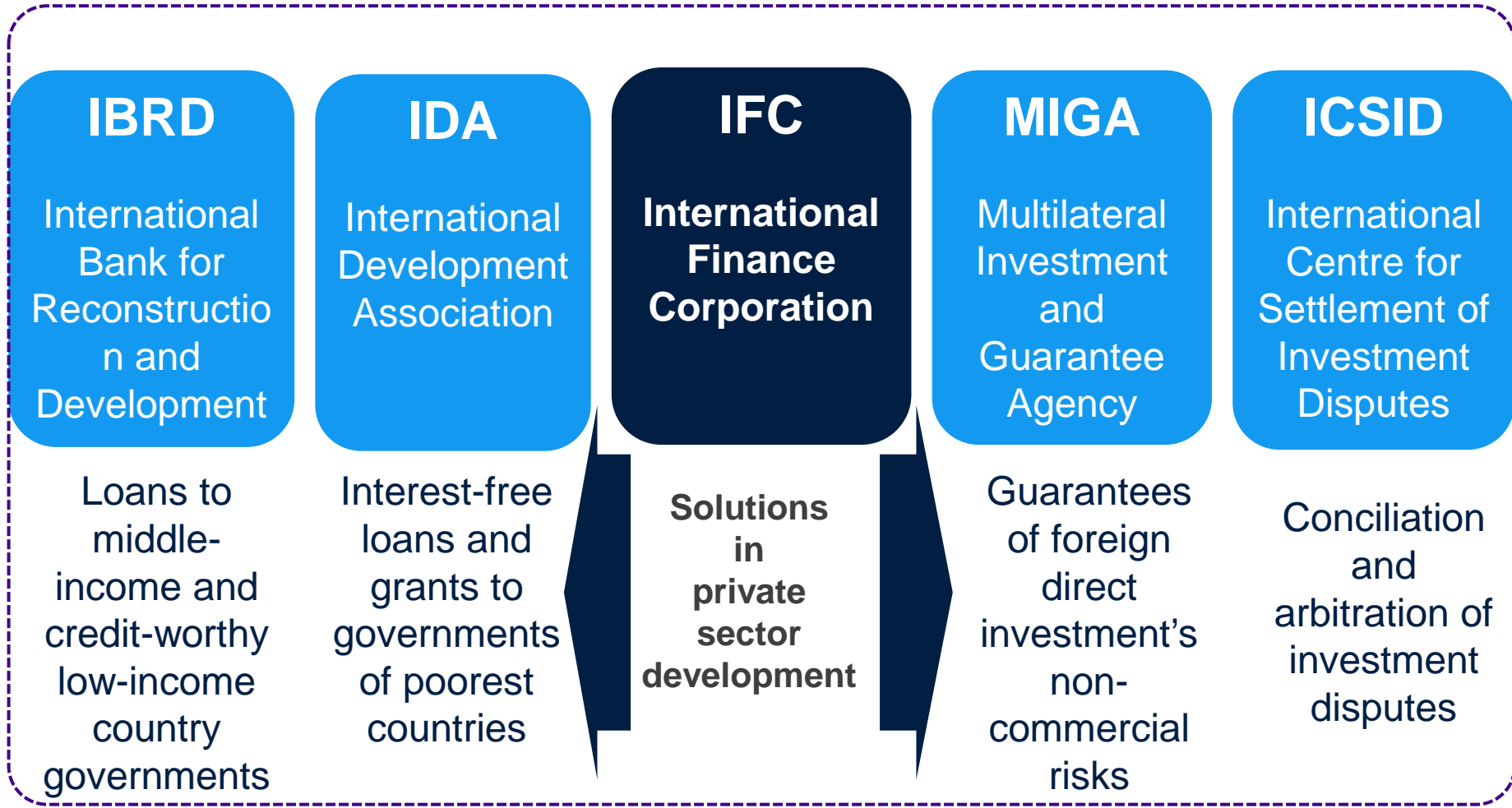


IFC

**International
Finance Corporation**

WORLD BANK GROUP

IFC: A MEMBER OF THE WORLD BANK GROUP



WHAT WE DO

Integrated Solutions, Increased Impact

INVESTMENT

- Loans
- Equity
- Trade finance
- Syndications
- Securitized finance
- Risk management
- Blended finance

**\$51.7 bn portfolio
(FY14)**

ADVICE

- Firm-level advice
- PPP transaction advice
- In partnership w/World Bank, advice on broader market development and enabling environment for private sector

**720 projects valued at
\$1.1 bn (FY14)**

IFC ASSET MANAGEMENT COMPANY

- Wholly owned subsidiary of IFC
- Private equity fund manager
- Invests third-party capital alongside IFC

**\$6.4 bn under mgmt
(FY14)**

IFC in the Western Balkans

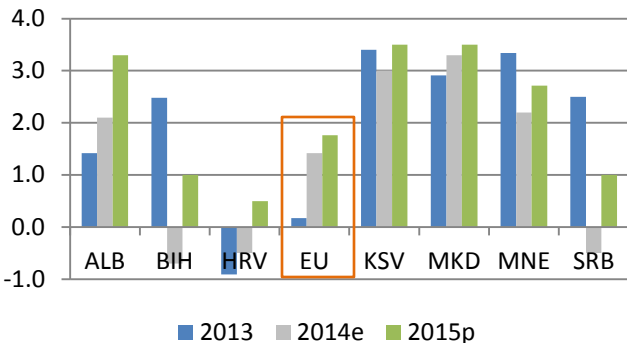
IFC Western Balkans in FY14

- **IFC has been active in most of the Western Balkans** (Albania, Bosnia and Herzegovina, Kosovo, FYR Macedonia, Montenegro and Serbia) **since the early 1990s.**
- **Last fiscal year (FY14), IFC invested \$139.5 million in the Western Balkans and mobilized the additional \$458.3 million from our partners,** supporting projects in the financial sector, infrastructure, agribusiness, and manufacturing.
- **In the Western Balkans, IFC works with private sector clients, governments, and civil society** to bring the benefit of global expertise to the region through its **advisory services and investment projects.**
- **Our priorities in the Western Balkans include: agribusiness, infrastructure development with a focus on climate change and improvements in investment climate.**

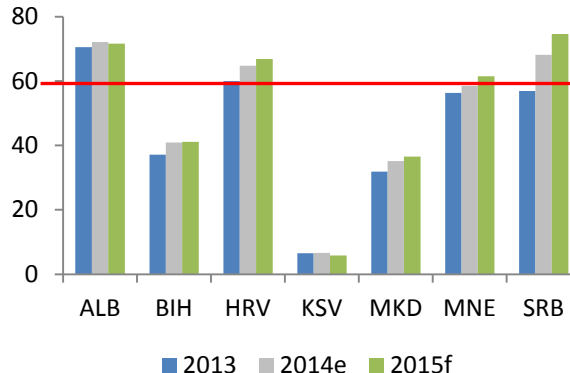
IFC and PPPs

Macroeconomic Fundamentals and Investment Climate

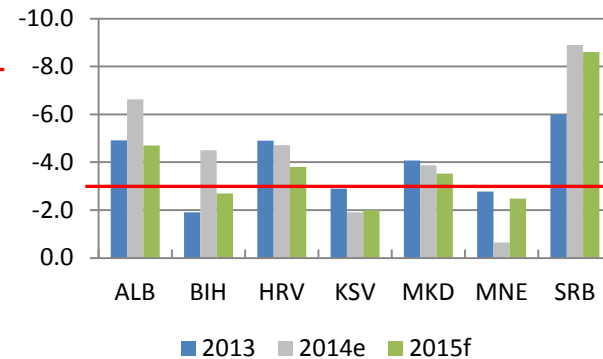
GDP growth: mixed performance in 2014, expected improvement in 2015



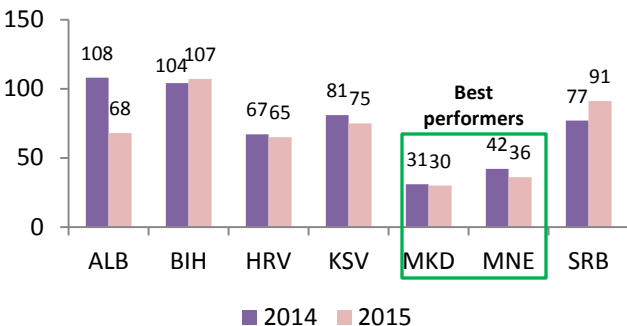
Government debt as % of GDP



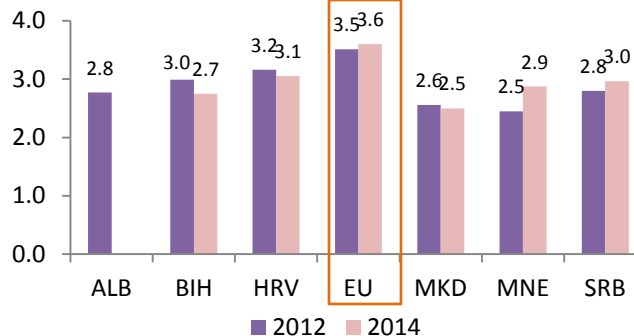
Budget deficit as % of GDP



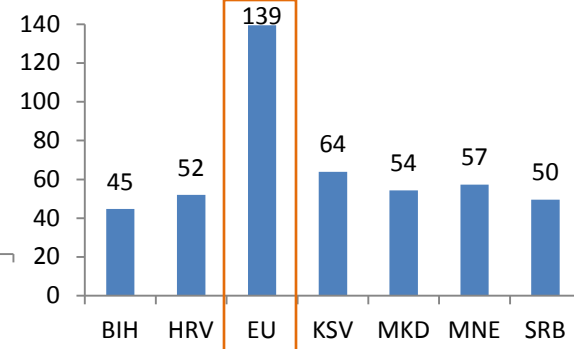
Doing Business Rankings (1=highest, 178=lowest)



Logistics Performance Index (LPI) (5=best, 1=worst)



Road network density (km of road per 100 sq. km of land area)



➔ Infrastructure investment needs for Western Balkans are estimated to be approximately Euro 110 bn. For transport sector - Euro 4 bn per year, Energy sector - Euro 4.5 bn per year, Environment sector Euro 2.4 bn per year.

(Source: "Priority Investments in the Western Balkans and Croatia: Analysis of medium-term needs, possible impacts and criteria for ranking in terms of efficiency and development potential, STAREBEI Research Program, 2014. University of Nice with EIB grant financing)

WBG SUPPORT FOR PPPs

Improving the enabling environment for private infrastructure/PPPs

Convert pipeline opportunities into high impact projects

**Upstream policy
Legal and regulatory framework**

Preparing transactions

Financing, equity and guarantees

WB GPs

IFC C3P

WB, IFC, MIGA

IFC PPP ADVISORY IN WESTERN BALKANS

- IFC provides advice on designing and implementing public-private partnership (PPP) transactions to national and municipal governments to improve infrastructure and access to basic services such as water, power, health and education. The program is supported by our donor partners: Austria, Norway and Switzerland.

Recent mandates:

- As part of a broader energy sector reform effort, IFC advised the Albanian Ministry of Economy, Trade and Energy to privatize four hydropower plants (HPP) with a combined capacity of 76.7 MW — HPP Ulëz, HPP Shkopet, HPP Bistrice I, and HPP Bistrice II. The Turkish company, Kürüm International, was awarded the two tenders for the four plants. Kürüm is planning to rehabilitate HPP Ulëz to improve the reliability of power supply. All four HPPs will be operated in compliance with strict environmental conditions.
- IFC played a key role in helping structure and implement the Astha hydropower plant project, Albania's first major hydropower plant construction in 30 years and the government's first large PPP in the energy sector. Verbund, Austria's largest electricity company, was the winning bidder of a concession to build and operate a new 53 megawatt hydropower plant expected to improve services for 170,000 people.



IFC PPP ACTIVE MANDATES

- IFC provides transaction advisory support to the Government of the Federation of Bosnia and Herzegovina to assist with the implementation of a road project under a PPP scheme. IFC is also advising on the Milot - Morine highway project in Albania.
- IFC is advising the City of Belgrade in structuring and tendering a public-private partnerships (PPP) contract for development of waste treatment and waste disposal facility at Vinca to improve the overall waste management in the capital of Serbia.



Advantages of Working with IFC/Possible Areas for Cooperation

- IFC PPP advisory mandate requires the winner bidder to implement the project using IFC/WBG Performance Standards for E&S Risk Management.
- Key outcome is that projects are “bankable” from the financial viewpoint as well, creating private sector investment pipeline for IFI and commercial lenders.
- Capacity within Governments to understand and implement PPP transactions is generally weak. Specific transactions could benefit from PIUs with knowledge transfer to benefit future projects.
- Fine tuning of the upstream laws and regulations for PPPs, using the practical experience of implementing specific transactions, sometimes requires consultants/legal work.

THANK YOU!

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