

## IFC Provides \$8 Billion in Fast-Track Financing to Private Sector

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Original post [here](#).

The [International Finance Corporation \(IFC\)](#) will be providing fast-track financing of \$8 billion to support companies impacted by the COVID-19 pandemic. On [March 3](#), the World Bank Group approved \$6 billion in fast-track financing through the IFC. It approved an additional \$2 billion on [March 17](#).

The IFC is the private-sector arm of the World Bank Group. It is the largest private-sector-focused global development institution for developing countries. It provides loans, equity investments, and advisory services to over 2,000 clients around the world. The fast-track financing, which is the first phase of the IFC's COVID-19 response, allows it to provide immediate and direct support to existing clients.

Of the \$8 billion pandemic response, \$2 billion is for the [Real Sector Crisis Response Facility](#), which the IFC will use to support existing clients with loans or equity investments. The support will go to companies in the infrastructure, manufacturing, agriculture, healthcare, and services industries. It will help companies increase working capital, reschedule existing debt, or cover the cost of delays in project implementation. Instruments under the facility include medium to long-term senior and subordinated loans and equity, though equity is capped at \$400 million. The IFC can provide no more than 20% of the funding to a single country and no more than 10% to a single borrower.

The IFC will channel the remaining \$6 billion through four different programs that leverage bank lending. Through the [Financial Institutions Response Envelope](#) (FIGE), the IFC will provide support to financial institutions in order to maintain trade flows and lending to micro, small, and medium-sized enterprises (MSMEs). It will allocate \$2 billion of the FIGE for the [Global Trade Finance Program](#), which covers payment risks of financial institutions in emerging markets so they can provide trade financing to importers and exporters. It will direct another \$2 billion through the [Working Capital Solutions Program](#), which provides funding to banks in emerging markets for the provisioning of working capital loans. Working Capital Solutions Program loans can be in US dollars or the local currency, and the financial institution can use the funding to provide new working capital loans or refinance existing loans. The remaining \$2 billion will flow through the [Global Trade Liquidity Program](#) and the [Critical Commodities Finance Program](#). These programs offer risk-sharing support to financial institutions for continued financing of companies involved in the trade of commodities or essential trade in emerging markets.

The approval process will be made under delegated authority from the Board, except for Real Sector Crisis Response projects exceeding \$100 million or those with a potential significant adverse environmental or social impact. The IFC plans to closely monitor projects and will develop a new section for reporting on the COVID-19 initiatives in the quarterly Investment Operations Report.

The \$8 billion IFC phase one response is part of a \$14 billion fast-track financing from the World Bank. The [broader World Bank](#) response could provide up to \$160 billion over 15 months. (See here for [YPFS post](#) on broader efforts of the World Bank).

The IFC committed more than [\\$40 billion in funding](#) in response to the Global Financial Crisis of 2007-2009. Similar to the COVID-19 response, the IFC increased funding for the Global Trade Finance Program and the Global Trade Liquidity Program. It also established facilities for infrastructure projects, microfinance lending, and bank recapitalization. The [IFC also launched](#) the Distressed Asset Recovery Program (DARP), which focuses on the [resolution of distressed assets](#) and restructuring and refinancing of viable entities. During the Ebola outbreak in 2014, the IFC provided support to West African countries through Working Capital Solutions Program loans.