

MOBILIZING FOR INNOVATION

Mechanisms, Learning and Experience
(NOT NECESSARILY THE VIEWS OF THE WORLD BANK GROUP)

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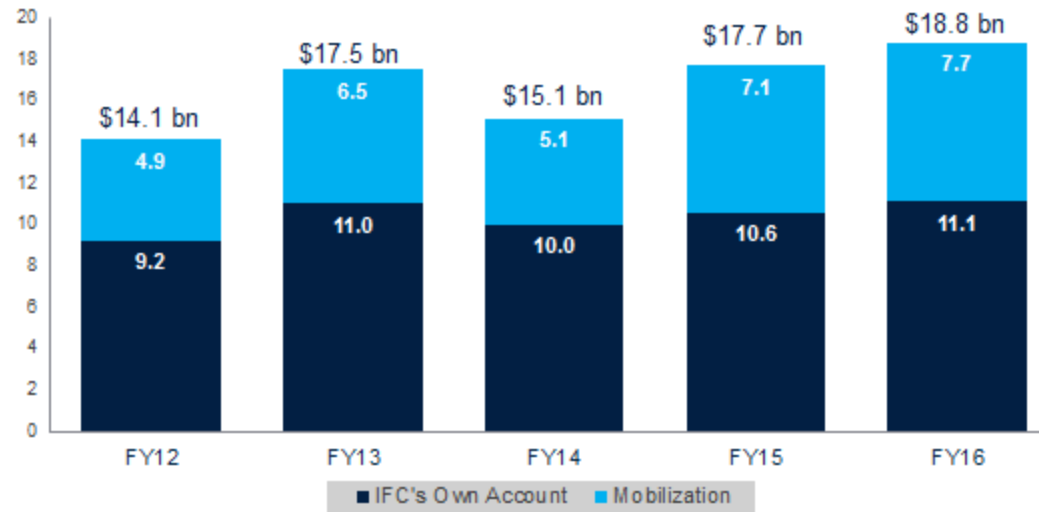
The purpose of the Corporation is to further economic development by encouraging the growth of productive private enterprise in member countries, particularly in the less developed areas, thus supplementing the activities of the International Bank for Reconstruction and Development (hereinafter called the Bank). In carrying out this purpose, the Corporation shall:

- (i) in association with private investors, assist in financing the establishment, improvement and expansion of productive private enterprises which would contribute to the development of its member countries by making investments, without guarantee of repayment by the member government concerned, in cases where sufficient private capital is not available on reasonable terms;
- (ii) seek to bring together investment opportunities, domestic and foreign private capital, and experienced management; and
- (iii) seek to stimulate, and to help create conditions conducive to, the flow of private capital, domestic and foreign, into productive investment in member countries.

The Corporation shall be guided in all its decisions by the provisions of this Article.

IFC'S MOBILIZATION MANDATE

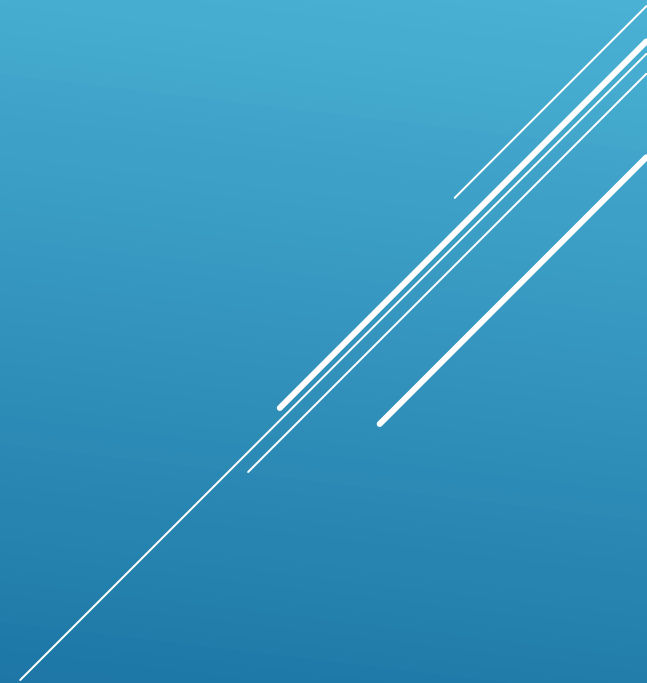
**FY16 LONG-TERM INVESTMENT COMMITMENTS:
\$18.8 BILLION**



GROWING MOBILIZATION FOCUS

- ▶ PRIVATE EQUITY AND VENTURE CAPITAL
- ▶ SEED AND INCUBATOR STRUCTURES
- ▶ IFC ASSET MANAGEMENT COMPANY
- ▶ EQUITY MOBILIZATION
- ▶ MANAGED CO-LENDING PROGRAM
- ▶ BLENDED FINANCE
- ▶ IFC INFRAVENTURES
- ▶ “GREEN BONDS” AND IMPACT BONDS
- ▶ TECH-EMERGE AND OTHER NEW MECHANISMS

MOBILIZATION FOR IMPACT



- ▶ Private Equity and Venture Capital
 - ▶ SME Ventures, growth equity, venture
 - ▶ Catalytic “anchor investor” role
 - ▶ Delegated authority facility for co-investments
 - ▶ Seed Capital and Incubators
- ▶ IFC Asset Management Company
 - ▶ Wholly owned IFC subsidiary
 - ▶ Manage \$9.1 billion in third party money on fiduciary basis
 - ▶ IFC pipeline and platform, but own disciplined investment process
 - ▶ Direct and funds of funds vehicles

FUND INVESTMENTS AND VEHICLES

- ▶ Equity Mobilization
 - ▶ Identifying deals for co-investment, potential co-investors
 - ▶ Assisting in structuring, deal support, eg due diligence materials
 - ▶ Strong internal processes and safeguards
- ▶ Managed Co-Lending Portfolio Program
 - ▶ Allows “passive” participation in IFC debt portfolio or defined subset (directly or as B loan participant)
 - ▶ Vehicle can include credit enhancement, eg via first loss tranche
 - ▶ MCPP platform can be extended to other investors, structures, circumstances

MOBILIZATION STRUCTURES

- ▶ Definition
 - ▶ Concessional financing : price, tenor, rank, security or combination
 - ▶ Combined with IFC investment on commercial terms
- ▶ Key principles for deployment
 - ▶ “Beyond additionality”: Subsidy should benefit project as whole, not just IFC
 - ▶ Avoids market distortion: Minimum concessionality
 - ▶ Sustainable: Not apply where long subsidies required; targeted to specific, identified barriers; linked to advisory services, to broaden impact
 - ▶ Transparent: Approved by separated Blended Finance Committee, implemented by dedicated blended finance investment officers
- ▶ Uses: Debt, equity, funds, facilities
 - ▶ First loss, subordinated debt, capped upside
 - ▶ Examples: Women Entrepreneurs Opportunity Facility, Global Agriculture and Food Security Program, SME Ventures (opportunistically)

BLENDED FINANCE

- ▶ IFC Infraventures
 - ▶ Project development “fund” to increase pipeline of bankable projects
 - ▶ Minority investor in early stage PPP, private infra projects that could reach financial close in 2-3 years
 - ▶ Across infra, natural resources sectors, including power, water, telecom (wind, solar, cattle-waste biomass, community water kiosks)
 - ▶ Active support, such as feasibility assessments, stakeholder management, negotiation of terms, selecting project participants, sourcing financing
 - ▶ Streamlined processes and documentation
 - ▶ Invest via contribution of project development expenses
 - ▶ Rights to equity on financial close – “this is not grant funding”
- ▶ Green Bonds
 - ▶ Securities issued to raise capital for specific environmental or sustainability projects
 - ▶ May be return-linked, issued against a specific project, or benefit from full recourse to issuer
 - ▶ Recent IFC Forest Bond: Investors have option to be repaid either in carbon credits generated by underlying project, or cash
 - ▶ Vs. “social impact bonds” – returns keyed to measurable outcomes

NEW MECHANISMS AND STRUCTURES

- ▶ TechEmerge
 - ▶ Match-making program for proven technology companies looking for emerging markets partners and opportunities
 - ▶ Selection criteria include market readiness, potential for impact, capacity to operate in market, interest from industry partners
 - ▶ Inaugural program: Link innovators with India healthcare providers, to improve healthcare delivery and patient outcomes
 - ▶ Matchmaking events, grant support of pilot programs, other programmatic support
- ▶ Scaling Solar
 - ▶ Prequalification, RFP and due diligence support
 - ▶ Streamlined, bankable power documentation for countries without IPP track record
 - ▶ Aligned to technical, perceived risks: eg intermittent power supply, government support
- ▶ “Impact Certification”
 - ▶ Lighting Global, EDGE

NEW PROGRAMS

- ▶ “Broken Circuits”
 - ▶ Scaling investments in smaller-scale innovation
 - ▶ Mitigating perceived investor risk
 - ▶ Creating or enhancing markets
 - ▶ Supporting commercialization and scale
- ▶ IFC’s tools directly address these concerns
- ▶ In spirit of the summit, we have proven mobilization technologies - the question is how to bring them to bear on innovation and solutions
 - ▶ Can they be aligned in a more programmatic way?
 - ▶ How much emphasis on disruption and moonshots?

TOOLS FOR SCALING UP INNOVATION