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World Bank Group's IFC, MIGA Outline Response to Financial Crisis

Tokyo, February 3, 2009—The World Bank Group is responding to the global financial crisis with new initiatives to support private sector investment in developing countries, the heads of IFC and MIGA said in speeches before an audience of Japanese business leaders.

IFC has developed new initiatives to provide financing and advisory services for the banking, infrastructure, trade and microfinance sectors. The Multilateral Investment Guarantee Agency (MIGA) is currently developing a range of new political risk insurance instruments and initiatives that can help boost investor confidence and mitigate concerns over risk during the current economic climate.

"IFC is working with partners like the government of Japan to provide critical support to businesses and entrepreneurs in an effort to reduce the impact of the crisis on the poor," said Lars Thunell, IFC Executive Vice President and CEO, during the event organized by the Japan Association of Corporate Executives, known in Japan as Keizai Doyukai.

Izumi Kobayashi, MIGA Executive Vice President, said that MIGA has developed a new fund to encourage private equity capital to make new investments in sub-Saharan Africa. "The fund will be able to make small-scale investments, aggregating up to \$150 million in the banking, agribusiness, telecoms, and other sectors," said Kobayashi, who is also deputy chairperson of Keizai Doyukai. "This is particularly important in an environment where investor confidence is lacking." MIGA is also considering coverage for temporary business interruption and enhancing breach-of-contract coverage to provide greater protection for MIGA clients.

Thunell described a package of crisis response initiatives, including a Bank Recapitalization Fund to recapitalize distressed banks in developing countries; an expanded trade finance program to meet a large increase in demand for short-term trade finance; an Infrastructure Crisis Facility to provide rollover financing and help recapitalize existing, viable, privately funded infrastructure projects facing financial distress; a microfinance facility; and an Advisory Services response package to complement the initiatives.

During his trip to Japan, Thunell signed an agreement with Japan Bank for International Cooperation to launch the bank recapitalization fund on February 2.

About IFC

IFC, a member of the World Bank Group, fosters sustainable economic growth in developing countries by financing private sector investment, mobilizing private capital in local and international financial markets, and providing advisory and risk mitigation services to businesses and governments. IFC's vision is that people should have the opportunity to escape poverty and improve their lives. In FY07, IFC committed \$8.2 billion and mobilized an additional \$3.9 billion through syndications and structured finance for 299 investments in 69 developing countries. IFC also provided advisory services in 97 countries. For more information, visit www.ifc.org.

About MIGA

MIGA promotes foreign direct investments in developing countries by providing guarantees to investors who wish to establish businesses that help improve the lives of local populations by giving them access to the latest technologies and best practices. MIGA's guarantees are particularly important during times of economic crisis when international financial market confidence is low, resulting in significant net outflows of foreign capital from many developing countries. For more information visit www.MIGA.org.

About KEIZAI DOYUKAI (Japan Association of Corporate Executives)

KEIZAI DOYUKAI is a private, nonprofit, nonpartisan organization that was formed in 1946 by 83 business leaders united by a common desire to contribute to the reconstruction of the Japanese economy. In the more than 60 years since then, KEIZAI DOYUKAI has solidified its leadership role in improving the Japanese economic community, as well as in seeking solutions to numerous domestic problems and contributing to the overall well-being of Japanese society. KEIZAI DOYUKAI membership comprises approximately 1,400 top executives of some 900 large corporations, all sharing the common belief that corporate managers should be key players in a broad range of political, economic, and social issues. For more information, visit www.doyukai.or.jp.