



# IFC in the Philippines

*Creating Opportunity Where It's Needed Most*

IFC provides and mobilizes capital to encourage private investments in the Philippines, especially in underfinanced sectors such as renewable energy, energy efficiency, water, and agriculture. We also work with the government to attract investors to much-needed infrastructure projects.

IFC helps lay the foundation for long-term growth by improving the business environment, promoting sustainable and reliable energy in rural areas, and enabling small businesses and outgrower farms to access credit, increase productivity, and reach profitable markets.

## Increasing Access to Finance

IFC invests in large commercial banks so they can expand their network of branches and improve their capacity to serve the funding needs of micro, small, and medium enterprises – accounting for some 98 percent of employment in the Philippines. We work with the country's largest microfinance organization to establish a thrift bank that will pioneer SME lending in less-developed areas, creating jobs and reducing poverty.

IFC helps scale up lending for renewable energy, energy efficiency, and climate change mitigation projects by providing guarantees to our partner banks to support their loans.



## FINANCING SUSTAINABLE ENERGY PROJECTS

A \$1 million loan from Bank of the Philippine Islands helped Corfarm owner Lito Hizon construct a methane capture and electricity production facility in his 15,000-head pig farm north of Manila. BPI's funding came from IFC's Sustainable Energy Finance program, which works with financial institutions to help businesses adopt environment-friendly technologies.

"IFC helped our bank's staff better understand the energy-efficiency and renewable-energy segments," says Aurelio Montinola III, BPI's President.

Since 2008, the program has provided some \$119 million in loans for projects that are expected to help avoid around 100,000 tons of carbon dioxide emissions each year.

BPI's sustainable energy initiatives for small and medium enterprises have earned the bank the Group of 20 SME Finance Challenge Award in 2010.

## Building Infrastructure for the Future

IFC helps the Philippines meet its long-term energy needs by investing in renewable energy projects such as hydro, geothermal, wind, and solar. We assist rural electric cooperatives, which provide seven of every 10 electricity connections in the country, to increase efficiency and provide reliable power supply.

We work with the government on privatizations in key sectors such as power and water, improving the delivery of services to local communities. IFC provided equity and loan financing to Manila Water Company, allowing the utility to expand coverage to 99 percent of eastern Metro Manila and double its customers to 6 million people, and to the Energy Development Corporation, helping it become one of the world's leading geothermal energy producers.

## Small Farmers, Bigger Markets

In agribusiness, IFC works with an international banana export company and Rainforest Alliance to train small banana farmers in sustainable farming so they can earn international certification for their produce, expanding their export markets and raising their incomes.

## Making Doing Business Easier

IFC advises 25 cities in setting up one-stop shops to make starting and running a business easier, more transparent, and cheaper. IFC's Global Governance Forum works with the Philippine Stock Exchange and the Institute of Corporate Directors to improve corporate governance practices among publicly listed companies and to attract international investors to the stock market.



## HARNESSING POWER FROM BENEATH THE EARTH

IFC's \$49 million early equity stake in Energy Development Corporation has catalyzed the privatization of the former state-owned enterprise, turning it into an emerging industry leader in the global geothermal energy sector.

"Having that seal of approval from IFC was really a positive signal for us at the beginning of our privatization process," says Richard B. Tantoco, EDC's President.

When the global credit crunch threatened to halt EDC's momentum in late 2008, IFC again stepped in, providing an \$86 million local currency loan. "That one took us over the tipping point, opening up access to local bond markets and major banks that wouldn't have shown interest in us before," says Tantoco.

Within a few years, EDC expects to surpass Chevron as the world leader in geothermal energy, using a low-carbon business model to help meet global energy demand.

### IFC PRODUCTS

#### Financial Products

- Loans/Syndicated loans including local currency loans
- Equity/Quasi-equity finance
- Equity and debt funds
- Structured finance
- Intermediary services
- Risk management products
- Subnational finance
- Trade finance

#### Advisory Services

- Improving access to finance for SMEs, renewable energy, and energy-efficiency projects
- Promoting public-private partnership to support infrastructure development
- Strengthening linkages to global agribusiness supply chains through international certification and sustainable farming methods
- Promoting an investor-friendly environment through simplified business procedures and improved corporate governance standards

IFC Philippines' advisory services are delivered in partnership with



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