

# The IDA Private Sector Window

## Leveraging the Private Sector in the Poorest and Most Fragile Countries

Through the Private Sector Window (PSW), the International Development Association (IDA) works closely with the World Bank Group private sector arms—International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA)—to leverage IDA’s resources and help mobilize sustainable private sector investment in the poorest and most fragile markets.



### New sources of finance, knowledge, partnerships, and innovation

are creating opportunities for the poorest countries. Helping countries seize these opportunities, while also addressing the ongoing challenges that inhibit broad and inclusive growth, requires close collaboration across the World Bank Group (WBG) to leverage private sector solutions.

**IDA**, the part of the World Bank that helps low-income economies, works with governments on policy reforms to improve the business climate, enabling private sector investment and job creation. The private sector lies at the center of sustainable development and accounts for a vast majority of jobs in IDA countries.



**The IDA PSW was launched in 2017**, during the IDA18 replenishment cycle, to complement IDA’s public sector lending and help catalyze private sector investment in the poorest IDA countries, with a focus on fragile and conflict-affected states. The IDA PSW blends concessional funds with private investments to help mitigate specific risks for high-impact development projects.<sup>1</sup>



Concessional Funds



Risk Mitigation

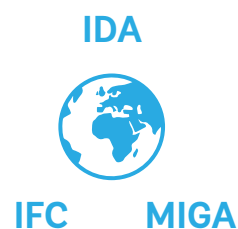


Private Investment



Jobs and Growth

The creation of the IDA PSW is based on the recognition that the private sector is central to achieving the Sustainable Development Goals, and the need to allay uncertainties, real or perceived, that impede high-impact private sector investment. The IDA PSW helps **IFC** and **MIGA** mitigate the risks of selected high development impact projects in the poorest and most fragile IDA markets by transferring some of the risk to IDA.



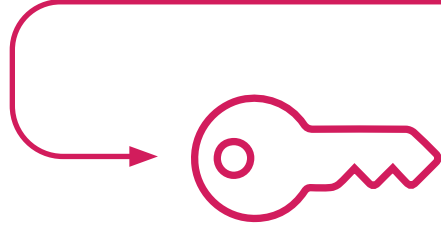
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**PSW**



**The addition of the IDA PSW to the WBG's toolbox** enables IDA to deepen its work in the space where public policy and private investment meet. The IDA PSW is an option when there is no commercial solution and the WBG's other tools and approaches are insufficient. The IDA PSW is a key pillar of IFC's 3.0 strategy, which aims to tackle difficult development challenges by creating markets and mobilizing private investors, and MIGA's strategy focusing on IDA countries.



The IDA PSW builds on the WBG's track record of support for private sector investment in IDA countries, **totaling more than \$100 billion in the past decade.** It provides an opportunity for IDA to make strategic use of public resources to catalyze private investments in these challenging markets.

## The IDA PSW is deployed through four facilities:



**1. The Local Currency Facility** provides long-term local currency IFC investments in IDA countries where capital markets are not developed, and market solutions are inadequate.



**2. The Blended Finance Facility** blends PSW support with pioneering IFC investments across sectors with high development impact, including small and medium enterprises (SMEs), agribusiness, health, education, affordable housing, infrastructure, climate change mitigation and adaptation.



**3. The Risk Mitigation Facility** provides project-based guarantees without sovereign indemnity to crowd-in private investment in large infrastructure projects.



**4. The MIGA Guarantee Facility** expands coverage through shared first-loss and risk participation reinsurance.

<sup>1</sup>The IDA PSW supports and guarantees investments by IFC and MIGA, but does not fund private investment on its own.