

IFC and the United Kingdom

Reducing Poverty Together



PARTNERSHIP OVERVIEW

The United Kingdom has been a member of IFC since 1956. The UK partners with IFC to help developing countries build stronger private sectors as a way to reduce poverty through technical assistance and advisory services. IFC's main UK counterpart in the delivery of this work is the Department for International Development.



FOR MORE INFORMATION:

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The IFC-UK partnership extends to all regions in which IFC is active, including Sub-Saharan Africa; East Asia and the Pacific; South Asia; Europe and Central Asia; Latin America and the Caribbean; and the Middle East and North Africa. In Sub-Saharan Africa, IFC and the UK work jointly to enhance the capacity of the private sector and, in particular, small and medium enterprises, and to provide African companies with experienced managers and client-specific training to local work forces. UK's efforts in Asia focus on driving the development of the small and medium-sized enterprise sector in China, the Mekong region, and in Bangladesh, Bhutan, Nepal, and North East India. In Europe and Central Asia, the UK's efforts concentrate on attracting foreign direct investment; supporting the creation and growth of the private sector, and improving the business-enabling environment in the countries of the former Soviet Union and Southeast Europe. IFC's work with small- and medium-sized enterprises in Latin America and the Caribbean and in the Middle East and Africa is also supported by the UK.

The UK is a contributor to IFC's Technical Assistance Trust Fund, which provides funding for short-term, targeted expert interventions aimed at private sector development. The UK also helps fund IFC's advisory work with governments in developing countries focused on improving their countries' environments for foreign direct investment. The UK works with IFC on environmental issues, promoting the development of pioneering business initiatives that deliver environmental and social benefits and encouraging their replication in the private sector of emerging markets. The UK and IFC are also co-founders of the Infrastructure Development Collaboration Partnership Fund, a multi-partner facility established to support IFC's infrastructure privatization advisory work.

RECENT HIGHLIGHTS

Kenya-Uganda Railways Joint Concession

IFC and the UK are the co-founders of DevCo, established to support IFC's infrastructure privatization advisory work. In FY06, DevCo successfully advised Kenya and Uganda on the selection of a joint concessionaire to operate and manage their national railway systems until 2031. This was Kenya's first privatization using a concession structure. The bid was won by a consortium led by South Africa's Sheltam Rail Company Limited. Each year, the consortium will pay 11.1 percent of gross revenue to both countries and \$1 million for the Kenyan passenger services concession. A turnaround and development program will be implemented that is expected to lead to a significant increase in freight traffic volumes. A total of \$322 million will be invested in rehabilitating existing assets and in new rolling stock and operating equipment. This project will establish an efficient, reliable, and integrated rail system in Kenya and Uganda and represents a major step in the development of Uganda and other similarly landlocked neighboring countries. The joint concession will lead to lower transportation costs and increased efficiency, setting the stage for stronger economic growth and future regional cooperation in East Africa. The project will also comprise a small and medium enterprise linkages program; a World Bank-funded sound retrenchment program; the establishment of a pension fund; and the resettlement of shops along the line of railway in various locations — including Kibera slum — funded and implemented under best practice guidelines.

Advancing the Private Sector Development Agenda in Bangladesh

IFC advises governments in emerging markets on how to attract and retain foreign direct investment through its Foreign Investment Advisory Service (FIAS) which has the support of a number of partners including the UK. The UK is also a key partner of IFC's in South Asia, through its support to the South Asia Enterprise Development Facility (SEDF). A SEDF/FIAS joint venture was launched in FY06 to support Bangladesh's Private Sector Development Support Program, which focuses on tackling issues of regulatory reform, the provision of infrastructure for special economic zones, and capacity building for government agencies supporting the private sector. As part of this program, IFC helped the Bangladesh Board of Investment host a workshop in Dhaka in FY06 on enhancing economic zones and reducing administrative barriers to investment. These specific discussions were integrated into the final administrative barriers review for Bangladesh, the first study of its kind, which will lead to regulatory reforms under a new government program. As a result of this work, SEDF/FIAS will manage a comprehensive program of regulatory reforms to improve the investment climate in Bangladesh and promote special economic zones, to be funded by the World Bank and other multiple partners.