Development Finance Institution Meeting Seeks Closer Cooperation to Reduce the Impact of the Global Financial Crisis on Developing Countries

Vienna, Austria, March 12, 2009—The world’s largest International Finance Institutions (IFIs) and Development Finance Institutions (DFIs) met in Vienna today to discuss closer cooperation in responding to the global financial and economic crisis and to share information on initiatives aimed at supporting banking, trade, infrastructure, agribusiness, and other key sectors in developing countries.

The meeting, hosted by the Development Bank of Austria, OeEB, and IFC, a member of the World Bank Group, brought together 14 institutions including the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), other World Bank Group members IBRD and MIGA, the African Development Bank, the Black Sea Trade and Development Bank, the OPEC Fund for International Development (OFID), the UK’s CDC, Germany’s KfW and DEG, the Japan Bank for International Cooperation (JBIC), the Netherlands’ FMO, Norway’s Norfund, and Spain’s Cofides.

Michael Wancata, Member of the Board of OeEB, said, “OeEB appreciates IFC’s initiative to bring together a number of DFIs to discuss harmonized activities. In times like this, Development Finance Institutions should assume an active role and demonstrate they are reliable partners to their clients.”

OeEB announced at the meeting that it will commit €20 million to the Microfinance Enhancement Facility, founded by KfW and IFC. The $500 million fund will boost the available pool of refinancing available to the microfinance industry.

The African Development Bank announced that its Board has approved a three point action plan including an emergency liquidity facility of $1.5 billion for the benefit of its medium income member countries, a $1 billion trade finance initiative to support the needs of African DFIs and commercial banks, and an African Development Fund action plan.
OFID announced at the meeting that it will commit $30 million to an Africa-focused sub-fund of the IFC Recapitalization Fund. The $5 billion IFC Recapitalization Fund, founded by IFC and JBIC, will help ensure banks in developing countries can continue to lend and support economic recovery and job creation through the financial crisis.

Said Aissi, OFID’s Assistant Director General for Operations, said, “Poor countries in Africa are suffering from a slowdown in economic development and a credit crunch which may bring millions of people to the poverty line. It is important for International Finance Institutions to provide social safety nets to alleviate the effects of this crisis as well as to help poorer sections of the population through microfinance. International Finance Institutions have also agreed to act collectively through providing finance to vulnerable banking systems, increasing investments in vital infrastructure and social sectors, and protecting trade finance. OFID is committed to supporting these initiatives alongside other IFIs. The Governing Board of OFID, which met this week, has approved an investment of $30 million to a sub-fund of the IFC Recapitalization Fund which will make urgently needed investments to banks in Sub-Saharan Africa.”

Jyrki Koskelo, IFC’s Vice President for Europe, Central Asia, Latin America and the Caribbean, and Global Financial Markets and Funds, said, “We are encouraged to see an emerging global partnership taking shape to support recovery and particularly thank OeEB, OFID, JBIC, and KfW for their partnership on IFC’s initiatives for bank recapitalization, trade, and microfinance. Mobilizing funds and ideas from across the finance and development community will allow us to deliver practical and timely responses to the crisis and limit its impact on the poor.”

The DFI meeting in Vienna follows a Joint IFI Action Plan announced in February through which the EBRD, the EIB, and World Bank Group pledged €24.5 billion in support of the banking sector and lending to the real economy in central and Eastern Europe.

Upcoming events aimed at convening institutions from the multilateral, public, and private sectors, include the Summit of the Americas and the World Bank Group Spring Meetings in April.

About OeEB
Oesterreichische Entwicklungsbank AG (OeEB) has an official mandate from the Government of Austria and is specialized in the implementation of private sector projects which need long-term finance and which create sustainable development.

OeEB provides tailor-made financing solutions for a diverse set of long-term investments that would otherwise find it difficult to raise funding or borrow money in international capital markets. The bank is mandated to assume higher risks on individual transactions (loan volume, tenors, high-risk countries), compared to commercial banks. Additionally OeEB provides Technical Assistance, so-called Assistant Services which can be used to enhance the developmental impact of projects.
About the World Bank Group
The World Bank Group is one of the world’s largest sources of funding and knowledge for developing countries. It comprises five closely associated institutions: the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA), which together form the World Bank; the International Finance Corporation (IFC); the Multilateral Investment Guarantee Agency (MIGA); and the International Centre for Settlement of Investment Disputes (ICSID). Each institution plays a distinct role in the mission to fight poverty and improve living standards for people in the developing world. For more information please visit www.worldbank.org, www.miga.org, and www.ifc.org.

About OFID
The OPEC Fund for International Development (OFID) is an intergovernmental Development Finance Institution established in 1976 by member states of the Organization of the Petroleum Exporting Countries (OPEC). The primary aim of OFID is to contribute to the social and economic development of low-income countries. Cumulatively until December 2008, OFID had committed US$ 10.3 billion in development financing to 121 countries in Africa, Asia and the Pacific, Latin America, the Caribbean and Europe.