

**BUSINESS  
FINLAND**



Ministry for Foreign  
Affairs of Finland

# **INTERNATIONAL FINANCIAL INSTITUTIONS (IFIs)**

## **Opportunities for Sustainable Business**

**Webinar by Business Finland and the Ministry for Foreign Affairs (MFA) of Finland**

Thursday 27 May 2021 from 9:00 to 10:30 on Teams



## **International Financial Institutions – Opportunities for Sustainable Business**

### **WELCOMING REMARKS**

#### **MIRJA KAARLELA**

Senior Director for Global Initiatives  
Business Finland  
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#### **PEKKA VOUTILAINEN**

Ambassador for Trade and Development  
Ministry for Foreign Affairs of Finland  
[pekka.voutilainen@formin.fi](mailto:pekka.voutilainen@formin.fi)

# Webinar agenda and objectives

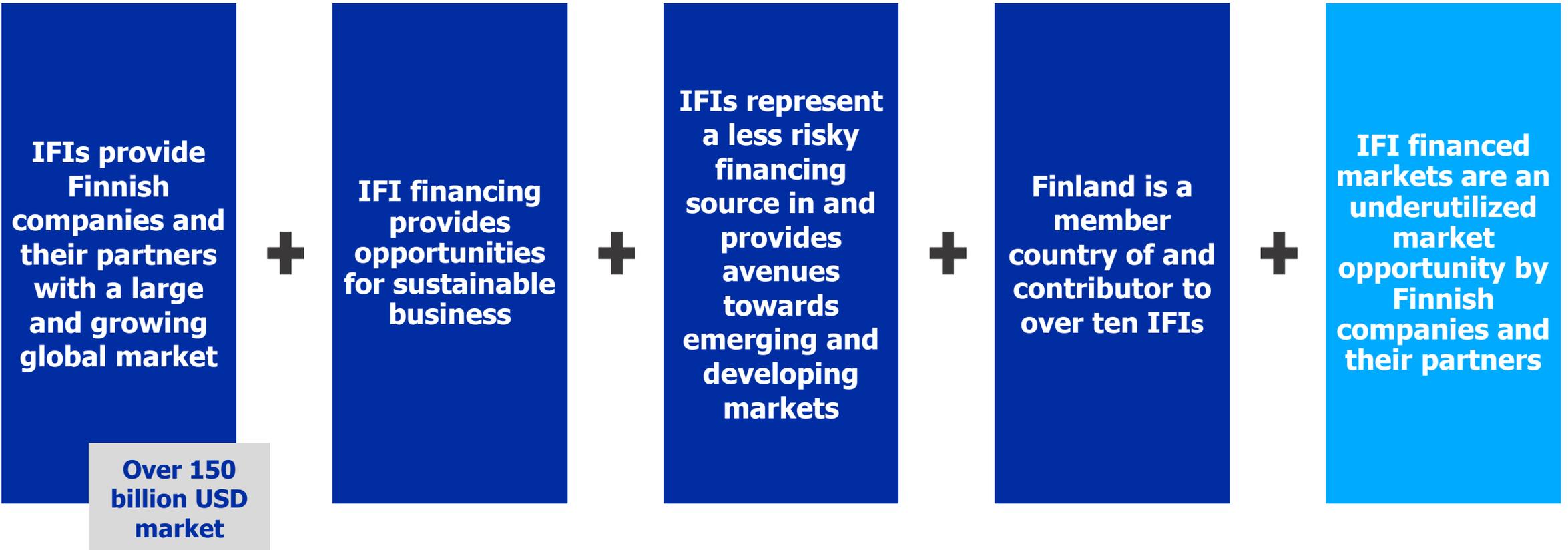
- **Welcoming remarks**
- **IFI financed markets and related business opportunities**
- **Overview of the IFI service model**
- **Selected tools and initiatives building paths towards IFI financed opportunities**
  - **New funding model of the Developing Markets Platform**
  - **Public Sector Investment Facility (PIF) -Instrument**
  - **Mega Opportunities, International Business Innovations**
- **Discussion**
- **Closing remarks**

## KEY OBJECTIVES

- 1. Provide an overview of the IFI financed markets and related public procurement and investment financing opportunities**
- 2. Inform about the new IFI service model currently piloted in India, Indonesia and Turkey**
- 3. Inform about selected tools and initiatives towards IFI financed business opportunities**

# Rationale for our work on International Financial Institutions (IFIs)

We help Finnish companies to better access IFI financed business opportunities because ...



# Our global initiatives with IFIs as an essential ingredient

**We explore, initiate and collaborate globally to create new type of export and business opportunities for Finnish companies through multi-stakeholder engagement**

**We drive sustainability and customer value in all that we do to create positive impact**

## IFIs AS PART OF OUR GLOBAL INITIATIVES

**We help Finnish companies to better access IFI financed business opportunities**

### DEVELOPING MARKETS PLATFORM

**We help Finnish companies and their partners to develop sustainable business and access global financing in developing markets**



### MEGA OPPORTUNITIES

**We induce large projects at the target markets as international business innovations and facilitate ecosystems to work across businesses**

# Housekeeping rules for the smooth conduct of the webinar

- Please **keep your microphone muted and camera off when not speaking**
- If you have a question regarding specific issue during the presentation, please **post your question in the meeting chat**
- When posting your question in the meeting chat, **please indicate your name and the name of the organization you represent**
- Please note that, in general, the **questions will be answered during the discussion session at the end**

*Representatives from Finnvera and Finnfund available through the meeting chat – Finnvera until 10:00 and Finnfund until the end*

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Check out our new website  
[www.businessfinland.fi/en/ifi](http://www.businessfinland.fi/en/ifi)

**International Financial Institutions – Opportunities for Sustainable Business**

## **IFI FINANCED MARKETS AND RELATED BUSINESS OPPORTUNITIES**

**KIIRA KÄRKKÄINEN**

Senior Advisor for International Project Funding

Business Finland

kiira.karkkainen@businessfinland.fi

# Variety of International Financial Institutions (IFIs)

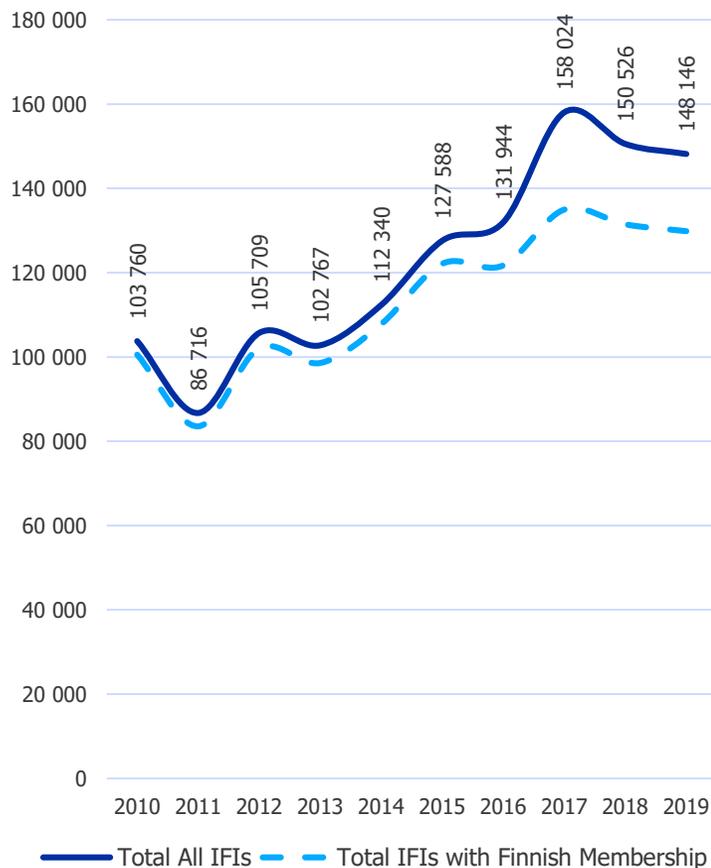
- Usually refer to **development banks**, but can also include other **multilateral donor institutions** such as the EU
- Together account for **financial flows of some 150 billion USD annually to developing countries alone**, while some cover also **developed countries** especially in Europe
- Provide **opportunities for sustainable business** worldwide – aligning with the **Sustainable Development Goals (SDGs)** and the **Paris Agenda on Climate Change**
- Represent a **less risky financing source** especially in and provides avenues **towards emerging and developing markets**
- Have a **broad membership** of both **borrowing** and **donor countries** – including **Finland** in most cases
- Provide also **technical assistance** and **advise** to their borrowers as well as conducting extensive **research** on development issues
- Are characterized **AAA-credit ratings**

INTERNATIONAL FINANCIAL INSTITUTION (IFI)		FINNISH MEMBERSHIP
<b>Nordic Institutions</b>		
Nordic Development Fund	NDF	Yes
Nordic Environment Finance Corporation	NEFCO	Yes
Nordic Investment Bank	NIB	Yes
<b>European Union (EU) Institutions</b>		
European Commission	EC	Yes
European Investment Bank	EIB	Yes
<b>World Bank Group</b>		
International Finance Corporation	IFC	Yes
World Bank	WB	Yes
<b>Regional Development Banks</b>		
African Development Bank Group	AfDB Group	Yes
Asian Development Bank	ADB	Yes
Asian Infrastructure Investment Bank	AIIB	Yes
Caribbean Development Bank	CarDB	No
Council of Europe Development Bank	CEB	Yes
Development Bank of Latin America	CAF	No
European Bank for Reconstruction and Development	EBRD	Yes
Inter-American Development Bank Group	IDB Group	Yes
International Investment Bank	IIB	No
Islamic Development Bank	IsDB	No
New Development Bank	NDB	No

# IFI financial flows of some 150 billion USD in developing countries

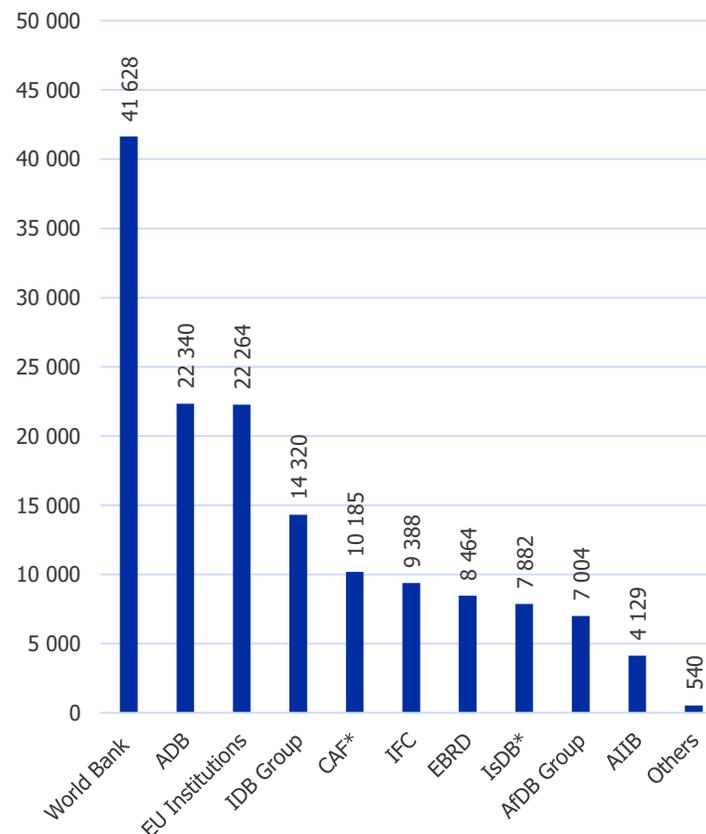
**IFI financing in developing countries between 2010 and 2019**

Official development finance commitments in million constant USD



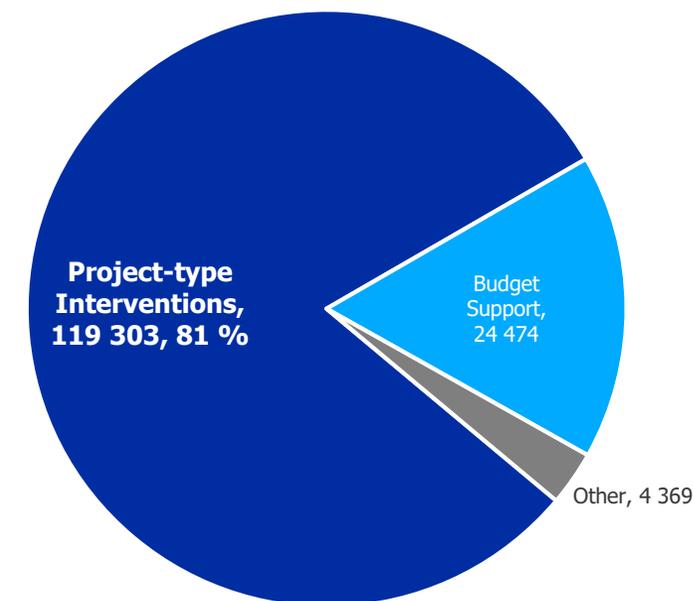
**IFI financing in developing countries by IFI in 2019**

Official development finance commitments in million constant USD  
Total: 148.1 billion USD



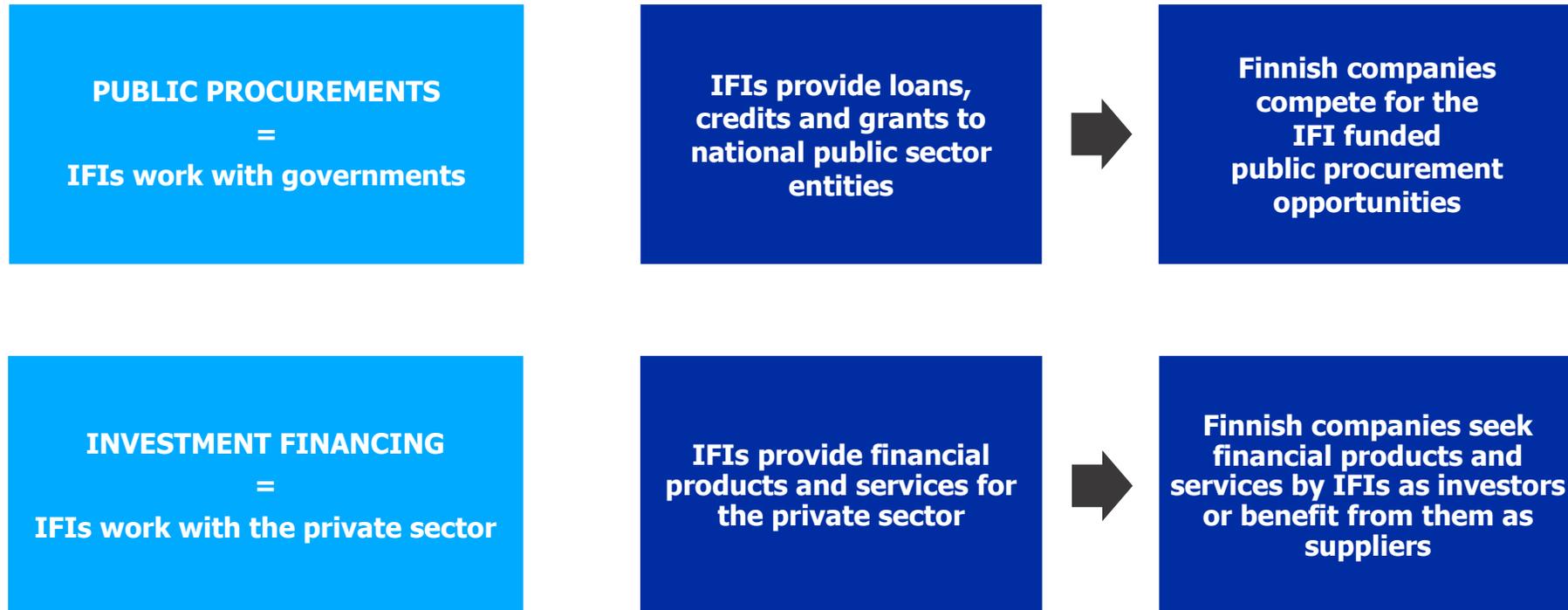
**IFI financing in developing countries by type of aid in 2019**

Official development finance commitments in million constant USD  
Total all types: 148.1 billion USD



# Broadly two types of business opportunities with IFIs

**Finnish companies can compete for IFI financed public procurements or seek benefits from IFI financed private sector investments – also by working in partnership with others**

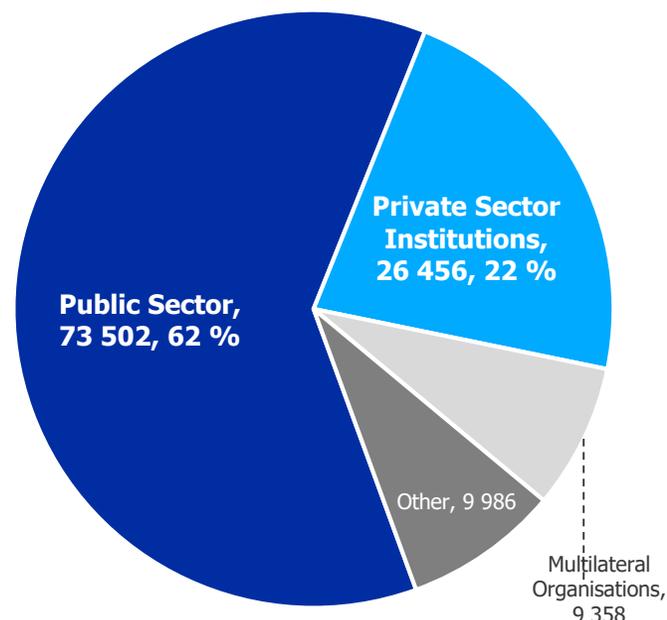


# IFI project financing in developing countries by channel

## IFI project financing in developing countries by channel in 2019

Official development finance commitments in million constant USD

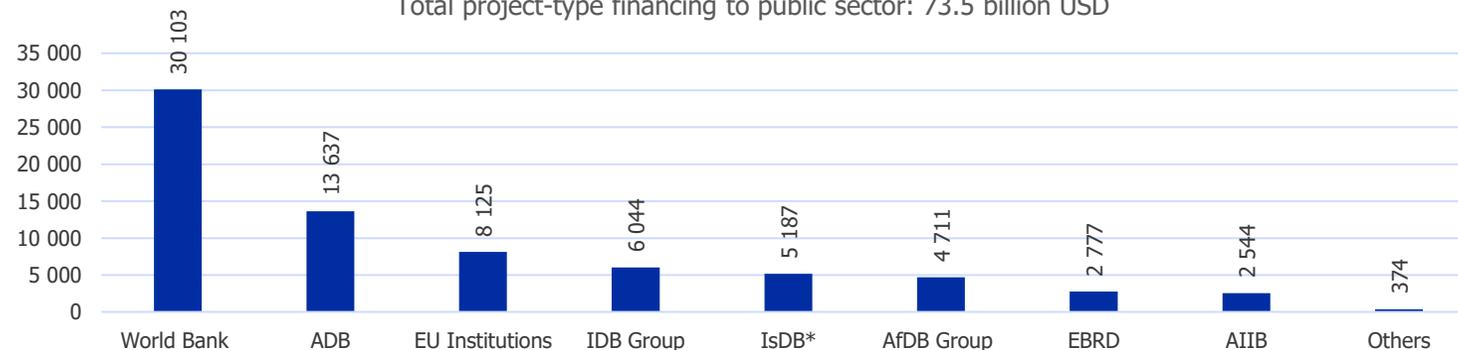
Total project-type financing: 119.3 billion USD



## IFI project financing channeled through public sector to developing countries by IFI in 2019

Official development finance commitments in million constant USD

Total project-type financing to public sector: 73.5 billion USD



## IFI project financing channeled through private sector institutions to developing countries by IFI in 2019

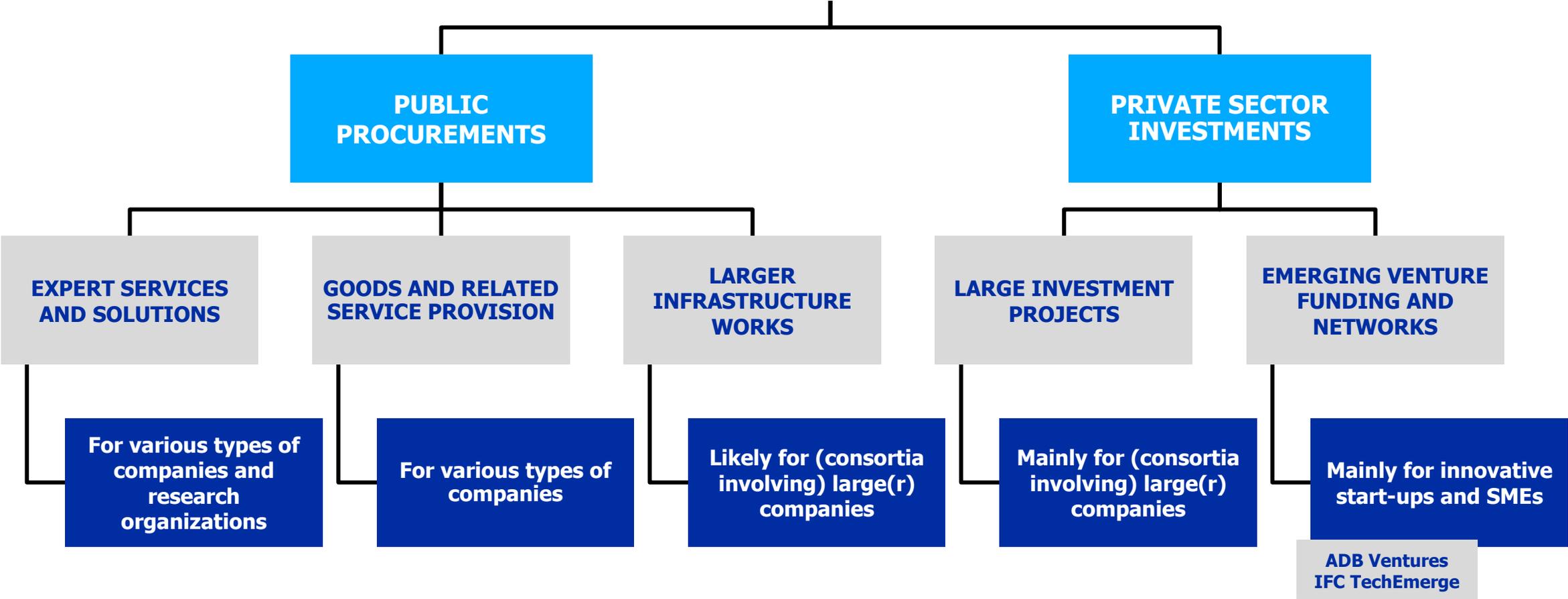
Official development finance commitments in million constant USD

Total project-type financing to private sector institutions: 26.5 billion USD



# Indicative overview of IFI related business opportunities

## IFI RELATED BUSINESS OPPORTUNITIES



# Selected key features of IFI related business opportunities

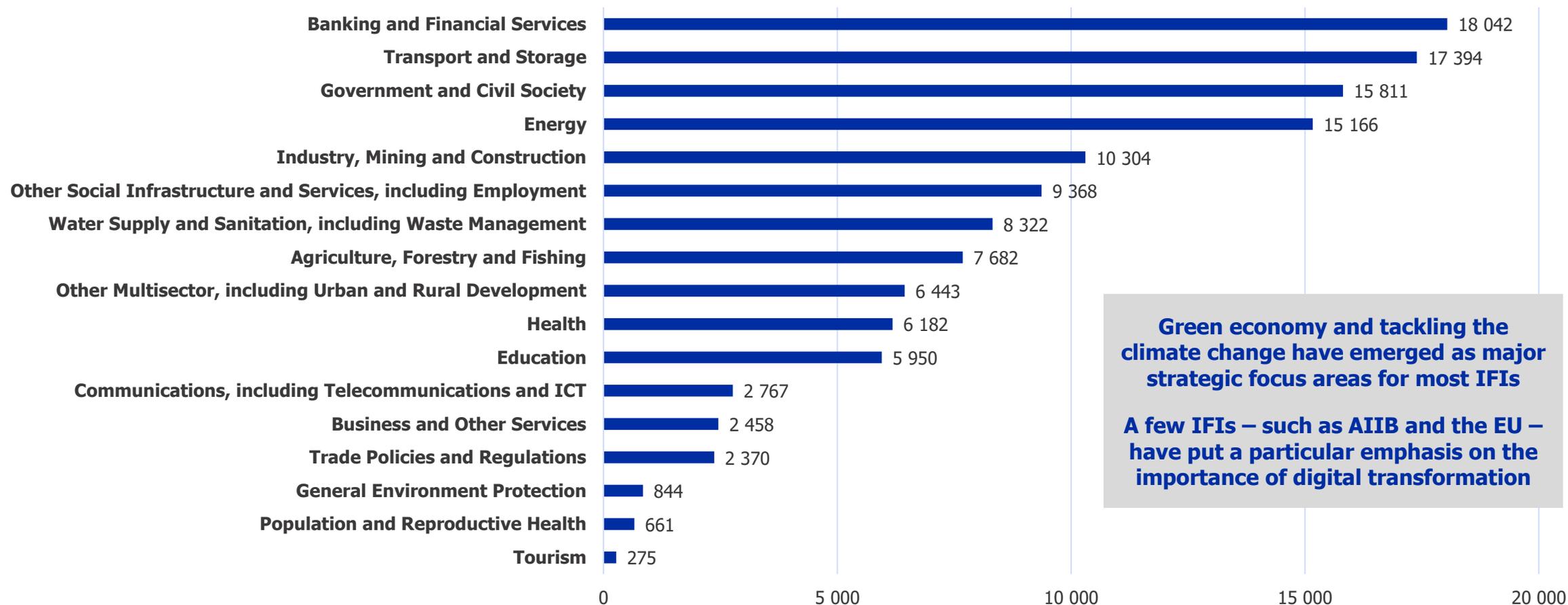
SELECTED FEATURES	PUBLIC PROCUREMENTS	INVESTMENT FINANCING
	<p><b>IFIs finance national public sector entities and Finnish companies can compete for the IFI financed public procurement opportunities – typically either in (consulting) services, goods or works</b></p>	<p><b>IFIs provide financing – and can mobilize third-party resources – for the private sector and Finnish companies can seek benefit from their investments</b></p>
Basic drivers	<p>Much of the financing allocation at a country-level is defined by country programming taking into account the local needs and contexts – typically generating large public sector projects that in turn generate various procurement opportunities</p>	<p>Private sector investments are essentially market driven and target bankable projects by private companies – and with measurable development impacts</p>
Size range	<p>Procurement opportunities typically range from below 100 000 USD to some 50 million USD</p>	<p>IFI financing volume mainly ranges from above 10 million USD to 500 million USD for investment projects – covering some 10-35 % of the total investments required</p>
Typical process	<p>Two selective steps – (1) Prequalification or Expression of Interest and (2) Tender</p>	<p>Three decisive steps – (1) Early / Concept Review, (2) Appraisal / Due Diligence and (3) Investment / Final Review</p>
Typical requirements	<p>Solid organizational capacity, suitable references and adequate cost-quality ratio of the proposal are among the key requirements for companies / consortia</p>	<p>Solid organizational capacity and financially and technically sound investment proposal are among the key requirements for companies / consortia</p>
Typical timeline	<p>Some 1-4 years from early intelligence to the first invoice</p>	<p>Some 1-4 years from early intelligence to the first disbursement</p>
Related key IFIs	<p>World Bank, ADB, EU, IDB, AfDB Group, EBRD, AIIB, CEB and NDF</p>	<p>EIB, IFC, EBRD, IDB Invest, ADB, AIIB, AfDB, NEFCO and NIB</p>

# IFI financial flows in developing countries by sector

## IFI financing in developing countries by sector in 2019

Official development finance commitments in million constant USD

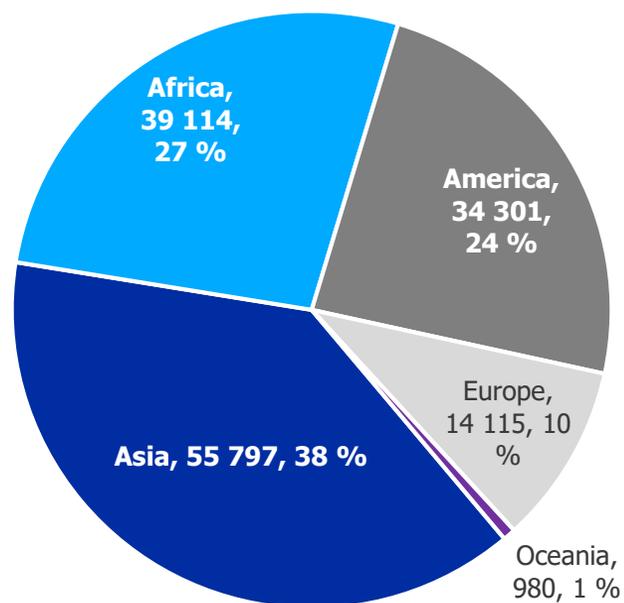
Total sector allocable financing: 130.0 billion



# IFI financial flows in developing countries by region

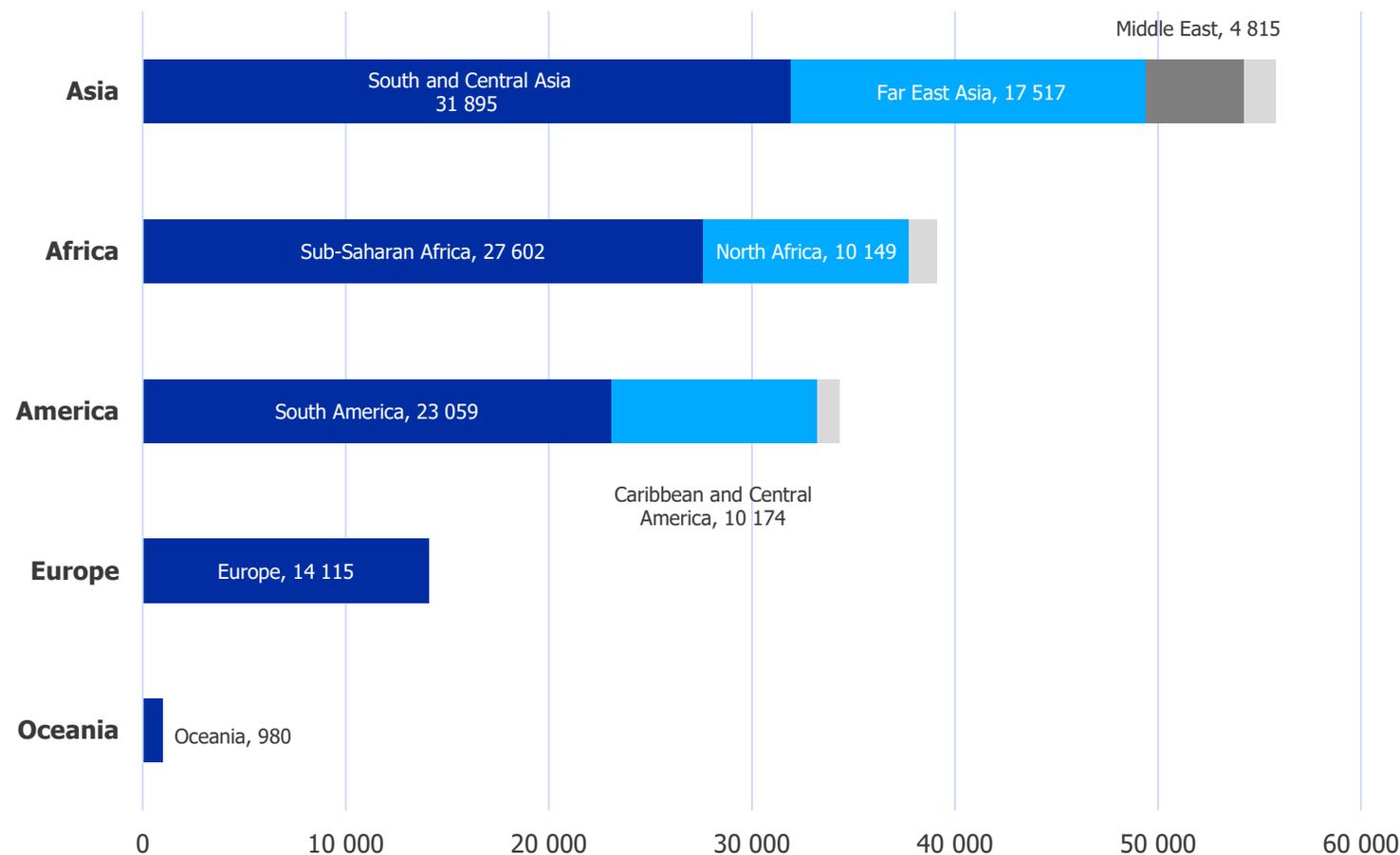
## IFI financing in developing countries by region in 2019

Official development finance commitments in million constant USD  
Total developing countries: 148.1 billion USD



## IFI financing in developing countries by region in 2019

Official development finance commitments in million constant USD  
Total developing countries: 148.1 billion USD



# Read more from our new IFI Snapshot -Handbook

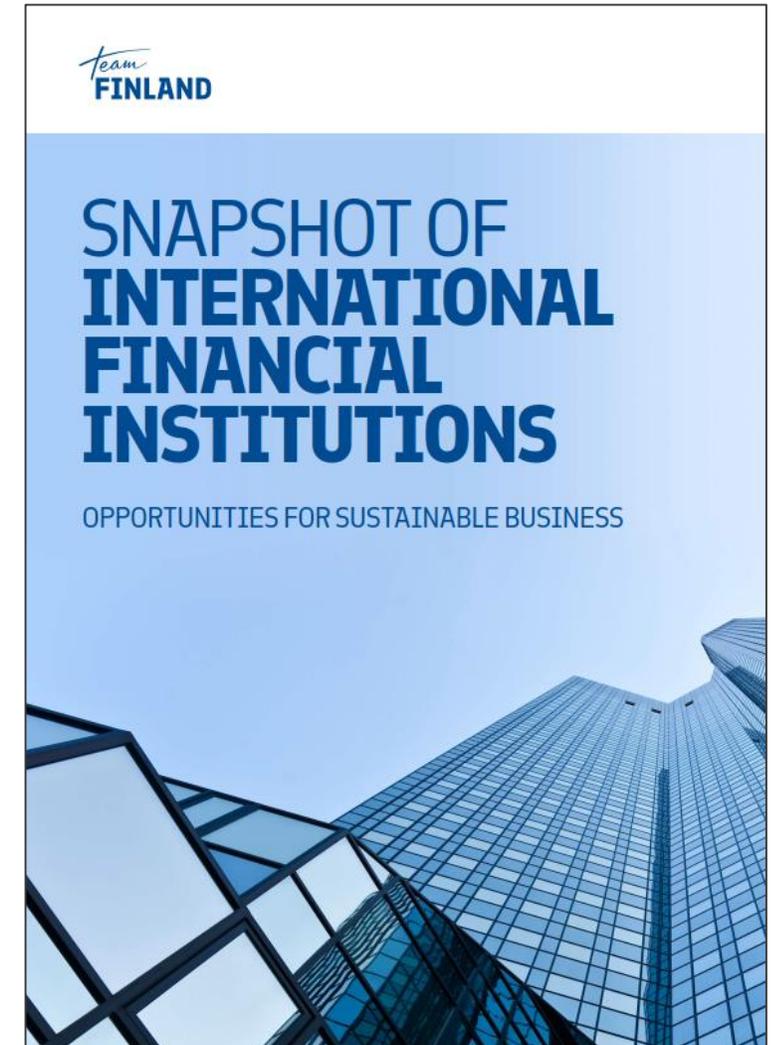
Our new IFI Snapshot -Handbook is now available on our website  
[www.businessfinland.fi/en/ifi](http://www.businessfinland.fi/en/ifi)

It provides Finnish companies and their partners with a structured information package on the IFI financed market and related business opportunities

## KEY BENEFITS

The IFI Snapshot -Handbook helps to scope:

- The most relevant IFI financed business opportunities, industries and sectors
- Strategically interesting IFI financed regions or countries
- The most relevant IFIs and their business opportunities





Check out our new website  
[www.businessfinland.fi/en/ifi](http://www.businessfinland.fi/en/ifi)

## **International Financial Institutions – Opportunities for Sustainable Business**

### **OVERVIEW OF THE IFI SERVICE MODEL**

#### **KIIRA KÄRKKÄINEN**

Senior Advisor for International Project Funding  
Business Finland  
kiira.karkkainen@businessfinland.fi

#### **IFI FOCAL POINTS**

IFI headquarters and IFI pilot countries  
Business Finland  
Ministry for Foreign Affairs of Finland

# Overview of the IFI service model

SEAMLESSLY WORKING AS TEAM FINLAND

*India, Indonesia and Turkey as the first pilot countries*

**1. HEADQUARTERS (HQ)**  
Helsinki



**2. MARKET INTERFACE**  
(A) Focus countries and (B) IFI HQs

Ministry for Foreign Affairs (MFA)  
Business Finland (BF)  
Finnvera, Finnfund and others

MFA Embassies / Representations  
Business Finland Global Network

Focus on generic advice and insights on IFIs and potential services towards the IFI market



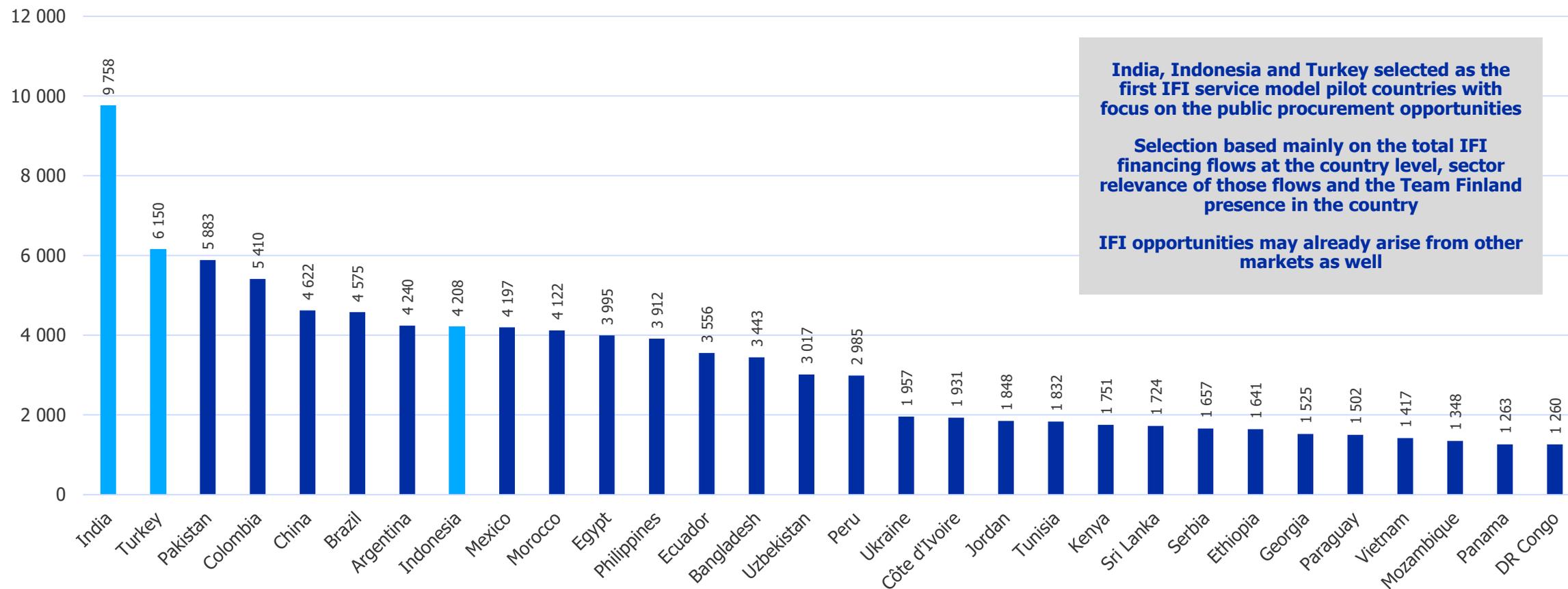
Focus on individual IFI financed public procurement and private investment opportunities

# Global IFI financial flows in top 30 recipient developing countries

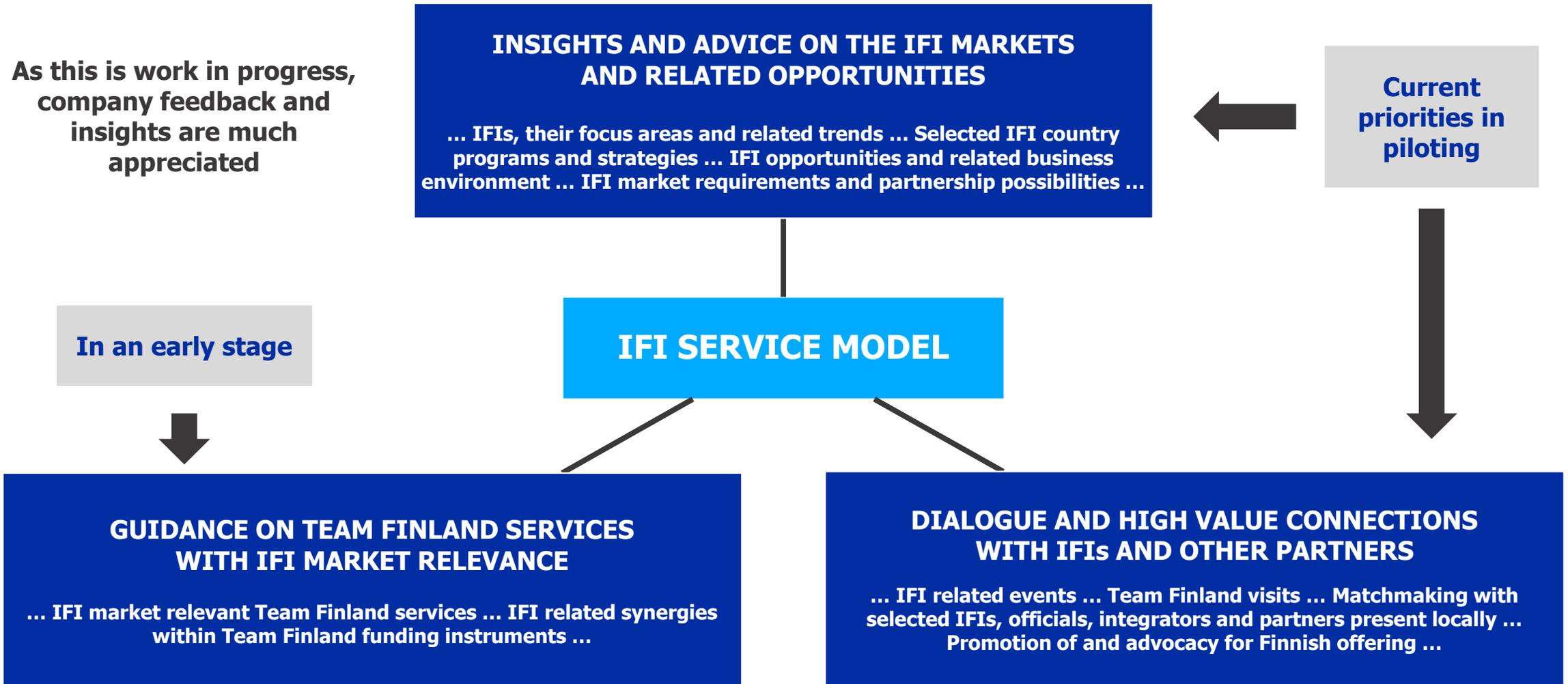
## IFI financing in top 30 developing country recipients in 2019

Official development finance commitments in million constant USD

Total developing countries: 148.1 billion USD



# Our value proposition for customers





# IFI focal points for the IFI headquarters

## MINISTRY FOR FOREIGN AFFAIRS

### EU External Funding



**JYRKI HÄRKKI**

Senior Specialist

Permanent Representation  
of Finland to the EU,  
Brussels

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### The World Bank, the IFC and the IDB Group



**OSKAR KASS**

Counselor for Development  
Finance

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### ADB



**JUHA PYYKKÖ**

Ambassador

Embassy of Finland, Manila

[juha.pyykkko@formin.fi](mailto:juha.pyykkko@formin.fi)

## IFI FINANCED PROCUREMENT AND INVESTMENT OPPORTUNITIES

- Advice on specific IFIs, their business opportunities and related requirements
- Identification of upcoming IFI opportunities
- Matchmaking and networking opportunities at the IFI headquarters
- Promotion of and advocacy for Finnish offering

# IFI focal points in India

## BUSINESS FINLAND



**JUKKA HOLAPPA**

**Country Director India**

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## MINISTRY FOR FOREIGN AFFAIRS

### TEAM FINLAND SENIOR ADVISOR 1

**Starting Q3/2021**

### TEAM FINLAND SENIOR ADVISOR 2

**Starting Q3/2021**

## IFI FINANCED PROCUREMENT AND INVESTMENT OPPORTUNITIES

- Advice on IFI country programs / strategies, specific business opportunities and related requirements
- Identification of upcoming IFI opportunities
- Local matchmaking and networking opportunities
- Promotion of and advocacy for Finnish offering locally

## SECTORS AND INDUSTRIES

- Energy
- Digitalization, especially in rural areas
- Transport
- Health offering for partnerships

# IFI focal points in Indonesia

## BUSINESS FINLAND



**NINA JACOBY**

**Senior Advisor**

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## MINISTRY FOR FOREIGN AFFAIRS



**RAE LESCELIUS**

**Deputy Head of Mission**

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## IFI FINANCED PROCUREMENT AND INVESTMENT OPPORTUNITIES

- Advice on IFI country programs / strategies, specific business opportunities and related requirements
- Identification of upcoming IFI opportunities
- Local matchmaking and networking opportunities
- Promotion of and advocacy for Finnish offering locally

## SECTORS AND INDUSTRIES

- Energy
- Smart City
- Sustainability

# IFI focal points in Turkey

## BUSINESS FINLAND



**NİLÜFER ALPINAR**

**Senior Advisor**

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## MINISTRY FOR FOREIGN AFFAIRS



**TIMO SYSIÖ**

**Second Secretary**

[timo.sysio@formin.fi](mailto:timo.sysio@formin.fi)

## IFI FINANCED PROCUREMENT AND INVESTMENT OPPORTUNITIES

- Advice on IFI country programs / strategies, specific business opportunities and related requirements
- Identification of upcoming IFI opportunities
- Local matchmaking and networking opportunities
- Promotion of and advocacy for Finnish offering locally

## SECTORS AND INDUSTRIES

- Infrastructure
- Healthcare
- Education

# IFI focal points at the Helsinki headquarters

## BUSINESS FINLAND



**KIIRA KÄRKKÄINEN**

**Senior Advisor for International  
Project Funding**

[kiira.karkkainen@businessfinland.fi](mailto:kiira.karkkainen@businessfinland.fi)

## MINISTRY FOR FOREIGN AFFAIRS



**PEKKA VOUTILAINEN**

**Ambassador for Trade and  
Development**

[pekka.voutilainen@formin.fi](mailto:pekka.voutilainen@formin.fi)

## OVERVIEW OF THE IFI FINANCED MARKETS

- Advice on IFIs, IFI financed business opportunities and related requirements
- Guidance towards IFI market relevant Team Finland services
- Networking opportunities with events and Team Finland visits
- Promotion of and advocacy for Finnish offering



## **International Financial Institutions – Opportunities for Sustainable Business**

# **SELECTED TOOLS AND INITIATIVES BUILDING PATHS TOWARDS IFI FINANCED OPPORTUNITIES**

**New funding model of the Developing Markets Platform**

**Public Sector Investment Facility (PIF) -Instrument**

**Mega Opportunities**

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## **Developing Markets Platform (DevPlat)**

## **NEW FUNDING MODEL**

Christopher Palmberg

Head of Developing Markets Platform / Innovation Funding

Business Finland

[christopher.palmberg@businessfinland.fi](mailto:christopher.palmberg@businessfinland.fi)

We help Finnish  
companies and their  
partners to develop  
sustainable business and  
access global financing in  
developing markets

# MFA funding complements

## Business Finland funding services

				TOP-UP FUNDING FOR LOCAL CO-CREATION Grant 75% (SME, MidCap), 50% (large companies)		
<b>INNOVATION VOUCHER</b>  Buy innovation expertise	<b>EXPLORER</b>  Obtain information about a new export market	<b>TEMPO</b>  Be ready to grow for the export market	<b>INTO</b>  More innovation expertise to back up growth	<b>RESEARCH ORGANISATIONS</b>  Commercialization of research results, joint actions with companies	<b>R&amp;D</b>  Develop a service, product, process or business model  Prove that your product works	<b>NIY</b> (Under 5 y.o. fast growing start-ups)  Scale globally. Develop the strategy, team, business model in a comprehensive manner
Grant 100%	Grant 50%	Grant 75%	Grant 50%	Grant	Loan 50%/70% Grant max. 50%	Grant and loan gradually
Funding 4000 euro + VAT	Funding 2500 – 20 000 euro	Funding Max 50 000 euro	Volume depends on need	Volume depends on need	Volume depends on need	Volume depends on need

# FUNDING FOR INNOVATION AND LOCAL CO-CREATION

## When to apply for funding? When your organization has identified

- a market opportunity in developing markets
- local partners
- a possibility to develop a new solution or business model that also addresses UN Sustainable Development Goals and local needs



## Who are you applying with?



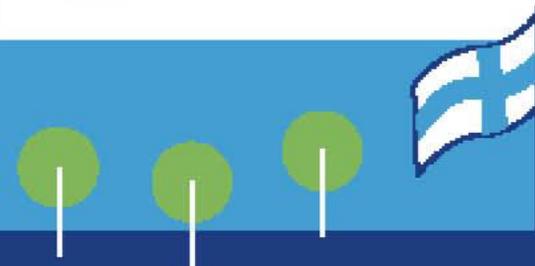
### With a local partner

- Additional grant for co-creation with local partners
- Regular Business Finland funding for Finnish organizations: company grant or loan max. 50% and research grant max. 70%
- Funded Finnish organization invests the remaining share

Total project cost

### With a Finnish NGO

- Regular Business Finland funding for Finnish organizations
- Finnpartnership funding for the Finnish NGO





## **PUBLIC SECTOR INVESTMENT FACILITY (PIF) -INSTRUMENT**

**HANNELE TIKKANEN**

**Desk Officer**

**Ministry for Foreign Affairs of Finland**

**[hannele.tikkanen@formin.fi](mailto:hannele.tikkanen@formin.fi)**



# PIF benefits and initial appraisal criteria

**Public Sector Investment Facility (PIF) is a mixed credit combining development aid with standard export credit aiming to:**

- Advance **sustainable development**
- Align with Finnish government's **development policy principles**
- **Promote exports** of Finnish technology, equipment, expertise and services
- **Open markets** for Finnish companies by soft loan credits
- **Provide references** and Team Finland services, when no commercial funding is available

**PIF criteria for concepts:**

- **Developmental effects**
- **Compatibility with national planning**
- **Capacity of the partner country** systems and partner
- **Capacity of the exporting company**
- **Synergies** with other development cooperation
- **Consideration** of environmental, social and human rights related **risks**
- **Value added** of the project from a commercial perspective

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**International Business Innovations**

**MEGA OPPORTUNITIES**

**HANNA MARTTINEN-DEAKINS**

Global Head of International Business Innovations

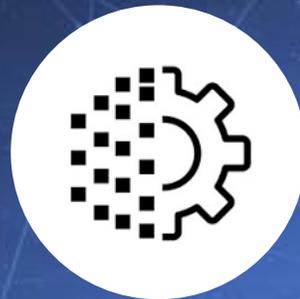
Business Finland

[hanna.marttinen-deakins@businessfinland.fi](mailto:hanna.marttinen-deakins@businessfinland.fi)

# INTERNATIONAL BUSINESS INNOVATIONS – MEGA OPPORTUNITIES



**Mega Opportunity development** for large projects with a strong **induction** and **business innovation** creation role, aiming for 1BEUR impact.



**Finnish ecosystemic competence** consisting of **globally renowned end-to-end solutions and services**, led by Finnish **Lead Companies**



Delivery on **Sustainable Development Goals** reflecting socioeconomic and geopolitical needs.



Strategic **stakeholder** identification, engagement and collaboration with relevant actors.



**Additional financial solutions** over and above business-as-usual **including IFIs.**



## **International Financial Institutions – Opportunities for Sustainable Business**

### **DISCUSSION**

**Please provide us with your feedback!**

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Finnfund also available*

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## **International Financial Institutions – Opportunities for Sustainable Business**

### **CLOSING REMARKS**

#### **MIRJA KAARLELA**

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Business Finland  
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#### **KIIRA KÄRKKÄINEN**

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**THANK YOU VERY MUCH  
FOR YOUR PARTICIPATION**

**IFI website – [www.businessfinland.fi/en/ifi](http://www.businessfinland.fi/en/ifi)**

**Kindly provide us with your feedback** through a short **e-mail questionnaire** shared with you in **the meeting chat** and also **to be sent to you by e-mail** following this webinar