

# 10 Things You Didn't Know About the International Development Association's Private Sector Window



The private sector is central to achieving the Sustainable Development Goals. At the same time, in the most challenging markets there are heightened risks and unpredictability that prevent private sector investment from happening at the necessary scale.

*Did you know...*

1. The [IDA Private Sector Window \(PSW\)](#) is a development finance tool that began operating in 2017 to help catalyze private sector investment in the poorest and most fragile countries.
2. IDA PSW resources enable IFC and MIGA to support investment projects expected to have high development impact when fully commercial solutions are not yet possible and where none of the World Bank Group’s other financial instruments are sufficient to address the constraints faced by the private sector.
3. The window blends concessional funds with private investments to help mitigate a variety of risks—ranging from credit risk and currency devaluation to political risks—enabling high-impact projects that would otherwise not happen.
4. IFC and MIGA commit their own capital in these projects. Resources allocated to the IDA PSW are not transferred from IDA to IFC or MIGA – they are a source of co-investment funding and guarantees to de-risk projects and enable IFC and MIGA to support projects outside of their normal risk and financial sustainability acceptance criteria.
5. IFC and MIGA originate projects through their regular engagement processes and seek IDA PSW support when needed. IDA Representatives determine the use of limited IDA PSW resources and participate in each decision-making committee of IFC and MIGA authorizing the allocation of IDA resources to a specific project. The IDA Board makes the final decision on the allocation of IDA resources to PSW projects.
6. IFC and MIGA projects have to meet strict criteria to be considered for IDA PSW support in [eligible countries](#), including alignment with the [DFI Enhanced Blended Concessional Finance Principles for Private Sector Projects](#), country strategies and sector priorities.
7. The IDA PSW has already developed a strong track record. For every dollar of IDA PSW resources in IFC and MIGA supported projects, there are five additional dollars directed to private sector investments. IDA PSW has helped introduce many innovations, such as the [Africa Medical Equipment Facility](#), the [Ghoubet Djibouti Windfarm Project](#), Djibouti’s first renewable energy project and the first global risk-sharing platform “[Base of the Pyramid financing](#)” to reach the poor. Most recently, thanks to a partial guarantee from IDA PSW, IFC and FMO of the Netherlands were able to [provide financing to a group of six Yemeni companies](#) that produce and distribute basic food staples in Yemen.

8. The IDA PSW is only used when appropriate, and the size of the window is actively managed to ensure it only allocates IDA resources that are necessary to deliver on IDA's objectives. In IDA18, when the IDA PSW was established, a total of \$2.5 billion was allocated to the window (out of a total [\\$75 billion IDA replenishment](#)). Of this, \$1.37 billion of IDA PSW was used alongside IFC own-account investments and MIGA guarantees supporting IDA Special Themes, in particular Jobs and Economic Transformation (JET).
9. With the ongoing work to create more bankable investments in low-income countries and more infrastructure investments reaching Board approval stage, the demand for IDA PSW is steadily increasing. The total IDA19 pipeline continues to exceed the IFC's envelope allocation of \$1.36 billion.
10. Transparency and good governance are essential to the effective and efficient use of IDA resources. IDA's reporting of the PSW use is publicly available to the extent that it is consistent with IFC and MIGA's obligations of confidentiality under agreements with clients and disclosure policies. IFC [publicly discloses](#), in its summary of investment information, the estimated subsidy element for each project together with the justification for using the PSW. To date, IFC is the only IFI to disclose this information. IFC ensures open and, where possible, competitive approaches to the allocation of IDA PSW funds to infrastructure projects that are similar to public-concession situations. IFC is also rolling out "[open access](#)" programs under the IDA PSW where market participants that meet IFC's standards can benefit from pre-defined terms, including concessional pricing.

A renewed commitment to the IDA PSW under IDA20 will allow the World Bank Group to be even more ambitious in its commitment to bringing sustainable and responsible investment to IDA countries.