

LEVERAGING THE POWER OF THE PRIVATE SECTOR

In a time of significant economic uncertainty, we are focusing our efforts wherever we can achieve the greatest impact—wherever the poor are located, in the most crucial economic sectors, and in thematic areas of pressing importance such as jobs, gender, and climate change.



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39

CREATING OPPORTUNITY

IFC concentrates on the economic sectors with the greatest potential to end poverty and boost shared prosperity.



40–45

EXPANDING RESOURCES FOR DEVELOPMENT

IFC works with private sector clients and partners to bring together resources, expertise, and ideas to achieve the greatest impact on poverty reduction.



46–51

TACKLING THE BIGGEST CHALLENGES

IFC is addressing some of the most urgent development challenges. We are focusing our work on creating better jobs, reducing the gender gap, and helping countries mitigate and adapt to climate change.



52–57

IMPROVING LIVES

IFC's work helps improve the lives of the poor wherever they are located—and wherever the incidence of poverty is greatest.

ESTABLISHING A ROBUST FOUNDATION FOR PROSPERITY

Businesses cannot succeed without reliable power, roads, or modern means of transportation to get their goods to market. Without clean water and sanitation, lives are imperiled.

The absence of modern infrastructure is a major obstacle to ending poverty in developing countries. More than \$800 billion is invested in infrastructure in these countries every year, but that's less than half of what is necessary. Just achieving universal access to electricity would require an additional annual investment of \$38 billion globally.

Helping to deliver infrastructure is a priority for IFC. We work with the private sector to develop landmark projects that aim to ease growth constraints, respond to urbanization pressures, and meet countries' sustainability goals. To maximize results, we often work closely with the World Bank, other international financial institutions, and a broad range of donors and clients.

In FY14, we provided \$4.1 billion in financing for core infrastructure projects, including funds mobilized from other investors. Much of our investments were in Africa, where the need is acute. Only one-fourth of the continent's population has access to electricity, and only about 60 percent has access to clean water.

We are supporting investments to add 1,500 megawatts of power to Nigeria's national grid—providing electricity to up to 8 million households by 2015. Working with other World Bank Group institutions, IFC is structuring projects to attract commercial financing and providing risk-mitigation instruments to help develop power generation, distribution, and gas supply to power plants in the country.

As Africa becomes one of the world's main areas for new power capacity, we continue to encourage the development of renewable-energy sources on the continent. We are investing in Tanzania's first independent wind-energy project, expected to add 100 MW to the country's power capacity. The Singida plant will help reduce the need for costly fuel imports.

IFC invests in a wide variety of infrastructure projects. In Colombia, IFC and two funds managed by IFC Asset Management Company are investing \$150 million in Pacific Infrastructure Ventures to support an increase in oil and gas exports. The investments will help develop Puerto Bahía, a new terminal on the bay of Cartagena, and Olecar, a 130-kilometer crude-oil pipeline that will connect Puerto Bahía's facilities to Colombia's main export terminal for crude oil.





94

MILLION

customers received
power, water, and
gas through our clients
in 2013

In Nigeria, IFC is supporting investments to add 1,500 megawatts of power to the national grid.

RAISING INCOMES AND CREATING WEALTH

Baba Sahib lost his right leg in a bomb blast shortly after he joined the police force in Kabul. He returned to his hometown, in a rural area of Afghanistan, and tried to make a living selling candy and cold drinks. But the income wasn't enough to send his six children to school.

He needed capital to get his business off the ground. Yet he had never had a bank account. He didn't even know how to apply for a loan—until an IFC client, Finca, came to his assistance. Finca, one of the world's largest microfinance institutions, gave him a loan that enabled him to quickly build a profitable grocery-store business.

Access to finance is critical for fighting poverty and boosting prosperity. It helps people and businesses build assets, increase income, and reduce their vulnerability to economic stress. Yet, about 2.5 billion adults still lack essential financial services, and 200 million small and medium businesses struggle to obtain the credit they need to succeed.

IFC works with a network of nearly 1,000 financial institutions and private equity funds to increase the availability and affordability of financial services, supporting far more individuals and small businesses than we would be able to on our own. In 2013, our

\$300

BILLION

in loans to micro,
small, and medium
enterprises was
provided by our clients
in 2013

El Salvadoran micro entrepreneurs are gaining greater access to finance because of our investment in Fedecredito.





financial-intermediary clients provided more than \$300 billion in loans to micro, small, and medium enterprises. Our advice helped our clients strengthen their capacity to provide key financial services to individuals and businesses.

Our relationship with Finca exemplifies our work. After investing in the organization, we helped it create a new subsidiary that will allow the company to double its clients to 1.5 million—reaching borrowers in the poorest and most remote regions in the 22 countries where Finca operates.

IFC also supports financial cooperatives, which have proved highly successful in reaching underserved communities. Our 2010 investment in Fedecredito, in El Salvador, was the first funding program backed by remittances of citizens working abroad. As of 2013, it had resulted in 142,000 loans to micro entrepreneurs and low-income people—an increase of 25 percent in the number of loans provided by the cooperative.

We work to modernize financial systems. In Ghana, we helped create a collateral registry program—the first of its kind in Sub-Saharan Africa—that enabled borrowers to use movable assets such as equipment or inventory as collateral for loans. The project has helped generate financing for micro, small, and medium enterprises, and other beneficiaries.

A loan provided by IFC's client Finca helped Baba Sahib's business take off.





27

MILLION

patients received
health care through
our clients in 2013

BUILDING HUMAN CAPITAL

Twelve-year-old Diana Kemunto dreams of being a doctor when she grows up. But the path to a career in medicine is especially arduous for a child whose starting point is a Nairobi slum—where schoolteachers can be absent a third of the time and otherwise teach an average of just three-and-a-half hours a day.

This reality extends well beyond Diana's neighborhood. In many developing countries, up to half of students who have completed elementary school cannot read a single sentence, and a third cannot do basic math because of the poor education they receive. More than 60 million children of primary-school age do not receive any education at all.

Without human capital—without the talent and drive of people in developing countries—poverty cannot be ended and prosperity cannot be sustained. IFC believes the private sector has an important role to play in this arena, complementing the efforts of governments. We provide finance and advice that helps the private sector deliver high-quality education and health care, giving people in poorer countries a shot at reaching their full productive potential.

In both areas, our aim is to expand access to high-quality services for lower- and middle-income people. We do that by introducing

innovative and affordable means of financing and by improving standards of quality and efficiency. In the education sector, IFC helps schools strengthen skills that meet the needs of employers.

In Nairobi, Diana is benefiting from our \$10 million investment in Bridge International Academies, which has created a new model for delivering education to children from poor families. She's a student at a Bridge school, where teachers use computer tablets to deliver scripted lessons and carefully track student and teacher performance. Bridge plans to reach 10 million students in East Africa and India over the next decade.

IFC also supports new technologies and applications that have the potential to broaden access to education. Our client Coursera, for example, works with more than 100 top universities and educational institutions to offer about 700 free online college-level courses to more than 8 million students around the world. Our \$5 million investment in Coursera in 2013 is expected to help the company expand its operations and reach more students in developing countries.

In FY14, IFC invested \$139 million for our own account in the education sector, and an additional \$173 million in the health sector. Our clients helped educate more than 2.5 million students and treated more than 27 million patients in 2013.

At a Bridge school in Kenya, teachers use computer tablets to deliver lessons.

STRENGTHENING FOOD SECURITY

It's a bleak statistic for a hungry planet—by 2050, more than 9 billion people will inhabit the earth. That's 219,000 more people every day who must be fed amid a growing scarcity of land, water, and energy resources.

For those working in agriculture, the challenges have never been greater. Natural resources are being strained. To keep up with rising demand, food production needs to double, and annual investments in food production need to expand by half. These challenges may seem intractable—but businesses across the world are already developing innovative solutions.

IFC is working with the private sector to increase the supply of affordable food and ensure it is available to people who need it most. Our work gives farmers better access to finance and opens up new markets for them. It helps them raise productivity, adopt sustainable methods of production, and reduce waste. We provide training and develop products that protect farmers from unforeseen risks.

We are stepping up our work in Africa, where the agricultural sector accounts for 70 percent of employment. Our investment and advice this year to Ethiopia-based africa-JUICE—the first Fairtrade-certified juice producer in Sub-Saharan Africa—will help the company triple its fruit-processing

2.9

MILLION

farmers were supported
by IFC clients in 2013



An IFC investment is helping the Solomon Islands' only tuna-canning processor expand and create jobs.

capacity, doubling its employees to 3,000 and increasing its supplier base from 70 small-holder farmers to 1,000.

We aim to increase productivity by expanding farmers' access to key agricultural inputs. In Nigeria, where average crop yields are low because of farmers' limited purchasing power and outdated farming techniques, IFC is investing \$6 million in Saro Agro-Sciences, a leading distributor of herbicides and insecticides. The company will expand its distribution network from 82 to 300 outlets across the country, increasing access to agrochemicals for more than 500,000 small-holder farmers by 2016.

In Central America, we helped the government of Honduras implement transparent and nondiscriminatory rules for registering new pesticides and fertilizers. The new rules have boosted competition among suppliers, benefiting about 35,000 farmers that now have access to a wider variety of higher-quality, lower-priced agrochemicals.

In the Pacific, we are helping the Solomon Islands retain a greater share of the revenue from the country's tuna catch—which currently benefits mainly foreign companies. We are supporting the expansion of SolTuna, the country's only tuna-canning processor, with a \$10 million loan and advice. The expansion will result in 500 jobs over the next five years.



PROMOTING ECONOMIC RESILIENCE

Developing countries stand a better chance of achieving sustained prosperity when they're able to raise funds freely—at home and abroad—in their own currency.

That privilege still eludes even the largest of them. China's currency, for example, accounts for barely 2 percent of trading in foreign-exchange markets. India's share is smaller still. The need to borrow in foreign currencies exposes businesses in such countries to unnecessary risks, and it can leave entire economies vulnerable to sudden swings in capital flows.

IFC works to reduce those dangers—by making it easier for developing countries to tap domestic resources. We strengthen local capital markets by issuing local-currency bonds, paving the way for others to do the same. We also work closely with governments, regulators, and other development institutions to achieve that goal.

In 2013, when India suffered a sudden capital flight that caused its currency to plummet, we issued our first rupee-denominated bond to help restore the flow of capital. In all, we issued the equivalent of \$1 billion under our offshore global rupee bond program. Investors from the United States, Europe, and Latin America were big purchasers, highlighting fundamental investor confidence in the Indian economy. We now plan to expand the issuance to \$2 billion.

This year, we became the first international development institution to issue—on the London Stock Exchange—a bond denominated in Chinese renminbi. We issued 2 billion yuan, or about \$325 million, making ours the first benchmark-sized bond by a multilateral institution on the exchange. We followed that with the first renminbi-denominated green bond listed in London, raising 500 million yuan for climate-friendly investments. We also became the first foreign institution to issue a local-currency bond in Rwanda, strengthening the country's ability to attract investors from Africa and beyond.

We provided the first partial credit guarantee for an Indonesian corporate bond issuance, enabling one of the country's top housing developers to issue 500 billion in rupiah bonds—about \$44 million. Our 20 percent guarantee helped PT Ciputra Residence obtain a high credit rating for the bonds, attracting pension funds and a variety of other institutional investors. The company will use proceeds to expand housing, applying IFC's green-building standards.

In all, IFC has issued bonds in 15 emerging-market currencies. In addition, we have provided more than \$12 billion in local-currency financing across 60 currencies—through loans, swaps, guarantees, risk-sharing facilities, and other structured and securitized products.





\$12

BILLION

in local-currency
financing has been
provided by IFC

Pedestrians walk by the Stock Exchange building in Mumbai. IFC's rupee-denominated bond highlighted investors' confidence in India.

IMPROVING ESSENTIAL SERVICES THROUGH PARTNERSHIPS

The needs of developing countries are vast—it will cost about \$2 trillion a year to modernize infrastructure, at least \$100 billion a year to tackle climate change, and hundreds of billions more to lift people out of extreme poverty.

Such costs far exceed the available resources of individual governments or institutions. But public-private partnerships can make a significant difference. They can unlock much more than money—they can also bring in expertise and efficiency, helping ensure that resources are wisely allocated in addressing the most urgent challenges of development.

IFC is the only multilateral organization offering direct advice to governments on how to structure public-private partnerships. We have worked on more than 300 PPP transactions worldwide—many in challenging regions or countries that have difficulty in attracting investors.

As of June 2014, we had an active portfolio of 118 PPP advisory projects in more than 50 countries, valued at about \$152 million. We helped governments sign 10 PPP contracts, including six in IDA countries. These partnerships are expected to improve access to infrastructure and health services for over 1.6 million people and mobilize \$306 million in private investment.

300

PPP TRANSACTIONS
worldwide have been
supported by IFC

IFC also invests in PPP projects. In Jordan, we supported the country's first large-scale wind farm by helping EP Global Energy structure the project agreements, assisting in negotiations with the government and mobilizing \$221 million in financing for the project. The Tafila wind farm is expected to start operating in 2015 and will provide energy to the grid at lower cost. It will also curb greenhouse emissions and reduce Jordan's dependence on imported oil.

In Croatia, we invested about \$74 million in a private consortium that will expand and operate Zagreb International Airport. The country's first airport concession is expected to help make the capital city an important European transportation hub and boost tourism—a major driver of job creation and economic growth. It is also expected to set an example, encouraging other PPP projects in the country.

Our work is not restricted to national governments. In Odisha, one of India's poorest states, we helped the municipality of Bhubaneswar design, structure, and manage the bid process for a new street-lighting project. The city's inefficient street lighting was replaced by an improved system that is saving the local government \$100,000 a year.



Workers build a terminal at Zagreb International Airport. The project will support Croatia's infrastructure and tourism.

LEVERAGING THE RESOURCES OF OTHER INVESTORS

IFC's track record of investing successfully in markets neglected by traditional investors comes with an important benefit: it emboldens others to follow our lead.

We use that power to maximize our impact in developing countries, getting other investors to join us in creating opportunity. This enables IFC to deploy capital on a larger scale than we could with just our own resources. For our partners, it ensures healthy returns and mitigates risks. For our clients, it establishes a connection with new investors, paving the way for relationships that can secure the flow of much-needed financing and expertise.

We have a distinguished history of introducing innovative ways for other investors to work in tandem with us. Our syndicated loan program—launched in 1957—is the largest among those of international development institutions, having mobilized more than \$43 billion from other investors over the years. IFC Asset Management Company, a wholly owned subsidiary launched in 2009, today manages more than \$6 billion in assets on behalf of a wide variety of institutional investors such as pension funds and sovereign funds.

Last year, China—an increasingly important player in developing countries—became the first investor in IFC's newly launched Managed Co-Lending Portfolio Program, pledging \$3 billion for investment in new IFC projects. Under the program, China largely delegates to IFC the authority

\$3.1

BILLION

in syndicated loans
was issued
by IFC in FY14

necessary for loan origination, structuring, and portfolio management. In FY14, IFC committed \$320 million under the program.

In mobilizing funds for development, we strive to expand our base of co-investors—especially other international financial institutions and banks in emerging markets. We developed a Master Cooperation Agreement to specify how international development institutions can work together—through syndicated loans—to cofinance projects led by IFC. Under that agreement, 21 development institutions now work with us—a number that continues to grow. These institutions have provided \$2.2 billion to IFC clients since 2009.

IFC Asset Management Company, meanwhile, has raised a significant pool of capital for investment in IFC projects. In FY14, it completed fund-raising for the IFC Global Infrastructure Fund, raising \$1.2 billion in all. In one of its first investments, the fund provided \$75 million to IHS Holdings, an IFC client that is Africa's largest operator of independent telecommunications towers. The investment will help the company expand access to wireless phone services in remote and rural areas of Africa.



In Africa, we have helped modernize telecommunications by mobilizing significant resources from other investors.

CREATING JOBS — THE CORNERSTONE OF DEVELOPMENT

The scarcity of jobs is one of the most pressing issues of our time. For more than a billion people in developing countries, jobs constitute the main path out of poverty—raising living standards, increasing productivity, and fostering social cohesion.

But global unemployment has been on the rise. In 2013, there were more than 200 million job seekers globally—most of them women and young people in developing countries. If current trends persist, global unemployment is set to widen further, reaching more than 215 million people by 2018.

The private sector, which accounts for nine out of every 10 jobs in developing countries, has a critical role to play. IFC is working with clients and partners to help private enterprises overcome the largest obstacles to job creation—by expanding access to finance, supporting investments in infrastructure, improving the investment climate, and boosting education and training.

In 2013, our investment clients directly supported 2.6 million jobs. Our research has shown that every job directly provided by our clients indirectly supports as many as 20 additional jobs across supply and distribution chains. IFC also supported financial institutions that provided more than \$300 billion in

loans to micro, small, and medium enterprises, which in turn employed more than 100 million people.

IFC is now coordinating a global coalition of international finance institutions and donors—known as the *Let's Work* partnership—that aims to develop coordinated solutions to the challenges of job creation in different countries and industry sectors. In addition, IFC leads a private sector partnership consisting of 15 large companies that are working to increase job opportunities for women.

We also launched a program to improve working conditions for hundreds of thousands of workers in the garment industry in Bangladesh—which gained international attention in 2013 after the collapse of a building and several fire incidents. Through the *Better Work* program with the International Labour Organization, we are providing assessments of factory compliance with national laws and international labor standards.

IFC has developed an integrated investment and advisory program to help transform the country's garment sector—which accounts for 20 percent of the country's GDP and employs 4.2 million people. The program includes \$500 million to expand financing for exporters. It also aims to improve building and fire-safety standards.

Through the *Better Work* program, IFC is helping improve working conditions in Bangladesh's garment industry.





2.6

MILLION

jobs were supported
by our invest-
ment clients in 2013

TURNING RISKS INTO OPPORTUNITY

Climate change is much more than an environmental challenge—it's a fundamental threat to global prosperity, with a disproportionate effect on the poorest countries.

Within decades, global temperatures are likely to exceed preindustrial levels by 2 degrees Celsius. That would intensify food shortages in Sub-Saharan Africa, increase flooding in coastal areas of Southeast Asia, and trigger shifts in rain patterns that inundate some areas of South Asia while depriving others of the water needed for power generation and agriculture.

IFC is at the forefront of the World Bank Group's efforts to tackle climate change—because we see it as a significant obstacle to ending extreme poverty, and because we think the private sector is essential in this struggle. Since 2005, we have invested more than \$13 billion in climate-related projects, including nearly \$2.5 billion in FY14.

We are a leading financier of renewable energy for developing countries. This year, IFC supported the construction and expansion of three solar power projects in Chile—including Amanecer Solar, expected to become the largest photovoltaic power plant in Latin America. With a combined capacity of about 180 megawatts, the projects will help Chile meet its growing energy needs and

offset about 185,000 tons of carbon dioxide annually—roughly the equivalent of taking 39,000 cars off the road.

IFC also is one of the largest issuers of green bonds. In 2013, we completed two green-bond issuances—each for \$1 billion—to raise funds for climate-friendly projects. The scale and success of the issuance is prompting other investors and corporate bond issuers to enter this important new market.

Through our Sustainable Energy Finance program, we are helping commercial banks identify and develop climate-smart projects in their pipelines. The program in the Philippines received an award from the United Nations Climate Change Secretariat for its innovative approach, which significantly reduced greenhouse emissions. IFC is replicating the program across the Middle East, including in Lebanon, where banks are increasing lending to eco-minded businesses and homeowners.

In Bangladesh, in cooperation with the World Bank and other partners, we are working to reduce emissions at export-processing zones. We helped develop guidelines that are enabling textile and garment companies to increase energy efficiency while remaining competitive. Our work has helped attract \$170 million in private investment to improve energy efficiency in these zones.

\$13

BILLION

has been invested by
IFC in climate-related
projects since 2005





IFC helps reduce greenhouse emissions in developing countries by expanding financing for renewable-energy projects.

THE TRANSFORMATIVE POWER OF WOMEN

Bukky George, the owner of a small pharmacy in Lagos, undertook an ambitious project: build a national chain of drug stores so that Nigerians could enjoy the same access to high-quality medicines that citizens of wealthier countries do.

Tapping personal and family savings, she added three new stores within a year. Then she hit a roadblock that women entrepreneurs often face: she needed more capital to continue expanding, and most banks would not lend to new women-owned businesses.

Fortunately, there was an exception—Access Bank, a Nigerian lender that had just received an IFC line of credit to increase its lending to women entrepreneurs. George secured the loan she needed. Today, her HealthPlus chain has 25 branches, and she plans to establish 17 more in 2014.

IFC believes women—as consumers, as employees, and as business leaders and entrepreneurs—have the power to transform the global economy, supporting job creation, raising per-capita incomes, and promoting sustainable development. That is why we work to promote gender inclusion in all of our activities. That's why we set up a dedicated Gender Secretariat in 2013—to help our staff and clients see and act upon the strong business case for gender inclusion.

\$800

MILLION

has been invested
through our *Banking
on Women* program
since 2010

Vietnamese women farmers are boosting their incomes by learning new skills from IFC client ECOM Coffee.





Bukky George has turned a few drug stores into a fast-growing pharmacy chain in Nigeria.

By leveraging our relationships with nearly 1,000 financial institutions and private-equity funds, we help expand access to finance for women entrepreneurs. Working closely with other World Bank Group institutions, we help reduce gender-based barriers in the business environment. We also help our clients improve working conditions for women, strengthen business-skills training for them, and increase the participation of women on their boards.

This year, in partnership with the Goldman Sachs *10,000 Women* program, we launched a \$600 million global facility that will increase access to finance for as many as 100,000 women entrepreneurs in developing countries. IFC will manage the facility, which is expected to mobilize up to an additional \$470 million from other investors, and provide advice.

The initiative is part of our *Banking on Women* program, which has made 17 investments totaling more than \$800 million since 2010. To help expand that program, we issued our first bond designed specifically to support women entrepreneurs in developing countries, raising \$165 million from Japanese investors.

In agribusiness, we worked with our client ECOM Coffee to design training for women across East Asia and the Pacific. Previously, women did most of the harvesting work but were often excluded from skills training. By strengthening training, ECOM was able to harvest larger, higher-quality crops at lower cost and raise incomes for its women farmers.





\$8.5

BILLION

was directed to the
world's poorest
countries in FY14,
including
mobilized funds

CREATING OPPORTUNITY IN CHALLENGING ENVIRONMENTS

In some parts of the world, poverty is expanding rather than receding.

In the poorest countries, the ranks of the destitute have swelled by more than 100 million since the early 1980s. Conflict and instability, meanwhile, are exacting a rising toll, accounting for a growing proportion of people living on less than \$1.25 a day.

Reversing those trends will take special effort. Such areas typically lack even the most basic means to escape poverty. Government institutions are often unequipped for the challenge. Private enterprise is feeble. Infrastructure—power, roads, and bridges—is in disrepair. Access to food, water, and medicines is limited.

That is why IFC is intensifying our work in these areas. Since 2005, our investment in the 82 poorest countries—those eligible to borrow from the World Bank's International Development Association—has grown eightfold to a record of nearly \$8.5 billion in FY14. That number included about \$1.6 billion mobilized from other investors.

In addition, we have directly contributed more than \$2.8 billion to the replenishment of IDA since 2007. Our annual investments in fragile and conflict-affected areas have climbed 20 percent over the past two years—to nearly \$950 million in FY14, including funds IFC mobilized from other investors. Two-thirds of our advisory program was in

IDA countries, and 20 percent was in fragile and conflict-affected areas.

Modernizing infrastructure in these areas is a key element of our strategy. In Nepal, where more than one-fourth of the population lives below the poverty line and power cuts are the norm, we are helping the country realize its abundant hydropower potential.

Working closely with other World Bank Group institutions, IFC is investing about \$1 billion and mobilizing an additional \$4 billion to help the country generate up to 3,000 megawatts of power—enough electricity for 16 million people, or 60 percent of the Nepali population. The project is also expected to create jobs in urban areas and boost agricultural productivity.

In Haiti, where access to piped water is limited and most of the population depends on unreliable and expensive water delivered by trucks, IFC's client dloHaiti is innovating. A network of decentralized solar-powered water-purification and distribution centers has lowered processing costs and improved water quality for underserved communities. dloHaiti plans to set up 300 centers, serving more than 1 million people and creating more than 4,000 jobs.

We have also helped the Democratic Republic of Congo establish its first Special Economic Zone—which is expected to attract \$80 million in investments and create 1,500 direct jobs. IFC helped the country draft the new SEZ law.

ALLEVIATING POVERTY WHEREVER THE NEED IS GREATEST

More than 50 million farmers in India depend on sugarcane cultivation for their livelihood. But many rely on unproductive methods. In Uttar Pradesh, one of India's poorest states, yields are about half those of the most productive states. That means farmers earn less than they could.

IFC's project Meetha Sona—Hindi for “sweet gold”—is changing this reality. Through a partnership with sugar producer DSCL, the program is providing training materials and a customized package of climate-smart agricultural practices. Trained farmers have reported an 86 percent increase in productivity in the first two years of the program. Having trained more than 17,000 farmers, the program is being rolled out more broadly—with a target of reaching 200,000 farmers across 14 mills in India by 2015.

Improving lives in places like Uttar Pradesh is essential if we are to achieve our goals of ending extreme poverty by 2030 and boosting shared prosperity. South Asia as a whole is home to more than 40 percent of the global population living below \$1.25 a day—despite the region's robust growth in recent years.

\$6.8

BILLION

was invested in
Sub-Saharan Africa,
South Asia, and
the Middle East and
North Africa
in FY14

We focus on regions where the need to alleviate poverty is greatest. In Sub-Saharan Africa, where countries exhibit some of the highest rates of extreme poverty, IFC is working to reduce the infrastructure deficit, address the rising demand for food, and expand access to finance.

Our \$37.4 million partnership with The MasterCard Foundation is expected to provide access to financial services for 5.3 million people by 2017. In addition, IFC Capitalization Fund—which is managed by IFC Asset Management Company—invested \$172.2 million in FirstRand Bank, an IFC client, to help it increase loans to small and medium enterprises and retail customers across the region.

In the Middle East and North Africa, where pronounced inequality threatens social stability, we are working to support education and training, develop climate-smart projects, and improve infrastructure services. We invested \$50 million to help Alliances Group, a leading Moroccan construction company, build 110,000 affordable housing units—reducing the current deficit of about 840,000 homes in the country.

In all, we invested about \$6.8 billion from our own account in these regions in FY14—nearly 40 percent of our overall commitments for the year. About half of our advisory program was in these regions.

Our activities helped support more than 381,000 jobs in South Asia, more than 227,000 in Sub-Saharan Africa, and more than 174,000 in the Middle East and North Africa. They also helped our clients educate more than 44,000 students in South Asia, distribute water to 1.8 million customers in the Middle East, and treat about 941,000 patients in Sub-Saharan Africa.



In India, IFC is working to improve farmers' productivity by training them in advanced agricultural techniques.

BUILDING BROAD-BASED PROSPERITY

Middle-income countries are vital engines of global prosperity, accounting for one-third of the world's economic output. Yet they are home to three out of every four people living on less than \$1.25 a day.

For all their economic progress, these countries still face major development hurdles. Large parts remain rural and remote, untouched by the benefits of national economic growth. Other parts—urban centers—struggle to modernize their infrastructure as people migrate in, hoping for a better life. Such countries also have to grapple with the risks of climate change.

IFC works closely with the private sector in these countries—to ensure that the rewards of progress are shared by all citizens, and to enable local businesses to do more to address regional and global development challenges. We focus on frontier regions—places where poverty is high—and businesses that serve neglected segments of the population such as women, youth, and small farmers.

In Brazil, for example, we provided about \$20 million in financing this year to help reopen and expand production at a poultry plant in Tocantins, one of the country's poorest states. Our investment in Asa

Alimentos, a leading poultry and pork producer, is expected to help support about 5,000 jobs, promote rural development, and increase the availability of food for up to 3.5 million people over the next three years.

We are also helping Turkey address the challenge of urbanization. We arranged a financing package of €165 million to help build tram lines in Izmir, a city of nearly 4 million people on the country's Aegean coast. The project is expected to help reduce congestion by strengthening the public transportation system in a climate-smart way.

We provide strong support to companies that adopt inclusive business models. IFC is the leading multilateral investor in such companies, which focus on low-income people—as consumers, retailers, suppliers, or distributors. In FY14 alone, IFC committed over \$1.6 billion to 84 inclusive businesses—many of them in middle-income countries.

We also support regional integration and South-South investment—by encouraging businesses in middle-income countries to invest in other developing countries. This year, for example, we helped assemble a consortium of investors—including Bank of China—that provided \$30 million in financing to expand the availability of clean water and improve wastewater treatment plants in the Middle East.





\$1.6

BILLION

was committed to
inclusive businesses
in FY14, many of
them in middle-
income countries

IFC is helping the Turkish city of Izmir improve public transportation in a climate-smart way.