



Transformation

Annual Report 2020

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Additional information is available on IFC's Annual Report 2020
website: www.ifc.org/AnnualReport.

Cover: The COVID-19 crisis transformed the world as we know it, exacting a massive toll on everyone, but especially the world's poorest and most vulnerable. Over the last four years, IFC has also undergone a transformation. As a result of these changes, we are now far better equipped to help lay the seeds of a more resilient, inclusive, and sustainable recovery. For developing countries, such an outcome could be truly transformative.

IFC — a member of the World Bank Group — is the largest global development institution focused on the private sector in emerging markets.

We work in more than 100 countries, using our capital, expertise, and influence to create markets and opportunities in developing countries.

In fiscal year 2020, we invested \$22 billion in private companies and financial institutions in developing countries, leveraging the power of the private sector to end extreme poverty and boost shared prosperity.

For more information, visit www.ifc.org.

IFC BOARD

We are facing one of the most challenging times for development since the creation of the World Bank in 1944. The COVID-19 pandemic has spared no country or segment of society; it has gravely impacted the lives of millions, small and large businesses across the world, and the modern global economy as we know it. Through combined efforts to address this pandemic, the World Bank Group has taken swift and comprehensive action. We express our heartfelt thanks to the staff, who have worked tirelessly to mobilize resources in fighting these unprecedented global health, social, and economic crises. Guided by our twin goals of ending poverty and promoting shared prosperity, and the *COVID-19 Crisis Response Approach Paper: Saving Lives, Scaling-up Impact and Getting Back on Track*, the Bank Group has committed to provide as much as \$160 billion over 15 months to help countries respond to the crisis — as of the end of fiscal 2020, we were already providing support in over 100 countries. We envisage this funding will help improve resilience and inclusion, as well as foster transformative investments that will in turn help countries build back better. We believe our continued cooperation with governments, private and public sector partners, and a wide range of stakeholders is key to returning to a sustainable path of recovery and development.

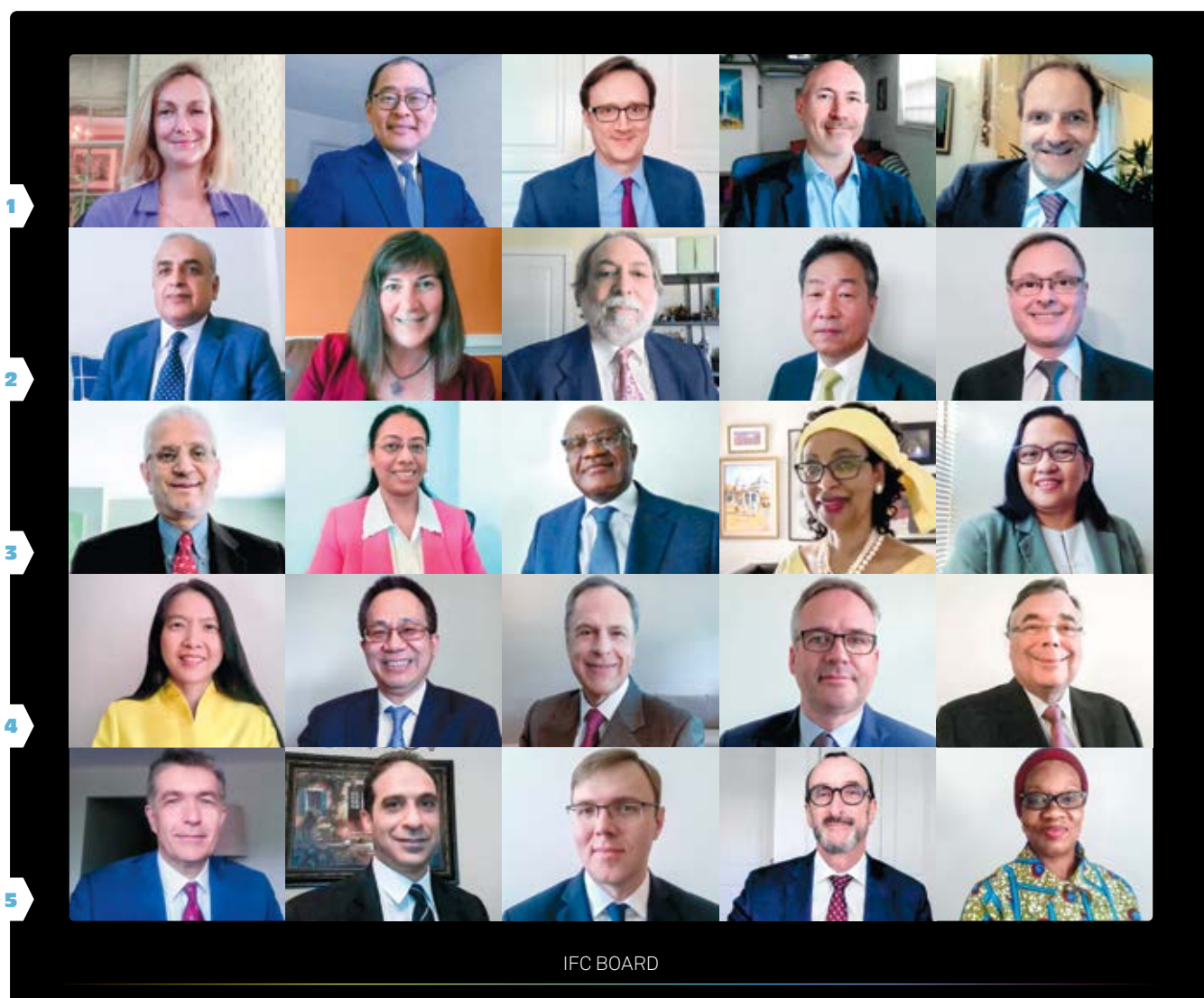
To support further progress toward the twin goals and the Sustainable Development Goals, we endorsed the World Bank Group's Fragility, Conflict, and Violence (FCV) Strategy. Building on the ongoing, successful implementation of the 2016 Forward Look and the 2018 capital package, the strategy aims to enhance effectiveness in helping countries

address the drivers and impacts of FCV and in strengthening resilience, with a focus on the most vulnerable and marginalized populations.

Earlier in fiscal 2020 we discussed strategic and operational issues related to jobs and economic transformation, migration, global value chains, and digital transformation. We discussed trade and trade finance, manufacturing, equity and portfolio approaches, IFC's financial capacity, state-owned enterprises, and equity investing.

We discussed critical matters to our *organization*, such as having staff located closer to our clients and how we measure development results, our independent *accountability* mechanisms, and the *governance* framework and the 2020 Shareholding review. In addition, we discussed and endorsed the strategy and business outlook for IFC for fiscal 2021–23 and budget for fiscal 2021 that help shape the Bank Group's direction over the coming year.

The Board strongly supports racial justice and equality within the Bank Group and in our work. We will continue prioritizing diversity and inclusion across the institution and in our support to clients and communities. We believe that it is critical to embed concern for race and ethnicity in our development work and programs around the world, and that promoting diversity and inclusion in the workplace reflects our institution's core values. These efforts will remain an important focus in the year ahead.



Left to right by rows:

1	DJ Nordquist United States	Masanori Yoshida Japan	Richard Hugh Montgomery United Kingdom	Arnaud Buissé France	Juergen Karl Zattler Germany
2	Shahid Ashraf Tarar Pakistan	Louise Levonian Canada	Adrián Fernández Uruguay	Kunil Hwang Korea	Guenther Schoenleitner Austria
3	Merza Hussain Hasan Kuwait (Dean)	Aparna Subramani India	Jean-Claude Tchatchouang Cameroon	Anne Kabagambe Uganda	Elsa Agustin Philippines (Alternate)
4	Kulaya Tantitemit Thailand	Yingming Yang China	Jorge Alejandro Chávez Presa Mexico	Koen Davidse The Netherlands	Geir H. Haarde Iceland
5	Patrizio Pagano Italy (Co-Dean)	Hesham Alogeel Saudi Arabia	Roman Marshavin Russian Federation	Werner Gruber Switzerland	Larai Shuaibu Nigeria

LETTER FROM DAVID MALPASS

World Bank Group President

The COVID-19 pandemic presented countries with unprecedented challenges this year, requiring them to respond quickly to major disruptions in health care, economic activity, and livelihoods. The World Bank Group has been at the forefront of that response, mobilizing rapidly to deliver much-needed support to countries to provide critical supplies, reduce loss of life and economic hardship, protect hard-earned development gains, and deliver on our mission of reducing poverty and boosting shared prosperity. Our goal in all these efforts is to improve conditions, both immediate and long-term, for the poorest and most vulnerable populations.

At the onset of COVID-19, the Bank Group took broad, decisive action in delivering a fast-track facility to help countries respond quickly to this crisis. We expect to deploy up to \$160 billion in the 15 months ending June 30, 2021, through new operations and the restructuring of existing ones to help countries address the wide range of needs arising from the pandemic. This will include over \$50 billion of IDA resources on grant and highly concessional terms.

By May, we reached the milestone of emergency health operations in 100 countries. Our initial projects focused on limiting the pandemic's spread and boosting the capacity of health services. We helped countries access essential medical supplies and equipment through support for procurement and logistics, including negotiations with suppliers on their behalf. Many developing countries are dependent on imports for supplies, making them highly exposed to price fluctuations and trade restrictions. Through IFC and MIGA, we provided vital working capital and trade finance for the private sector in developing countries, particularly firms in core industries, and helped financial sectors continue lending to viable local businesses.

In March, the World Bank and IMF called for official bilateral creditors to suspend debt payments from IDA countries. In April, G20 leaders issued

a historic agreement suspending official bilateral debt service payments from May 1 through the end of 2020 and called for comparable treatment by commercial creditors — a powerful example of international cooperation to help the poorest countries.

Beyond immediate health concerns, the Bank Group is supporting countries as they reopen their economies, restore jobs and services, and pave the pathway to a sustainable recovery. Many of our client countries have enhanced their transparency and attractiveness to new investment with fuller disclosure of their public sector's financial commitments. The Bank is helping the most vulnerable countries evaluate their debt sustainability and transparency, which are both essential to good development outcomes.

The Bank Group is supporting countries' efforts to scale up their social safety nets. This includes cash transfer operations through both in-person and digital options so that governments can efficiently deliver this critical support to their most vulnerable people. We are also engaging with governments to eliminate or redirect costly and environmentally harmful fuel subsidies and reduce trade barriers for food and medical supplies.

In fiscal 2020, IBRD's net commitments rose to \$28 billion, while disbursements remained strong. IDA's net commitments were \$30.4 billion,



39 percent higher than the previous year. The 19th replenishment of IDA was approved in March, securing a three-year \$82 billion financing package for the world's 76 poorest countries. This will increase our support to countries affected by fragility, conflict, and violence (FCV) and strengthen debt transparency and sustainable borrowing practices.

Over the last year, we realigned the Bank's staff and management to drive coordinated country programs and put high-quality knowledge at the center of our operations and development policy. We are increasing our global footprint to be closer to our operations on the ground. We also strengthened our focus on Africa by creating two Bank vice presidencies, one focusing on Western and Central Africa and the other on Eastern and Southern Africa, to take effect in fiscal 2021. I appointed four new senior leaders: Anshula Kant as Managing Director and Chief Financial Officer, Mari Pangestu as Managing Director of Development Policy and Partnerships, Hiroshi Matano as Executive Vice President of MIGA, and Axel van Trotsenburg as Managing Director of Operations on the departure of Kristalina Georgieva to head the IMF. In addition to these appointments, there were 12 vice-presidential appointments or reassignments over the last year. Together, the strong leadership team and a highly dedicated and motivated staff are striving to build the world's most effective development institution, with a resilient and responsive business model that can help each country and region achieve better development outcomes.

At our Annual Meetings in October, we presented a new index to track *learning poverty* — the percentage of 10-year-olds who cannot read and understand a basic story. Reducing learning poverty will require comprehensive reforms, but the payoff — equipping children with the skills they need to succeed and achieve their potential as adults — is vital for development.

By helping countries leverage new digital technologies, we are expanding access to low-cost financial transactions, particularly for women and other vulnerable groups. Digital connectivity is one of many key steps in helping women unleash their full economic potential. The Women Entrepreneurs Finance Initiative (We-Fi), hosted by the Bank Group, works to remove regulatory and legal barriers that women face and help them gain access to the financing, markets, and networks they need to succeed. Bank operations also focus on providing women with greater agency and voice in their communities, working to ensure that girls can learn effectively and safely in schools, and promoting quality health care for mothers and children.

We help countries strengthen their private sectors, which are central to creating jobs and boosting economic growth. In fiscal 2020, IFC's long-term finance commitments increased to \$22 billion, which includes \$11 billion of its own commitments and \$11 billion in mobilization, commitments from private investors, and others. In addition, IFC extended \$6.5 billion in short-term finance. MIGA's commitments totaled \$4 billion, with an average project size of \$84 million. Looking forward, MIGA's product line, staffing, and upstream efforts are well suited to help in the Bank Group's COVID-19 response, including a focus on smaller projects in IDA-eligible countries and countries affected by FCV.

None of these achievements would have been possible without our staff's hard work and successful adjustment to home-based work during the pandemic. Working around the world and at all levels, staff continued to deliver solutions to address countries' most urgent needs. I am deeply grateful for their dedication and flexibility, especially amid these difficult circumstances.

As people in developing countries worldwide grapple with the pandemic and deep recessions, the World Bank Group remains committed to their future, providing the support and assistance they need to overcome this crisis, and achieve a sustainable and inclusive recovery.

David Malpass
President of the World Bank Group
and Chairman of the
Board of Executive Directors

World Bank Group Response to the COVID-19 Pandemic

In early 2020, the coronavirus pandemic (COVID-19) struck countries around the world, presenting enormous challenges to health systems and spurring widespread shutdowns, school and business closures, and job losses. Nearly all countries are facing an unprecedented economic downturn.

The World Bank Group has been at the forefront of the global response. In March, the Board of Executive Directors approved a new fast-track facility to help countries address their immediate health needs and bolster economic recovery. The World Bank deployed the first set of projects under this facility in April, aimed at strengthening health systems, disease surveillance, and public health interventions. To soften the economic blow, IFC and MIGA moved quickly to provide financing and increase access to capital to help companies continue operating and paying their workers.

The Bank Group expects to deploy up to \$160 billion over 15 months through June 2021 to support countries' responses to COVID-19 through a series of new operations, the restructuring of existing ones, the triggering of catastrophe drawdown options, and support for sustainable private sector solutions that promote restructuring and recovery. The pandemic could push about 100 million more people into extreme poverty in 2020. Countries impacted by FCV challenges are particularly vulnerable to the health, social, and economic impacts of the pandemic. Our support in these settings focuses on investing in prevention, remaining engaged in crisis situations, protecting human capital, and supporting the most vulnerable and marginalized groups, including forcibly displaced populations. The poorest and most vulnerable countries also face food insecurity, as supply chain disruptions and export restrictions threaten the food supply. To address this, we urged countries to ensure that food supply chains continued to flow and function safely and helped them monitor the impact of the pandemic on people's ability to buy food. We advocated for strong social protection programs for the poorest and most vulnerable to ensure that people can afford to eat and access basic food supplies, while helping protect livelihoods.

Our research and knowledge products looked at the widespread impact of the pandemic—including economic updates, a report on declining

global remittance flows, and a policy note on the shock to education and children's futures. But long after the immediate crisis subsides, countries will need support in mitigating its impacts and boosting long-term growth. Our policy recommendations offered countries ways to achieve this, including by improving governance and business environments, countering disruptions in financial markets, investing in education and health for better human capital outcomes, facilitating new investments through greater debt transparency, expanding cash safety nets for the poor, reviewing energy pricing policies, and implementing reforms that allow for capital and labor to adjust quickly to post-pandemic structures.

Engaging with the private sector is critical to the emergency response, and IFC expects to provide \$47 billion in financial support through June 2021 as its part of the Bank Group's response. In its initial package, IFC is providing \$8 billion to help companies continue operating and sustain jobs during the crisis. This package will support existing clients in vulnerable industries, including infrastructure, manufacturing, agriculture, and services, and provide liquidity to financial institutions so they can provide trade financing to companies that import and export goods and extend credit to help businesses shore up their working capital.

IFC is also preparing the second phase of its response, during which it will support existing and new clients. This includes the Global Health Platform, which aims to increase access to critical health-care supplies, including masks, ventilators, test kits, and, eventually, vaccines. It will provide financing to manufacturers, suppliers of critical raw materials, and service providers to expand capacity for delivering products and services to developing countries. IFC will contribute \$2 billion for its own account and mobilize an additional \$2 billion from private sector partners. It will also help restructure and recapitalize companies and financial institutions on their path to recovery.

MIGA also launched a \$6.5 billion fast-track facility to help private sector investors and lenders tackle the pandemic in low- and middle-income countries. The facility allows for the issuance of guarantees using streamlined and expedited procedures. It offers credit enhancement for governments and their agencies to purchase urgent medical equipment, protective gear, medicines, and services, and to fund economic recovery efforts. It also includes de-risking solutions for commercial banks and financial institutions, as well as support for trade financing for local banks.

**Nigeria****\$50 Million**

loan from IFC to a domestic bank to help expand lending to small and medium enterprises so that they can continue operating and sustain jobs, as part of ongoing efforts to support resilient recovery.

**Bangladesh****\$25 Million**

loan from IFC to help a local agribusiness firm meet its long-term working capital and additional capital expenditure needs.

**Mongolia****\$27 Million**

in World Bank financing to help provide training for emergency care doctors, nurses, and paramedics; purchase medical and laboratory equipment and supplies; rehabilitate health-care facilities; and strengthen the country's capacity to respond to health crises.

**Kyrgyz Republic****\$12 Million**

in World Bank financing to help boost the capacity of rapid-response teams, hospitals, and laboratories by providing medical and laboratory supplies, ICU equipment, and preparedness funds for hospitals.

**Yemen****\$27 Million**

in World Bank financing to help the country limit the spread of and mitigate risks associated with COVID-19, in partnership with the World Health Organization (WHO).

**Colombia****\$385 Million**

in MIGA guarantees to support short-term financing for micro, small, and medium enterprises facing constraints to accessing credit as a result of the pandemic.

By supporting trade financing, both IFC and MIGA are complementing broader Bank Group efforts to ensure that global supply chains are preserved, particularly for the production and distribution of vital medical supplies. We mobilized quickly to help countries access these supplies by reaching out to suppliers on behalf of governments. We also cautioned governments against protectionist measures, which can reduce global supply, lead to higher prices, and prevent developing countries from getting the supplies they need.

The Bank, along with the International Monetary Fund (IMF), called for the suspension of bilateral debt payments from IDA countries to ensure that countries have the liquidity needed to grapple with the challenges posed by the outbreak and allow for an assessment of their financing needs. On April 15, leaders of the G20 nations heeded this call and issued a debt relief agreement suspending bilateral debt service payments by poor countries beginning May 1. In remarks to the Development Committee at the virtual Spring Meetings of the Bank Group and IMF, President David Malpass commended this historic achievement: "Debt relief is a powerful, fast-acting measure that can bring real benefits to the people in poor countries."

In June 2020, the Board of Executive Directors approved an approach paper detailing our response to the COVID-19 pandemic. The paper *Saving Lives, Scaling-up Impact, and Getting Back on Track* explains how we're organizing our crisis

response across the three stages of relief, restructuring, and resilient recovery. The first involves emergency response to the immediate health, social, and economic impacts of COVID-19. Then, as countries bring the pandemic under control and start reopening their economies, the restructuring stage focuses on strengthening health systems for future crises; restoring people's lives and livelihoods through education, jobs, and access to health care; and helping firms and financial institutions regain a solid footing. The resilient recovery stage entails helping countries build a more sustainable, inclusive, and resilient future in a world transformed by the pandemic.

We will continue to deliver support with unparalleled scale and speed, while concentrating our efforts for the greatest impact and maintaining our financial capacity for a robust response. Working across all the Bank Group institutions, we will continue seeking the right mix of public and private sector solutions and working with clients and partners to fight the pandemic.

Despite the unprecedented scale of the crisis and the ways we've repositioned our support to countries, our long-term mission remains unchanged. We remain committed to our goals of ending extreme poverty and boosting shared prosperity in a sustainable manner. To get there, we will focus our efforts on helping countries work toward a resilient recovery from the pandemic and ultimately build back stronger.

LETTER FROM PHILIPPE LE HOUÉROU

IFC Chief Executive Officer

This year's annual report is entitled *Transformation*.

In 2020, the COVID-19 pandemic affected millions of people and triggered what is likely to be the deepest global recession since the Second World War. The crisis is exacting a massive toll on the poor and threatening to wipe out decades of work to improve living standards in the developing world.

While the health response continues, scores of companies are being tipped into insolvency. Saving viable firms will help protect jobs and livelihoods, prevent further financial turmoil, and resume long-term growth. By extension, putting development back on track will require a sustained effort to develop investment opportunities, restructure and recapitalize firms, and invest in growing businesses and startups. In the process, we must lay the seeds of a resilient, inclusive, and sustainable recovery. This entails strengthening value chains, accelerating the transition to green energy and responsible consumption and production patterns, and promoting more equitable access to jobs and finance. For developing countries, such an outcome could be truly transformative.

I am retiring after an intense four-and-a-half years as IFC CEO, and thirty-three years after joining the World Bank Group Young Professionals Program. I am proud to have led an organization that — after four-and-a-half years of far-reaching internal reforms — is now well equipped to help developing countries recover from the pandemic and improve the lives of people in the most difficult and fragile environments. By transforming itself, IFC is better positioned than ever to bring private capital to the toughest markets and in the most difficult circumstances.

Building the pillars of transformation

For the last four years, IFC has been on a challenging journey to shift our institutions and mindsets, with the ultimate goal of achieving greater development impact. In 2016, we embarked on our new IFC 3.0 strategy to proactively create markets and opportunities and mobilize capital on a greater scale. It was grounded in the understanding that private investment needs to be at the center of efforts to achieve the world's development goals. Since then, we have put in place a series of reforms, making IFC fit for this purpose. Along the way, we reinforced the support of our shareholders, culminating in a historic \$5.5 billion capital increase. As part of the capital increase compact, IFC will have to more than double its annual investments by 2030 and more than triple its own-account investments in the poorest and most fragile countries. Our focus remains on Sub-Saharan Africa and South Asia, which account for most of the world's poor.

Through these reforms, we have sharpened our understanding of countries' unique development needs and priority issues, revamped the way we do our business to address those needs, established methods to measure the development impact of private sector investments, and vowed to work more closely and transparently with communities and stakeholders on the ground.

Philippe Le Houérou

IFC Chief Executive Officer



We introduced Country Private Sector Diagnostics, which assess opportunities for private sector-led growth in any given country. The diagnostics feed into broader Country Strategies that lay out clearly where decision-makers can focus their reform efforts to attract investment. Building on this, we initiated a more proactive way of doing business by getting involved much earlier in the sector and project development process, including conceiving opportunities for unlocking critical sectors of the economy and conducting our own feasibility studies to generate investment-ready opportunities. We call this approach working Upstream. This fiscal year, we recruited 233 staff who are now working full time to imagine and put together new projects to propose to potential clients.

In addition, we developed groundbreaking tools to guide investments in the developing world. Our internal framework for impact measurement enables us to articulate the development impact of each project. We took inspiration from that methodology to develop the Operating Principles for Impact Management, launched in April 2019, which are being used as a roadmap for credible impact investing by a growing number of institutions (from 60 in FY19 to 101 in FY20), which collectively manage over \$300 billion in impact assets.

We began to more systematically join efforts with our World Bank and MIGA colleagues through the Cascade. With this approach, World Bank Group staff, working with our clients, first seek private sector solutions to address development challenges—where such solutions are advisable and can be effective—and reserve public financing for projects only when private solutions are not possible. Further, we started to work more closely together with our World Bank colleagues to promote country and sector reforms through the Bank's development policy lending instruments.

We established the IDA Private Sector Window (PSW) to catalyze private investment in countries eligible for assistance from the International Development Association (IDA), the Bank Group's fund for the poorest countries. With the four facilities under the PSW — Risk Mitigation, Blended Finance, Local Currency, and MIGA Guarantee — we now have tools to de-risk projects and overcome the lack of local currency financing.

Along the way, we sought to systematically improve our transparency and accountability, including through the creation of a new Environmental and Social Policy and Risk Department, embarking on a more proactive and systematic engagement with affected communities and civil society organizations, and more frequent and comprehensive reporting to our Board and stakeholders.

Delivering in turbulent times

IFC had a strong year in spite of the pandemic. We committed \$22 billion in long-term finance — an almost 15 percent year-on-year increase — including \$11.1 billion invested for our own account. In addition, short-term financing commitments, including trade finance, totaled \$6.5 billion: a 12 percent increase compared with the previous fiscal year. IDA-eligible and fragile countries accounted for 25 percent of IFC's own-account long-term finance commitments, while climate business accounted for 30 percent. IFC also committed \$1.8 billion in long-term finance for financial institutions specifically targeting women.

At the same time, we stepped up to help the world fight the pandemic. We rolled out an \$8 billion fast-track COVID-19 financing facility to help keep companies in business and preserve jobs. Through the facility, we provided direct lending to existing clients who demonstrated a clear impact on their business by the pandemic, as well as support to client financial institutions so they could continue lending to small and medium businesses affected by the COVID-19 outbreak.

As of September 2020, \$3.9 billion of the facility had been committed, including the entire \$2 billion allocated under the trade-finance envelope, helping to keep liquidity flowing to businesses that depend on trade, especially micro, small, and medium enterprises. We also laid the groundwork to deploy the innovative Global Health Platform, aimed at increasing access for developing countries to critical health-care supplies such as face masks, ventilators, and potential vaccines, and helping those countries boost their own manufacturing capacity.

Importantly, the crisis encouraged IFC to transform the way we do business. We learned to work virtually, such as by conducting virtual appraisals and portfolio supervisions. For the fast-track COVID-19 facility, IFC put in place a revamped decision-making framework that maximizes speed while screening for key risks, with the fastest transaction signed in a record 29 days. We also introduced streamlined portfolio management processes, helping us respond to client requests for standstills in an agile fashion.

In FY20, we started implementation of our new approach to equity investing, improving our handling of equity investments “from cradle to grave” and bringing a much sharper focus on macro-economic issues in new business analysis and portfolio decision-making. Together with this, we integrated the Asset Management Company (AMC) into IFC and realigned its role as the mobilization platform for IFC in relation to equity. We have also made progress

on operationalizing our Green Equity in Financial Intermediaries (FIs) strategy — a proactive approach to help FIs green their portfolios and significantly reduce their exposure to coal assets.

A pivotal moment in IFC's Upstream work

During the restructuring and recovery phase of the pandemic, the key to implementing the IFC 3.0 strategy, and to being effective in our crisis response, is to scale up our Upstream capacity. The full implementation of the Upstream agenda is the last and perhaps most critical building block of the internal reforms we have implemented over the past four years.

Working Upstream implies the creation, deepening, and expansion of markets through the design and implementation of targeted sector and project-level interventions to attract private investment. It requires a systematic approach to understand the regulatory bottlenecks preventing the flow of private capital into productive investment and addressing these constraints through World Bank Group-wide engagement on policy reforms at the country and sector level. It also requires imagination and proactively developing a pipeline of our own bankable and impactful projects in line with our Country Strategies.

FY20 saw our Upstream work taking off. In January, IFC signed a project to transform Casablanca's public transportation system and connect marginalized neighborhoods to the city. In May, IFC financially closed a groundbreaking project to turn Belgrade's largest landfill into a new waste processing and disposal complex. In June, we signed a historic new project in Afghanistan, financing a power plant that will increase the country's electricity generation by as much as 30 percent. All these investments resulted from the earlier Upstream efforts.

In parallel, IFC greatly scaled up the number of staff dedicated to Upstream activities, from three in June 2019 to 233 as of FY20-end, including 170 as external hires. This enabled us to attract the necessary skills and industry expertise required to develop project ideas, conduct feasibility studies, and design projects, thereby complementing our well-established and recognized financing and structuring expertise. As of FY20-end, the IFC Upstream pipeline — that is, the projected investment that will be enabled by our Upstream work over the next five years, stood at nearly \$4.9 billion. We are redeploying a significant share of resources toward our Upstream work. In



2016



2017



2018



2019



2020

IFC ANNUAL REPORTS 2016–2020

These five covers from our Annual Reports during CEO Philippe Le Houérou's tenure at IFC reflect the trajectory of the organization's transformation over the past five years — its work based on more than 60 years of experience; the start of the IFC 3.0, or Creating Markets, strategy; the emphasis on measurement and economic analysis as new drivers for private sector development; the endorsement of a historic \$5.5 billion capital increase; and COVID-19's impact and the response by IFC and others to help countries and companies recover.

The colors of the covers are intentional. The yellow, green, blue, and purple covers of the first four years come together with red to create the rainbow on this year's cover.

During the restructuring and recovery phase of the pandemic, the key to implementing the IFC 3.0 strategy, and to being effective in our crisis response, is to scale up our Upstream capacity.

FY21, \$215 million — approximately 22 percent of the IFC Operations total budget — will be designated for Upstream activities. We are also deploying new incentives for staff, including performance awards, professional development opportunities, and corporate recognition.

Furthering diversity

During FY20, we maintained our focus on building a diverse workforce, knowing that diversity strengthens our organization. Women and staff from Sub-Saharan Africa and the Caribbean accounted for 54 percent and 16 percent of new recruits, respectively. Moreover, 32 percent of new recruits at IFC were from under-represented nationalities.

The protests against racism and the violence across the United States and other parts of the world shed light on the persistent racial inequities our world is facing. We remain committed to inclusion, tolerance, dignity, and opportunity for all. These core values reflect our mission to create opportunities and better jobs for the poor. But we must also judge our work with clients and our own organization by whether it stays true to these values. And we must do more in this respect. IFC is stepping up its efforts to promote diversity and equal opportunity, fight unconscious biases, and create a safe space for staff to talk about racism and any other form of discrimination.

At the end of FY20, we also announced that IFC's Gender Business Group would become the Gender and Economic Inclusion Group, with an expansion of the group's focus to include underserved groups such as "base of the pyramid" populations, persons

with disabilities, and sexual and gender minorities. Among other activities, the group will develop further research and thought leadership on the business case for inclusion and support mobilization through the Impact Investing and Social Bond Principles.

Looking ahead

As per Article 1 of our Articles of Agreement, IFC's mission is to *"further economic development by encouraging the growth of productive private enterprise in member countries, particularly in the less developed areas."* We live in an unprecedented time when the relevance of IFC as the premier agent of private sector-led development has never been greater. Over the past four years, we have transformed our organizational setup and the way we operate. Most importantly, we have shifted mindsets. As we continue to fight COVID-19 and push forward with the implementation of IFC 3.0, innovation, perseverance, focus, and hard work will be critical. As I depart, I have full confidence that IFC has the financial capital, talent, ingenuity, and resolve to deliver on its ambitions and the commitments we made to our shareholders. Development is firmly at the heart of IFC and, together with the rest of the World Bank Group, we are redefining global development finance.



Philippe Le Houérou
IFC Chief Executive Officer

OUR MANAGEMENT TEAM

Our leadership oversees the effective deployment of IFC's resources, with a focus on maximizing development impact and meeting the needs of our clients. IFC's Management Team brings together years of development experience, a broad array of expertise, and complementary cultural perspectives. The team shapes our strategies and policies, ensuring IFC creates opportunities where they are needed most.



Philippe Le Houérou
IFC Chief Executive Officer



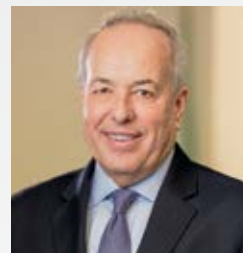
Stephanie von Friedeburg
Chief Operating Officer



Georgina Baker
Vice President,
Latin America and the
Caribbean, and Europe
and Central Asia



Elena Bourghanskaia
Chief of Staff



Marcos Bruijs*
CEO, IFC Asset
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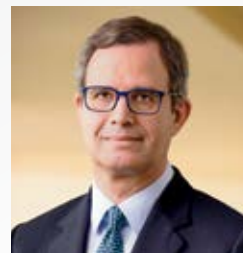
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John Gandolfo
Vice President and
Treasurer



Mohamed Gouled
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Christopher Stephens
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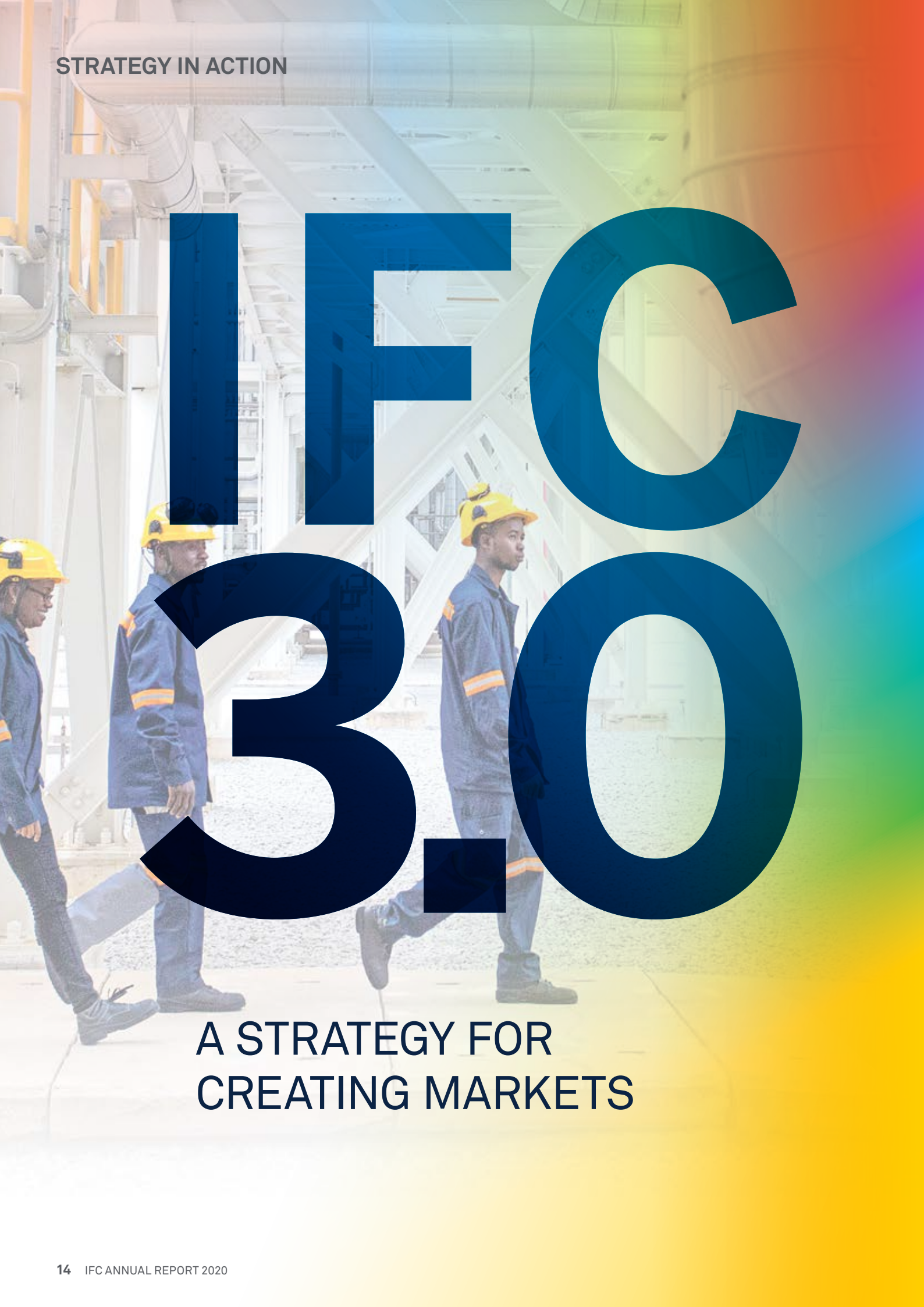


Nena Stoilkovic
Vice President,
Asia and Pacific

* Retired in May 2020

STRATEGY IN ACTION

IFC 3.0



A STRATEGY FOR
CREATING MARKETS

Putting Development at the Heart of IFC...

Our corporate strategy IFC 3.0, in place since December 2016, has become even more relevant as we support our member countries in coping with the shock of the COVID-19 crisis and take action to support a sustainable, resilient, and equitable economic recovery.

This blueprint for our organization, now complete, builds on the strengths of our historic approaches, IFC 1.0 and 2.0, which focus on finding the best opportunities to serve our client countries by providing advice and financing to mobilize private sector solutions to their development challenges. Our strategy has evolved based on our more than six decades of experience investing in emerging markets and setting standards for sustainability; the interrelated skills of our diverse, seasoned workforce; and our on-the-ground presence in more than 100 countries that provides close proximity to clients.

IFC 3.0 is about being proactive, not reactive. We are committed not just to financing projects but also to **creating markets** — and mobilizing private capital at significant scale, with greater focus on the poorest and fragile and conflict-affected countries. Bringing together several foundational pillars — the AIMM method for ex-ante impact measurement, new blended finance and other de-risking tools, country strategies based on joint IFC/World Bank diagnostics that identify critical policy reforms, and our Upstream approach to developing new investment opportunities, to name just a few — IFC 3.0 underpinned the \$5.5 billion capital increase that shareholders endorsed in 2018 and became effective in 2020. (See the following pages for more detail.)

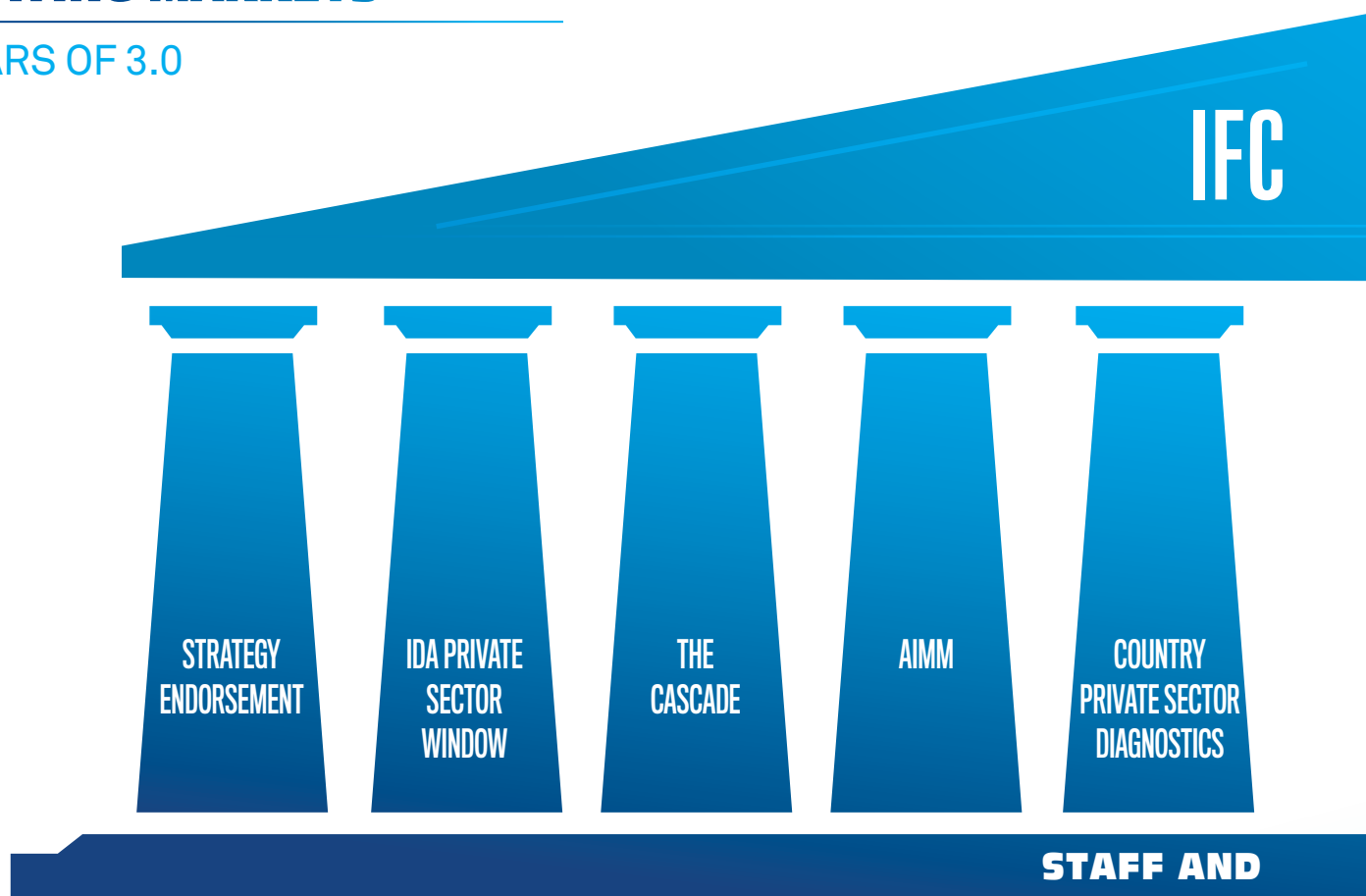
IFC 3.0 integrates new ways of solving development challenges. By applying new skill sets and leveraging new and existing financial and advisory products, it allows us to mobilize private sector solutions and investment where they are needed most. It is a comprehensive, 21st century architecture for delivering on the founding mission that we embarked on in 1956 — to further economic development by encouraging the growth of productive private enterprise in member countries, particularly in less developed areas.

It puts development at the heart of IFC and moves us closer to achieving our ultimate goal:

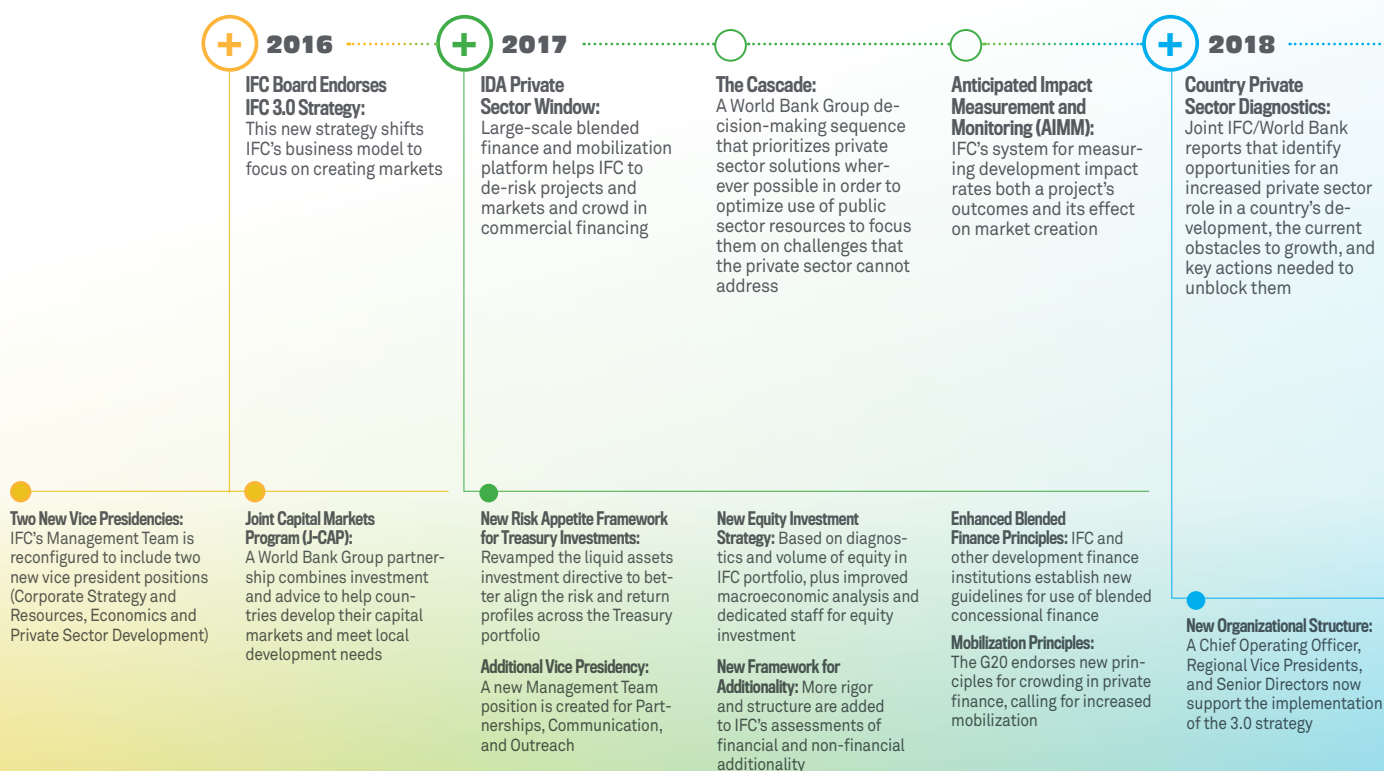
Putting IFC at the Heart of Development

AN ARCHITECTURE FOR CREATING MARKETS

PILLARS OF 3.0



IFC 3.0 TOOLS AND APPROACHES: A TIMELINE*



* Timeline refers to calendar years.

3.0

CAPITAL
INCREASE

COUNTRY
STRATEGIES

PARTNERSHIPS

THOUGHT
LEADERSHIP

UPSTREAM

EXPERIENCE



Capital Increase:

As part of a \$5.5 billion capital increase agreement, by 2030 IFC will:

- More than double its aggregate annual delivery
- More than triple annual own-account investment in the poorest and most fragile countries
- More than quintuple annual own-account commitments to the poorest of the poor countries (defined as low-income IDA and fragile and conflict-affected IDA countries)
- Triple its amount of annual climate-related own-account financing and quadruple annual own-account financing dedicated to women and women-owned SMEs

Workforce Planning:

Aligning 3.0 strategy priorities with the workforce by rebalancing IFC's "grade" structure to increase its regional and country capacity and shifting skill sets toward creating markets



Country Strategies:

Action plans describing how IFC can increase its involvement with the private sector in given countries based on their future reform environments, using "if/then" statements that project potential private investment outcomes based on policy reforms that inform World Bank Development Policy Operations

Green Equity Investment Strategy:

A new framework to help financial institution clients increase their climate lending and reduce their exposure to coal-related projects



Partnerships:

Stronger collaboration with other development finance institutions for increased impact in fragile and conflict-affected countries



2019

Thought Leadership:

A renewed commitment to contributing to the global conversation on best practices and standard setting in private sector development, beginning with **new principles for impact investing**

Environmental, Social, and Governance (ESG) Reform:

Creation of two separate departments with the objective of creating a new system of checks and balances for ESG issues



Upstream:

A proactive approach to both create markets and more bankable projects to attract new private investment in strategic sectors that will lead to growth and jobs



2020

Looking Ahead:

With these new strategic tools and approaches in place, IFC is well-positioned to provide a global COVID-19 crisis response package and significantly increase its financing in line with its 2030 goals

IFC Asset Management Company:

Merged into IFC, maintaining its independent decision-making and fiduciary duty to its investors

Staff Recruitment Campaign:

More than 200 professional staff are recruited to support the implementation of the 3.0 strategy

New Partnerships Model:

The DFI Country Pilots aim to expand the impact of development partners in fragile and challenging settings

MOVING TOWARD RECOVERY

The Growing Role of IFC 3.0

IFC's 3.0 strategy has never been more important than today, as the developing world struggles with the crippling economic impact of the global COVID-19 pandemic — and aspires to take advantage of an opportunity to build a better version of the world we live in.

As part of a larger World Bank Group crisis response package announced in March 2020, we began providing \$8 billion in fast-track financing for existing clients whose operations and ability to comply with payment obligations were impacted. Having learned from past shocks, including the global financial crisis of 2008, we knew that moving fast to help keep companies solvent is a key to saving jobs and limiting economic damage. Our response package is structured around three broad themes: **relief, restructuring, and recovery**.

Examples from the first phase of our work, focusing on relief, include:

- Helping a leading Indian producer, JK Paper Limited, cover its working capital needs due to the impact of COVID-19 and any potential shortfall in cash flow generation with a \$34 million loan. The financing will assist the company in maintaining payments to key raw material suppliers (including 50,000 small-scale farmers) and funding its distribution channels, which largely comprise micro, small, and medium enterprises.
- Assisting Nigeria's Zenith Bank Plc, Africa's sixth largest bank, to overcome challenges resulting from ongoing, limited access to foreign currency, working capital, and trade funding with a loan of up to \$100 million. The financing will support Zenith clients in the health, pharmaceutical, food, and trading sectors, most of them SMEs.
- Helping Banco Daycoval, a leading mid-sized Brazilian bank, in expanding access to finance for 4,000 small and medium enterprises, including 500 women-owned businesses, in order to preserve jobs with a \$100 million loan.

- Supporting small and medium enterprises in nine countries — Albania, Bosnia and Herzegovina, Ecuador, Kosovo, Moldova, North Macedonia, Romania, Serbia, and Ukraine — with a \$100 million loan to ProCredit Holding to be channeled to ProCredit banks, assisting up to 2,270 small and medium enterprises to maintain employment levels and sustain their position in their respective markets.

We are now moving beyond this immediate response, working with countries to restructure and promote a recovery that is sustainable, inclusive, and climate-smart. This means directly helping firms become more resilient — to survive, bounce back, and accelerate their post-crisis recovery to bring back jobs and livelihoods.

Working Upstream becomes an imperative. Investment levels in developing countries have dropped significantly. We must work across the World Bank Group on policy reforms that will allow us to bring domestic and international private sector investors back to these markets. Specific sector reforms will allow IFC to implement project feasibility studies, de-risk projects, and create a pipeline of investments to encourage private investors to enter markets where they are needed most.

Recognizing a vast unmet need for funding to address the health impacts of COVID-19, IFC also laid the groundwork in fiscal 2020 for the launch of its \$4 billion Global Health Platform. The first in our second phase of response packages, this platform will increase access for developing countries to health-care supplies needed to fight COVID-19, including masks, ventilators, test kits, and potential vaccines. IFC will work with multilateral development banks, development-finance institutions and other partners to mobilize additional financing.

Given the magnitude of the COVID-19 crisis, global recovery can only be expedited if we pool resources and share expertise. As the largest global development institution focused on the private sector in emerging markets, IFC is bringing development financial institutions together to strengthen our collective impact and mobilize private finance.

IFC's \$8B Pandemic Response Package
Relief. Restructuring. Recovery.

\$2B Real Sector
Envelope

\$2B Global Trade Finance
Program

\$2B Working Capital
Solutions Program

\$2B Global Trade Liquidity & Critical
Commodities Finance Programs

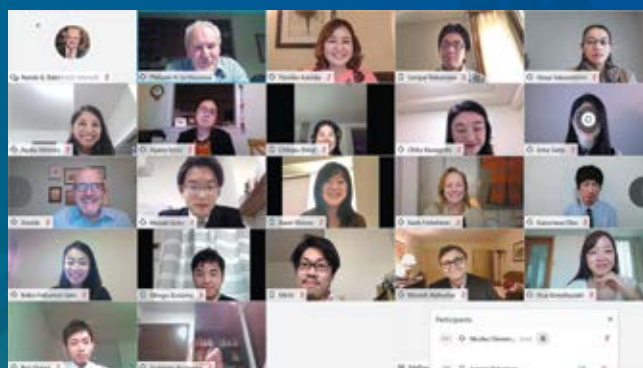


READJUSTING OUR BUSINESS TO UNCERTAIN TIMES

Despite the global turbulence caused by COVID-19, our staff continued to vigorously pursue IFC's mission, recognizing the critical importance of moving swiftly to contribute to the global recovery effort.

Quickly adjusting to the new normal meant working remotely, under lockdown, without the option to travel and meet with clients and partners in person. Our staff made multiple adaptations in order to succeed, including:

- **Working around the clock** to rapidly provide loans to clients in need, without unnecessary delays, as part of IFC's \$8 billion COVID-19 fast track financing facility. Through this facility, we initiated a decision-making approach that focuses on key risks and speed of execution.
- **Convening conferences online** to promote sustained global dialogue on important issues. In June, over 6,000 viewers participated in IFC's 2020 Sustainability Exchange, an interactive event that convened global leaders across all infrastructure sectors. The half-day virtual event replaced what was intended to be a three-day, in-person session in Vienna.
- **Making optimal use of technology** to maintain relationships with clients and conduct critical business. Staff replaced in-person meetings with virtual ones. In-depth client appraisals — a prerequisite to closing deals — were completed using everything from Webex to WhatsApp.



This kept projects moving along with efficiency and enabled us to close deals without delay.

Internal processes were adjusted to support a seamless transition to working in new environments. IFC's information technology specialists provided 24/7 support, dealing with the challenge of different bandwidths, internet service providers, and home office set-ups, to offer uncompromised access to technology. Our Human Resources staff onboarded staff virtually and conducted trainings online.

Though it has been challenging, our staff's response to the current environment has transformed the way that IFC does business, allowing us to keep delivering on our mandate.

Photo: In response to COVID-19, IFC has "gone digital" to maintain business continuity and engage with global stakeholders, including government representatives (background) and young professionals in Japan (insert).

VOICES OF STAFF: TURNING CRISIS INTO OPPORTUNITY

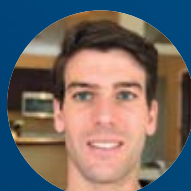
Regardless of the diversity of their jobs, experiences, and backgrounds, our staff shared a common challenge in 2020: coping with the COVID-19 crisis. Here is what a few of them said about their experience:



Manale El Haddad

Finance Assistant, Lebanon

"We've grown accustomed to political and economic uncertainty and insecurity. But this time it's different and much more challenging."



Robin Volk

Associate Investment Officer, Washington, DC

"The challenges presented by COVID-19 make the work both exciting but also heart wrenching — in the end, we want to see clients succeed."



Jotework Ayele

Associate Operations Officer, Ethiopia

"I feel privileged to be in an organization that's creating opportunities for the private sector, especially during difficult times like these."



Rana Karadsheh

Regional Industry Director, Singapore

"I see people coming from different teams working together trying to find solutions — all understanding where we need to be. There's a joint effort at finding a way to support our clients."

WORKING UPSTREAM

IFC creates opportunities to deliver investments with high impact that solve countries' development challenges.

This requires IFC to go in early and collaborate proactively with World Bank and MIGA colleagues to create opportunities for new investment. Since there are not enough bankable projects addressing development priorities, our approach is to create them — not only projects, but markets as well. We have taken this approach before, but never at such scale and ambition as now, in all regions and all industries.

We call this approach working **Upstream**.

COVID-19 has sparked major capital outflows, deeply impacting local economies. Our client countries, especially those with large populations in extreme poverty or those emerging from years of conflict and fragility, are asking us for more as they grapple with the crisis and move toward recovery, with the goal of building resilience.

Working Upstream, we target sectors with significant gaps. We are working across the World Bank Group to help craft policy and regulatory conditions, with a clear line of sight to future investments. Rather than just responding to requests for financing, we take the initiative to develop bankable projects as sector policy reforms emerge. This involves crafting innovative private sector solutions that will improve people's lives, assessing their feasibility, and mobilizing investors to work with us to make them happen. This year we hired 233 new staff to focus on Upstream work and created a new Global Upstream Department with a director who serves as our focal point along with the experienced leads in our key industry groups.

Upstream is the approach that, for example, underpins the World Bank Group's Scaling Solar program, in which we support energy sector policy reforms to develop and de-risk solar projects and then provide financing, insurance, risk mitigation, and more. Initially focused on Africa, Scaling Solar has enabled Uzbekistan to attract Masdar Clean Energy of the United Arab Emirates to develop a 100-megawatt utility scale solar plant that will sell solar power at some of the lowest prices yet seen in emerging markets.



PROMISING UPSTREAM

APPROACHES FOR

SUSTAINABLE SOLUTIONS

• **Offshore wind power**

started in the North Sea and is still primarily used in Europe. But to make a difference in mitigating climate change, it needs to be competitive. Due to available resources, improved technology, and cost efficiencies, wind power is now emerging as an option in Asia. IFC helped launch the World Bank Group Offshore Wind Development Program, a \$5 million initiative funded by the United Kingdom that works with emerging market governments to accelerate the adoption of offshore wind. India, the Philippines, and Sri Lanka are among the high-potential markets being assessed.

• **Electric buses** are fast emerging as an effective way to improve air quality and reduce greenhouse gases from urban transportation. Their technology and declining costs are expected to eventually change today's long-established, diesel-based paradigm, but much work remains to be done to attract private investment at scale. IFC's advisory and investment teams are working to accelerate this transition in emerging market cities such as Cali, Colombia, Lviv, Ukraine, and Ho Chi Minh City, Vietnam.

• **Mini-grids** are electric power generation and distribution systems that provide electricity to a few customers in a remote area or bring power to far more users in a town or city in ways that conventional utilities cannot. Most are powered by an energy source — usually solar panels — combined with battery storage and a local distribution system. Nigeria is a key market, seeking private investors to help develop 10,000 mini-grids by 2023, which would serve 14 percent of its population. An IFC-led workshop focused on developing an approach for scaling up mini-grids in Nigeria through increased private sector investment.

AN INNOVATIVE

TRANSACTION IN MOROCCO

IFC's Upstream approach has helped Morocco find innovative solutions for its vast infrastructure finance needs. After two years of policy dialogue with the government alongside the World Bank, IFC, in partnership with the Government of Japan, has helped set the groundwork for a vibrant new subnational financing program that does not require sovereign guarantees. Complementing World Bank support, our \$100 million loan, which includes funding mobilized through IFC's MCPP, is backing a new tramway in Casablanca that will cut travel times by 35 percent during working hours and will help the Casablanca-Settat region upgrade several hundred kilometers of rural roads in remote rural communities, connecting some 400,000 people to schools, hospitals, and other services. It marks the first time in Morocco that a local subnational government has raised commercial financing without a sovereign guarantee — opening doors for other regions and subnational governments to do the same and meet Morocco's ambitious decentralization agenda.

Photo: In Morocco, Casablanca's tramway system is expanding with support from a \$100 million IFC financing package.

IFC is expanding its business in Africa.

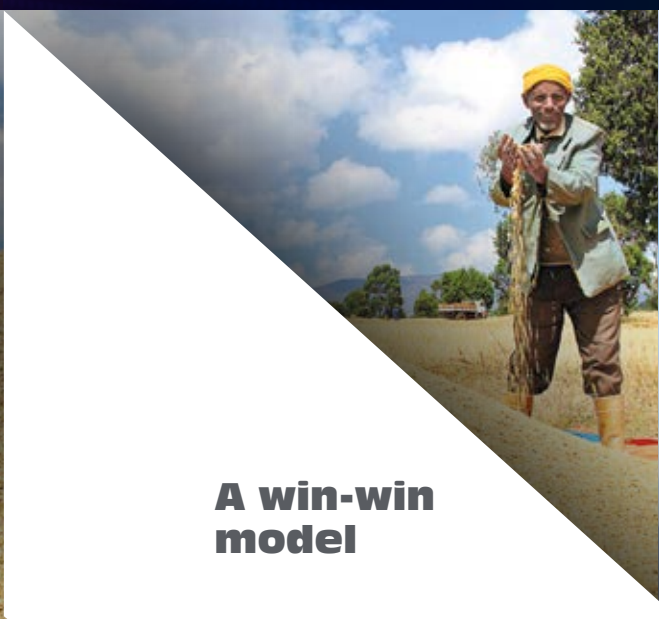
It is the region with the greatest unmet need for private sector development investment, which is why we are using the IDA Private Sector Window and all other elements of our 3.0 strategy to increase our impact at the country level. IFC is stepping up its resources and efforts in Africa, but much work remains, particularly given the new challenges presented by COVID-19.

RAMPING UP OUR FOCUS ON AFRICA



IFC is expanding its presence on the ground in Sub-Saharan Africa with nine new offices. Before the pandemic, IFC opened offices in Angola, Benin, and Togo and established a joint presence with the World Bank in Somalia. IFC has finalized the agreements and hired staff for offices in Burkina Faso, Chad, and Niger; these offices are operating virtually until we are able to physically open them, once the constraints posed by COVID-19 are lifted. Similar plans are being finalized for Mali and Uganda.

Upstream work is pivotal to our success. Innovative approaches are needed to create jobs and improve livelihoods. In Ethiopia, four years of IFC advisory services have helped more than 30,000 small-scale barley farmers significantly improve their quality and productivity through the introduction of new seeds, fertilizers, and growing techniques. These farmers are now part of a true supply chain, linked with major buyers. They sell most of their barley for milling into flour for bread, as well as to leading breweries, such as Habesha, for malt. Habesha is expanding with €50 million in IFC financing and mobilization. It is a win-win model we use across Africa: creating markets, increasing incomes, and improving lives.



A win-win model

Photos: IFC support is strengthening more than 30,000 small-scale barley farmers in Ethiopia.



ENTREPRENEURIAL

ENERGY

A new generation of innovative, technology-driven entrepreneurs is emerging across Africa. IFC is assisting in bringing these startups to scale, providing early stage support.

At this year's CES trade show in Las Vegas — the world's leading stage for transformative technologies, drawing more than 175,000 industry professionals — we launched the World Bank Group #GlobalTechChallenge. IFC led this initiative to match early-stage health tech innovators with health-care providers in East Africa, where needs are among the highest in the world. TechEmerge Health-East Africa identified more than 50 entrepreneurs with the potential to meet pressing needs in Ethiopia, Kenya, and Uganda. Selected innovators will receive funding and guidance from IFC's TechEmerge team to pilot their products in the East African market, with the ultimate goal of wider commercial deployment.

We are also focusing on accelerators — organizations that provide capacity building to help

startups scale their companies and attract investment. Accelerators are often a first step for entrepreneurs in Africa, which we support through seed funds, direct investments, and venture capital funds.

Recent IFC research revealed that accelerators in the past actually accentuated the gender finance gap for women entrepreneurs in emerging markets, typically helping male-led startups raise far more equity than female-led ones. In parallel, to address the gender finance gap for women entrepreneurs in emerging markets, we launched the ScaleX program to incentivize accelerators to help women entrepreneurs overcome the gender bias and raise more equity investment. During its initial pilot phase, ScaleX seeks to catalyze \$40 million of new equity investment in women-led startups.

Photo: African entrepreneurs — a key target for IFC support.



IFC in Africa

60

**years of
operating history**

~\$10B

**(BILLION)
total committed
investment portfolio**

\$4B

**(BILLION)
of syndications
mobilized**

366

**investment clients,
across 43 countries**

267

**active advisory
services projects
in approximately
40 countries**

78

**engagements with
governments on
regulatory reforms
to support the
private sector**

12

**COVID-19 response
projects under way
with clients and
more in development**

THE POWER OF PARTNERSHIPS

At the core of our work to enhance our effectiveness is a commitment to deeper collaboration — both within the World Bank Group and with other development institutions. Development finance needs vastly outweigh what IFC can provide, and by partnering with others, we can accomplish far more than we ever could alone.

One early building block of 3.0, the World Bank Group **Joint Capital Markets Program (J-CAP)** is combining World Bank advisory alongside IFC investment to better tap the resources of local bond and equity markets to generate more local currency financing and attract capital from deep global markets to help meet local developmental needs. This financing is directed toward a more development-led agenda, such as support for affordable housing, small and medium enterprises (SMEs), infrastructure, and green financing.

Since the launch of J-CAP, across its priority countries alone, there has been over \$530 million of IFC investment projects and a further over \$150 million of IFC local currency bond issuances involving products and asset classes, which are priorities for capital markets-related World Bank advisory as well as IFC investment activities. An additional \$74 million has been mobilized through J-CAP.

This year, for example, J-CAP helped spark significant amounts of new local currency financing for SMEs in Côte d'Ivoire. It came via a ground-breaking transaction: the first securitization of loans originated by a commercial bank in the eight-country West African Monetary Union. IFC was an anchor investor, buying into NSIA Banque's \$67 million-equivalent securitization in Abidjan's regional market with support from the IDA Private Sector Window's local currency facility.

J-CAP is made possible because of the support of the governments of Australia, Germany, Japan, Luxembourg, the Netherlands, Norway, and Switzerland.

Read more about our partners and funders, including our development partner commitments, on pages 101–104.



DFI

COLLABORATION

IFC and other development finance institutions (DFIs) are collaborating to develop innovative models to increase their impact in five low-income, fragile, and conflict-affected pilot countries: Democratic Republic of Congo, Ethiopia, Madagascar, Nepal, and Sierra Leone.

IFC developed the Joint Collaboration Framework Agreement (JCFA) to provide a structure for increased collaboration among DFIs. Proparco, the private arm of the French Development Agency and DEG — Deutsche Investitions- und Entwicklungsgesellschaft — have signed the JCFA. The JCFA builds on existing partnership frameworks, such as the IFC Master Cooperation Agreement, to cover a range of new areas of collaboration, including the DFI Collaboration Pilots at the country level. However, with the COVID-19 crisis

underlining the magnitude and scope of support needed by the private sector globally, the agreement was expanded to facilitate cooperation on COVID-19 responses.

The JCFA offers guidance on Upstream project development and preparation with other DFIs and promotes greater reciprocity in project co-financing arrangements, allowing IFC and its partners to deliver faster, more flexible responses to the challenges posed by frontier markets and the pandemic. The JCFA is expected to encourage the development of Upstream activities with the goal of increasing the pipeline of bankable projects that underpin investment and sustainable private sector economic growth.

IFC's partners for the DFI Collaboration Pilots include: Proparco; the CDC Group, the United Kingdom's development finance institution; the Swiss Investment Fund for Emerging Markets; the African Development Bank; and the Africa Finance Corporation.

ACTION ON IMPLEMENTING

THE CASCADE

The World Bank Group is accelerating the implementation of the Cascade approach, a framework for prioritizing the use of private sector solutions to development challenges wherever possible and optimizing the use of public sector resources. The framework requires World Bank Group teams to first try and address policy and regulatory hurdles to private sector investments before using public sector resources to finance investments. Examples from FY20 include:

- **In Kenya**, the World Bank put in place a \$1 billion Development Policy Operation after the government agreed to new policy reforms directly benefiting low-income Kenyan households. These steps paved the way for IFC to finance private sector transactions and attract new private investments in the affordable housing and SME finance sectors.
- **In Côte d'Ivoire**, a country where access to electricity is limited, a similar collaboration between the World Bank and IFC has helped the government reform the power sector — making it more bankable and enabling IFC to finance and mobilize investment for two large-scale power plants.

The Cascade framework is also serving as a valuable tool in deploying World Bank Group support in response to COVID-19 and building a more resilient world. The World Bank, IFC, and MIGA financial sector teams have agreed on a protocol that prioritizes use of credit lines and guarantees to private financial intermediaries before using public sector entities — adding efficiencies and freeing up scarce public sector resources for other uses.



Photo: Nepal is one of the countries in which IFC and other development finance institutions are partnering in order to increase impact.

THOUGHT LEADERSHIP

IFC is committed to **redefining development finance**, using the core ideas of our 3.0 strategy to create markets, work Upstream to develop and de-risk bankable projects, and mobilize private investors into markets to support growth and jobs.

- **Leading an Upstream movement:** At this time, there are not enough bankable projects in emerging markets to solve the development challenges that countries face. We are working Upstream with our partners to create pipelines of projects that will attract private investors into new markets while encouraging them to return to markets that may have seen drops in investment due to COVID-19 and other factors. This fiscal year marked an all-out push by IFC to fully embrace and implement our Upstream agenda — one that is of crucial importance to our client countries' futures. These efforts were led by IFC's Innovation and Upstream Implementation Task Force, which rapidly expanded awareness and increased capacity by delivering knowledge and training to existing staff and the 233 new Upstream recruits. Among other efforts, the Task Force successfully worked across IFC's regional and industry teams to implement a comprehensive onboarding plan that quickly integrates Upstream talent. IFC also sought to ignite the conversation on Upstream with our partners in the World Bank Group — and beyond, one which we expect to deepen in coming years.

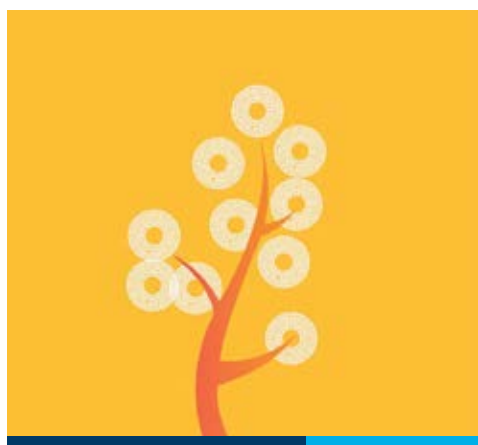
- **Driving momentum on impact investing:** Together with international financial institutions and private partners, IFC led the launch of the Operating Principles for Impact Management, a framework drawing a distinct line between impact investing — investing with an intent to create specific, measurable policy — and other forms of sustainable and responsible investing. At the end of FY20, 101 investors had signed on to the Operating Principles, an important step in mobilizing the private sector for development finance. The signatories, coming from 26 countries across five continents, are working to align impact measurement systems into a common core of metrics that will improve the ability of investors to compare impact performance across funds and institutions. Signatories must annually disclose the alignment

of their impact management systems with the Operating Principles and pursue regular independent verification. An IFC report released this year, *Growing Impact — New Insights into the Practice of Impact Investing*, estimates the impact investing market size to be as large as \$2.1 trillion.

Our work goes beyond investing and advising: we are shaping thinking on private sector development.

- **Steering a conversation on how to ensure women's full participation in the workplace:**

For many women, reliable and affordable childcare is a prerequisite to full participation in the workforce. *Tackling Childcare: A Guide for Employer-Supported Childcare* offers how-to advice to employers: it addresses various aspects of employer-supported childcare, including quality, financial sustainability, and results measurement. A companion note, released in April 2020, gives timely guidance to employers on how to provide childcare during the COVID-19 pandemic. *Trailblazers*, a book published by IFC, offers 20 portraits of female business leadership in emerging and frontier markets. The book inspires women to reach their highest level of professional achievement — and makes the economic case for investing in female-owned businesses.



GROWING IMPACT

New Insights into the Practice of Impact Investing



- **Shifting the focus to investment in green buildings:**

Green construction is one of the largest investment opportunities of the next decade. While several reports have made an environmental and moral case for growing the market for green buildings, a 2019 IFC report made the business case — offering a uniquely private sector perspective. According to the report, *Green Buildings: A Finance and Policy Blueprint for Emerging Markets*, green buildings will offer a \$24.7 trillion investment opportunity in emerging markets by 2030, which will spur economic growth and accelerate sustainable development. The report, which was released in conjunction with the UN Climate Change Conference (COP25), draws on IFC's almost decade-long experience investing in green buildings.

- **Informing the private sector response to COVID-19:**

IFC provided sector-specific operational analyses and crisis response recommendations in several industries, including infrastructure, logistics, and private equity. These sector notes provide concise analysis of the pandemic's impact on different sectors and suggest specific steps the private sector can take to contribute to an effective response to the global crisis.



Trailblazers

PORTRAITS OF FEMALE BUSINESS LEADERSHIP IN EMERGING AND FRONTIER MARKETS

Groundbreakers, Market Makers, Value Creators

IN PARTNERSHIP WITH



Photos: IFC's recent thought leadership reports have addressed impact investing (left) and gender equality in emerging and frontier markets (right).

DIVERSITY AND INCLUSION

Tolerance, dignity, and opportunities for all.

These concepts lie at the heart of our mission. They also make our institution stronger: we are more effective because of our range of experiences and perspectives.

Differences are celebrated at IFC — differences in nationality, gender, race, religion, ethnicity, age, sexual orientation, and disability. They help us build a workplace that mirrors the clients we serve and the world in which we live. That's why we value and respect all staff, regardless of gender, background, or job title.

In recent years we have made measurable progress in building a more diverse workforce, measured not only in the terms above but by the kinds of skill sets we have in-house. Our staff now includes more economists, industry specialists, and others who enhance our ability to frame questions and find solutions in private sector development amid today's rapid pace of change. As we continue to grow and evolve, our people will remain our greatest asset.

Our daily work is greatly enriched by the interaction of our various staff communities, including employee resource groups for women, lesbian, gay, bisexual, and transgender (LGBT) staff; millennials; people of African descent; and people with disabilities. These groups help us build an inclusive workplace culture, strengthening our sense of community. Recent progress includes: addressing feedback generated from conducting exit interviews with women leaders; bringing leadership lessons to staff; influencing parental leave policy and insurance benefits for the LGBT community; trainings and workshops; and emphasizing diversity when hiring interns.

PROGRESS IN DIVERSITY

Sub-Saharan African/Caribbean GF+ Staff¹

FY16: **10.5%**

FY20: **13.7%**

Women Grade F+ Technical Staff

FY16: **45.7%**

FY20: **49.4%**

Women Managers

FY16: **34.8%**

FY20: **39.3%**

Part II Managers²

FY16: **40.6%**

FY20: **43.2%**

1. Professional staff

2. Managerial staff with primary nationality from countries that did not declare themselves as IDA donors at the time of their joining the World Bank Group



LIVING OUR VALUES

Photo:
#EndRacism banner
at IFC headquarters in
Washington, DC.

Protests against racism around the world put a spotlight on a difficult challenge the world is facing. They remind us of our core values: **integrity, fairness, and courage.**

These core values lie at the heart of our mission to create opportunities, including better jobs, for the poorest. They also make our institution stronger. We have more knowledge and insight *because* we are diverse, and we value each other, regardless of our nationality, background, race, religion, gender, or sexual orientation.

But we can do much more to stand up against racism.

As a first step, we are fully engaged in the World Bank Group Task Force on Racism, a new effort borne out of a reality we can no longer ignore and must work together to change. Created by World Bank Group President David Malpass in June 2020 and led by World Bank Group Senior Vice President and General Counsel Sandie Okoro, the task force is addressing issues related to racism within our institution, our programs, and the countries where we work. Its recommendations will outline a course for change we wish to see — for a better World Bank Group, and for our work around the world.

2020 GLOBAL AWARDS

IMPACT INVESTING

For IFC's contribution to
impact investment

COFIDES

Internationalization and Development Awards



MULTILATERAL AGENCY OF THE YEAR

In Asia-Pacific

THE ASSET

Triple A Infrastructure Awards



MULTILATERAL DEAL OF THE YEAR

For financing Guinea Alumina
Corporation S.A.'s \$1.5 billion bauxite
mining project in Guinea

PROJECT FINANCE INTERNATIONAL



INITIATIVE OF THE YEAR

For IFC's social bond program
expansion to retail investors, including
diaspora communities

ENVIRONMENTAL FINANCE



ASIA-PACIFIC HYDRO DEAL OF THE YEAR

For the Tina River Hydropower
Development Project in Solomon
Islands (see page 62)

IJGLOBAL



EUROPEAN WASTE DEAL OF THE YEAR

For the Belgrade municipal waste
treatment and disposal project in
Serbia (see page 72)

IJGLOBAL



IFC, with our clients, received more than 30 prestigious awards this year, highlighting our achievements in a broad range of areas.

GLOBAL AWARDS

GLOBAL

Socially Responsible Investing Deal of the Year
For IFC's N-bonds, Germany
MTN Awards

Global Sponsor of the Year
To IFC investee ACWA Power, for its groundbreaking solar transactions
Project Finance International

Global Investor of the Year
To IFC client Meridiam, for its major investments in emerging markets, including the Scaling Solar-supported solar power plants in Senegal
Project Finance International

Remarkable Women in Transport 2020
Recognition for **Alexa Roscoe**, Digital Economy Lead, Gender Business Group, IFC and **Adriana Maria Eftimie**, Senior Operations Officer, IFC
TUMI (Transformative Urban Mobility Initiative) and **Women Mobilize Women**

Personality of the Year
To **Denise Odaro**, Head of Investor Relations, IFC
Environmental Finance

30 Under 30
Recognition for **Sophie Peeters**, Investor Relations Analyst, IFC
The SRI Conference

Best Annual Report — International Development and Finance Institution (Bronze)
For IFC's Annual Report
ARC Awards

Best Annual Report — Non-Profit Organization (Gold)
For IFC's Annual Report
American Stevie Awards

Best Annual Report — Non-Profit Organization (Silver)
For IFC's Annual Report
International Stevie Awards

REGIONAL AWARDS

EAST ASIA AND THE PACIFIC

Green Project of the Year
To the green bonds issued by IFC client AC Energy, the Philippines

The Asset Triple A Asia Infrastructure Awards

Editor's Award
For IFC's collaboration with the Government Pension Investment Fund of Japan and the World Bank Group on mainstreaming ESG factors in fixed-income investing

MTN-i Asia-Pacific Awards

Socially Responsible Investing/Green Deal of the Year
For IFC's currency-linked social notes series with MUFG, Japan

MTN-i Uridashi Awards

Top 50 Data Center and Cloud Influencers — Asia/Pacific
Recognition for **Carlos Katsuya**, Chief Investment Officer at IFC, Singapore
Data Economy

Industry Champion of the Year
To BDO Unibank Inc. for issuing its green bond in the Philippines, financed by IFC
Asia Corporate Excellence & Sustainability (ACES) Awards
Asia-Pacific Power Deal of the Year
For IFC's joint financing of the Riau natural gas power project, Indonesia
Proximo

LATIN AMERICA AND THE CARIBBEAN

Latin America Power Deal of the Year
For the GNA I integrated LNG-to-power project, Brazil
Proximo

MIDDLE EAST AND NORTH AFRICA

Renewables Deal of the Year — Middle East and Africa
For IFC client Lekela Power's West Bakr Wind Farm, Egypt
Infrastructure Investor

SOUTH ASIA

Power Deal of the Year
To IFC for its role as a sponsor and lender to the Nepal Water and Energy Development Company
The Asset Triple A Asia Infrastructure Awards
Asia-Pacific Hydro Deal of the Year
For the Upper Trishuli-1 Hydropower Project, Nepal
Proximo

Renewable Energy Deal of the Year
To IFC for its role as an International Lender to the Super Six wind program, Pakistan
The Asset Triple A Asia Infrastructure Awards
Investor of the Year — Private Equity
To IFC investee Cube Highways, for its road and highway projects, India
The Asset Triple A Asia Infrastructure Awards

Asia Pacific Onshore Wind Deal of the Year
For the Super Six wind program, Pakistan
IJ Global

SUB-SAHARAN AFRICA

The World's 50 Most Innovative Companies
Recognition for IFC client Twiga Foods, Kenya
Fast Company

African Renewables Deal of the Year
For the Kahone and Touba solar projects, Senegal
IJ Global

Fund Manager of the Year — Middle East and Africa
For IFC client Meridiam, a key sponsor of the Scaling Solar-supported solar power plants, Senegal
Infrastructure Investor

African Mining Deal of the Year
For Guinea Alumina Corporation's bauxite project, Guinea
IJ Global

EMEA Mining Deal of the Year
For Guinea Alumina Corporation's bauxite project, Guinea
Proximo

IFC YEAR IN REVIEW

In FY20, IFC invested \$22 billion, including \$10.8 billion mobilized from other investors. Our comprehensive approach helped businesses innovate, build internationally competitive industrial sectors, and create better jobs.



EAST ASIA
AND THE PACIFIC

\$4.0B

(BILLION)

in long-term
investment
commitments



EUROPE AND
CENTRAL ASIA

\$2.5B

(BILLION)

in long-term
investment
commitments



LATIN AMERICA AND
THE CARIBBEAN

\$7.1B

(BILLION)

in long-term
investment
commitments



MIDDLE EAST
AND NORTH AFRICA

\$1.0B

(BILLION)

in long-term
investment
commitments



SOUTH
ASIA

\$2.7B

(BILLION)

in long-term
investment
commitments



SUB-SAHARAN
AFRICA

\$4.6B

(BILLION)

in long-term
investment
commitments

Financial Highlights

Dollars in millions, as of and for the years ended June 30¹

	2020	2019	2018	2017	2016
Net (loss) income attributable to IFC	(1,672)	93	1,280	1,418	(33)
Grants to IDA	—	—	80	101	330
(Loss) income before grants to IDA	(1,672)	93	1,360	1,523	296
Total assets	95,800	99,257	94,272	92,254	90,434
Loans, equity investments, and debt securities, net	41,138	43,462	42,264	40,519	37,356
Estimated fair value of equity investments	10,366	13,113	14,573	14,658	13,664

Key Ratios

Return on average assets (GAAP basis)	(1.7)%	0.1%	1.4%	1.6%	0.0%
Return on average capital (GAAP basis)	(6.3)%	0.3%	5.0%	5.9%	(0.1)%
Cash and liquid investments as a percentage of next three years' estimated net cash requirements	96%	104%	100%	82%	85%
Debt-to-equity ratio	2.2:1	2.2:1	2.5:1	2.7:1	2.8:1
Total resources required (\$ billions)	20.3	21.8	20.1	19.4	19.2
Total resources available (\$ billions)	28.2	27.8	24.7	23.6	22.5
Total reserve against losses on loans to total disbursed portfolio	6.3%	4.7%	5.1%	6.1%	7.4%

1. Financial results in 2020 and 2019 are not directly comparable to the prior periods due to the adoption of a new accounting standard. A full explanation of the change and its implications is available in Management's Discussion and Analysis and Consolidated Financial Statements. The document can be found at <http://www.ifc.org/FinancialReporting>. For more information, see the Financial Performance Summary on page 120.

Operational Highlights

Dollars in millions, for the years ended June 30

	2020	2019	2018	2017	2016
Long-Term Investment Commitments					
FOR IFC'S OWN ACCOUNT	\$ 11,135	\$ 8,920	\$ 11,629	\$ 11,854	\$ 11,117
Number of projects	282	269	366	342	344
Number of countries	67	65	74	75	78
MOBILIZATION¹	\$ 10,826	\$ 10,206	\$ 11,671	\$ 7,461	\$ 7,739
Syndicated loans	\$ 4,989	\$ 5,824	\$ 7,745	\$ 3,475	\$ 5,416
IFC initiatives & other	\$ 3,370	\$ 2,857	\$ 2,619	\$ 2,207	\$ 1,054
Asset Management Company (AMC) Funds	\$ 50	\$ 388	\$ 263	\$ 531	\$ 476
Advisory Mobilization ²	\$ 2,417	\$ 1,137	\$ 1,044	\$ 1,248	\$ 793
TOTAL INVESTMENT COMMITMENTS	\$ 21,961	\$ 19,126	\$ 23,301	\$ 19,316	\$ 18,856
Investment Disbursements					
For IFC's account	\$ 10,518	\$ 9,074	\$ 11,149	\$ 10,355	\$ 9,953
Syndicated loans	\$ 2,231	\$ 2,510	\$ 1,984	\$ 2,248	\$ 4,429
TOTAL INVESTMENT DISBURSEMENTS	\$ 12,749	\$ 11,584	\$ 13,133	\$ 12,602	\$ 14,382
Portfolio Exposure³					
Number of firms	1,880	1,930	1,977	2,005	2,006
For IFC's account	\$ 58,650	\$ 58,847	\$ 57,173	\$ 55,015	\$ 51,994
Syndicated loans	\$ 16,161	\$ 15,787	\$ 16,210	\$ 16,047	\$ 16,550
TOTAL PORTFOLIO EXPOSURE	\$ 74,811	\$ 74,635	\$ 73,383	\$ 71,062	\$ 68,544
Short-Term Finance					
Annual Commitments ⁴	\$ 6,473	\$ 3,256	\$ 3,435	\$ 3,185	\$ 2,807
Advisory Services					
Advisory Services program expenditures	\$ 274.4	\$ 295.1	\$ 273.4	\$ 245.7	\$ 220.6
Share of program in IDA countries ⁵	57%	59%	57%	63%	62%

1. Defined as "core mobilization" — Non-IFC financing or risk sharing arranged on commercial terms due to the active and direct involvement of IFC for the benefit of a client. Excludes \$1,163 million of unfunded risk transfers that are accounted for under IFC's own account.

2. Advisory Mobilization includes third-party private financing that has been mobilized for Public Private Partnerships, as a result of IFC's role as lead transaction advisor. It also includes Corporate Finance Services, a newly approved mobilization type, for projects in which IFC has provided transaction advisory services to help private sector clients expand into new markets, diversify and restructure operations, and bring in new equity investors.

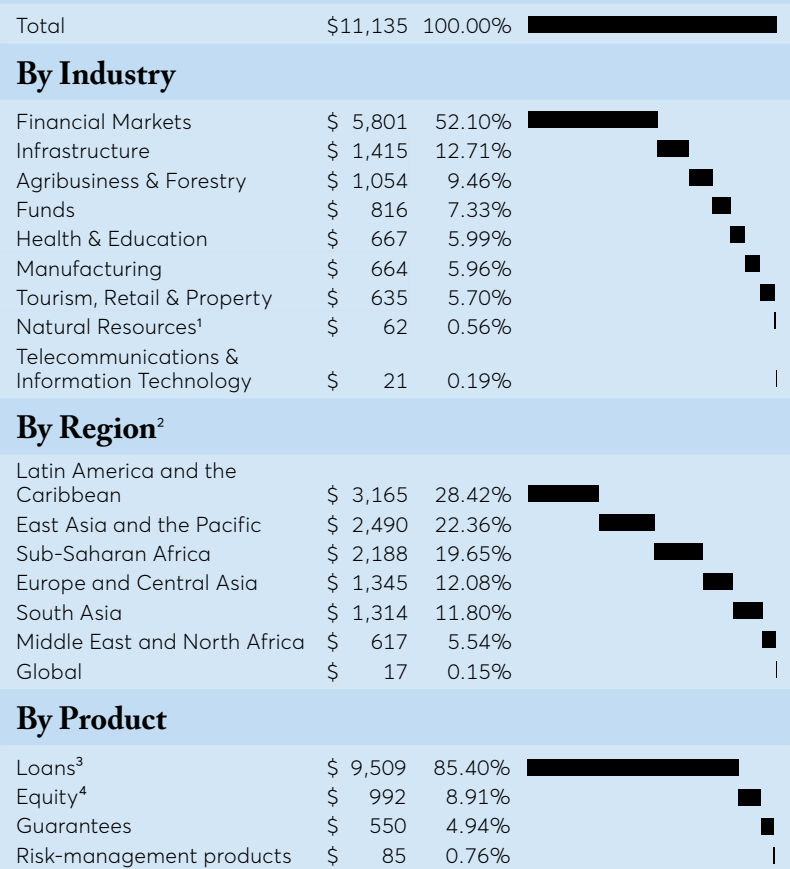
3. Portfolio exposure is defined as the sum of the (i) committed exposure for IFC's debt investments, (ii) fair market value of IFC's equity investments, and (iii) total undisbursed equity commitments. Effective July 1, 2018, to accommodate change in accounting standards impacting how IFC reports its equity holdings, IFC has introduced the new term "Portfolio Exposure," which, instead of disbursed and outstanding balance, uses the fair market value of IFC's equity investments. Therefore, FY19 onwards Portfolio Exposure For IFC's account and prior years are not directly comparable.

4. As of FY20, IFC tracks Annual Commitments instead of Average Outstanding Balance. Figures for FY16–FY19 are the Average Outstanding Balance. Short-Term Finance includes Global Trade Finance Program (GTFP) and Global Trade Supplier Finance Program (GTSF).

5. All references in this report to percentages of advisory program expenditures in IDA countries and fragile and conflict-affected areas exclude global projects.

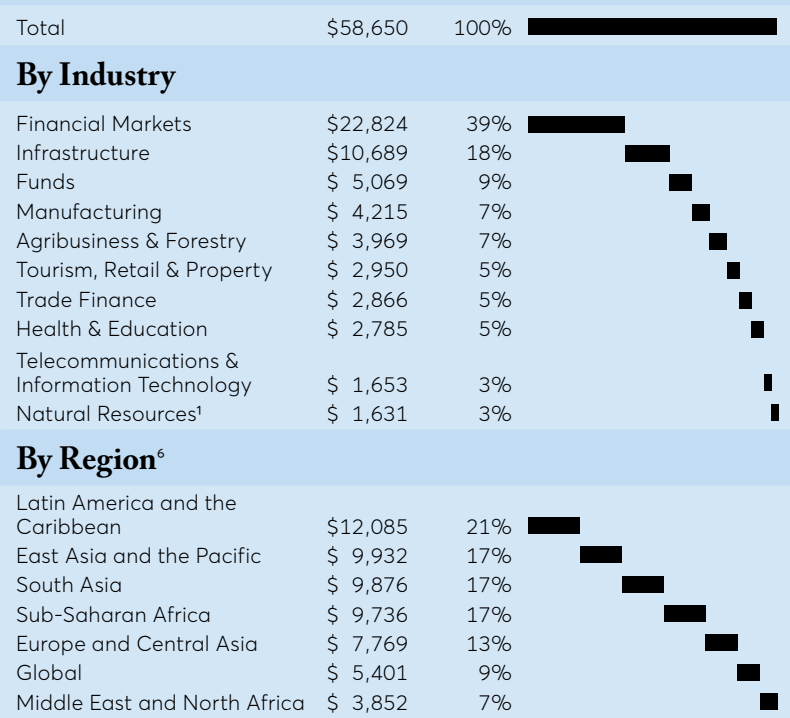
FY20 Long-Term Commitments

Dollar amounts in millions, for IFC's own account as of June 30, 2020



FY20 Portfolio Exposure⁵

Dollar amounts in millions, for IFC's own account as of June 30, 2020



1. Includes IFC's activities in oil, gas, and mining.

2. Amounts include regional shares of investments that are officially classified as global projects.

3. Includes loan-type, quasi-loan products.

4. Includes equity-type, quasi-equity products.

5. Portfolio exposure is defined as the sum of the (i) committed exposure for IFC's debt investments, (ii) fair market value of IFC's equity investments, and (iii) total undisbursed equity commitments.

6. Excludes individual country shares of regional and global projects.

FY20 Long-Term Commitments by Environmental and Social Category

CATEGORY	COMMITMENTS (\$ MILLIONS)	NUMBER OF NEW PROJECTS
A	891	13
B	3,438	111
C	55	16
FI ⁷	10	0
FI-1	34	1
FI-2	4,714	84
FI-3	1,992	57
Total	11,135	282

7. FI category applies to new commitments on previously existing projects. Visit www.ifc.org/escategories for information on category definitions.

IFC’s Largest Country Exposures⁸

June 30, 2020 (Based on IFC’s Account)

GLOBAL COUNTRY RANK	PORTFOLIO EXPOSURE ⁹ (\$ MILLIONS)	% OF GLOBAL PORTFOLIO
1 India	6,947	11.85%
2 China	3,793	6.47%
3 Turkey	3,703	6.31%
4 Brazil	2,828	4.82%
5 Nigeria	1,847	3.15%
6 South Africa	1,758	3.00%
7 Colombia	1,706	2.91%
8 Mexico	1,555	2.65%
9 Egypt, Arab Republic of	1,474	2.51%
10 Vietnam	1,457	2.48%

8. Excludes individual country shares of regional and global projects.
9. Portfolio exposure is defined as the sum of the (i) committed exposure for IFC’s debt investments, (ii) fair market value of IFC’s equity investments, and (iii) total undisbursed equity commitments.

FY20 Advisory Services Program Expenditures

Dollar amounts in millions

Total	274.4	100%	
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By Region

Sub-Saharan Africa	93.2	34%	
East Asia and the Pacific	43.2	16%	
Europe and Central Asia	35.1	13%	
Latin America and the Caribbean	31.4	11%	
South Asia	26.0	9%	
Global	24.9	9%	
Middle East and North Africa	20.5	7%	

By Business Area

Advisory by IFC Industry	155.3	57%	
Financial Institutions Group	51.5	19%	
Transaction Advisory	45.3	17%	
Manufacturing, Agribusiness & Services	35.4	13%	
Infrastructure & Natural Resources	18.9	7%	
Disruptive Technologies and Funds	4.2	2%	
Advisory via Equitable Growth, Finance, and Institutions (GPs)	91.0	33%	
Other Advisory, including Environment, Social & Governance	28.1	10%	

WORLD BANK GROUP 2020 SUMMARY RESULTS

The Institutions of the World Bank Group

The World Bank Group is one of the world’s largest sources of funding and knowledge for developing countries. It consists of five institutions with a shared commitment to reducing poverty, increasing shared prosperity, and promoting sustainable growth and development.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (IBRD)

Lends to governments of middle-income and creditworthy low-income countries.

INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA)

Provides financing on highly concessional terms to governments of the poorest countries.

INTERNATIONAL FINANCE CORPORATION (IFC)

Provides loans, equity, and advisory services to stimulate private sector investment in developing countries.

MULTILATERAL INVESTMENT GUARANTEE AGENCY (MIGA)

Provides political risk insurance and credit enhancement to investors and lenders to facilitate foreign direct investment in emerging economies.

INTERNATIONAL CENTRE FOR SETTLEMENT OF INVESTMENT DISPUTES (ICSID)

Provides international facilities for conciliation and arbitration of investment disputes.

World Bank Group Financing for Partner Countries

WORLD BANK GROUP COMMITMENTS, DISBURSEMENTS, AND GROSS ISSUANCE

By fiscal year, millions of dollars

World Bank Group	2016	2017	2018	2019	2020
Commitments ^a	64,185	61,783	66,868	62,341	77,078
Disbursements ^b	49,039	43,853	45,724	49,395	54,367
IBRD					
Commitments ^c	29,729	22,611	23,002	23,191	27,976
Disbursements	22,532	17,861	17,389	20,182	20,238
IDA					
Commitments ^c	16,171	19,513 ^d	24,010 ^e	21,932 ^e	30,365 ^e
Disbursements	13,191	12,718 ^d	14,383	17,549	21,179 ^e
IFC					
Commitments ^f	11,117	11,854	11,629	8,920	11,135
Disbursements	9,953	10,355	11,149	9,074	10,518
MIGA					
Gross issuance	4,258	4,842	5,251	5,548	3,961
Recipient-Executed Trust Funds					
Commitments	2,910	2,962	2,976	2,749	3,641
Disbursements	3,363	2,919	2,803	2,590	2,433

a. Includes IBRD, IDA, IFC, Recipient-Executed Trust Fund (RETF) commitments, and MIGA gross issuance. RETF commitments include all recipient-executed grants, and therefore total World Bank Group commitments differ from the amount reported in the Corporate Scorecard, which includes only a subset of trust-funded activities.

b. Includes IBRD, IDA, IFC, and RETF disbursements.

c. Amounts are net of full terminations and cancellations approved in the same fiscal year.

d. Figures include the commitment and disbursement of a \$50 million grant for the Pandemic Emergency Financing Facility.

e. Commitments and disbursements exclude IFC-MIGA Private Sector Window (PSW) activities.

f. Long-term commitments for IFC’s own account. Does not include short-term finance or funds mobilized from other investors.

WORLD BANK GROUP GLOBAL COMMITMENTS

The World Bank Group supported developing countries in fiscal 2020 by delivering results for clients, convening key partners, and addressing an unprecedented pandemic and global economic challenge.

\$77.1
BILLION

in loans, grants, equity
investments, and guarantees
to partner countries and
private businesses.

Total includes multiregional and global projects. Regional breakdowns reflect World Bank country classifications.



\$10.5

BILLION

EAST ASIA AND THE PACIFIC



\$12.8

BILLION

LATIN AMERICA
AND THE CARIBBEAN



\$14.4

BILLION

SOUTH ASIA

\$25.4

BILLION

SUB-SAHARAN AFRICA

COUNTRY STORIES

Eleven stories highlighting some of this year's most impactful work in countries across the globe.

**CREATING
MARKETS** | PAGE 50

**SUPPORTING
GROWTH** | PAGE 60

**DRIVING
SUSTAINABILITY** | PAGE 70





CREATING MARKETS

IFC works to create markets that give new opportunities to people in developing countries through the private sector.



AFGHANISTAN

Putting Afghanistan on the path to energy security



INDIA

Maintaining access to health care during the pandemic via an online platform



INDONESIA

Issuing a first-ever gender bond to tap the capital markets for inclusive growth



BRAZIL

Supporting a woman entrepreneur's recipe for launching a market for allergen-free foods



Photos: The Mazar-e-Sharif independent power plant, supported by IFC and private investors, will increase domestic power generation by up to 30 percent—supporting education and other key needs.



Putting Afghanistan on the path to energy security

Afghanistan has a vast unmet need for energy, despite having substantial natural gas reserves of its own. Only 34 percent of Afghans have access to grid electricity: those who do can experience blackouts of up to 15 hours a day. A lack of infrastructure investment, combined with an underdeveloped and fragmented system of transmitting and distributing power, means Afghanistan imports about 75 percent of its power from its Central Asian neighbors. Many people are left to rely on expensive, polluting diesel generators.

A pioneering IFC-led investment in a 59-megawatt gas-to-power plant will bring change, boosting the country's current total domestic generation by up to 30 percent. The Mazar-e-Sharif project was conceived as the first long-term private investment in Afghanistan's energy sector and the first long-term public-private partnership in the country.

At an estimated cost of \$89 million, the project is expected to create about 200 direct jobs, plus many more indirectly, while demonstrating that internationally bankable long-term public-private partnership contracts are possible in a conflict-affected country.

The project will be implemented by Afghan Power Plant Company, established by the Afghan conglomerate, the Ghazanfar Group, in partnership with HA Utilities, the utilities investment and development arm of Hassan Allam Holding.

"If you don't have power, you cannot educate people. If you don't have power, you don't have health. All hospitals, all education systems, and all industry — all that is around you needs power," explained Ismail Ghazanfar, Chairman and CEO of Ghazanfar Group. "This is not a one- or two-year project. We in the Ghazanfar Group are thinking it's a long-term investment by our company, and we are committed to invest in Afghanistan."

IFC spent over six years turning an idea — to find a way to use Afghanistan's significant gas reserves to meet the country's energy needs — into reality. The Mazar-e-Sharif project demonstrates IFC's commitment to creating markets by working Upstream, in collaboration with the World Bank.

World Bank Group support for the project includes IFC long-term debt financing, a guarantee from the

International Development Association (IDA), political risk insurance through the Multilateral Investment Guarantee Agency (MIGA), as well as use of the IDA Private Sector Window (PSW).

IFC's financial support for the project from its own resources includes a \$21.2 million senior loan and a \$1.5 million client risk-management swap. In addition, as the mandated lead arranger for the project, IFC mobilized \$41.2 million in parallel loans from other lenders, including DEG, the German development finance institution, and the Asian Development Bank.

The financing package also includes political risk insurance from MIGA amounting to \$48.7 million. IFC's



financing and MIGA's investment guarantees will be covered in part by the IDA PSW's risk-mitigation facility as well as the MIGA guarantee facility. This is the first time the private sector window's risk mitigation facility has been used.

For Ismail Ghazanfar, the investment is essential to Afghanistan's energy future. "We have gas. We have rivers. We have the opportunity of solar, with 300 days a year of sun in Afghanistan," he said. "It makes sense to invest in Afghanistan's energy sector to develop the country's capacity."



INDIA

Maintaining access to health care during the pandemic via an online platform





As India entered a strict nationwide lockdown to counter COVID-19, 1mg — the nation’s largest integrated online health platform — rushed to ensure the continued flow of regular health supplies and testing services to its customers.

The company, which has served more than 150 million customers with medicines, lab tests, and a wide range of other health-related products and services, saw a jump in demand for flu and fever e-consultations. It met this demand, alongside existing customer commitments, by signing up new doctors, securing government permission to carry out essential deliveries, and creating workplace sanitation procedures to protect employees.

A \$12.5 million IFC equity investment in FY19 and FY20 helped 1mg to grow its platform.

1mg intends to replicate its success and scale up, and also to stimulate and invite market competition in providing health care in a country with 1.3 billion residents in need of services. The company is a lifeline for its customers, especially those who live in smaller towns and rural areas and rely on 1mg’s deliveries to treat chronic conditions.

“We are all witnessing a new model of health care, led by patient-centric design, as 1mg has always believed to be the right way. Digitally enabled, real-time access to pharmacy, labs, and doctors is going to be the new norm,” said Prashant Tandon, co-founder and CEO of 1mg. “This is our opportunity to be game changers, and to change the entire health infrastructure in a lasting way, for the better.”

Photos: IFC’s \$12.5 million equity investment in 1mg helped the company to grow its platform in India and meet increased customer demand during COVID-19.



Issuing a first-ever gender bond to tap the capital markets for inclusive growth

Women-owned small and medium enterprises (WSMEs) are critical to Indonesia's economy, one in which women own 34 percent of medium enterprises and 51 percent of small enterprises. Yet more than 40 percent of the country's WSMEs lack the financing needed to reach their full potential for growth.

An IFC investment of up to 2.75 trillion Indonesian rupiah (\$200 million) in Bank OCBC NISP's sustainable bond program helped to launch the first-ever gender bond in Indonesia in 2020. The bond is the second to be issued in the East Asia and Pacific region, following the Bank of Ayudhya's gender bond issuance in Thailand in 2019, also backed by IFC.

Proceeds from the bond will enable Bank OCBC NISP to increase lending to Indonesia's women entrepreneurs and WSMEs, with the intent of advancing their participation in the economy.

IFC is also sponsoring Bank OCBC NISP's new green bond, building on the success of a 2018 project that has been fully deployed. Bank OCBC NISP is now expanding its green financing through actions like the development of green projects and the financing of green mortgages.

Reducing the impacts of climate change is important in Indonesia, an archipelago nation that is additionally vulnerable because of decades of rapid carbon-intensive growth. Green financing contributes to meeting the government's 29 percent target of reducing greenhouse gas emissions by 2030.

In addition to building Indonesia's bond market, IFC is partnering with Bank OCBC NISP to provide training to the bank's staff and to Indonesian property developers. IFC will provide Indonesian developers with training to help them to identify eligible green building construction projects and learn how to use EDGE, an IFC innovation to build and brand green buildings in a fast, easy, and affordable way. The bank will work with IFC to increase its capacity on gender finance and to develop a targeted approach, including financial and nonfinancial services, to support the growth of women entrepreneurs. The project aims to demonstrate the viability of WSMEs as a distinct customer segment and support the government's efforts to establish climate finance as a distinct asset class.

The gender bond is supported by the Women Entrepreneurs Finance Initiative (We-Fi) program, a partnership housed at the World Bank Group



that aims to unlock financing for WSMEs in developing countries. We-Fi is also aligned with the government of Indonesia's goal to reduce Indonesia's gender gap.

Investing in gender and green bonds, whether by issuing its own bonds or investing in bonds issued by financial institutions and other corporates, allows IFC to build capital markets in Indonesia and throughout East Asia while targeting positive social and environmental impact. These types of bonds are a critical tool to attract private capital to finance important development goals for countries.



Photos: IFC investment helped a local bank launch Indonesia's first-ever gender bond, increasing women entrepreneurs' access to finance.



Supporting a woman entrepreneur's recipe for launching a market for allergen-free foods

"Crazy."

That is how Adriana Fernandes, a 46-year-old former television director from Brazil, describes her decision to launch a line of allergen-free foods in 2015.

Gluten-free bread and dairy-free "cheese" might be popular foods now, but back then, demand for fare like that was almost nonexistent.

"It wasn't just me opening a simple business," said Fernandes, a São Paulo mother whose son, Leo, has severe food allergies. "I was creating a market that didn't exist in Brazil."

Fernandes grew her business with help from *Itaú Mulher Empreendedora* (Itaú Women Entrepreneurs), an accelerator program founded by Itaú Unibanco, the largest commercial bank in Brazil, which has had investment and advisory support from IFC.

The program provided Fernandes with mentoring, connected her to other entrepreneurs, and helped her develop a strategic plan for Mandala, her fledgling company. "It helped me to step away from the day-to-day operations of the business and think strategically about the future without fear," said Fernandes.

Fernandes, whose company supplies everything from gluten-free bread to dairy-free brownies to hospitals, schools, and airlines, is one of more than 24,000 female entrepreneurs who have taken part in the *Itaú Mulher Empreendedora* program since its launch in 2014.

In 2013, IFC invested \$470 million in Itaú to fund the expansion of its women-owned small and medium enterprises (WSMEs) program, and in subsequent years, IFC has also provided technical expertise to help build and strengthen the *Itaú Mulher Empreendedora* program. This remains the largest investment IFC has made through its Banking on Women program, which helps spur financing and channel advice to female entrepreneurs around the world.

Increasing access to finance for small- and medium-sized businesses owned by women is an important part of IFC's strategy to expand inclusion and economic

opportunities in the country. Almost half of Brazil's businesses are run by women, 99 percent of which are micro or small enterprises. These businesses often struggle to secure financing: Brazil's female-run small businesses face a financing gap of nearly \$16 billion.

Initially, Fernandes struggled to get credit. In the early days of Mandala, facing what she calls an abundance of "machismo" in the startup world, she was turned away by many lenders.

"I joke that Mandala could be much bigger if I were 20 years old, were a man, and lived with my mother."

Itaú Unibanco was willing to take a chance on Fernandes. The company provided her with a pair of loans, helping her to steadily grow Mandala into a company that now has 13 employees. Despite COVID-19, the company has seen revenues rise in 2020.

Fernandes plans to continue to expand the business, especially in e-commerce.

"I need to be careful with my words because [running a business] is not always glamorous," she said. "But if you have a company that has a mission, that can transform lives, it can be an incredible journey."





BANKING ON WOMEN

Since its launch in 2010, IFC's Banking on Women business has committed and mobilized 93 investments totaling more than \$2.7 billion dedicated to women-owned enterprises and has advised on 50-plus projects in 32 countries. IFC's advisory support for Itaú is supported by the Women Entrepreneurs Opportunity Facility, a partnership between IFC's Banking on Women business and Goldman Sachs 10,000 Women. The facility is designed to improve access to finance for 100,000 women entrepreneurs worldwide.

Photo: Adriana Fernandes founded her food products company in Brazil with support from an accelerator program that has received \$470 million from IFC.





SUPPORTING GROWTH

Opening doors of opportunity is a top priority for IFC.

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SOLOMON ISLANDS

Going green in the blue Pacific Ocean

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MALI

Strengthening the economy by increasing production of local quicklime

PAGE
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WEST BANK AND GAZA

Boosting learning — and self-reliance — through solar power

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KENYA

Supporting small businesses to withstand the shock of COVID-19



Going green in the blue Pacific Ocean

In the early months of 2020, local Solomon Islanders were being hired as laborers, engineers, carpenters, and security personnel for one of the Pacific Island nation's biggest projects — the Tina River Hydropower Development Project. Despite the impact of COVID-19, Solomon Islands Prime Minister Manasseh Sogavare says the project is on track to deliver “extraordinary benefits” to Solomon Islanders.

Solomon Islands, scattered over 1.3 million square kilometers of ocean, relies almost entirely on imported, polluting diesel for its energy needs. The project, sponsored by Korea Water Resources Corporation (K-water) and Hyundai Engineering Corporation (HEC), will be the first large-scale infrastructure project to be developed under a public-private partnership and the country's first scaled renewable energy project.

Once up and running, the project will curb Solomon Islands' reliance on expensive diesel power by almost 70 percent and lower prices for homes and businesses. In addition to creating more jobs and lowering power prices, the project will pave the way for the country to reduce its greenhouse gas emissions by two and a half times its 2025 target. It will also ensure a steady price for power, unaffected by global economic swings.



This will especially help people like Toata Molea, who has struggled to afford the electricity he needs to run his service station, reliant on imported diesel fuel — paying among the highest costs in the world. Molea says the cost of electricity is his biggest overhead. In just one month, he can spend more than what most people on the islands earn in a year.

The landmark financing deal for the project, worth over \$200 million — through loans and grants from six institutions — was signed in December 2019. The World Bank Group has supported the project for more than ten years, starting with the World Bank's project preparation, which included initial feasibility studies and environmental and social impact assessments. The World Bank also committed funding from IDA that helped to mobilize funding and coordinated the lenders' group.

IFC's support has been the cornerstone, as transaction adviser to the government of Solomon Islands, for project preparation, investor selection, the negotiation of project agreements with the preferred bidder, and the final financing agreement package. In March 2020, MIGA provided equity political risk insurance coverage to the private investors.

The size and complexity of the proposed project in a fragile and post-conflict nation has fostered collaboration among multiple development partners and mobilized concessional finance from other multilateral and bilateral institutions including the Green Climate Fund, the Republic of Korea's Economic Development Cooperation Fund, the Abu Dhabi Fund for Development, the Asian Development Bank, and the Australian government.

The cheaper renewable energy delivered through the project will ensure that Solomon Power, the country's state-owned electricity supplier, can deliver cheaper power including outside Honiara.

IFC's project preparation support has been funded by the Pacific Partnership, supported by Australia and New Zealand. Other support came from the Global Infrastructure Facility as well as from DevCo, a multi-donor facility affiliated with the Private Infrastructure Development Group, with funding from the Netherlands and Sweden.

Photos: Toata Molea (above), a service station owner in Solomon Islands, is one of many individuals who will benefit from IFC's support for the Tina River Hydropower Development Project.



Strengthening the economy by increasing production of local quicklime

Agribusiness and gold mining are hugely important to Mali's economy, employing millions and accounting for the bulk of the country's gross domestic product and exports.

The two industries share something else in common: both depend heavily on quicklime. The chalky, alkaline substance derived from limestone is used to refine and condition gold. Agricultural lime, a quicklime by-product, reduces soil acidity, helping farmers achieve bigger yields.

Despite having large lime reserves of its own, Mali imports most of the quicklime its economy needs, driving up production costs and taking the glitter off important drivers of growth.

To help Mali develop its quicklime industry, IFC invested in local lime producer Carrières et Chaux du Mali (CCM), which will help it boost production and improve efficiencies. The IFC and IDA PSW financing package consists of an €8.9 million-equivalent loan in West African CFA francs — IFC's first local currency financing in Mali and the first in the country to be supported by the IDA PSW in the manufacturing, agribusiness, and services sector.

Madani Diallo, CEO of CCM, estimates that IFC's support will help his company cut production costs by up to 20 percent and allow it to better satisfy the increasing local demand for quicklime and agricultural lime. "We will also strengthen our exports of agricultural lime to farmers in neighboring Côte d'Ivoire, Guinea, and Senegal," Diallo said.

Increased access to agricultural lime should help boost productivity in Mali, where an estimated two-thirds of the country's 2.4 million hectares of agricultural land suffers from soil acidity.

"Spectacular" is how Youssouf Dembélé, a retired teacher and now a smallholder farmer, called the increase in productivity when he started using agricultural lime in his fields in Koutiala, 390 kilometers west of Bamako. "People were so impressed that they thought I was using different crops," he said. Dembélé started using agricultural lime in his fields over 10 years ago and wishes more farmers would do the same.

IFC is also developing a soil management advisory program to strengthen CCM's commercial and technical capacity to help



it increase sales. A second phase of the program will include training for thousands of the country's smallholder farmers on the use — and benefits — of agricultural lime.

While the loan to CCM will help strengthen businesses in some of Mali's foundational industries, it also highlights IFC's support for fragile and conflict-affected countries.



Photos: IFC's investment in Carrières et Chaux du Mali (CCM) is helping to create a thriving quicklime market in Mali, increasing local farmers' access to agricultural lime.





Boosting learning — and self-reliance — through solar power

Power outages in the West Bank occur frequently. For students, blackouts result in classrooms without necessities like lights, computers, and fans — at times, for up to a week or more.

“We can’t focus on learning because of the heat,” said Juman Jad, a student at an all-girls school in Jericho, where summer temperatures often top 45 degrees Celsius (113 degrees Fahrenheit).

To reduce the interruptions in education, nearly 500 schools in the West Bank are being outfitted with arrays of solar panels over the next three years. This first-of-its kind project aims to develop the renewable energy sector and address chronic power shortages by harnessing a domestically available source of energy.

This \$32 million project is being led by Massader, a local power company. The financing package for the project includes an Israeli Shekel loan of up to \$8.1 million equivalent from IFC, in addition to loans from the Finland-IFC Blended Finance for Climate Program and the Netherlands and IFC Private Sector Development Program in MENA (Middle East and North Africa). The project is also receiving a grant of up to \$2 million from the World Bank’s Investment Co-Financing Facility.

The solar arrays will eventually generate 35 megawatts of clean electricity, enough to power the equivalent of about 16,000 homes across the West Bank. It is part of a larger program called Noor Palestine, in which Massader is joining with its parent company, the Palestine Investment Fund, to develop 200 megawatts of solar power — enough to provide about 30 percent of the West Bank’s power.

The arrival of solar energy is a huge step in reducing energy dependency in the West Bank, where up to 90 percent of electricity is imported. The solar arrays project has also bolstered the private sector. Private companies, instead of the state, are doing much of the construction work for the project and providing part of the financing.

In a novel arrangement, the schools served by the solar arrays project will receive free electricity and, in some cases, cash payments for hosting the installations. Most of the electricity generated from the solar panels will then be fed into local distribution systems at a competitive tariff. This will create a more conducive environment for public services and private enterprise.

The solar arrays project is part of a broader strategy by IFC and the World Bank Group to catalyze private investment in the Palestinian economy, with the goal of achieving sustainable and inclusive economic growth.

IFC’s role in structuring the project included building local capacity by developing key project documents, such as the power purchasing agreements and construction and operating contracts. This assistance is expected to help the future development of more decentralized, low-cost private sector projects with sound financial structuring.

Jad’s school was recently outfitted with solar panels, creating cooler indoor conditions that will help students pay more attention in the classroom. “Frankly, I like the idea of the solar arrays,” the teenager said.

Photos: With IFC’s support, nearly 500 schools across the West Bank will install solar arrays (far left), making it easier for these girls in Jericho to study year-round.

A close-up photograph of a woman with a red and white striped headband, wearing a black sweater, focused on harvesting coffee cherries from a branch. The background is a lush green coffee plantation with many red cherries visible. The text "Supporting small businesses to withstand the shock of COVID-19" is overlaid in white on the left side of the image.

Supporting
small
businesses
to withstand
the shock
of COVID-19



KENYA

Many micro, small, and medium enterprises (MSMEs) in Kenya saw their incomes disappear overnight because of COVID-19. With limited emergency reserves, about 75 percent of them were at risk of collapse, according to a Central Bank of Kenya survey conducted in April 2020.

To help MSMEs in Kenya and elsewhere adapt to the challenges of the COVID-19 operating environment, IFC created six one-hour interactive webinars on topics like how to access finance during the crisis, manage costs, and improve online marketing techniques. The webinars were delivered through four banks — Co-operative Bank of Kenya, Gulf African Bank, Kenya Commercial Bank (KCB), and Stanbic Bank — and reached 1,550 MSMEs from April to June 2020.

Three additional banks in Ghana and Nigeria helped to scale the program across Sub-Saharan Africa and reach an additional 2,300 participants. The webinars were developed as part of Grow Learn Connect, an IFC program that builds human capital in emerging markets and fragile and conflict-affected situations by creating a network of qualified local advisory service providers for MSMEs.

“The COVID-19 SME training webinars enabled us to offer tools and knowledge to our existing MSME customers at a time when our support is most critical,” said Annastacia Kimtai, Director of Retail Banking for KCB Bank Group.

The webinars are one component of IFC’s two-year partnership with KCB Bank, which began with the Women Value Proposition to support women entrepreneurs. Through this program, 370 KCB Bank relationship managers have been trained on the business case for serving women in Kenya and on creating a cutting-edge experience that will make KCB the bank of choice for women-owned businesses in Kenya.

Almost 240 women entrepreneurs have now been coached on how to differentiate their businesses from competition, expand their customer base, and increase sales. In total, the program has reached 848 SMEs across Kenya, 58 percent of which are women-owned.

For Annastacia Kimtai, partnering with IFC has created benefits that will outlast the shock of COVID-19. “MSMEs and female entrepreneurs make vital contributions to Kenya,” she said. “The more we can support them with inclusive banking products and services, the more resilient our economy will be.”

Photo: A coffee farmer harvests ripe coffee beans from her fields in Kabuboni village, Kenya. IFC advisory services reached 1,550 MSMEs across the country from April to June 2020.





DRIVING SUSTAINABILITY

IFC partners with our clients in developing countries to promote sustainable growth.



SERBIA

Cleaning up one of Europe's largest landfills



EL SALVADOR

Lowering the cost of electricity, boosting business growth



COLOMBIA

Empowering the next generation of sustainable finance leaders



SERBIA

Cleaning up one of Europe's largest landfills

Dragan Varga has spent two decades directing vehicular traffic at the main landfill for the city of Belgrade, the Serbian capital. And he does not mince words when talking about his workplace.

"This is just slightly better than hell," he says.

The landfill, which sits on the shores of the Danube River, has long been regarded as one of the most toxic in Europe. Rotting garbage routinely leaches into local groundwater and, occasionally, erupts into massive fires that can be smelled in Belgrade, 15 kilometers away.

The situation has become so dire that Serbia's finance minister, a former mayor of Belgrade, called the landfill an ecological "black spot" on all of Eastern Europe.

But that will soon change.

Late last year, crews broke ground on a new waste processing and disposal complex for Belgrade that will be compliant with Serbian standards as well as applicable European Union specifications and standards for landfills and waste processing plants. It will include a plant that converts garbage into electricity and heat, a facility for recycling construction waste, and a new sanitary landfill. Once the work is done, the old landfill, which has piles of trash 70 meters high in places, will be turned into green space.

The project, scheduled to be completed in 2022, is being delivered under a long-term public-private partnership between the City of Belgrade and a private company named Beo Čista Energija, formed by global utility company Suez S.A., the Japanese conglomerate Itochu Corporation, and Marguerite Fund II, a pan-European equity fund. Last year, IFC and MIGA provided the firm with €260 million in financing and guarantees, helping to get construction rolling. The package included financing from the Development Bank of Austria and the Canada-IFC Blended Climate Finance Program. The European Bank for Reconstruction and Development also provided funding. Advisory services for the transaction were implemented in partnership with the governments of Austria, Canada, and Switzerland, and the Rockefeller Foundation.

But the genesis of the deal stretches back more than half a decade. That's when IFC signed an agreement to help Belgrade explore private sector solutions to its mushrooming waste management problem. IFC staff helped Serbian officials shore up what was then a new law governing public-private partnerships. IFC



also worked with the city to design and tender the contract for the new facilities, the first public-private partnership in the country.

That effort falls under what we at IFC call working Upstream. Instead of simply waiting for projects to finance, we collaborate with governments and other development institutions to open up entire industries to private investment. The strategy is part of a push by IFC to find innovative ways of tackling the most pressing issues facing the developing world. In an era when government budgets are stretched thin, this creativity helps direct capital and expertise into projects that make life better for everyday people.

It also allows IFC to develop initiatives with widespread impact — and the waste management facilities outside Belgrade could soon be one of those. Globally, municipalities produce 2 billion tons of garbage a year. Backers believe the new facility, the first project of its kind in an emerging market, could serve as a model for other cities struggling to deal with mounting waste.

Photos: Serbia's Vinča landfill—one of Europe's most toxic—is being transformed with €260 million in financing from IFC, MIGA, and other partners.





Lowering the cost of electricity, boosting business growth

Photo: San Salvador Cathedral, El Salvador. A power plant financed by IFC will generate 30 percent of the country's power supply starting in 2022.

In El Salvador, the high cost of electricity increases the costs of products and services and prevents businesses from being competitive. An Enterprise Survey conducted by the World Bank Group in 2016 revealed that 48 percent of Salvadoran firms rank electricity as their main barrier to growth.

The sky-high electricity rates in El Salvador may finally be lowering. In late 2019, IFC led a \$657 million financing package for local power provider *Energía del Pacífico* — the largest private sector investment in the history of El Salvador. The investment will help the firm build a power plant that will turn liquefied natural gas into electricity. When it is finished in 2022, the 378-megawatt facility will provide 30 percent of El Salvador's power.

"*Energía del Pacífico* is a transformational project for El Salvador and the entire region — a shining example of the enormous opportunity that can be created, despite prior obstacles, when private

initiatives have strong government support," said Michael Polsky, the CEO of Invenergy, an American power company that is the majority owner of *Energía del Pacífico*.

The new plant, located in the port city of Acajutla, will enable the country to cut its reliance on pricey imported oil and reduce the amount of electricity it buys from neighboring countries. (One-quarter of El Salvador's power comes from abroad, the highest rate in Central America.) These actions are expected to drive down the price of electricity, which will be a boon for businesses in the manufacturing and services sectors, key parts of the Salvadoran economy. Ultimately, it is expected that lower electricity prices will aid job creation and economic growth in a country where more than 25 percent of people live in poverty.

Since natural gas is cleaner than oil, it will reduce El Salvador's sulfur dioxide (SO₂) emissions — a high air

pollutant — by 8,000 tons a year, and the country's carbon dioxide emissions by 376,000 tons annually — the equivalent of taking more than 70,000 vehicles off the road.

The project will also include a 44-kilometer transmission line to the city of Ahuachapán, mooring infrastructure for a floating storage unit, and a 1.7-kilometer sub-sea and underground gas pipeline. IFC is providing \$85 million in direct financing, with the rest of the funding for the project coming from other lenders.

The project has its origins in the World Bank Group's Country Partnership Framework for El Salvador, a document that lays out the development priorities for the nation of six million. The Country Partnership Framework identified two key challenges in El Salvador — a reliance on foreign oil for power and a lack of private investment — both of which the new project is designed to address.





Empowering the next generation of sustainable finance leaders

From floods to landslides, climate change is significantly disrupting markets across Latin America. Finance leaders know that they need to prepare for climate-related risks — and seize related business opportunities — but many lack the requisite knowledge. IFC is working to change this through the IFC-Green Banking Academy, a pioneering knowledge and capacity building program that provides banking professionals across Latin America and the Caribbean with skills and training on the fast-emerging area of green finance.

Climate finance is very important to Efraín Forero, president of Davivienda bank, Colombia's second-largest bank. "It is my responsibility to ensure that Davivienda will become a sustainable bank," he said, following his completion of IFC-Green Banking Academy training in 2019.

Forero took an eight-week IFC-Green Banking Academy course relating to green finance. In addition, he and two senior colleagues received scholarships for a one-week intensive program, which included customized workshops and roundtables with other CEOs on how to enhance green banking practices to benefit shareholders, regulators, and customers.

Championing green banking is a natural extension of IFC and Davivienda bank's more than 40-year partnership. IFC and Davivienda were instrumental in strengthening Colombia's active participation in the Sustainable Banking Network, a voluntary community of banking associations and regulators from emerging markets committed to moving forward on sustainable finance. Colombia made a commitment to develop its sustainable finance system and has been doing so since 2012, currently in an advanced stage, according to the Sustainable Banking Network progression matrix. In addition, the country has also set the goal of significantly reducing its greenhouse gas emissions by 2030 through the Nationally Determined Contributions.

Since its launch in November 2018, the IFC-Green Banking Academy has facilitated 400 program scholarships for bankers from 60 financial institutions in eight countries, with funding provided by the German government's International Climate Initiative. Over

5,000 financial professionals across Latin America's commercial banking sector have been trained through the IFC-Green Banking Academy Webinar Series. Additional requests for trainings extend from as far as Asia.

The IFC-Green Banking Academy has partnered with various international and academic institutions from across Latin America and Europe, including Beel Infrastructure Partners, IDOM, the Latin American Federation of Banks, Management Solutions, Pontifical Xavierian University, and the Renewables Academy, to develop specialized academic programs for the banking sector.

The IFC-Green Banking Academy aspires to put leaders in banking at the heart of its curriculum and to position climate change as a significant business opportunity for the financial sector. In a post-COVID-19 world, the IFC-Green Banking Academy's approach is especially relevant, as governments and investors need to better integrate climate risks into their planning.

Having completed his IFC-Green Banking Academy training, Forero is even more committed to championing green banking in Colombia: "The knowledge we received will make Davivienda a better institution, make us more competitive in the future, and more attractive for our investors and our clients," he said.

Photo: Homes in Bogotá, Colombia. IFC is helping to create a thriving green finance market in the country.



Prompting Growth in the Green-Loan Market

The green loan is a fast-emerging tool whose proceeds can be used by corporate borrowers to finance or refinance eligible assets or activities that improve the sustainability of their operations.

In 2019, IFC became the first global development institution to offer its investment clients the option of structuring loans in accordance with the Green Loan Principles. These principles, modeled on the Green Bond Principles, specify how loan proceeds should be used and how projects should be selected in order to qualify for green-loan status. This “green-loan”

label can help businesses attract additional financing and align their sustainability and funding strategies.

IFC is encouraging its clients to use green loans to mitigate the adverse impacts of climate change and encourage low-carbon development. We are supporting our clients’ efforts to meet the requirements of the Green Loan Principles, such as establishing a management system to track, manage, and report on the use of proceeds of a loan for dedicated green projects and have it verified by a third party.

Developing countries accounted for just \$1.6 billion of the estimated

\$33 billion in outstanding green loans as of 2019. But the market is expected to grow rapidly and may even outpace the growth of the green-bond market in the near term.

IFC is a leading provider of climate-related financing. We were one of the earliest issuers of green bonds, launching a Green Bond Program in 2010 to unlock investment for private sector projects that support renewable energy and energy efficiency. To date, IFC has issued more than \$10 billion across 172 bonds in 20 currencies.

About Us

IFC is the largest global development institution focused on the private sector in developing countries. We leverage our products and services — as well as products and services of other institutions across the World Bank Group — to create markets that address the biggest development challenges of our time.

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OUR PURPOSE

IFC applies our financial resources, technical expertise, global experience, and innovative thinking to create markets and opportunities that help countries mobilize private solutions and finance to solve development challenges.

Where We Work

As the largest global development institution focused on the private sector in developing countries, IFC operates in more than 100 countries. We bring over 60 years of institutional knowledge to the countries in which we work, applying lessons learned in one region to solve problems in another.



What We Do

The World Bank Group has set two goals for the world to achieve by 2030: end extreme poverty and boost shared prosperity in every country. IFC contributes to these goals by supporting the private sector in developing countries to create markets that open up opportunities for all. IFC focuses on investing, providing advice, and mobilizing finance for private financial institutions and companies in developing countries. Our products and services are tailored to meet the specific needs of clients while our ability to attract other investors brings added benefits: we introduce our clients to new sources of capital and better ways of doing business.

During a difficult time in which global economies are struggling to cope with the shock of the COVID-19 crisis, IFC is taking action to accelerate recovery and promote resilience.

INVESTMENT

Our financial products enable companies to manage risk and expand their access to foreign and domestic capital markets. Since IFC operates on a commercial basis, we invest exclusively in for-profit projects in developing countries and charge market rates for our products and services.

Our offerings are designed to meet the specific needs of member countries across different industry sectors — with a special focus on infrastructure, manufacturing, agribusiness, services, and financial markets. In FY20, we made \$22 billion in long-term investments in 282 projects to support the private sector in developing countries. This includes \$10.8 billion mobilized from other investors.

PRODUCT LINES

Loans

IFC finances projects and companies through loans for our own account, typically for seven to 12 years. We also make loans to intermediary banks, leasing companies, and other financial institutions for on-lending.

While IFC loans traditionally have been denominated in the currencies of major industrial nations, we have made it a priority to structure local-currency products. IFC has provided financing in more than 50 local currencies.

In FY20, we made commitments for \$9.5 billion in new loans for our own account.

Equity

Equity investments provide developmental support and long-term growth capital that private enterprises need. We invest directly in companies' and financial institutions' equity and also through private-equity funds. In FY20, equity investments accounted for about \$1 billion of commitments we made for our own account.

IFC generally invests between 5 percent and 20 percent of a company's equity. We encourage the companies we invest in to broaden share ownership through public listings, thereby deepening local capital markets. We also invest through profit-participating loans, convertible loans, and preferred shares.

Trade and Commodity Finance

The IFC Global Trade Finance Program guarantees trade-related payment obligations of approved financial institutions. The program extends and complements the capacity of banks to deliver trade finance by providing risk mitigation on a per-transaction basis for more than 218 banks across 71 countries.

In FY20, IFC had a commitment of \$6.5 billion in trade and supply chain finance, more than half of which was committed in International Development Association (IDA)* countries and fragile and conflict-affected situations (FCS).

Syndications

IFC's Syndications Program is the oldest and largest among multilateral development banks. It works to enable IFC's public and private partners — commercial banks, institutional investors, insurance companies, sovereign funds, and other development institutions — to participate alongside us as we provide loans to companies in emerging markets.

By mobilizing our partners' capital, we forge new connections that can help increase foreign investment in the world's poorest countries and provide a fundraising path for other growing local enterprises to follow. In FY20, IFC syndicated a total of \$5.8 billion to 88 partners through B loans, parallel loans, credit insurance, local currency syndications, green loan syndications, and the MCPP, which creates customized portfolios of emerging-market loans for investors.

Syndications accounted for 46 percent of the total third-party funds mobilized by IFC for our clients in FY20, and 39 percent of these funds went to borrowers in IDA and FCS countries. At year-end, Syndications managed a total portfolio of \$16 billion on behalf of its investment partners.

Risk Management and Structured Solutions

IFC makes derivatives products available to our clients, solely for hedging purposes. By allowing these companies to access international derivatives markets to hedge currency, interest-rate, or commodity-price risks, we enable them to enhance their creditworthiness and improve their profitability. In offering risk-management products, IFC acts generally as an intermediary between the market and private companies in emerging markets. IFC also provides structured-finance products for clients seeking to raise funds on global and local capital markets and manage financial risk, including through Risk Sharing Facilities. IFC has assisted first-time client issuers in accessing the markets through partial credit guarantees and anchor investments. We also assist clients in structuring and placing securitizations with capital-markets investors.

Blended Concessional Finance

Blended concessional finance, where concessional funds are combined with our own financing, has been helping IFC extend its reach into more challenging markets and sectors for more than 15 years.

Blended finance can help de-risk and address market challenges in transactions, making them more attractive to private sector investors. As pioneering projects, when successful, blended finance investments can help pave the way for other investors and help create markets.

IFC's blended concessional finance facilities focus on mobilizing investment in areas of strategic importance to IFC including climate and gender. In December 2019, IDA partners authorized an additional \$2.5 billion for the IDA Private Sector Window, which, since 2017, has supported private sector investment in the poorest and most fragile countries.

In FY20, we committed \$489 million of concessional donor funds, catalyzing \$1.7 billion in investments for IFC's own account. IFC also continued its leadership in implementing the Development Finance Institutions' Blended Concessional Finance Principles, which call for disciplined and transparent use of concessional resources. Beginning in October 2019, IFC began publicly disclosing the estimated subsidy for each proposed IFC transaction seeking the support of blended concessional finance. IFC is the first — and to date only — institution to disclose the estimated subsidy at the transaction-level, an important step in ensuring greater transparency and accountability with the use of public funds.

ADVISORY

Providing advice is a critical part of IFC's strategy to create markets — an effort coordinated with governments and the World Bank. Through our advisory programs, we work with clients — including companies, financial institutions, industries, and governments — to transform ideas into bankable projects. We help establish the necessary conditions that will attract capital, enabling the private sector to grow.

Our advisory work is informed by the IFC-World Bank Country Private Sector Diagnostics, the World Bank Group's multiyear Country Partnership Frameworks, and IFC's Country Strategies and Sector Deep Dives.

- We help companies attract private investors and partners, enter new markets, and increase their impact. We provide tailored market insights as well as advice on how to improve companies' operational performance and sustainability.

*This refers to the list of countries eligible for financing from IDA under the IDA-17 cycle.

- We help industries adopt good practices and standards to increase competitiveness and productivity.
- We help governments structure public-private partnerships to improve people's access to high-quality infrastructure and basic services. We also advise on improving the business environment through reforms that promote investment, spur growth, and create jobs — while providing support for the implementation of these reforms.
- We work in collaboration with the World Bank to provide upstream policy advice and develop activities that help create markets and support future transactions in multiple industries, especially in IDA countries and Fragile and Conflict Affected States (FCS).

Particularly in the poorest and conflict-affected areas of the world, we work with clients to improve their environmental, governance, and social practices — including those related to gender. We also help potential investment clients improve their operational performance and management practices to attract the financing they need.

In FY20, our advisory portfolio grew to \$1.5 billion, encompassing almost 800 advisory projects in more than 100 countries. Fifty-seven percent of IFC's advisory program was in IDA countries, 22 percent was in FCS areas, and 25 percent of our advisory program was climate-related. Thirty-seven percent included efforts to improve gender-related issues. Fourteen percent of advisory projects were tagged as Upstream. Our advisory staff members remain close to clients, with almost 80 percent based in the field.

HOW WE WORK WITH COMPANIES

Agribusiness: We help companies improve productivity and standards by creating efficient value chains, ensuring food security, enabling strong links with smaller farming enterprises and rural communities, and improving the focus on positive economic, social, and environmental outcomes across the food supply chain.

Global Infrastructure: Working in partnership with companies, government, and local leaders, we deliver sustainable infrastructure solutions that benefit local communities. Dialogue and engagement with multiple stakeholders, complemented by capacity building for municipal and local leaders, improves transparency and good governance in our infrastructure projects. We also help companies use resources more efficiently and support the development of renewable energy markets.

Corporate Finance Services: We help companies enter new markets, attract investors, and structure complex projects, offering advice on the design and execution of mergers, acquisitions, and partnerships.

Green Buildings: We offer tools and training to help companies construct buildings that use energy, water, and materials more efficiently. We also help governments establish related policy frameworks and work with banks to launch green-finance products.

Small and Medium Enterprises (SMEs): We help SMEs strengthen their skills and performance, improving their ability to participate in the supply and distribution networks of larger firms. We advise companies and governments on how to improve working conditions and boost the competitiveness of the textile sector's supply chain.

Gender Equality: We work with companies to enhance the recruitment, retention, and promotion of women. We also help companies increase women's access to financial services, technology, information, and markets.

Corporate Governance: We help companies improve access to capital, mitigate risk, and safeguard against mismanagement by improving their corporate governance.

Environmental and Social Risk Management: We help integrate environmental and social risk-management considerations into companies' operations to achieve long-term success. We provide timely advice (including through knowledge products) for clients on environmental and social elements to support decision-making in response to the impacts of COVID-19.

In response to COVID-19 and in consideration of its potential environmental, social, and governance impacts, IFC developed and published interim advice for IFC clients and communities on:

- Preventing and Managing Health Risks of COVID-19 in the Workplace
- Supporting Workers in the Context of COVID-19 (covering job protection and health and safety)
- Developing a COVID-19 Emergency Preparedness and Response Plan
- Stakeholder Engagement in the Context of COVID-19
- Addressing Increased Reprisals Risk During COVID-19
- Company Leadership on Crisis Response

This information supports decision-making in response to the impacts of COVID-19.

HOW WE WORK WITH FINANCIAL INSTITUTIONS AND FUNDS

Financial Institutions: We help clients strengthen risk management and diversify product offerings in categories such as SME finance, gender, housing finance, and renewable energy. We also promote universal access to finance, strengthen capital markets, and establish credit bureaus and collateral registries.

Fund Managers: We help develop the private equity industry in frontier markets and provide non-investment-related advice to fund managers.

HOW WE WORK WITH GOVERNMENTS

IFC's work with governments, the World Bank, and other partners, including on Upstream, focuses on implementing recommendations highlighted in our Country Private Sector Diagnostics and reforms prioritized in our Country Strategies to increase the private sector's role in development. Specific areas of emphasis include:

Public-Private Partnerships (PPPs): We help governments design and implement PPPs that are tailored to local needs, help solve infrastructure bottlenecks, and achieve national development goals.

Financial Sector: We work with governments and the private sector to build resilient, transparent, and smooth-functioning financial systems and capital markets. We work closely with the World Bank and leverage its expertise alongside IFC investment resources to jointly develop local capital markets in selected focus countries.

Enabling Investment Climate: We help improve the business environment through economy-wide and increasingly more sector-specific reforms that promote investment, spur growth, and create jobs. We are leveraging World Bank expertise where necessary to complement IFC's upstream work on enabling environments for private sector investment.

Cities Initiative: We help local governments, municipalities, and provinces prioritize and develop sustainable, resilient infrastructure services for their citizens.

IFC ASSET MANAGEMENT COMPANY

Impactful and profitable equity investments are crucial to achieving IFC's development objectives and securing our long-term financial sustainability.

IFC Asset Management Company (AMC) mobilizes and manages capital for businesses in developing countries and frontier markets. Created in 2009, AMC provides investors with unique access to IFC's emerging-markets investment pipeline, while also expanding the supply of long-term capital to these markets. AMC enhances IFC's development impact and generates profits for investors by leveraging IFC's global platform and investment standards.

Initially established as a wholly owned subsidiary of IFC, as of February 1, 2020, AMC merged into IFC as a Vice Presidency Unit, maintaining its independent decision-making and fiduciary duty to its investors. AMC now has a realigned role, supporting the implementation of our new approach to equity investing. This new approach includes strengthening staff skill sets in order to source and manage key assets and create value, improving our handling of equity investments from inception to divestment/exit, and sharpening our focus on macro-economic issues in new business analysis and portfolio decision-making.

As of June 30, 2020, AMC had raised approximately \$10.1 billion, including about \$2.3 billion from IFC. It manages 12 investment funds covering equity, debt, and fund-of-fund products on behalf of a wide variety of institutional investors, including sovereign wealth funds, pension funds, and development-finance institutions. In FY20, AMC funds committed \$63 million to 5 investee companies and exited 14 investments with a combined cost basis of \$657 million.

AMC FUNDS

IFC Capitalization Fund: The \$3 billion IFC Capitalization Fund consists of two subfunds — an equity fund of \$1.3 billion and a subordinated debt fund of \$1.7 billion. Launched in 2009, the fund helped systemically strengthen systemic banks in emerging markets, bolstering their ability to cope with financial and economic downturns. As of June 30, 2020, the fund had made 41 investment commitments totaling \$2.8 billion.

IFC African, Latin American, and Caribbean Fund: The \$1 billion IFC African, Latin American, and Caribbean Fund was launched in 2010. The fund makes equity and equity-related investments across a range of sectors in Sub-Saharan Africa and in Latin America and the Caribbean. As of June 30, 2020, the fund had made 39 investment commitments totaling \$879 million.

Africa Capitalization Fund: The \$182 million Africa Capitalization Fund was launched in 2010 to invest in systemic commercial-banking institutions in Africa. As of June 30, 2020, the fund had made eight investment commitments totaling \$130 million.

IFC Catalyst Fund: The \$418 million IFC Catalyst Fund was launched in 2012 and invests in funds that provide growth capital to companies developing innovative ways to address climate change in emerging markets. It also may invest directly in those companies. As of June 30, 2020, the fund had made 22 commitments totaling \$386 million.

IFC Global Infrastructure Fund: The \$1.2 billion IFC Global Infrastructure Fund was launched in 2013 and makes equity and equity-related investments in the infrastructure sector in emerging markets. As of June 30, 2020, the fund had made 22 investment commitments totaling \$702 million.

China-Mexico Fund: Launched in 2014, the \$1.2 billion China-Mexico Fund is a country-specific fund that makes equity, equity-like, and mezzanine investments along with IFC in Mexico. It focuses on infrastructure alongside other sectors, including manufacturing, agribusiness, services, and banking. As of June 30, 2020, the fund had made three investment commitments totaling \$320 million.

IFC Financial Institutions Growth Fund: The \$505 million IFC Financial Institutions Growth Fund is a follow-on fund to the IFC Capitalization Fund and makes equity and equity-related investments in financial institutions in emerging markets. As of June 30, 2020, the fund had made eight investment commitments totaling \$178 million.

IFC Global Emerging Markets Fund of Funds: Launched in 2015, the \$800 million IFC Global Emerging Markets Fund of Funds invests mainly in private equity funds that are focused on growth companies in various sectors across emerging and frontier markets. The fund also invests directly in such companies. As of June 30, 2020, the fund had made 30 investment commitments totaling \$756 million.

IFC Middle East and North Africa Fund: Launched in 2015, the \$162 million IFC Middle East and North Africa Fund makes equity and equity-related investments in the MENA region. As of June 30, 2020, the fund had made four investment commitments totaling \$66 million.

Women Entrepreneurs Debt Fund: The \$115 million Women Entrepreneurs Debt Fund, launched in 2016, extends senior loans to commercial banks for on-lending to women-owned small and medium enterprises in emerging markets. This is a component of the \$600 million Women Entrepreneurs Opportunity Facility, a partnership established in March 2014 between IFC and the Goldman Sachs *10,000 Women* initiative. As of June 30, 2020, the fund had made investment commitments to 10 banks amounting to \$110 million.

IFC Emerging Asia Fund: The \$693 million IFC Emerging Asia Fund, launched in 2016, makes equity and equity-like investments across all sectors in emerging markets in Asia. As of June 30, 2020, the fund had made eight investment commitments of \$171 million.

Our Industry Expertise

IFC's leadership role in sustainable private sector development reflects the depth and breadth of expertise we have acquired over 60 years of helping emerging-market firms succeed and grow. This is a unique advantage in the marketplace.

We leverage our global industry knowledge to tackle the biggest development challenges of our era — including unemployment, climate change, and food and water security.

AGRIBUSINESS AND FORESTRY

Agribusiness plays an important role in poverty reduction. The agricultural sector accounts for at least half of gross domestic product and employment in many developing countries — making it a priority for IFC.

We provide financing and advisory support for the private sector to address the demand for food in an environmentally sustainable and socially inclusive way.

IFC offers long-term financing and working-capital solutions to help clients finance inputs, including seeds, fertilizers, and crop-care chemicals for farmers.

We pursue investments in logistics and infrastructure such as warehouses and cold chains to improve the efficiency of supply chains and reduce food waste. To improve agricultural productivity, we work to expand the adoption of efficient operational techniques and technologies that allow the best use of inputs and resources and help mitigate climate-change impacts. IFC also provides advisory support to strengthen client operations, increase operational capacity of smallholder farmers, address climate-change impacts, improve food safety, and unlock new

markets. Along with the Disruptive Technologies and Venture Capital team, we invest in AgTech solutions that positively impact farm yields and farmer incomes while improving efficiencies and reducing waste.

In FY20, our new long-term commitments for our own account in agribusiness and forestry totaled about \$1.1 million.

DISRUPTIVE TECHNOLOGIES AND FUNDS (CDF)

The rise of digital technologies in emerging markets has enormous potential to accelerate economic growth, social inclusion, innovation, job creation, and access to high-quality services that would have been unimaginable even a decade ago.

Disruptive Technologies and Funds supports promising startups along the entire entrepreneurship ecosystem from seed stage to growth equity, leading to mainstream business debt financing, equity, and lending opportunities. We invest in early stage to growth-stage companies and funds that offer innovative technologies or business models geared at emerging markets in areas including health care, education, agriculture, e-commerce, logistics, mobility, and clean technology.

IFC is one of the world's largest investors in emerging markets funds, with a portfolio of \$8.9 billion in total commitments in 356 funds. The CDF portfolio amounts to \$5.2 billion in total commitments, including \$4.7 billion in 271 growth equity, venture capital, and seed funds* and \$502 million in 50 direct and co-investments.

In FY20, our new commitments for our own account totaled \$608 million, with a total of \$15 million mobilized.

FINANCIAL INSTITUTIONS

Well-functioning, inclusive, and sustainable financial markets ensure efficient resource allocation and are essential for achieving the World Bank Group's twin goals to end extreme poverty and boost shared prosperity, as well as meeting the United Nations' Sustainable Development Goals.

IFC is committed to developing the financial sector in emerging markets through institution building, the use of innovative financial products, and mobilization, with a special focus on medium and small enterprises. IFC's work in this space helps strengthen financial institutions and overall financial systems, expanding existing capital markets and creating new ones, which includes bolstering their environmental and social risk management practices. This allows IFC to support indirectly a broad

*Does not include AMC and Sector funds.

spectrum of enterprises and enables the growth of digital financial services delivery channels to a far greater extent than we would be able to support on our own.

As IFC operates through financial intermediaries, we support them to become more involved in priority sectors — such as women-owned businesses, affordable housing, or climate-smart projects — and in fragile and conflict-affected states, as well as in insurance and social services.

In FY20, our new long-term commitments for our own account in financial markets totaled about \$5.8 billion.

HEALTH AND EDUCATION

Health care and education are basic human needs — but they remain beyond the reach of many people in developing countries.

Expanding access to health care and education is a central element of any strategy to end poverty and boost prosperity. The COVID-19 health crisis has shown key vulnerabilities in health systems, and IFC is focused on improving access to essential medical products and health-care services. IFC supports health-care providers and life-sciences companies by providing financing and advisory support, sharing industry knowledge, raising management and clinical standards, improving adherence to global quality standards for medicines, and encouraging public-private sector collaboration.

In education, we support private tertiary education and technology-based solutions to complement the work of the public sector and to create more opportunities for people in rapidly changing economies. IFC also supports collaboration between the public and private sectors to improve education access and quality.

IFC is the world's largest multilateral investor in private health care and education. In FY20, our new long-term commitments for our own account in health and education totaled about \$667 million.

INFRASTRUCTURE

Sustainable infrastructure is critical for addressing developmental challenges in emerging markets. IFC offers long-term financing and industry-leading expertise to develop infrastructure projects that

provide essential services — including electricity, telecommunications, transportation, water and sanitation — in partnership with the private sector.

Energy

IFC finances electricity generation, transmission, and distribution projects across a range of technologies, with an emphasis on low-cost renewable energy. We are also the leading financier of low-cost renewable energy, such as hydropower, wind, and solar. IFC also finances transmission, distribution, storage, and other energy infrastructure.

In FY20, our new long-term commitments for our own account in this sector totaled about \$746 million.

Environmental and Municipal Infrastructure

IFC is committed to expanding access to clean water and improved sanitation in developing countries. We ensure municipal authorities provide reliable services in a sustainable and affordable way. We provide financing, advisory services, and project development support for municipal and regional governments and private companies to enhance opportunities for improving growth and efficiency.

In FY20, our new long-term commitments for our own account in this sector, which includes our Cities engagements, totaled about \$414 million.

Cities: IFC forms strategic partnerships with cities around the world to offer solutions in areas such as urban transport, street lighting, affordable housing, energy efficiency, and climate resilience. IFC mobilizes commercial financing for priority projects, connects cities with capital markets, and leverages World Bank and private sector expertise to facilitate infrastructure projects.

Mining

IFC has decades of experience providing finance and sustainable business solutions in the mining sector. Our contributions include mitigating environmental and social risk, providing advice on community engagement, and implementing shared-use infrastructure. We finance mining projects across the development stage, including construction, production, and expansion, with a focus on impact investing for sustainable economic growth.

In FY20, our new long-term commitments for our own account in this sector totaled about \$62 million.

Telecommunications, Media & Technology

IFC is a leader in the Telecommunications, Media, and Technology sector in emerging markets globally, building critical infrastructure, financing companies, and helping close the digital divide. We focus on supporting mobile network operators — mainly in challenging and less developed markets where the digital divide hinders development. We also finance digital infrastructure — broadband networks, telecommunications towers, and data centers — that are critical enablers of the digital economy.

In FY20, our new long-term commitments for our own account in this sector totaled about \$21 million.

Transportation

IFC investments help modernize ports, airports, roads, railways, and other transportation infrastructure that can bolster international trade, create jobs, and reduce urban congestion. We focus on projects that reduce transportation costs, relieve bottlenecks, facilitate international trade, mitigate climate effects, and create jobs through efficiency upgrades and modernization, which are critical for economic development and growth.

In FY20, our new long-term commitments for our own account in this sector totaled about \$254 million.

Sustainable Infrastructure Advisory

In addition to financing, IFC offers advisory services to help companies increase benefits to the communities where they operate, including through supply chains and royalty payments. Our work enables communities and companies to share value and sustain good relationships.

MANUFACTURING

The manufacturing sector plays a vital role in creating opportunity and reducing poverty in developing countries. We work with our clients to increase production scale and complexity — introducing more value-added manufactured products and using more advanced industrial-process technologies. Fostering the production of basic materials such as cement, chemicals, and metals can have a ripple effect across value chains — with the potential to create formal jobs in manufacturing as well as in associated services.

We have maintained our focus on manufacturing, including in construction materials, textiles and garments, industrial equipment, and transportation machinery. We invest in and advise companies that seek a more complex model of production. We promote best practice standards in areas such as energy efficiency, carbon emissions, human resources, and gender. We also provide advisory support on improving workforce and operational productivity for mid-size manufacturing clients.

In FY20, our new long-term commitments for our own account in the manufacturing sector totaled about \$664 million.

TOURISM, RETAIL, AND PROPERTY

The tourism, retail, and property sectors contribute significantly to job creation, tax revenues, and economic growth for developing countries.

Our investments promote the development of business-enabling infrastructure — including business hotels, warehousing, and commercial property. We work with our retail and hotel clients to create jobs, increase tax revenues, improve business and trading conditions along their value chains, and raise labor standards. We also invest in property companies to expand affordable housing. In each of these areas, green buildings play a key role in our investment and advisory work.

In FY20, our new long-term commitments for our own account in tourism, retail, and property totaled about \$635 million.

MEASURING UP

It is often said that what is measured gets done. Measuring the results of IFC's work — and evaluating our effectiveness — is fundamental to our approach to development.

Understanding Our Development Impact

IFC has developed a comprehensive system to guide operations to maximize development impact and improve our performance each year. Potential projects are analyzed by an assessment of anticipated development impact that informs project selection and design. This is deepened by regular monitoring of operational project results and, eventually, selective evaluation of mature projects to identify impacts achieved and lessons learned.

AIMM—ASSESSING EXPECTED DEVELOPMENT IMPACT AND MEASURING RESULTS

The Anticipated Impact Measurement and Monitoring (AIMM) system, launched in July 2017, is IFC's development impact rating system. Potential projects are rated ex-ante and selected based on their expected development outcomes. This approach enables us to set ambitious yet achievable targets, select projects with the greatest potential for development impact, and optimize project design.

The AIMM system assesses a project's outcomes as well as its effect on market creation. It looks at how project beneficiaries — including employees, customers, and suppliers — are affected. It also examines broader effects on the economy and society. With the AIMM system, IFC can examine how a project promotes objectives that contribute to the creation of markets — by enhancing competitiveness, resilience, integration, inclusiveness, and sustainability. Ultimately, the system helps IFC maintain a line of sight from our intermediate objectives to the World Bank Group's twin goals and the United Nations Sustainable Development Goals.

The AIMM system incorporates country context in its assessments and captures greater development impact potential in projects that seek to address the widest gaps in the most difficult environments.

AIMM Development Gaps Visualization Tool

The AIMM Development Gaps Visualization Tool provides information about cross-country gap indicators used in AIMM assessments to identify and benchmark the development challenges IFC seeks to address through its interventions across sectors. This information can also inform analytics for Upstream, strategy, and portfolio work streams across IFC.

Benchmarks and thresholds in the visualization tool reflect those defined in AIMM sector frameworks, following AIMM benchmarking guidelines. The underlying data are updated every year. The tool has a user-friendly interface that allows users to customize visualization options, including distribution, correlation, and trend charts, as well as filters to focus on specific sector gaps and country groupings.

WHAT EX-ANTE AIMM SCORES SAY ABOUT IFC'S DEVELOPMENT IMPACT

At the start of FY20, IFC established development impact targets for projects committed in the fiscal year. For projects committed in FY20, these targets are: (1) an average ex-ante AIMM score of at least 50; and (2) at least 15 percent of committed projects rated “Very Strong” for market creation potential. This is the second year in which IFC has defined in quantitative terms our development impact ambitions for new projects at the start of a fiscal year.

In FY20, IFC committed 215 projects that were AIMM-scored compared to 187 projects scored in FY19. The average AIMM score for projects committed during FY20 was 51, versus 50¹ in FY19, and just above the annual target. Of the 215 projects, 18 were rated “Very Strong” for market creation potential, corresponding to an 8 percent share of all AIMM-scored projects. This percentage is well below the 15 percent ambition IFC set as a target. It is also below the 12 percent share in FY19. A contributing factor for this drop-off was the emergence of the COVID-19 crisis, which prompted IFC to invest heavily in supporting existing clients' operations and affected our ability to commit projects with “Very Strong” market creation potential.

Nearly three in four (74 percent) AIMM-scored projects committed in FY20 received an AIMM rating of “Good” compared to more than half (58 percent) in FY19. Strong commitment performance for COVID-19 response projects during the last quarter of FY20 likely contributed to this increase in the share of projects rated “Good.”

The tables on the next page summarize key outcomes from the second year of implementing the AIMM system on an ex-ante basis.

While IFC doesn't disclose individual project AIMM scores, several notable AIMM-scored projects committed in FY20 underscored IFC's key contributions to addressing the most urgent development challenges, including:

- *IFC played an important role in sustaining livelihoods and preserving the private sector's capacity to support the economic recovery from COVID-19, as exemplified by our financial support to **Hattha Kaksekar Limited (HKL) and Amret Plc., Cambodia.*** The unprecedented global shock triggered by COVID-19 caused sharp decelerations in most of Cambodia's main engines of growth in the first quarter of 2020. IFC financing will help HKL and Amret increase their working capital lending programs to Cambodian micro, small, and medium enterprises (MSMEs) that have been affected

by COVID-19, particularly those in the garment, tourism, and construction sectors. At least 30 percent of this investment is expected to be used by HKL and Amret to provide working capital to women borrowers and women-owned and led MSMEs in Cambodia.

- *Sub-Saharan Africa continued to feature prominently in IFC's infrastructure portfolio, as demonstrated by our investment in **Kahone Solaire SA, Senegal.*** This joint World Bank Group Project supports Senegal's efforts to increase private participation in the renewable energy sector. The Project was developed under the World Bank Group's Scaling Solar Program, which is designed to establish competitive procurement modalities for utility-scale solar projects in the country, enhancing market competitiveness and improving resilience of the power system. The Project consists of the design, construction, interconnection, ownership, and operation of two solar photovoltaic (PV) power plants in Senegal, the 44 Megawatt peak (MWp) Kahone plant and the 35 MWp Touba plant.
- *The Middle East and North Africa also remains a priority region for IFC, as demonstrated by our financing for **Classic Fashion Apparel Industry Ltd. Co., Jordan.*** IFC financing will help Classic Fashion Apparel Industry ramp up its current production of technical garment and denim products and increase exports by \$100 million annually by the following year. In the next five years, exports are expected to double to \$1 billion annually. By expanding its garment production and doubling its revenue, Classic Fashion Apparel Industry will contribute to about 25 percent of the growth of the garment sector in Jordan.
- *In South Asia, and through innovative financing commitments delivered to **NMB Bank Limited, Nepal,** we maintained our focus on environments where the development challenges faced by the underserved are most acute.* This is IFC's first climate-focused lending project in Nepal to incorporate the internationally recognized Green Loan Principles. Until now, no bank in Nepal has adopted the Green Loan Principles, and there are no established green building standards. Through

1. The FY19 Annual Report references an AIMM score average of 64, which translates to 50 under the new scoring methodology instituted in FY20.

Average AIMM Scores for Committed Projects in IDA/FCS Countries and for Blended Finance

DESCRIPTION	AVERAGE AIMM SCORE	
	FY20	FY19
Committed projects in FCS countries	55	54
Committed projects in FCS/LIC/IDA17 countries	57	55
Committed projects in IDA countries	54	53
Committed projects using blended finance	55	57

Committed Projects: Ex-Ante AIMM Score by Region

BY REGION	FY20				FY19			
	NUMBER OF PROJECTS SCORED	AIMM SCORE AVERAGE	RATED VERY STRONG MARKET		NUMBER OF PROJECTS SCORED	AIMM SCORE AVERAGE	RATED VERY STRONG MARKET	
Sub-Saharan Africa	51	54	6	12%	44	52	8	18%
Latin America and the Caribbean	37	46	0	0%	38	45	4	11%
East Asia and the Pacific	36	52	2	6%	37	51	5	14%
Middle East and North Africa	17	54	2	12%	12	43	2	17%
Europe and Central Asia	32	44	3	9%	14	48	2	14%
South Asia	32	53	3	9%	34	53	0	0%
Global	10	54	2	20%	8	55	2	25%
IFC	215	51	18	8%	187	50	23	12%

Committed Projects: Ex-Ante AIMM Score by Industry

BY INDUSTRY	FY20				FY19			
	NUMBER OF PROJECTS SCORED	AIMM SCORE AVERAGE	RATED VERY STRONG MARKET		NUMBER OF PROJECTS SCORED	AIMM SCORE AVERAGE	RATED VERY STRONG MARKET	
Manufacturing, Agribusiness, and Services	71	51	3	4%	63	49	3	5%
Financial Institution Group	84	50	7	8%	84	48	8	10%
Infrastructure and Natural Resources	39	53	7	18%	19	53	4	21%
Disruptive Technologies and Funds ²	30	48	2	7%	34	56	10	29%
IFC³	224	51	19	8%	200	52	25	13%

2. This is a new department in FY20 that includes all sub-sectors from the predecessor, FY19 department (Telecom, Media, Technology, and Venture Investing) except telecommunications infrastructure.

3. The industry totals for FY19 and FY20 do not match regional totals because of joint ventures between industries. Each industry is allocated a full project count for each joint venture in which it participates.

this investment, IFC will extend long-term financing to one of Nepal's fast-growing commercial banks to support green projects and SMEs. This will help facilitate access to finance for SMEs and provide long-tenor credit to climate finance projects.

- *Finally, in sectors where the private sector has been particularly reluctant to invest, IFC has deployed concessional funds (blended finance) to help demonstrate the viability of companies such as exemplified by our work with **Kaebauk Investimentu no Finansas, Timor-Leste**. This project is part of a holistic farming-to-financing approach that addresses financing gaps in a critically important sector. With the support of concessional funds from the IDA Private Sector Window, IFC is improving productivity in agribusiness by developing a sufficient flow of bankable agribusiness financing opportunities, which will provide more and better financial access to underserved farmers, and agri-enterprises, including those owned by women.*

LATEST AIMM DEVELOPMENTS IN FY20

IFC has now assessed over 1,400 investment projects for their expected development impact and assigned ex-ante — or expected — AIMM scores to each.

Notable developments in FY20 included the following:

- IFC revised the AIMM scoring methodology to improve the transparency of the rating scale while preserving key features of the assessment methodology and formula-based scoring system. Scores reflected in this report are based on the new scoring scale, including scores from FY19 that have been re-scaled according to the new methodology.
- IFC provided technical assistance to a range of impact investors on the AIMM system, supporting efforts to harmonize approaches to impact measurement.
- IFC expanded the AIMM system's capacity to measure impact and better articulate the development results for its Advisory Services (AS) portfolio. The AIMM framework for AS began pilot implementation in the first quarter of FY20, with an incremental rollout based on project size and complexity. IFC will review the AIMM4AS pilot, solicit feedback and decide on the way forward in FY21.
- Toward the end of the third quarter of FY20, IFC introduced an adaptation of the AIMM framework to accommodate the deployment of new global facilities to help our clients respond to the effects from the COVID-19 pandemic.
- Finally, over the past fiscal year, we aligned our portfolio monitoring methodology with the AIMM system. IFC now uses portfolio AIMM scores to complement ex-ante AIMM scores in assessing how well its projects are living up to their original impact ambitions.

Job Creation

Based on a conservative estimate, IFC will contribute to the creation of 1.9 to 2.2 million jobs over the lifetime of the projects it financed in FY20. These estimates include direct and indirect jobs generated and are derived from projects accounting for about 80 percent of IFC's FY20 investment commitments⁴

Climate Change

IFC and the World Bank Group recognize climate change as an acute threat to global development that increases instability and contributes to poverty, fragility, and migration. Climate action is also an investment opportunity for the private sector. IFC has been in the climate business space since the 1980s, when it began supporting simple project finance of renewables, and has since diversified into green buildings, green finance, climate-smart agribusiness, and other sectors. In FY20, committed investment projects are expected to help our clients reduce annual greenhouse gas emissions by 8.1 million tons of carbon dioxide equivalent.

4. Employment estimates are computed for individual projects using IFC's economic impact assessment framework. The framework comprises sector-specific models and a variety of assumptions across countries and sectors. For financial intermediaries, the estimate includes on-lending of IFC funds only. Client banks' portfolios grow more than the IFC funding alone, partly because IFC's contribution catalyzes additional funding and partly because the growth is contractually agreed with IFC. This additional expansion, which is hard to attribute precisely, could represent the creation of several million jobs.

WHAT PORTFOLIO RESULTS SAY ABOUT HOW IFC IS MANAGING ITS PORTFOLIO

At the end of FY20, IFC had 2,969 active investment projects in its portfolio. Because most of these projects pre-dated AIMM scoring, IFC backfilled AIMM scores on a representative sample of IFC's investment portfolio. The portfolio AIMM score for FY20 provides several broad insights into the trajectory of IFC's impact delivery:

- The average portfolio AIMM score for FY20 was 44. In comparison, the ex-ante AIMM score assigned to these same projects was also 44, suggesting that at the portfolio level, what IFC expected to deliver with respect to development outcomes appears to have been delivered during project implementation.

- When compared to the ex-ante average of 51 for AIMM-scored projects committed in FY20, the FY20 portfolio AIMM score average of 44 as well as the ex-ante AIMM score average for projects approved prior to the introduction of the AIMM framework (40) suggest that IFC's impact ambitions have increased. This is consistent with IFC's current objective of "creating markets" where the premium is on accelerating the conditions for private sector-led development.
- Between FY19 and FY20, the portfolio AIMM score average increased from 42 to 44. This increase was due entirely to FY19 projects (and their higher scores as described above) entering the portfolio in FY20.

Investment Services AIMM Score by Industry

BY INDUSTRY	FY20		FY19	
	AIMM SCORE AVERAGE	RATED VERY STRONG MARKET	AIMM SCORE AVERAGE	RATED VERY STRONG MARKET
Manufacturing, Agribusiness, and Services	41	3%	38	3%
Financial Institution Group	44	9%	42	10%
Infrastructure and Natural Resources	49	23%	48	23%
Disruptive Technologies and Funds ⁵	45	18%	41	14%
IFC	44	11%	42	11%

Investment Services AIMM Score by Region

BY REGION	FY20		FY19	
	AIMM SCORE AVERAGE	RATED VERY STRONG MARKET	AIMM SCORE AVERAGE	RATED VERY STRONG MARKET
Sub-Saharan Africa	47	16%	46	16%
Latin America and the Caribbean	37	8%	35	7%
East Asia and the Pacific	47	11%	45	10%
Middle East and North Africa	44	21%	45	25%
Europe and Central Asia	39	7%	37	6%
South Asia	47	7%	46	9%
Global	43	10%	35	0%
IFC	44	11%	42	11%

5. This is a new department in FY20 that includes all sub-sectors from the predecessor, FY19 department (Telecom, Media, Technology, and Venture Investing) except telecommunications infrastructure.

Development effectiveness of Advisory projects is assessed at project completion. In FY20, 134 Advisory projects qualified for ex-post evaluation were completed during the period and were self-assessed

for development-effectiveness ratings. Similar to the performance of FY19, 73 percent of the projects were rated mostly successful or better, above the IFC target of 65 percent.

Advisory Services Development Effectiveness Score⁶ by Region

	FY20	FY19
Global ⁷	67%	100%
Sub-Saharan Africa	66%	68%
South Asia	86%	70%
Middle East and North Africa	88%	67%
Latin America and the Caribbean	75%	64%
Europe and Central Asia	75%	94%
East Asia and the Pacific	70%	74%
IFC	73%	73%

Advisory Services Development Effectiveness Score⁸ by Business Area⁹

	FY20	FY19
Financial Institutions Group	79%	79%
Manufacturing, Agribusiness, and Services	67%	70%
Infrastructure and Natural Resources	57%	100%
Disruptive Technologies and Funds	100%	0%
Transaction Advisory	69%	59%
Other Advisory, including Environment, Social and Governance	63%	100%
Advisory via Equitable Growth, Finance and Institutions (GPs)	77%	74%
IFC	73%	73%

IFC's investment and advisory services clients struggled to report data due to COVID-19. In light of the situation, IFC management decided to extend reach data collection to ensure proper quality control and external assurance. Completed data will be posted on the electronic version of the IFC annual report once finalized, available at: www.ifc.org/annualreport.

IFC operations contribute to several Sustainable Development Goals (SDGs) through its direct investments and advisory services. Integral to IFC's mandate and aligned with the WBG's twin goals are SDGs 1 and 10: "No Poverty" and "Reduced Inequality." At the strategic sector level, IFC promotes investment and advisory projects in infrastructure, agriculture, financial inclusion, health and education — aligned with SDGs 2, 3, 4, 6, 7, and 9.

6. Development Effectiveness Score is calculated as the percentage of projects rated mostly successful or better in total number of advisory projects rated in ex-post evaluation for a fiscal year.

7. The FY19 and FY20 DE for Global are based on less than 5 rated projects.

8. The FY19 and FY20 DE for Disruptive Technologies and Funds, and FY20 DE for Infrastructure & Natural Resources and Other Advisory, including Environment, Social & Governance are based on less than 5 rated projects.

9. The business grouping is different from last year to reflect the re-alignment of Advisory Services. The FY19 data is also recalculated as the comparators.

Across sectors and regions, IFC seeks to promote employment creation and economic growth, gender equality, environmental and social sustainability, and climate-change adaptation and mitigation — aligned with SDGs 8, 5, 12, and 13, respectively. Furthermore, IFC has prioritized partnership with private investors to mobilize new sources of finance — aligned with SDG 17.

IFC's results-measurement framework that comprises mostly sector-level outcome indicators, including Harmonized Indicators for Private Sector Operations (HIPSO) enables it to maintain a line of sight between IFC's objectives and the SDGs.

WHAT IFC LEARNED FROM SELF-EVALUATION RESULTS

IFC undertakes specific sectoral and country-level assessments of its programs to fill knowledge gaps and provide real-time solutions with a strong feedback loop into operations. To strengthen and enhance this initiative, IFC will launch a revamped approach to evaluation enabling us to implement the World Bank Group Evaluation Principles. This is expected to increase the use of self-evaluation findings to influence IFC's efficiency and effectiveness, inform key priorities, and improve the articulation and delivery of IFC 3.0. It includes a three-year work program, a structured process to enhance selectivity and visibility, and an increased focus on technical rigor and consistency.

In FY20, IFC completed 10 evaluations. Eleven (11) active evaluations had extended completion dates due to COVID-19. There are 39 active evaluations in the portfolio. Key findings of selected evaluations completed in FY20 include:

The Women Entrepreneurs Opportunity Facility (WEOF) Assessment

An assessment of the Women Entrepreneurs Opportunity Facility (WEOF), a partnership between Goldman Sachs *10,000 Women* and IFC Banking on Women showed that the facility has delivered \$1.45 billion in investments over the past five years for local financial institutions to lend to women-owned businesses. This first-of-its-kind finance facility has supported nearly 53,000 entrepreneurs in developing countries through 53 financial institutions across 33 countries as of October 2019. WEOF has surpassed its original goals set at its launch in 2014 — having already delivered more than double its

initial goal of mobilizing \$600 million for emerging-market financial institutions to lend to women-owned small and medium enterprises (SMEs).

WEOF-participating financial institutions are reporting healthy growth and strong asset quality in their women-owned SME portfolios, results that will help develop a more inclusive financial market and narrow the \$1.5 trillion finance gap faced by women-owned businesses. Five years in, WEOF is reinforcing the impact of focusing on women, including better gender disaggregated data and initial results pointing to women as a stronger borrower base.

Investment Climate Reform Program, Ethiopia

The program implemented reforms in investment policy, business entry and operations, and trade logistics areas. The key findings of the evaluation are:

- Investment policy reforms contributed to Ethiopia's substantial increase in FDI over the past few years (net FDI inflows grew from \$1.8 billion in 2014 to \$3.6 billion in 2017). IFC support was attributed with between \$228 million and \$281 million of additional investment. This includes a share of investment triggered by sector-specific interventions, through which 32 foreign investors were attracted to Ethiopia, generating between \$43 million and \$96 million of investment while creating 5,600 to 11,400 new jobs.
- Business entry and operation reforms generated business cost savings estimated at \$34 million.
- Trade logistics reforms and subsequent reduced time to trade were estimated at \$61 million cost savings.

OUR PEOPLE & PRACTICES

IFC's corporate culture reflects our commitment to alleviating poverty and creating opportunity for the most vulnerable people in the developing world.

Our Staff and Governance

OUR PLACE IN THE WORLD BANK GROUP

The World Bank Group is a vital source of financial and technical assistance to developing countries. IFC is one of five members of the Bank Group, although IFC is a separate legal entity with separate articles of agreement, share capital, financial structure, management, and staff.

Membership in IFC is open only to member countries of the World Bank. As of June 30, 2020, IFC's paid-in capital of about \$19.57 billion was held by 185 member countries.

Our Member Countries — Strong Shareholder Support

OUR MEMBER COUNTRIES	PERCENTAGE OF CAPITAL STOCK
United States	22.19
Japan	6.33
Germany	5.02
France	4.72
United Kingdom	4.72
India	4.01
Russian Federation	4.01
Canada	3.17
Italy	3.17
China	2.41
175 OTHER COUNTRIES	40.25

IFC works with the private sector to create opportunity where it's needed most. Since our founding in 1956, we have committed more than \$267 billion of our own funds for private sector investments in developing countries, and we have mobilized more than \$54 billion more from others.

In working to end extreme poverty and to boost shared prosperity, we collaborate closely with other members of the Bank Group.

OUR BOARD

Each of our member countries appoints one governor and one alternate. Corporate powers are vested in the Board of Governors, which delegates most powers to a board of 25 directors. Voting power on issues brought before them is weighted according to the share capital each director represents.

The directors meet regularly at World Bank Group headquarters in Washington, DC, where they review and decide on investments and provide overall strategic guidance to IFC management. The President of the World Bank Group is also President of IFC.

EXECUTIVE COMPENSATION

The salary of the President of the World Bank Group is determined by the Board of Directors. The salary structure for the IFC Chief Executive Officer (CEO) is determined by positioning a midpoint between the salary structure of staff at the highest level, as determined annually by independent U.S. compensation market surveys, and the salary of the World Bank Group President. The compensation of our executive leadership is transparent.

IFC CEO Philippe Le Houérou received an annual salary of \$433,000, net of taxes.

Accountability and Oversight

At IFC, we strive to unlock new, innovative opportunities for the communities in which we work, but we are also accountable to the people that are affected by the projects we finance. IFC has taken significant steps to enhance our accountability and transparency practices in the last few years: ours are now among the most robust of any international financial institution. It began by reexamining our approach and committing to one in which we proactively solve issues when we first become aware of them and course correct in real time. We have also committed to a series of additional transparency measures that are critical in ensuring public confidence that we are applying the highest standards to our projects.

Importantly in FY20, the Board undertook an independent external review to further enhance IFC's accountability. An expert panel produced a report with recommendations that the Board will consider later this year. In addition to improving accountability, the recommendations aim to better address the concerns of communities impacted by IFC-financed projects.

ACCOUNTABILITY

ENVIRONMENTAL AND SOCIAL (E&S) POLICY AND RISK DEPARTMENT

In 2019, IFC made two important structural changes to improve our E&S policy and risk oversight, in support of our strategy to increase our engagement in challenging markets. First, to increase the ownership of environmental, social, and governance (ESG) issues by investment and advisory project teams, our ESG Advice and Solutions department was integrated with Operations. At the same time, to act as custodian of IFC E&S policies and standards and serve as a “regulator” of our E&S functions, we created a new E&S Policy and Risk department reporting directly to the CEO. The new department oversees high-risk IFC projects, supports stakeholder grievance response by project teams, and can mobilize a rapid response team as needed for complex and sensitive projects.

OFFICE OF THE COMPLIANCE ADVISOR OMBUDSMAN

Communities affected by adverse environmental and social impacts of IFC projects may voice their concerns to the Office of the Compliance Advisor Ombudsman (CAO), the independent accountability mechanism for IFC. CAO reports directly to the President of the World Bank Group.

CAO is mandated to address complaints from people affected by IFC projects in a manner that is fair, objective, and equitable — with the objective of enhancing environmental and social project outcomes and fostering greater public accountability of IFC.

CAO works to resolve issues between affected communities and IFC project operators using a collaborative problem-solving approach through its dispute-resolution function. CAO's compliance function independently verifies project due diligence and policy compliance to ensure that IFC project outcomes are aligned with their environmental and social commitments. Through its advisory function, CAO delivers learning on broader environmental and social concerns to improve institutional performance.

In FY20, CAO's caseload comprised 59 cases related to IFC and MIGA projects in 33 countries. Of these,

eight were new eligible complaints, and CAO closed 12 cases during the year. More information about how IFC is engaging with CAO's work is available at www.cao-ombudsman.org.

INDEPENDENT EVALUATION GROUP

The Independent Evaluation Group (IEG) is an independent unit that reports directly to the World Bank Group's Board of Directors. IEG's mission is to strengthen World Bank Group institutions through evaluations that inform strategies and future work — and lead ultimately to greater development effectiveness.

IEG assesses the results of IFC operations and offers recommendations for improvement. IEG also contributes to internal learning by informing new directions, policies and procedures, and country and sector strategies. This year, IEG evaluated IFC's contributions to creating markets and mobilizing private capital under its new strategy — IFC 3.0. IEG recommended enhancing understanding of market-creating opportunities, increasing access to markets for underserved groups, and regularly assessing IFC's risk-taking capabilities to carry out activities in economies that are structurally weak.

IEG's annual reviews of World Bank Group results and performance and of other major reports are available on IEG's website at <http://ieg.worldbankgroup.org>.

OVERSIGHT

GROUP INTERNAL AUDIT VICE PRESIDENCY

Group Internal Audit (GIA) provides independent, objective, insightful risk-based assurance and advice to protect and enhance the value of the World Bank Group. GIA gives management and the Board of Directors reasonable assurance that processes

for managing and controlling risks — as well as their overall governance — are adequately designed and functioning effectively. GIA reports to the President and is under the oversight of the Audit Committee.

For more information on GIA, visit:
www.worldbank.org/internalaudit.

INTEGRITY VICE PRESIDENCY

Reflecting the World Bank Group's commitment to fight and prevent corruption, the Integrity Vice Presidency (INT) investigates allegations of fraud and corruption in Bank Group-financed projects and against Bank Group staff and corporate vendors. As an independent unit within the institution, INT plays a fundamental role in supporting the Bank Group's fiduciary responsibility over the development resources it manages, by pursuing sanctions against outside firms and individuals, and discipline against Bank Group staff, found to have engaged in fraud, corruption, collusion, coercion, or obstruction. Following sanctioning decisions, the Integrity Compliance Office engages with sanctioned firms and individuals in working toward meeting their conditions for release from sanction. In addition, preventive efforts by INT this year helped to identify and mitigate integrity risks in 14 sectors across 53 countries.

In FY20, the Bank Group sanctioned 49 firms and individuals. INT released 18 firms from sanction after they met requisite conditions. The Bank Group recognized 72 cross-debarments from other multilateral development banks (MDBs). Thirty-eight Bank Group debarments were eligible for recognition by other MDBs.

For more information and the World Bank Group Sanctions System Annual Report, visit www.worldbank.org/integrity.

To report suspected fraud or corruption in World Bank Group-financed projects, visit www.worldbank.org/fraudandcorruption.

Global Partnerships

Partnerships are critical to IFC's mission. Funding support from partners, for IFC's Upstream activities and advisory services and for blended finance, is an important element of delivering IFC 3.0 to increase shared prosperity and reduce inequality. This support from partners helps mitigate risks in creating new markets and developing new products to mobilize private sector investment.

We enhance the impact of our partnerships by collaborating with other development institutions and leveraging World Bank Group resources. Through partnerships, we're better facilitating knowledge transfer while building business and institutional capacity to take on significant challenges in the world's most difficult environments.

WORKING WITH DEVELOPMENT PARTNERS

IFC partners with more than 30 governments, 20 foundations and corporations, and a variety of multilateral and institutional entities. In FY20, our development partners committed \$288 million for IFC's Upstream and advisory services and \$22 million for blended finance initiatives to support private sector investments in countries most affected by fragility and conflict, as well as projects related to gender, climate, financial inclusion, sustainable infrastructure, agribusiness, and manufacturing.

We seek partners to join IFC's COVID-19 response, providing targeted support to preserve the private sector, rebuild economies, and deliver lifesaving

resources. Our pandemic response is grounded in recovery and resilience, which drives our Upstream work and focus on creating projects that will attract investment in developing countries.

We strengthen our partnerships through convening or participating in critical events, such as the Development Finance Forum, a World Bank Group flagship event that focuses on mobilizing private sector investment in select sectors and countries. The fifth Development Finance Forum took place in Côte d'Ivoire in October 2019 and addressed private sector development solutions in the Sahel region countries.

FY20 commitments from development partners included the following:

In Africa and the Middle East, new and existing initiatives received support from our development partners, including:

- The Kakuma Kalobeyi Challenge Fund is a competitive financing mechanism to incentivize private sector investments in the refugee-hosting areas of Kakuma and Kalobeyi in Kenya. It aims to enable better economic integration of displaced populations with host countries. The project received funding from Germany, the Netherlands, Switzerland, and the United Kingdom.
- In partnership with Norway, we have launched the Fragile and Conflict-Affected (FCS) Platforms for countries in the Sahel and Lake Chad region, as well as the Horn of Africa and Yemen. The aim of this initiative is to support local firms and private sector development, facilitate investments, and enhance employment opportunities and livelihoods.
- IFC's G-20 Compact with Africa Initiative (ISCA) and the Women Business and the Law Advisory Initiative for Africa is made possible through a partnership with Norway.
- The new MENA Private Sector Development (PSD) Program is partnering with the Netherlands to combine IFC's advisory services and blended concessional finance to catalyze private sector investment, promote entrepreneurship, and improve women and youth employment in the Middle East.
- In partnership with Sweden, Switzerland, and the United Kingdom, IFC launched the second phase of the MENA SME Facility to improve access to finance for micro, small, and medium-sized enterprises (MSMEs), promote sustainable job creation, and encourage private sector-led growth.

In Asia, the South Asia Regional Infrastructure Connectivity (SARIC) Program is a new partnership that seeks to accelerate investment into clean energy and transportation in the least integrated region in the world, with support from Australia. In Fiji, New Zealand joined Australia in providing additional support for IFC's efforts to promote private sector development and direct investment, support regulatory reform and boost SME development in the country.

In Europe and Central Asia, Austria, Sweden, Switzerland, and the United Kingdom contributed to several programs in the region:

- Austria supported early stage project development through the Sustainable Upstream Infrastructure Platform and IFC's Sustainable Cities program to promote green growth, better connectivity, and sustainable transport.
- Switzerland contributed to IFC's Public-Private Partnership transaction advisory and the promotion of direct investment through better environmental, social, and governance standards. Switzerland also provided funds to improve the competitiveness of the manufacturing sector in Serbia and North Macedonia, while its support of IFC's work in Ukraine promotes financial inclusion.
- In Moldova, IFC's partnership with Sweden is opening markets for the country's agricultural products and livestock. Sweden also supports agricultural competitiveness in Georgia.
- The United Kingdom provided support for good governance, including women's economic empowerment in Armenia and financial inclusion in Ukraine, specifically around access to financing and financial services.

Many global programs support our work across regions:

- Germany and the United Kingdom contributed to IFC's public-private partnerships advisory to create a pipeline of bankable infrastructure projects to mobilize private investment.
- The Joint Capital Markets Program (J-CAP) partnered with Norway and Germany to support the development of long-term financing and of well-regulated local capital markets. Switzerland contributed to the Global Capital Markets Program.
- Norway provided support to the Partnership for Resilient, Efficient, and Sustainable SMEs (PRESS) and Sourcing2Equal to close the access to markets

gap for women-owned SMEs through gender-inclusive sourcing.

- The Facility for Investment Climate Advisory Services (FIAS) received additional support from Austria and Ireland.
- In partnership with the United Kingdom, the TechEmerge Sustainable Cooling Innovation Program aims to improve efficiency, reduce energy consumption, and avoid GHG emissions by crowding in public and private sector financing for certified green buildings.
- In partnership with the United Kingdom and Denmark, the Development Impact Investment Network launched a three-year pilot focused on harmonized approaches in emerging markets.
- The United Kingdom, the European Union, and the United States contributed to efforts to reduce the costs associated with moving goods along international supply chains and align practices with the WTO trade facilitation agreement.
- The European Union continues to support Better Work to improve working conditions and respect for labor rights to boost competitiveness of the garment industry.
- Luxembourg continues to work with IFC to engage with financial institutions to counter money laundering in trade finance.
- Japan continues to support IFC projects across a broad scope of regions and sectors through its annual Comprehensive Japan Trust Fund (CJTF) contribution.
- Spain partnered with IFC to deliver Technical Assistance Activities in Latin America and Africa.
- IFC received funding from the Netherlands under the Partnership on Jobs and Education for Forcibly Displaced Persons (FDP) and Host Communities (PROSPECTS), which brings together IFC, the International Labor Organization (ILO), the UN Refugee Agency (UNHCR), the UN Children's Fund (UNICEF) and the World Bank.
- IFC also works in partnership with the BHP Foundation on the Disclosure to Development Program to enhance the effectiveness of financial data disclosures from the extractives industry.

Financial Commitments to IFC Advisory Trust Funds (US\$ million equivalent)

Summary	FY20	FY19
Governments	267.79	290.11
Institutional/Multilateral Partners	14.14	95.12
Corporations, Foundations, and NGOs	6.02	5.00
Total	287.95	390.23
Governments	FY20	FY19
Australia	7.19	2.75
Austria	7.19	3.15
Canada	0.00	2.66
Denmark	0.89	10.31
Finland	0.00	1.77
France	0.00	2.29
Germany	25.17	16.02
Ireland	0.66	1.04
Italy	0.00	9.00
Japan	9.37	8.26
Luxembourg	1.16	1.39
The Netherlands	52.25	84.01
New Zealand	2.50	6.57
Norway	19.37	15.09
Spain	3.39	0.00
Sweden	23.44	21.68
Switzerland	21.99	16.51
United Kingdom	90.15	76.60
United States	3.05	11.02
Total	267.79	290.11
Institutional/Multilateral Partners	FY20	FY19
Climate Investment Funds (CIF)	0.65	2.20
European Commission (EC)	6.85	73.07
Global Environment Facility (GEF)	0.85	0.00
Global Infrastructure Facility (GIF)	5.79	0.00
MENA Transition Fund	0.00	0.35
Private Infrastructure Development Group (PIDG)	0.00	19.50
Total	14.14	95.12
Corporations, Foundations, and NGOs	FY20	FY19
BHP Foundation	5.02	0.00
Stichting IKEA Foundation	0.00	5.00
Wells Fargo Foundation	1.00	0.00
Total	6.02	5.00

Financial Commitments to IFC Blended Finance Trust Funds (US\$ million equivalent)

Development Partner	FY20	FY19
Bill & Melinda Gates Foundation	0.00	5.00
New Zealand	0.00	2.50
The Netherlands	21.70	11.60
United Kingdom	0.00	102.51
Total	21.70	121.61

WORKING WITH INTERNATIONAL INSTITUTIONS

IFC engages with international institutions to strengthen the role of the private sector in development finance. These include the United Nations, the Organisation for Economic Co-operation and Development (OECD), multilateral development banks (MDBs), and development finance institutions (DFIs).

We are working with international institutions to help strengthen global partnerships to support and achieve the ambitious targets of the 2030 Agenda for Sustainable Development and focus our COVID-19 response efforts on the most vulnerable and fragile.

IFC supports the Global Investors for Sustainable Development (GISD) Alliance, convened by the UN Secretary-General in 2019, to leverage the insights of private sector leaders to identify sustainable solutions to scaling up and mobilizing finance and investment for the SDGs.

IFC collaborates with MDBs through the MDB Heads platform, providing a forum for the MDB system to

collaborate to promote private sector investment in the most vulnerable countries.

IFC also leads DFIs under the DFI Country Pilots, an initiative that aims to expand the impact of development partners in more fragile and challenging settings. As the COVID-19 crisis underlined a need for closer collaboration, IFC developed a new agreement, the Joint Collaboration Framework Agreement, covering a wide range of activities including on projects upstream of investment.

IFC led the development of the *Mobilization of Private Finance*, a joint report by MDBs and DFIs, of which 27 MDBs and DFIs participated. The third annual report of the series, published in August 2019, found that in low- and middle-income countries, MDBs and DFIs reported over \$69 billion in total private mobilization in 2018.

Portfolio Management

Building and proactively managing a portfolio that produces strong financial results and development impact is at the core of IFC's approach to portfolio management. We achieve this by pairing a strong presence on the ground with deep sector expertise. This enables us to stay close to our clients and markets, monitor trends, and anticipate impacts on our clients.

An IFC management committee — the Operations Committee — regularly reviews the entire portfolio of about \$58.7 billion for IFC's own account, assessing broad trends as well as the performance of select projects. This review is complemented by monthly in-depth discussions about IFC's key sector, country, or product exposures. Additionally, quarterly reviews of IFC's portfolio results are presented to the Board, along with an in-depth analysis at the end of each fiscal year. Our investment and portfolio teams, largely based in field offices, complement global reviews with asset-by-asset quarterly assessments, for both debt and equity investments.

At the corporate level, IFC combines analysis of our portfolio performance with sector expertise, local market intelligence, and projections of global macroeconomic and market trends to inform decisions about future investments. We also regularly conduct stress tests to assess the performance of the portfolio against possible macroeconomic developments, and to identify and address risks. This has been especially important recently, given the impact of COVID-19 on IFC's clients.

At the project level, our multidisciplinary teams — including investment and sector specialists — closely monitor investment performance and compliance with investment agreements. We do this through site visits to evaluate project implementation, and through active engagement with sponsors and government officials, where relevant, to identify potential problems early on and formulate appropriate solutions. We also monitor our clients' environmental and social performance in a risk-based manner and measure financial performance and development results.

Following the financial crisis that took hold in 2008, IFC scaled up its equity commitments. IFC has modified its approach to equity investments with the goal of improving development results and overall performance since 2016. This has translated into more moderate growth and greater selectivity.

In the last two years, we successfully exited from a series of mature assets in which IFC no longer had a development role. This rebalancing of our equity portfolio was the result of our regular strategic asset allocation and portfolio construction exercises, which are periodically adjusted as needed.

IFC's Global Equity Heads, which improved our governance structure, are critical to strategic business development, central oversight, and managing IFC's larger and more complex equity positions throughout the investment lifecycle. Under the leadership of the Global Equity Heads, we had seen steady improvements in our portfolio performance in the last two years, however, this progress was interrupted due to COVID-19. Despite the severity of the current economic crisis, IFC remains focused on actively sourcing and executing equity and mezzanine transactions supporting the recapitalization of corporates and financial institutions as well as to support growing firms aligned with our strategic priorities.

Mobilizing capital is imperative to IFC's success in responding to the COVID-19 pandemic. We are also facilitating the reconstruction of markets in the aftermath of the crisis and supporting the renewal of private equity flows to emerging markets, to fulfill our goal of having impact at scale. In the near term, IFC, through AMC, is pursuing co-investment vehicles. These vehicles are likely to use a simple mobilization structure whereby investors automatically co-invest alongside IFC.

Our Special Operations Department is responsible for determining the appropriate remedial actions for projects in financial distress. It seeks to keep the project operational to achieve the intended development impact and negotiates agreements with creditors and shareholders to share the burden of restructuring. Investors and other partners participating in IFC's operations are kept informed, and IFC consults with or seeks their consent as appropriate.

Active portfolio management depends on timely and accurate information to drive business decisions. IFC continues to invest in information technology systems to better support the management of our portfolio. We have also strengthened our portfolio support structure through the creation of the corporate Operations Support Unit, to be extended over time to sector and regional teams.

■ Managing Risks

ENTERPRISE RISK MANAGEMENT

IFC provides long-term investments to the private sector in emerging markets, and this work includes expanding the investment frontier into the most challenging markets. In doing so, IFC is exposed to a variety of financial and nonfinancial risks. Active monitoring and sound management of evolving risks are critical to fulfilling our mission.

IFC's framework for enterprise risk management is designed to enable the prudent management of financial and reputational impacts that originate from our business activities. In this context, IFC's risk-management efforts are designed specifically to help align our performance with our strategic direction.

IFC has developed risk-appetite statements that set the direction for our willingness to take on risks in fulfillment of our development goals. These statements reflect our core values of maximizing development impact, preserving our financial sustainability, and safeguarding our brand.

TREASURY

Funding

IFC raises funds in the international capital markets for private sector lending and to safeguard IFC's triple-A credit ratings by ensuring adequate liquidity.

Issuances include benchmark bonds in core currencies such as U.S. dollars, thematic issuances to support strategic priorities such as climate change, and issuances in emerging-market currencies to support the development of capital markets. Most of IFC's lending is denominated in U.S. dollars, but we borrow in many currencies to diversify access to funding, reduce borrowing costs, and support local capital markets.

IFC was one of the earliest issuers of green bonds. Since we began our program in 2010, we helped catalyze the market and unlock capital from the private sector to fund climate-smart projects. In 2013, we helped turn the niche green bonds market to mainstream, with two landmark \$1 billion benchmark issuances. This past year, IFC passed the \$10 billion mark for our cumulative green bond issuance project after a historic trade with Japan's Government Pension Investment Fund, GPIF.

Our goal is to continually provide much-needed liquidity to the nascent sustainable bond market. In tandem, our investor relations efforts focus on educating investors on the benefits of these products as well as leading the dialogue on frameworks and transparency regarding impact reporting to investors, including, with the support of the International

Capital Market Association and our private sector partners, as the new Chair of the Green, Social and Sustainability Bonds Steering Committee.

Investing for sustainable development is now a mainstream concept, but we have a huge funding gap to bridge if we are to meet the world's ambitious development goals. With much of the global economy severely impacted by COVID-19, our mission is more urgent than ever. Social bonds are an avenue for investors to generate returns while supporting the alleviation of social issues that threaten society or improving access to essential services for those underserved.

In light of COVID-19 and the social challenges borne from coronavirus, social bonds are now front and center of the thematic bond market, and demand is higher than ever. A majority of the social bonds issued this year have been related to funding for issues related to the COVID-19 crisis. There continues to be a notable rise in social bond issuance in response to COVID-19. Issuance data shows over a 200 percent increase in social bonds versus the same time last year (\$6 billion at this time in 2019 compared to \$26 billion 2020 year-to-date).

Despite market volatility in March, IFC issued its largest ever social bond, a \$1 billion benchmark global. We received orders for more than three and a half times the amount. The proceeds of IFC's social bonds support vulnerable communities and help people gain access to essential services, including health care, microfinance, and creating opportunities for women and small business owners.

In FY20, new medium- and long-term borrowings totaled \$11.3 billion.

LIQUIDITY MANAGEMENT

Liquid assets on IFC's balance sheet totaled \$40.8 billion as of June 30, 2020, compared to \$39.7 billion a year earlier. Most liquid assets are held in U.S. dollars. The exposure arising from assets denominated in currencies other than U.S. dollars is hedged into U.S. dollars or matched by liabilities in the same currency to eliminate overall currency risk. The level of these assets is determined with a view to ensure sufficient resources to meet commitments even during times of market stress. IFC maintains liquid assets in interest-bearing instruments managed actively against benchmarks based on the source of funds. Funded liquidity has money-market benchmarks, and net-worth funded liquidity is benchmarked to the Bloomberg-Barclays 1- to 3-year U.S. Treasury Index.

IFC holds sufficient liquid assets to meet its existing commitments and fund new commitments for at least one year, including the ability to sustain a period of market stress. The adequacy of liquidity is assessed using liquidity coverage ratios founded in the same principles used to determine our credit ratings.

FY20 Total Borrowing

CURRENCY		AMOUNT (US\$ EQUIVALENT)	PERCENT
U.S. dollar	USD	4,434,334,000	39.2%
Australian dollar	AUD	1,146,205,757	10.1%
Swedish krona	SEK	1,123,502,848	9.9%
British pound	GBP	920,640,000	8.1%
New Zealand dollar	NZD	634,827,000	5.6%
Canadian dollar	CAD	566,936,276	5.0%
Norwegian krone	NOK	480,880,117	4.3%
Japanese yen	JPY	403,208,518	3.6%
Brazilian real	BRL	301,696,726	2.7%
Russian ruble	RUB	295,116,064	2.6%
Chinese yuan (Renminbi)	CNY	257,424,836	2.3%
South African rand	ZAR	166,590,927	1.5%
Kazakhstan tenge	KZT	124,747,469	1.1%
Mexican peso	MXN	122,349,697	1.1%
Other		327,802,070	2.9%
TOTAL		11,306,262,305	100%

TREASURY RISK MANAGEMENT

Treasury risks are managed through a two-tier risk framework: (1) a comprehensive policy framework and (2) a hard economic capital limit for treasury activities. The policy framework is based on four principles:

- (1) Investment in high-quality assets
- (2) Diversification via position size/ concentration limits
- (3) Limits on market risks (credit spread, interest rate, and foreign-exchange risk)
- (4) Proactive portfolio surveillance

CAPITAL ADEQUACY AND FINANCIAL CAPACITY

Sound risk management plays a crucial role in ensuring IFC's ability to fulfill our development mandate. The very nature of IFC's business, as a long-term investor in dynamic yet volatile emerging markets, exposes us to financial and operational risks.

Prudent risk management and a solid capital position enable us to preserve our financial strength and maintain investment activities during times of economic and financial turmoil.

The soundness and quality of IFC's risk management and financial position can be seen in our triple-A credit rating, which has been maintained since coverage began in 1989.

We assess IFC's minimum capital requirement in accordance with our economic capital framework, which is aligned with the Basel framework and leading industry practice. Economic capital acts as a common currency of risk, allowing us to model and aggregate the risk of losses from a range of different investment products as well as other risks.

Consistent with industry and regulatory practice, IFC calculates economic capital for the following risk types:

- **Credit risk:** the potential loss due to a client's default or downgrade
- **Market risk:** the potential loss due to changes in market variables (such as interest rates, currency, equity, or commodity prices)
- **Operational risk:** the potential loss resulting from inadequate or failed internal processes, people, and systems, or from external events

IFC's total resources available consist of paid-in capital, retained earnings net of designations and certain unrealized gains, and total loan-loss reserves. Excess available capital, beyond that required to support existing business, allows for future growth of our portfolio while also providing a buffer against unexpected external shocks. As of June 2020, total resources available stood at \$28.2 billion, while the minimum capital requirement totaled \$20.3 billion.

Our Approach to Sustainability

Sustainability is a critical component of good development impact. It is key to enhancing outcomes for all stakeholders — including a company's customers and the communities in which it operates — and is imperative to business success.

IFC research shows that companies perform better financially when their environmental, social, and corporate-governance performance is strong. Nearly 90 percent of our clients believe that our work is key in helping them reach their long-term business goals, improve their relations with stakeholders and local communities, and boost their brand value and recognition. IFC's Sustainability Framework and our Corporate Governance Methodology are designed to help our clients achieve those objectives.

IFC expects our clients to understand and manage the risks they face and those they pose to their surrounding environment and communities. We partner with industry and other stakeholders to find innovative solutions that open up opportunities for economically, socially, and environmentally sustainable private investment — which contribute in turn to jobs and inclusive growth. This may include leveraging the capacity of other institutions of the World Bank Group to address environmental, social, and governance challenges that are beyond the ability or responsibility of a company to solve alone.

In all of our investment decisions, IFC gives weight and attention to environmental, social, and governance risks, just as we do to credit and financial risks. This enables us to make informed decisions to achieve both development impact and financial sustainability.

IFC'S SUSTAINABILITY FRAMEWORK

The Sustainability Framework articulates IFC's strategic commitment to sustainable development and is an integral part of our approach to risk management. The Sustainability Framework consists of the Policy on Environmental and Social Sustainability, the Performance Standards, and the Access to Information Policy.

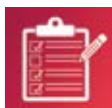
POLICY ON ENVIRONMENTAL AND SOCIAL SUSTAINABILITY

The Policy on Environmental and Social Sustainability describes IFC's commitment to environmental and social due diligence, categorization, and monitoring of our clients. Our approach to diligence involves identifying any gaps between client practice and the IFC Performance Standards in order to agree on a plan of action that, if successfully implemented by the client, will progressively bring their operations in line with good international industry practice. While IFC cannot ensure outcomes, we monitor our clients' progress and performance throughout the life of our investment, providing support where we can and using our contractual leverage if necessary.

The IFC Performance Standards

1

Assessment and Management of Environmental and Social Risks and Impacts



2

Labor and Working Conditions



3

Resource Efficiency and Pollution Prevention



4

Community Health, Safety, and Security



IFC PERFORMANCE STANDARDS

At the core of our Sustainability Framework are the IFC Performance Standards — which describe how we expect our clients to avoid, mitigate, and manage risk as a way of doing business sustainably. The standards, and the wide array of guidance that supports them, help clients devise solutions that are good for business, good for investors, good for the environment, and good for communities.

Our Performance Standards have become a global benchmark of sustainability practices. The Equator Principles, which are built on the Performance Standards, have been adopted by 105 financial institutions in 38 countries. In addition, many financial institutions, including development banks and export credit agencies, ask their clients to meet the IFC Performance Standards. IFC also serves as the Secretariat for the Sustainable Banking Network, a global knowledge-sharing group of banking regulators and banking associations, to help develop guidance and capacity for banks to incorporate environmental and social risk management into credit decision-making.

ACCESS TO INFORMATION POLICY

IFC's Access to Information Policy reaffirms and reflects our commitment to enhance transparency about our activities, improve development effectiveness, and promote good governance. Openness promotes engagement with stakeholders, which in turn improves the design and implementation of projects and policies and strengthens development outcomes. IFC supports several transparency initiatives that encourage responsible investment and reporting practices among the private sector, the community of international financial institutions, and the community of development finance institutions.

These include the International Aid Transparency Initiative (IATI), Principles for Responsible Investment (PRI), and the Global Reporting Initiative (GRI). Visit www.ifc.org/projects for more information.

INTEGRATED GOVERNANCE

Corporate governance is a paramount consideration in an investor's decision-making process — and, increasingly, so is the way companies behave on a variety of environmental and social indicators. Investors see businesses' management of environmental and social issues as a test of how they would handle all strategic and operational challenges. It is essential, therefore, to assess environmental, social, and governance practices in an integrated fashion.

In 2018, IFC updated its Corporate Governance Methodology to include key corporate governance considerations and integrate environmental and social issues consistent with IFC's Policy on Environmental and Social Sustainability.



The Corporate Governance Methodology includes the assessment of six key corporate governance

5

Land Acquisition and Involuntary Resettlement



6

Biodiversity Conservation and Sustainable Management of Living Natural Resources



7

Indigenous Peoples



8

Cultural Heritage



parameters — commitment to better practices of corporate governance, the structure and functioning of the Board of Directors, the control environment, disclosure and transparency, treatment of minority shareholders, and governance of stakeholder engagement. It is available for six kinds of companies: publicly listed, family- or founder-owned, state-owned, small and medium enterprises, financial institutions, and funds.

The methodology had been adopted by 35 development bank signatories of the Corporate Governance Development Framework, creating a common platform for evaluating and improving governance practices in investee companies.

The IFC Toolkit for Disclosure and Transparency and Guidance helps companies in emerging markets

prepare comprehensive and best-in-class annual reports that are appropriate for their size and organizational complexity and that are adapted to the context of operation. The objective is to provide useful information for investors and other stakeholders.

The application of our integrated approach to corporate governance goes beyond the companies we invest in. We also use it in our advisory work with regulators and stock exchanges — to help them apply higher disclosure standards to corporate listings, reporting requirements, and other disclosure obligations.

Our integrated approach to ESG is exemplified in the IFC ESG Performance Indicators, based on the Performance Standards and Corporate Governance Methodology. The ESG Performance Indicators center on making IFC's long-standing ESG expertise relevant for emerging market capital markets. IFC created the Performance Indicators to reduce the ESG data reporting burden for issuers and investors, drive standardized indicator frameworks, and enhance sustainability reporting. As information disclosure improves, ESG risks in emerging markets can be better understood and managed, leading to improved development outcomes for both issuers and investors.

Corporate Responsibility

Sustainability is an integral part of our internal business operations. We hold ourselves accountable to the same environmental and social standards we ask of our clients. This commitment connects IFC's mission with how we run our business.

OUR STAFF

Our employees are our most important asset, bringing innovative solutions and global best practices to our clients. Their knowledge, skills, diversity, and motivation are key to our comparative advantage.

Advancing diversity and inclusion

IFC works with clients across the globe. That broad reach is reflected in our staff, a group of people who work in more than 100 countries. Having a diverse workforce with critical skill sets and diverse perspectives is key for IFC to deliver on our strategic agenda.

IFC is committed to going beyond the inherent diversity we have as an international institution. This year, we introduced the new World Bank Group diversity goals — gender parity targets by grade groups and indicative staff representation across 20 sub-regions. We have begun to align our accountability measures to ensure progress against the new diversity goals, which include monthly monitoring reports at the level of the Vice Presidency for IFC management as well as for recruitment guidelines.

Recruitment efforts and strategic partnerships remain focused on closing gaps of under-representation by gender and nationality. In FY20, we launched Textio, a tool to ensure gender-neutral terms of reference language, which is proven to attract a more qualified and more diverse pool of candidates to apply for our posted roles. Combined efforts have helped IFC to increase the diversity of its staff representation.

Supporting gender equality

In January 2020, IFC completed the process for Economic Dividends through Gender Equality (EDGE) recertification, maintaining its first-level certification (ASSESS). EDGE highlighted the significant progress IFC has made toward achieving gender equality over the past two years, including: increasing paid paternity leave and instituting a new, gender-neutral parental leave policy; making more flexible work options available for staff to be productive, and able to address work and personal life needs; and increasing transparency on the promotions process and performance management. IFC is implementing an action plan to bridge the gaps toward second-level certification.

Fostering an inclusive workplace environment

IFC continues to work toward an inclusive workplace environment as a critical part of retaining and developing its diverse workforce. Programming now begins at onboarding, with a peer buddy system in place and experiential sessions for new staff on IFC's inclusive workplace culture. In response to our increased recruitment and shifting workforce in FY20, we developed an "interGen" workshop series in partnership with Second Wave Learning — bringing IFC staff concepts and strategies for bridging generational differences. A "NextGen Coffee and Conversation" series was launched as a forum for our Vice Presidents to engage IFC's younger staff on topics like effective leadership, diversity and inclusion, innovation, and careers.

INDICATOR	FY20	FY19	FY18
Total full-time staff	3,940	3,744	3,921
Non-U.S.-based staff (%)	54.9%	53.8%	54.9%
Short-term consultants/temporaries (FTEs)	1,014	1,085	1,092
Employee engagement index	69%	67%	75%
Diversity			
Women managers (target 50%)	39.3%	39.2%	39.5%
Part II managers (target 50%)	43.2%	41.0%	40.5%
Women GF+ Technical (target 50%)	49.4%	47.8%	46.7%
Sub-Saharan/Caribbean GF+ (target 12.5%)	13.7%	13.5%	11.2%

Note: FTE is full-time equivalent (staff); GF+ refers to salary grade GF or higher—i.e., professional staff; Managers include Directors, Vice Presidents, and CEO.

Enriching staff development

IFC's Leadership and Management Framework provides development programs for leaders across the organization. Two leadership development programs, one on sponsorship and another on reverse mentoring, were scaled up in FY20, both of which focus on diverse representation in the selection process.

IFC's Sponsorship Program builds a pipeline of diverse leaders by offering sponsor–advisee relationships between top talent (selected through a review process) and Vice Presidents. The program gives participants exposure to strategic thinking through shadowing, opportunities for cross collaboration, and enriched career networks. Most participants have had opportunities to work in cross-functional and corporate projects and about half (16 to date) have progressed to higher responsibilities. Building on the success of the first two groups, a third cohort is underway.

IFC's Reverse Mentorship program, launched in 2018, pairs young junior staff who act as mentors to mid-level staff. The program expanded with 13 members of the Management Team and 14 Managers becoming Reverse Mentees in the second cohort, which began in June 2020. The program boosts innovation through greater cross-functional collaboration and inclusion of youth in the organization.

OUR OFFICES

Minimizing IFC's impact on the environment is a priority for us. IFC continues to be carbon-neutral for global business operations, including air travel. We design and manage our buildings in a sustainable way and offset emissions that cannot be eliminated. More details can be found at www.ifc.org/corporateresponsibility.

WHERE WE WORK

	STAFF AT ALL GRADE LEVELS	
United States	1,779	45%
Other Countries	2,161	55%
Total	3,940	

NATIONAL ORIGIN

	STAFF AT OFFICER LEVEL AND HIGHER		MANAGERIAL CADRE	
Part 1 Countries ¹	1,016	40%	130	57%
Part 2 Countries ²	1,516	60%	99	43%
Total	2,532		229	

1. Staff with primary nationality from countries that declared themselves as IDA donors at the time of their joining the World Bank Group.

2. Staff of all other nationalities.

GENDER

	STAFF AT OFFICER LEVEL AND HIGHER		MANAGERIAL CADRE	
Female	1,251	49%	90	39%
Male	1,281	51%	139	61%
Total	2,532		229	

Reporting Under the Task Force on Climate-related Financial Disclosures

CLIMATE-RELATED FINANCIAL DISCLOSURE

This report is IFC's third consecutive disclosure under the guidelines recommended by the Task Force on Climate-related Financial Disclosures (TCFD). The report reflects IFC's continued commitment to maintain and strengthen our climate-related financial risk assessment, management, and reporting practices. All three reports can be found online at www.ifc.org/annualreport with links to relevant references.

As part of the annual review and audit of IFC's non-financial reporting, we identify indicators that improve our compliance with TCFD recommendations. IFC included additional reporting in this year's disclosure:

GOVERNANCE

- Describe how Board considers climate-related issues when reviewing and guiding strategy, policies & objectives; and monitoring implementation and performance.
- Describe how management monitors climate-related issues.

STRATEGY

- Describe the resilience of IFC's strategies to climate-related risks and opportunities.
- Consider a transition to a lower-carbon economy consistent with a 2°C or lower scenario.

RISK MANAGEMENT

- Describe the risk management process for identifying and assessing climate-related risks.
- Describe how the processes for identifying, assessing and managing climate-related risks are integrated into overall risk management.
- Provide internal carbon prices where applicable.

METRICS AND TARGETS

- Describe the methodologies used to estimate climate-related metrics.

GOVERNANCE

What's New?

- Created a cross-cutting climate risk working group that includes experts from IFC's risk and climate business teams
- Integrated IFC's risk department representative into the Climate Anchors Network
- Launched informal working group of multilateral development banks to further good practices in TCFD compliance and climate risk management

IFC's **climate business and risk is overseen by IFC's CEO**, who reports to the President of the World Bank Group on climate business performance and climate risk evaluation. The World Bank Group President reports to the IFC Board of Directors. The Board has mandated as part of the recent capital increase that IFC meet several climate-related requirements, including screening all investments for climate risk and scaling climate-related commitments by 2030.

Progress on the Corporation's climate targets are reported to the Management Team and the Board as part of the Quarterly Board Reports. The Bank Group also reports annually to the Board of Directors on climate actions including progress toward all climate commitments. The most recent Board update was on January 14, 2020.

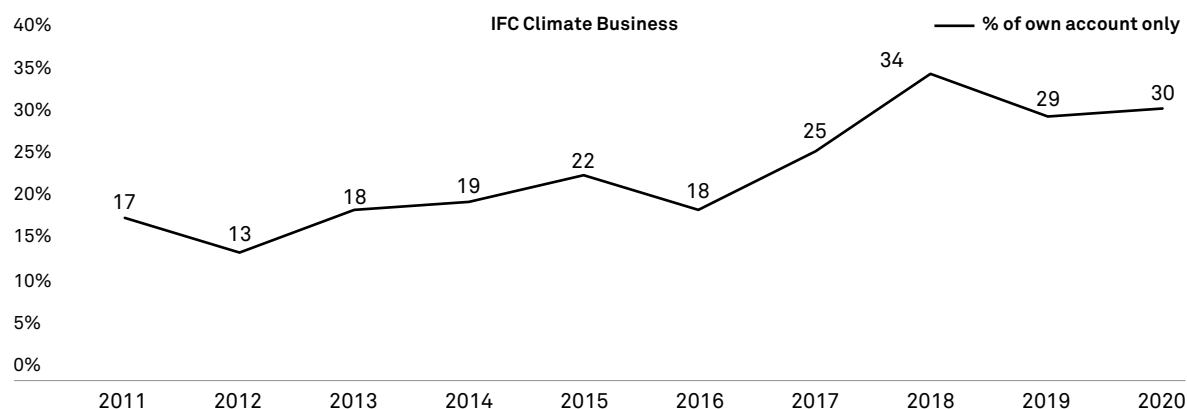
IFC has a **dedicated Climate Business Department** that supports investment teams to identify climate investment opportunities and mitigate climate risk. The department is headed by a director that reports to a Vice President, who reports to IFC's CEO. The team works with the upstream teams and with mainstream investment teams to identify low-carbon investment opportunities through its industry sector experts, metrics specialists, finance professionals, and strategists. It also supports analysis of climate risk through tools such as carbon pricing and assessment of transition and physical climate risk in investment projects.

IFC's **Climate Anchors Network** continues to integrate climate business throughout the Corporation. The Climate Anchors Network comprises senior staff in each industry and regional department as well as key operational departments including legal, and environmental and social team. Regional and departmental climate anchors report to their department director and to the climate business director. This year, a senior specialist from IFC's risk department joined the Climate Anchors Network.

Table 1: Climate Change Commitments: Five-Year Trend

TOTAL CLIMATE FINANCE COMMITMENTS (US\$ MILLIONS)	FY20	FY19	FY18	FY17	FY16	FY15
Own account long-term finance (LTF)	\$3,324	\$2,603	\$3,910	\$2,996	\$1,986	\$2,349
Core mobilization	\$3,500	\$3,172	\$4,542	\$1,775	\$1,285	\$2,122
Total	\$6,824	\$5,775	\$8,452	\$4,771	\$3,271	\$4,471

Figure 1: IFC Climate Business as a Percentage of Total Commitments: Ten-Year Trend



This year, IFC formed an **internal working group on climate risk** that includes members from the climate business department, the credit risk team, and investment operations. The working group will evaluate how to better integrate climate risk into IFC's investment decisions.

IFC **regularly consults with peers** to further common understanding of good practice in TCFD reporting. IFC convened an informal working group of multilateral development banks who report under TCFD guidelines. IFC has also engaged with 2° Investing Initiative, Citi, Oliver Wyman, PCAF-Navigant, Potsdam Institute, Standard Bank, Science Based Targets Initiative, S&P Trucost, UNEP-FI, and WSP, among others. More broadly, IFC retains membership in several climate-related corporate leadership initiatives, such as the Principles for Responsible Investment, the TCFD (where IFC is a supporting institution), One Planet Summit, the One Planet Lab, the Global Green Bond Partnership, the Carbon Pricing Leadership Coalition, and the Fashion Industry Charter for Climate Action (where IFC is a supporting institution).

STRATEGY

What's New?

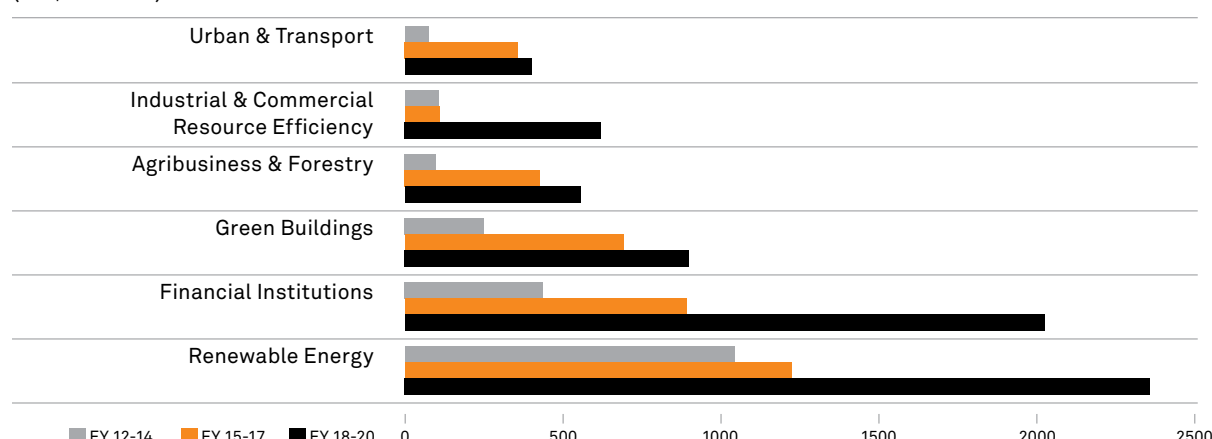
- FY20 own account investment in climate: \$3.3 billion
- FY20 mobilization of external private capital: \$3.5 billion
- Integrate climate in post-COVID rebuild
- Target future market growth in nature-based solutions, carbon capture and storage, and electric vehicles

Increasing IFC's share of investment in climate business: In FY20, IFC's total climate-related commitments were \$3.3 billion, or 30 percent of our new investments (see Table 1).

Climate Action Plan: IFC continues to focus on five strategic priority areas of climate business — clean energy, climate-smart agribusiness, green buildings, climate-smart cities, and green finance — as well as account for climate risk in key high-risk sectors. IFC's climate strategy is part of the World Bank Group's Climate Action Plan which ran through FY20. The WBG Climate Action Plan is being updated and will cover FY21-25.

Table 2: Three-Year Average Climate Investment in Key Sectors
Total (Own Account + Mobilization)

(US\$ millions)



IFC strategy includes client engagement to reduce our financial risk in carbon-intensive sectors such as cement, chemicals, thermal power generation, steel, and heavy transport. IFC recognizes that many of these sectors are essential to economic development and are currently without low-carbon alternatives. Working with client companies to decarbonize improves clients' financial sustainability and reduces risk within IFC's portfolio.

Building low-carbon and resilient business across sectors: IFC continues to diversify our climate business, identifying new areas of growth. In FY20, IFC retained strong climate business (our own account investment as well as mobilization) through FIs (\$2.1 billion), and in renewable energy (\$2.2 billion), green buildings (\$577 million), and climate-smart agribusiness and forestry (\$711 million). This year, IFC strengthened its climate investments in urban, transportation, and waste sectors, which reached \$780 million (see Table 2).

IFC is targeting new growth areas in energy storage, transportation logistics, distributed renewables, off-shore wind, nature-based solutions, and carbon capture and storage. In March 2020, IFC hired an electric vehicle (EV) industry specialist to help build IFC's business across the EV value chain, including charging infrastructure, manufacturing, batteries, and financing platforms.

Given global market challenges as a result of the COVID-19 pandemic, IFC is providing immediate liquidity to clients and planning for investments that help rebuild hard-hit economies. IFC recognizes that investments today will affect companies' ability to survive future climate-related shocks. Therefore,

SECTOR SPOTLIGHT:

Opportunity: Investing in Offshore Wind

Offshore wind is a fast-growing sector with significant potential in emerging markets. From 2011 through 2018, the offshore wind industry grew fivefold to 23 GW and reached 29 GW of installed capacity in 2019. Investments are expected to grow 15-fold, reaching \$1 trillion by 2040. With 15.6 terawatts of technical potential across 48 emerging markets,* IFC is positioning itself to be a first mover in the growing offshore wind market.

In March 2019, IFC and the Energy Sector Management Assistance Program (ESMAP) launched the World Bank Group Offshore Wind Development Program, a \$5 million initiative funded by the United Kingdom. This program accelerates offshore wind markets in emerging markets. We are also collaborating with the Global Wind Energy Council (GWEC) and their Offshore Wind Task Force, which brings together developers, equipment manufacturers, and service providers. The program supports detailed roadmaps to guide the development of offshore wind resources.

IFC expects to build its investments in offshore wind business to be a significant part of its energy portfolio, joining our robust onshore wind business — which totals over 4 GW today.

*ESMAP-IFC Offshore Wind Development Program

IFC is identifying where new liquidity support to companies in emerging markets can be connected to lower-carbon pathways and a more resilient rebuild. IFC is considering green responses for sectors including financial institutions, urban infrastructure, buildings, textiles, and transport.

Resilience of strategy: In FY20, IFC began to explore scenario analysis methods to stress test investments against potential climate risk. IFC found that data on non-public companies in emerging markets was insufficient to conduct a meaningful analysis. We are examining additional tools and approaches.

RISK MANAGEMENT

What's New?

- Mainstreamed physical climate risk screening in seven sectors and expanded pilot to other vulnerable sectors
- Developed new approach to greening IFC's equity investments to help client FIs reduce coal exposure

In FY20, IFC continued to expand our existing climate risk management of both physical and transition risk.

Physical risk: IFC has completed a physical risk screening pilot for ports, waterways, airports, roads, insurance, forestry, and pulp and paper,¹ and mainstreamed physical climate risk screening in these seven sectors in FY20. IFC is expanding risk analysis to other vulnerable sectors as identified by industry experts and investment teams, including railways, urban transport, financial institutions, mining, and hydropower. In addition, IFC is also developing the Building Resilience Index, a risk assessment tool for the real-estate industry, through which IFC seeks to help our clients — as well as other

industry players — invest in resilient buildings and thus reduce their exposure to physical climate risk.

Transition risk: IFC uses carbon pricing to address transition risk and avoid stranded assets. Since May 2018, a carbon price is included in the economic analysis of project finance and corporate loans with defined use of proceeds in the cement, chemicals, and thermal power generation sectors, where estimated annual project emissions are over 25,000 tons of carbon dioxide equivalent. These are IFC's most greenhouse gas-intensive projects and cover over half of our investments' greenhouse gas footprint. IFC includes the impact of the carbon price on the project's economic performance in Board papers.

The carbon price levels applied are in line with the 2016 report of the High-Level Commission on Carbon Prices and consistent with those used by the World Bank. Both low and high carbon values are used in project analysis. The low value starts at \$40 per ton of carbon dioxide equivalent in 2020 and increases to \$78 in 2050. The high value starts at \$80 in 2020 and reaches \$156 by 2050. Carbon price levels depend on the host country income grouping as classified by the World Bank.

IFC follows the WBG practice of not investing in greenfield coal power generation except in rare circumstances. In 2019, IFC extended this practice to upstream oil and gas investments. In the last ten years, IFC has had no new investments in coal mining or coal power generation projects.

As part of our efforts to address climate risks and minimize indirect exposure to coal-related projects, IFC does not provide loans to financial institutions for coal-related activities. To further reduce exposure to coal, IFC no longer provides general purpose loans to financial institutions. Targeted loans are directed to key strategic sectors, such as micro, small, and medium-sized enterprises, women-owned businesses, climate-related projects, and housing finance. The use of proceeds is disclosed on IFC's Project Information Portal. In FY20, IFC implemented a new Approach to Greening Equity Investments in new equity and equity-like investments in financial institutions with actual or potential coal exposure. This framework seeks to help clients increase their climate lending and reduce their exposure to coal-related projects to zero or near-zero by 2030.

In addition, IFC evaluates — and discloses to the Board — the positive development impact of our projects, including climate impacts. For that, we use the Anticipated Impact Measurement and Monitoring (AIMM) system.

1. IFC's risk screening pilot systematically screens projects at the appraisal stage for physical climate risk in the seven industries listed.

METRICS AND TARGETS

What's New?

- Climate investments comprised 30 percent of total FY20 commitments
- Mainstreamed new methodology for emissions calculations

Targets: In FY20, IFC's climate investments comprised 30 percent of total commitments, exceeding the corporate target of 28 percent. In December 2018, the World Bank Group announced that climate investments² will comprise, on average, 35 percent of IFC's own-account investments over the FY21–25 period. The IFC corporate target is translated to investment teams through departmental and regional climate business targets.

Investment disclosure: IFC reports climate finance commitments in this annual report (see page 114) and in the *Joint Report on Multilateral Development Banks' Climate Finance*. In our annual *Green Bond Impact Report*, IFC also reports on the environmental impact of projects financed through the green bonds that IFC issues. As a signatory of PRI, IFC is mandated to report under PRI's TCFD-aligned indicators, and we completed our disclosure in April 2020.

Emissions calculations: IFC continues to calculate and report aggregate greenhouse gas emissions reductions

from IFC investments (Scope 3 emissions) through this annual report. IFC has developed a GHG-accounting methodology in FY19 and estimated gross and net greenhouse gas emissions from its investment projects in FY19 and FY20. IFC calculates gross GHG emissions for all real sector projects with emissions over 25,000 metric tons of carbon dioxide equivalent, and net emissions on a project-by-project basis for real sector projects where possible. IFC continues to disclose ex-ante estimated annual gross GHG emissions through the publicly available *Environmental and Social Review Summary*.³

Since FY09, IFC has been carbon neutral in all our business operations including business travel (Scope 1 and 2 emissions). Prior targets have cut energy use in IFC's headquarters by 18 percent. In FY19, IFC set a global, internal carbon-reduction commitment to cut our facility-related emissions by 20 percent by 2026, from a 2016 baseline. This target is in line with the World Bank Group's commitment to reduce facility-related emissions by 28 percent over the same period. All remaining emissions are compensated via carbon offsets.

2. IFC's Definitions and Metrics for Climate-Related Activities identifies projects and sectors that qualify as climate investments; these definitions are harmonized with other multilateral development banks. https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/climate+business/resources/ifc-climate-definition-metrics

3. IFC Project Information & Data Portal: <https://disclosures.ifc.org/#/landing>

Independent Auditor's Limited Assurance Report on a Selection of Sustainable Development Information

To the President,

In response to your request, we, EY & Associés, have performed a limited assurance engagement on a selection of sustainable development information in the annual report (the “Annual Report”) for the year ended June 30, 2020, including quantitative indicators (the “Indicators”) and qualitative statements (the “Statements”). We have selected the Indicators and Statements that were deemed to be of particular stakeholders’ interest, to involve a potential reputation risk for IFC, and/or to value IFC’s corporate responsibility, management and performance.

We have reviewed the Statements made in all the chapters of the Annual Report: “IFC Strategy in Action” (pages 14–47, with the exclusion of the “Financial Highlights” and “Operational Highlights”), “Country Stories” (pages 48–77) and “About Us” (pages 78–117), with a particular focus on impacts (including AIMM) and climate finance (including IFC’s reporting under TCFD).

The following Indicators have been reviewed:

MATERIAL AREAS	INDICATORS
FY20 long-term commitments by Environmental and Social category (page 43)	Long-term commitments (\$ millions) and projects (number) by Environmental and Social category
Ex-ante AIMM scores of FY20 committed projects (page 92)	Average ex-ante AIMM scores by categories, regions and industries
FY20 investment in climate business (pages 113–117)	Own account long-term commitments in climate-related investments (\$ millions)

IFC is responsible for:

- the preparation of the Indicators and Statements in accordance with the reporting criteria applicable during the year ended June 30, 2020 (the “Reporting Criteria”), consisting of IFC’s instructions, procedures and guidelines specific to each Indicator, a summary of which is provided in the Annual Report or on IFC’s website;
- the presentation of the Statements in accordance with “IFC’s Access to Information Policy,” which is available on IFC’s website¹ and the principles of relevance, completeness, neutrality, understandability and reliability as defined by international standards.²

OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

We apply International Standard on Quality Control and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance and ethical requirements, professional standards and applicable legal and regulatory requirements.

1. <https://disclosures.ifc.org>

2. ISAE 3000 from IFAC, Global Reporting Initiative (GRI), or AA1000 Accountability Standard.

OUR RESPONSIBILITY

Our responsibility is to express a limited assurance conclusion on the Indicators and Statements based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000³ ("ISAE 3000") issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform this engagement to obtain limited assurance about whether the Indicators and Statements are free from material misstatement. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal controls, and the procedures performed in response to the assessed risks.

NATURE AND SCOPE OF OUR LIMITED ASSURANCE ENGAGEMENT

We performed the following procedures:

- We have assessed the Reporting Criteria, policies and principles, with respect to their relevance, completeness, neutrality and reliability.
- We have read the content of the Annual Report to identify key Statements regarding the sustainability and development areas listed above.
- At the corporate level, we have conducted interviews with more than twenty people responsible for reporting to assess the application of the Reporting Criteria or to substantiate the Statements.
- At the corporate level, we have implemented analytical procedures and verified, on a test basis, the calculations and the consolidation of the Indicators.
- We have collected supporting documents for the Indicators or Statements, such as reports to the Board of Directors or other meetings, loan agreements, internal and external presentations and reports, or survey results.
- We have reviewed the presentation of the Statements and the Indicators in the Annual Report and the associated notes on methodology.

LIMITATIONS OF OUR PROCEDURES

Our limited assurance engagement was limited to the Indicators and Statements identified in the table above and did not cover other disclosures in the Annual Report.

Our tests were limited to document reviews and interviews with head office employees. Within the scope of work covered by this report, we have not participated in any activities with external stakeholders or clients and have only conducted limited testing aimed at verifying the validity of information on a sample of individual projects.

LIMITED ASSURANCE CONCLUSION

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that:

- the Indicators have not been prepared, in all material respects, in accordance with the Reporting Criteria;
- the Statements have not been presented, in all material respects, in accordance with "IFC's Policy on Disclosure of Information" and the principles of relevance, completeness, neutrality, clarity and reliability as defined by international standards.

OTHER INFORMATION ABOUT THE REPORTING CRITERIA AND THE STATEMENTS PREPARATION PROCESS

With regards to the Reporting Criteria and the Statements' preparation policies and principles, we wish to make the following comment:

IFC's methodology for calculating climate finance commitments is presented in the publicly available document "IFC's Definitions and Metrics for Climate-Related Activities". This methodology is aligned with the "Common Principles for Climate Mitigation Finance Tracking and for Adaptation Finance Tracking" adopted by MDBs and IDFC members. The Common Principles are currently being reviewed by MDBs, which will influence IFC's climate finance tracking methodology and what is counted as Climate Finance.

Paris-La Défense, September 24, 2020

The Independent Auditor
EY & Associés



Caroline Delérable
Partner, Sustainable Performance & Transformation

3. ISAE 3000: "Assurance Engagement other than reviews of historical data," International Federation of Accountants, International Audit and Assurance Board, December 2003.

Financial Performance Summary

From year to year, IFC's net income is affected by a number of factors that can result in volatile financial performance. The overall market environment also has a significant influence on IFC's financial performance. Emerging equity markets were volatile during FY20. In the six months ended December 31, 2019, emerging markets were generally positive but deteriorated substantially in FY20 Q3 largely due to

COVID-19 before partially recovering in FY20 Q4. IFC's major investment currencies depreciated against IFC's reporting currency, the U.S. dollar, in FY20.

The main elements of IFC's net income and comprehensive income and influences on the level and variability of net income and comprehensive income from year to year are:

ELEMENTS	SIGNIFICANT INFLUENCES
Net income:	
Yield on interest earning assets	Market conditions including spread levels and degree of competition. Nonaccruals and recoveries of interest on loans formerly in nonaccrual status and income from participation notes on individual loans are also included in income from loans.
Liquid asset income	Realized and unrealized gains and losses on the liquid asset portfolios, in particular the portion of the liquid assets portfolio funded by net worth, which are driven by external factors such as the interest rate environment and liquidity of certain asset classes within the liquid asset portfolio.
Income from the equity investment portfolio	Global climate for emerging markets equities, fluctuations in currency and commodity markets, and company-specific performance for equity investments. Overall performance of the equity portfolio.
Provisions for losses on loans and guarantees	Risk assessment of borrowers, probability of default, loss given default and loss emergence period.
Other income and expenses	Level of advisory services provided by IFC to its clients, the level of expense from the staff retirement and other benefits plans, and the approved and actual administrative expenses and other budget resources.
Gains and losses on other non-trading financial instruments accounted for at fair value	Principally, differences between changes in fair values of borrowings, excluding IFC's credit spread (beginning in FY19, changes attributable to IFC's credit spread are reported in other comprehensive income, prior to FY19, such changes were reported in net income) and associated derivative instruments and unrealized gains or losses associated with the investment portfolio including puts, warrants, and stock options, which in part are dependent on the global climate for emerging markets. These securities may be valued using internally developed models or methodologies utilizing inputs that may be observable or non-observable.
Grants to IDA	Level of the Board of Governors-approved grants to IDA.

Other comprehensive income:

Unrealized gains and losses on debt securities accounted for as available-for-sale	Global climate for emerging markets, fluctuations in currency and commodity markets and company-specific performance and consideration of the extent to which unrealized losses are considered other than temporary. Debt securities may be valued using internally developed models or methodologies utilizing inputs that may be observable or non-observable.
Unrealized gains and losses attributable to instrument-specific credit risk on borrowings at fair value under the fair value option	Fluctuations in IFC's own credit spread measured against U.S. dollar LIBOR resulting from changes over time in market pricing of credit risk. As credit spreads widen, unrealized gains are recorded and when credit spreads narrow, unrealized losses are recorded.
Unrecognized net actuarial gains and losses and unrecognized prior service costs on benefit plans	Returns on pension plan assets and the key assumptions that underlay projected benefit obligations, including financial market interest rates, staff expenses, past experience, and management's best estimate of future benefit cost changes and economic conditions.

IFC reported a net loss of \$1,672 million in FY20, as compared to net income of \$93 million in the fiscal year ended June 30, 2019 (FY19) (net income of \$1,280 million for the year ended June 30, 2018, FY18). IFC's financial results were significantly volatile throughout FY20. IFC reported a net loss of \$168 million in the three months ended September 30, 2019 (FY20 Q1) and net income of \$447 million in the three months ended December 31, 2019 (FY20 Q2) before reporting a net loss of \$2,554 million in FY20 Q3. Financial results rebounded in FY20 Q4 when IFC reported net income of \$603 million.

The overall net loss in FY20 was primarily due to lower valuations on equity investments, principally in FY20 Q3, and higher provisions for losses.

IFC's equity investment portfolio returned negative \$1,067 million in FY20 (comprising dividends and realized gains on sales of \$536 million and unrealized losses of \$1,603 million).

IFC recorded provisions for losses of \$638 million in FY20, substantially higher than FY19 (\$87 million). Debt security impairments totaled \$130 million in FY20 largely due to project-specific developments; debt security impairments totaled \$247 million in FY19, largely due to the significant depreciation of a currency that was deemed other than temporary in FY19 Q1.

Unrealized losses from loans and debt securities were \$423 million in FY20, as compared to \$203 million in FY19, mainly due to increased credit risk spreads and lower interest rates on swaps used to economically hedge loans and debt securities.

IFC's liquid asset income, net of allocated charges on borrowings, was \$506 million in FY20, compared to \$454 million in FY19. FY20 results were largely due to the yield curve of U.S. Treasuries falling substantially in FY20 resulting in significant gains in income from the net worth funded portfolios.

IFC's administrative expenses were \$1,281 million in FY20, \$74 million lower than in FY19. Administrative expenses were lower principally due to lower staff costs and a decline in operational and other travel costs following COVID-19 related restrictions.

IFC's financial performance is detailed more fully in Section VII — Results of Operations.

IFC reported a loss before net unrealized gains and losses on non-trading financial instruments accounted for at fair value and grants to IDA of \$1,031 million in FY20, as compared to income of \$311 million in FY19. The \$1,342 million decrease in income before net unrealized gains and losses on non-trading financial instruments accounted for at fair value and grants to IDA in FY20 when compared to FY19 was principally a result of the following:

Change in Net Income FY20 vs FY19 (US\$ millions)

	INCREASE (DECREASE) FY20 VS FY19
Higher unrealized losses on equity investments and associated derivatives, net	\$ (685)
Higher provisions for losses on loans, guarantees, accrued interest and other receivables	(551)
Lower income from loans, guarantees and associated derivatives, including realized gains and losses	(264)
Lower income from liquid asset trading activities	(252)
Lower dividend income on equity investments	(80)
Lower other income	(63)
Lower administrative expenses	74
Lower other-than-temporary impairments on debt securities	117
Lower charges on borrowings	394
Other, net	(32)
Change in loss before net unrealized gains and losses on non-trading financial instruments accounted for at fair value and grants to IDA	\$(1,342)

	FY20	FY19
(Loss) income before net unrealized gains and losses on non-trading financial instruments accounted for at fair value and grants to IDA	\$ (1,031)	\$ 311
Net unrealized (losses) gains on non-trading financial instruments accounted for at fair value	(641)	(218)
Net (loss) income	\$ (1,672)	\$ 93

IFC's net income (loss) for each of the past five fiscal years ended June 30, 2020 is presented below (US\$ millions):

IFC's Net Income (Loss), Fiscal Years 2016–2020

Fiscal year ended June 30 (US\$ millions)

2016	(33)
2017	1,418
2018	1,280
2019	93
2020	(1,672)

Prior to the year ended June 30, 2020 (FY20), management used Income Available for Designations (a non-GAAP measure) as a basis for designations of retained earnings. Income Available for Designations generally comprised net income excluding: net unrealized gains and losses on equity investments and net unrealized gains and losses on non-trading financial instruments accounted for at fair value, income from consolidated entities other than the AMC,¹ and expenses reported in net income related to prior year designations.

IFC reviewed the calculation of Income Available for Designations in FY20 due to the adoption of ASU 2016-01, *Recognition and Measurement of Financial Assets and Liabilities* (ASU 2016-01) in FY19, which resulted in all unrealized gains and losses on equity investments being reported in Net Income. Beginning in FY20, IFC uses "income excluding unrealized gains and losses on investments and borrowings and grants to IDA" as the metric for Income Available for Designations.

1. Effective January 31, 2020, IFC Asset Management Company, LLC (AMC) was merged into IFC. IFC, as the successor to AMC, has assumed all the assets, rights, liabilities, and obligations of AMC. The AMC business is now operated as a division within IFC. This change did not have a significant impact on IFC's financial position, results of operations, or cash flows.

Reconciliation of Reported Net Income or Loss to Income Available for Designations (US\$ millions)

	FY20	FY19	FY18
Net (loss) income	\$ (1,672)	\$ 93	\$1,280
Adjustments to reconcile Net (Loss) Income to Income Available for Designations			
Unrealized losses (gains) on investments	2,026	1,121	(198)
Unrealized losses on borrowings	218	15	93
Grants to IDA	–	–	80
Advisory Services Expenses from prior year designations	–	54	60
Adjustments to conform to approach to designations approved by IFC's Board in FY17	–	(377)	–
Other	–	3	3
Income available for designations	\$ 572	\$ 909	\$1,318

Income available for designations in FY20 (a non-GAAP measure) totaled \$572 million, calculated as net income excluding unrealized gains and losses on investments and borrowings and grants to IDA. Based on the new Board-approved distribution policy, the maximum amount available for designation was \$44 million. On August 7, 2020, the Board of Directors approved a designation of \$44 million of IFC's retained earnings for CMAW, subject to the conditions detailed above. There were no designations of IFC's retained earnings for Advisory Services. This designation is expected to be noted with approval by the Board of Governors, and subject to the above conditions, concluded in FY21.

Selected Financial Data as of and for the Last Five Fiscal Years (US\$ millions)

AS OF AND FOR THE YEARS ENDED JUNE 30	2020	2019	2018	2017	2016
Consolidated income highlights:					
Income from loans and guarantees, including realized gains and losses on loans and associated derivatives	\$ 1,510	\$ 1,774	\$ 1,377	\$ 1,298	\$ 1,126
Provision for losses on loans, guarantees, accrued interest and other receivables	(638)	(87)	(90)	(86)	(359)
(Loss) income from equity investments and associated derivatives	(1,067)	(253)	853	707	518
Income from debt securities, including realized gains and losses on debt securities and associated derivatives	231	126	363	282	129
Income from liquid asset trading activities	1,039	1,291	771	917	504
Charges on borrowings	(1,181)	(1,575)	(1,041)	(712)	(409)
Other income	559	622	578	528	501
Other expenses	(1,628)	(1,746)	(1,662)	(1,617)	(1,464)
Foreign currency transaction gains (losses) on non-trading activities	144	159	123	(188)	(46)
(Loss) income before net unrealized gains and losses on non-trading financial instruments accounted for at fair value and grants to IDA	(1,031)	311	1,272	1,129	500
Net unrealized (losses) gains on non-trading financial instruments accounted for at fair value	(641)	(218)	88	394	(204)
(Loss) income before grants to IDA	(1,672)	93	1,360	1,523	296
Grants to IDA	–	–	(80)	(101)	(330)
Net (loss) income	(1,672)	93	1,280	1,422	(34)
Less: Net (gains) losses attributable to non-controlling interests	–	–	–	(4)	1
Net (loss) income attributable to IFC	\$(1,672)	\$ 93	\$ 1,280	\$ 1,418	\$ (33)
AS OF AND FOR THE YEARS ENDED JUNE 30	2020	2019	2018	2017	2016

Consolidated balance sheet highlights:

Total assets	\$95,800	\$99,257	\$94,272	\$92,254	\$90,434
Liquid assets*	40,791	39,713	38,936	39,192	41,373
Investments	41,138	43,462	42,264	40,519	37,356
Borrowings outstanding, including fair value adjustments	55,486	54,132	53,095	54,103	55,142
Total capital	\$25,182	\$27,606	\$26,136	\$25,053	\$22,766
of which					
Undesignated retained earnings	\$ 7,166	\$25,905	\$23,116	\$21,901	\$20,475
Designated retained earnings	433	366	190	125	133
Paid-in capital	19,567	2,567	2,566	2,566	2,566
Accumulated other comprehensive (loss) income (AOCI)	(1,984)	(1,232)	264	458	(431)
Non-controlling interests	–	–	–	3	23

*Net of securities sold under repurchase agreements, payable for cash collateral received and associated derivatives.

Key Financial Ratios

	2020	2019	2018	2017	2016
Financial ratios^a:					
Return on average assets (GAAP basis) ^{*b}	(1.7)%	0.1%	1.4%	1.6%	0.0%
Return on average assets (non-GAAP basis) ^c	0.6%	1.4%	1.4%	1.3%	0.5%
Return on average capital (GAAP basis) ^{*d}	(6.3)%	0.3%	5.0%	5.9%	(0.1)%
Return on average capital (non-GAAP basis) ^e	2.1%	4.9%	5.1%	4.9%	1.8%
Overall liquidity ratio ^f	96%	104%	100%	82%	85%
Debt to equity ratio ^g	2.2:1	2.2:1	2.5:1	2.7:1	2.8:1
Total reserves against losses on loans to total disbursed portfolio ^h	6.3%	4.7%	5.1%	6.1%	7.4%
Capital measures:					
Total Resources Required (US\$ billions) ⁱ	20.3	21.8	20.1	19.4	19.2
Total Resources Available (US\$ billions) ^j	28.2	27.8	24.7	23.6	22.5
Strategic Capital ^k	7.9	6.0	4.6	4.2	3.3
Deployable Strategic Capital ^l	5.0	3.2	2.2	1.8	1.0
Deployable Strategic Capital as a percentage of Total Resources Available	17.9%	11.6%	8.7%	7.8%	4.4%

* This ratio is not directly comparable due to the adoption of ASU 2016-01.

a. Certain financial ratios, as described below, are calculated excluding the effects of unrealized gains and losses on investments, other non-trading financial instruments, Accumulated Other Comprehensive Income (AOCI), and impacts from consolidated Variable Interest Entities (VIEs).

b. Net income for the fiscal year as a percentage of the average of total assets at the end of such fiscal year and the previous fiscal year.

c. Return on average assets is defined as Net income, excluding unrealized gains/losses on investments accounted for at fair value, income from consolidated VIEs and net gains/losses on non-trading financial investments, as a percentage of total disbursed loan and equity investments (net of reserves), liquid assets net of repos, and other assets averaged for the current and previous fiscal year.

d. Net income for the fiscal year as a percentage of the average of total capital (excluding payments on account of pending subscriptions) at the end of such fiscal year and the previous fiscal year.

e. Return on average capital is defined as Net income, excluding unrealized gains/losses on investments accounted for at fair value, income from consolidated VIEs and net gains/losses on non-trading financial investments, as percentage of the paid-in share capital and accumulated earnings (before certain unrealized gains/losses and excluding cumulative designations not yet expensed) averaged for the current and previous fiscal year.

f. Overall Liquidity Policy states that IFC would at all times maintain a minimum level of liquidity, plus undrawn borrowing commitments from the IBRD, that would cover at least 45% of the next three years' estimated net cash requirements.

g. Leverage (Debt/equity) ratio is defined as the number of times outstanding borrowings plus committed guarantees cover paid-in capital and accumulated earnings (net of retained earnings designations and certain unrealized gains/losses).

h. Total reserves against losses on loans to total disbursed loan portfolio is defined as reserve against losses on loans as a percentage of the total disbursed.

i. Total resources required (TRR) is the minimum capital required to cover the expected and unexpected loss on IFC's portfolio, calibrated to maintain IFC's triple-A rating. TRR is the sum of the economic capital requirements for IFC's different assets, and it is determined by the absolute size of the committed portfolio, the product mix (equity, loans, short-term finance, and Treasury portfolio assets), and by operational and other risks.

j. Total resources available (TRA) is the total capital of the Corporation, consisting of (i) paid-in capital; (ii) retained earnings net of designations and some unrealized gains and losses; and (iii) total loan loss reserves. TRA grows based on retained earnings (profit minus distributions) and increases in reserves.

k. Total resources available less total resources required.

l. 90% of total resources available less total resources required.

COMMITMENTS

Total Long-Term Finance Commitments (Own Account and Core Mobilization) were \$21,961 million in FY20, an increase of \$2,835 million or 15% from FY19. IFC's FY20 Long-Term Finance Own Account Commitments were \$11,135 million, compared to \$8,920 million in FY19 and Core Mobilization was \$10,826 million, as compared to \$10,206 million for FY19, mainly due to increased mobilization in trade finance by \$1,307 million offset by a decrease in syndication by \$748 million.

FY20 Long-Term Finance Own Account Commitments included \$1,510 million of COVID-19 response, largely in the form of loans, and Core Mobilization included \$565 million of COVID-19 response.

In addition, Short-Term Finance Commitments were \$6,469 million at FY20, which included \$2.0 billion of COVID response, as compared to \$5,764 million at FY19.

CORE MOBILIZATION

Core Mobilization is financing from entities other than IFC that becomes available to clients due to IFC's direct involvement in raising resources.

FY20 vs FY19 Long-Term Finance Commitments (Own Account and Core Mobilization) (US\$ millions)

	FY20	FY19
Total Long-Term Finance Commitments (Own Account and Core Mobilization)	\$21,961	\$19,126
Total Long-Term Finance Own Account Commitments	\$11,135	\$ 8,920
Total Core Mobilization	\$10,826	\$10,206

Asset Management Company (AMC)

Funds Managed by AMC and Their Activities FY20 vs FY19 (US\$ millions unless otherwise indicated)

	THROUGH JUNE 30, 2020				FOR THE YEAR ENDED JUNE 30, 2020	
	TOTAL FUNDS RAISED SINCE INCEPTION					
	TOTAL	FROM IFC	FROM OTHER INVESTORS	CUMULATIVE INVESTMENT COMMITMENTS**	INVESTMENT COMMITMENTS MADE BY FUND***	INVESTMENT DISBURSEMENTS MADE BY FUND
Investment Period						
IFC Financial Institutions Growth Fund, LP (FIG Fund)	\$ 505	\$ 150	\$ 355	\$ 178	\$20	\$ 7
IFC Middle East and North Africa Fund, LP (MENA Fund)	162	60	102	66	—	6
IFC Emerging Asia Fund, LP (Asia Fund)	693	150	543	171	26	13
Post Investment Period						
IFC Capitalization (Equity) Fund, LP (Equity Capitalization Fund)	1,275	775	500	1,226	—	—
IFC Capitalization (Subordinated Debt) Fund, LP (Sub-Debt Capitalization Fund)	1,725	225	1,500	1,614	—	—
IFC African, Latin American and Caribbean Fund, LP (ALAC Fund)	1,000	200	800	876	—	3
Africa Capitalization Fund, Ltd. (Africa Capitalization Fund)	182	—	182	130	—	—
IFC Catalyst Fund, LP, IFC Catalyst Fund (UK), LP and IFC Catalyst Fund (Japan), LP (collectively, Catalyst Funds)	418	75	343	365	—	30
IFC Global Infrastructure Fund, LP (Global Infrastructure Fund)*	1,430	200	1,230	929	—	—
IFC Global Emerging Markets Fund of Funds, LP and IFC Global Emerging Markets Fund of Funds (Japan Parallel), LP (collectively, GEM Funds)	800	150	650	757	17	71
Women Entrepreneurs Debt Fund, LP (WED Fund)	115	30	85	110	—	—
China-Mexico Fund, LP (China-Mexico Fund)	1,200	—	1,200	320	—	35
IFC Russian Bank Capitalization Fund, LP (Russian Bank Cap Fund)****	550	250	300	82	—	—
Total	\$10,055	\$2,265	\$7,790	\$6,824	\$63	\$165

* Includes co-investment fund managed by AMC on behalf of Fund LPs.

** Net of commitment cancellations.

*** Excludes commitment cancellations from prior periods.

**** The Russian Bank Cap Fund has completed the exit from all its investments and was liquidated during FY18.

Asset Management Company (AMC)

Funds Managed by AMC and Their Activities FY20 vs FY19 (US\$ millions unless otherwise indicated)

	THROUGH JUNE 30, 2019				FOR THE YEAR ENDED JUNE 30, 2019	
	TOTAL FUNDS RAISED SINCE INCEPTION					
	TOTAL	FROM IFC	FROM OTHER INVESTORS	CUMULATIVE INVESTMENT COMMITMENTS**	INVESTMENT COMMITMENTS MADE BY FUND***	INVESTMENT DISBURSEMENTS MADE BY FUND
Investment Period						
China-Mexico Fund, LP (China-Mexico Fund)	\$ 1,200	\$ —	\$1,200	\$ 320	\$ —	\$ 50
IFC Financial Institutions Growth Fund, LP (FIG Fund)	505	150	355	158	25	6
IFC Middle East and North Africa Fund, LP (MENA Fund)	162	60	102	66	14	12
IFC Emerging Asia Fund, LP (Asia Fund)	693	150	543	145	55	45
Post Investment Period						
IFC Capitalization (Equity) Fund, LP (Equity Capitalization Fund)	1,275	775	500	1,226	—	—
IFC Capitalization (Subordinated Debt) Fund, LP (Sub-Debt Capitalization Fund)	1,725	225	1,500	1,614	—	—
IFC African, Latin American and Caribbean Fund, LP (ALAC Fund)	1,000	200	800	876	—	5
Africa Capitalization Fund, Ltd. (Africa Capitalization Fund)	182	—	182	130	—	—
IFC Catalyst Fund, LP, IFC Catalyst Fund (UK), LP and IFC Catalyst Fund (Japan), LP (collectively, Catalyst Funds)	418	75	343	365	5	62
IFC Global Infrastructure Fund, LP (Global Infrastructure Fund)*	1,430	200	1,230	931	40	55
IFC Global Emerging Markets Fund of Funds, LP and IFC Global Emerging Markets Fund of Funds (Japan Parallel), LP (collectively, GEM Funds)	800	150	650	740	343	100
Women Entrepreneurs Debt Fund, LP (WED Fund)	115	30	85	110	23	24
IFC Russian Bank Capitalization Fund, LP (Russian Bank Cap Fund)****	550	250	300	82	—	—
Total	\$10,055	\$2,265	\$7,790	\$6,763	\$505	\$359

* Includes co-investment fund managed by AMC on behalf of Fund LPs.

** Net of commitment cancellations.

*** Excludes commitment cancellations from prior periods.

**** The Russian Bank Cap Fund has completed the exit from all its investments and was liquidated during FY18.

LETTER TO THE BOARD OF GOVERNORS



The Board of Directors of IFC has had this annual report prepared in accordance with the Corporation's by-laws. The President of IFC and Chairman of the Board of Directors has submitted this report with the audited financial statements to the Board of Governors.



Web & Social Media Resources

IFC's website, www.ifc.org, provides comprehensive information on every aspect of our activities. It includes contact information for offices worldwide, news releases and feature stories, data on results measurement, disclosure documents for proposed investments, and key policies and guidelines.

The online version of IFC's 2020 Annual Report, www.ifc.org/annualreport, provides downloadable PDFs of all materials in this volume and translations as they become available.

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