INNOVATION

Simplifying our internal business processes this year allowed us to do more than ever — moving faster, working more flexibly, and taking on more risks.

In today's challenging global conditions, we must open our minds to new ways of doing business. We are supporting innovative business models that drive the development outcomes governments desire but cannot achieve with their own resources.

Breaking new ground means working with new clients and partners, engaging early in the process, experimenting with new tools and approaches, and sometimes mitigating risks with blended finance. But these are risks that must be taken. They allow us to find opportunities amid the challenges, proving the business case time and again for others to follow.

Photo: Ukraine's tech firms are a pillar of the economy — and a key focus of IFC's commitment to keeping the economy going.

UKRAINE:
INVESTING IN ENTREPRENEURS

Keeping Ukraine's economy moving amid the impact of Russia's invasion requires a concerted international effort. This effort must go well beyond the military aid dominating the headlines. Businesses need to continue to provide goods and services, and people need to earn a living. IFC is helping to sustain Ukraine's private sector, including through a targeted investment to help the country's strong technology sector retain its momentum and keep 285,000 specialized workers employed.

The World Bank Group is deeply committed to financing large-scale relief and recovery efforts in Ukraine, combining public sector support through the World Bank's multi-donor coordination PEACE project for the government with IFC's Economic Resilience Action Program. IFC's $2 billion support package includes trade finance, help for reconstructing the critical energy sector, financing for agribusinesses and women-owned enterprises, and more.

IFC has signaled its commitment to Ukraine's private sector through its $60 million investment in Horizon Capital Growth Fund IV. IFC is the largest investor in the fund, which is supporting the tech industry and accelerating the growth of private equity markets in Ukraine and Moldova. It aims to support visionary entrepreneurs "who dare to be bold," according to founding partner and CEO Lenna Koszarny.

Ukraine's private sector is the backbone of the country's economy, providing goods, services, and jobs. The tech sector in particular has shown remarkable resilience during the last year. It was the country's only export industry to expand in 2022, a time when overall GDP shrank by nearly 30 percent. But the ongoing instability is a major deterrent to Ukraine's growth, making continued access to growth capital essential for leading companies. IFC's investment in Horizon Capital Fund helped it exceed its $250 million target in a high-risk environment, mobilizing approximately $80 million from other development finance institutions.

Ketevan
Liparteliani
Investment Officer,
IFC, Paris

"It was probably the point when I fully internalized IFC's mission and why we exist, and the power the World Bank Group has to be a game changer."

Ketevan Liparteliani led IFC's team investing in Horizon Capital Growth Fund IV for Ukraine. Working tirelessly in the months after Russia's invasion of Ukraine, she organized a group of other development finance institutions to participate alongside IFC, just in time for an initial closing in London in September 2022.

Ukraine's President Volodymyr Zelensky attended the ceremony via video link, showing appreciation for all the investor group's efforts. He also attended a follow-up event in Kyiv in April 2023, where the IFC-backed Horizon Capital Fund announced it had raised even more money than expected to invest in growing Ukrainian tech firms—supporting job opportunities at a critical time.

JAMAICA:
THE POWER OF PUBLIC-PRIVATE PARTNERSHIPS

Following a deep recession in the wake of the COVID-19 pandemic, Jamaica's economy is on the upswing. The leaders of the island nation have a vision to spur future growth with critical infrastructure such as roads and reliable and affordable internet, and they are turning to IFC to help realize their ambition of attracting $1.5 billion of new private investment in infrastructure through public-private partnerships (PPPs).

PPPs are a proven tool for enhancing limited public resources with significant new injections of private capital, expertise, and innovation. IFC is well-placed to provide guidance—having advised on and closed more than 160 PPP projects globally since 2014.

Jamaica's north coast is home to pristine beaches sought after by travelers across the world, but traffic congestion has become so bad that tourists, commercial deliveries, and residents frequently get stuck in gridlock. IFC is now the government's lead adviser in organizing a competitive tender to attract a private operator that will finance, expand, and operate three important road segments on the island's north coast.

"We are looking at one stretch of road, for example, that should just take 20 minutes to travel, but during peak hours you can sit in traffic for up to two hours," says Michelle Ottey, IFC lead on PPP Transaction Advisory in the Caribbean. "Consider how challenging this is for business, for visitors, and for everyday life along that northern corridor."

The approximately $600 million project will help reduce travel time, improve safety, support tourism, and open access to new areas for development.

Similarly, Jamaica's digital highways need an upgrade. The government plans to install a national broadband network to improve internet reliability and bring costs down, as currently the monthly online subscription price represents more than 10 percent of Jamaica's GDP per capita each month. For this project too, the government has mandated IFC to advise on bringing in private investors.

"The work we are doing has an impact that can potentially change the Jamaican economy's profile," says Ottey. "Road networks are important to everyday citizens and tourism. The national broadband network would support the government's digital transformation initiatives. Now is the time to help Jamaica bring in more private investment to make these projects a reality."

The Honorable
Nigel Clarke, DPhil., MP
Jamaica's Minister of Finance and the Public Service

"As a transaction advisor with a development bias, IFC, the private sector arm of the World Bank, has unparalleled global expertise. The opportunities are ripe to partner with them to bring to market, possibly, highway, broadband, healthcare, water, sanitation, and other infrastructure projects."

TRADE FINANCE:
MITIGATING RISK AND MAXIMIZING FINANCING

When commerce stalls, economies suffer. But through financial innovation, IFC is greasing the wheels of trade in emerging markets to reignite economic growth.

Our landmark $50 million guarantee agreement with BNP Paribas, France's largest bank, exemplifies this approach. By backing $1 billion of BNP Paribas' trade finance portfolio, IFC provided a crucial risk buffer so the bank could rapidly expand lending to importers and exporters across developing regions.

Trade finance oils the machinery of international commerce by mitigating payment risks inherent to cross-border transactions. But uncertain conditions have hindered trade financing flows, constraining growth in emerging economies.

That's why IFC leveraged its AAA credit rating to guarantee BNP Paribas' trade finance risks, freeing up capital for new lending. This synthetic risk transfer structure, widely used in advanced markets, extends a vital financing tool to economies with limited short-term credit access. With risk coverage from IFC, BNP Paribas can now finance billions in new trade annually, allowing businesses to thrive and catalyzing multiplier effects across markets.

In this way, trade finance is central to turning the wheels of global commerce. By innovating to expand trade finance through partnerships like ours with BNP Paribas, IFC is supporting prosperity worldwide. Our guarantee agreement frees up capital to facilitate trade flows, keeping the engine of emerging economies running through uncertain terrain.

Photo: Bangladesh's garment sector employs more than 3 million women. A partnership between IFC and Levi Strauss & Co. helps factories identify and implement cleaner and more resource-efficient production options.

DRIVING ADOPTION OF

ELECTRIC VEHICLES IN INDIA

With transport standing as the fastest-growing contributor to climate change, it is no longer a question of whether electric vehicles (EVs) should be adopted at scale, but rather how quickly. In India, IFC is investing in a leading EV manufacturer that is helping drive the local transport sector's move away from fossil fuels.

Our $73 million-equivalent rupee stake in Mahindra Last Mile Mobility Limited — a subsidiary of Mahindra & Mahindra — will help the firm scale up its production of electric three wheelers and small trucks while also enabling the development and manufacturing of new products. EVs enable vibration- and noise-free operations and are also more affordable options for India's microentrepreneurs. The business will further generate employment for women, driving equality and inclusion while bolstering India's climate action agenda.

By supporting this leading market player, IFC hopes to encourage other large automotive manufacturers to follow suit. The goals: drive EV adoption across India, the world's largest three-wheeler market, and help the Indian government deliver on its climate target.

Photos: Devkanya Pandey drives her Mahindra electric auto in the city of Indore, Madhya Pradesh.

IFC's Strategy: Scaling up Electric Vehicles

Electrification of transport is essential to the transition to a low-carbon economy. Electric vehicles (EVs) bring many benefits in developing countries — lower emissions, improved last-mile connectivity in remote places, reduced dependency on imported fuel, and better air quality. But despite these advantages, they remain a relative rarity in developing countries.

IFC has now invested nearly $3 billion in the e-mobility value chain, helping scale up the industry and increase its impact by working across the sector's entire value chain in all regions of the world, focusing on large, globally replicable investment opportunities. Our focus includes:

POLICY AND REGULATION: Encouraging increased private sector participation

INVESTMENTS: FINANCING GROWTH ACROSS THE VALUE CHAIN

- MINING
- MATERIALS & COMPONENTS
- CHARGERS & SWAPPING INFRASTRUCTURE
- E-BUSES
- COMMERCIAL FLEETS
- PERSONAL MOBILITY
- ASSET FINANCING & LEASING
- TECHNOLOGY SERVICES
- REUSE & RECYCLING

UZBEKISTAN:
ENERGIZING REFORMS

Across Central Asia, frequent power shortages plunge millions into darkness and disruption. But in Uzbekistan, rays of light are emerging to chart a new energy future — not just for the country but the entire region.

With the flick of a switch, Uzbekistan illuminated its inaugural solar power plant, Nur Navoi. Built through a first-of-its-kind public-private partnership, the shimmering sea of panels now powers 31,000 homes with affordable, sustainable energy.

"When we started the solar project, we were testing the waters," said Bahrom Umarbekov of Uzbekistan's Ministry of Energy. Today, Nur Navoi is a symbol of Uzbekistan's energy transition and a model for the region.

Through an innovative competitive bidding process, Uzbekistan tapped Abu Dhabi's Masdar Clean Energy to construct Nur Navoi. IFC advised on the landmark deal, then helped finance the project alongside the Canada-IFC Blended Climate Finance Program.

Encouraged by Nur Navoi's success, Uzbekistan is doubling down on renewables, aiming to double its clean energy share by 2025. It has already attracted $580 million in investments, including from IFC, for the region's largest wind project. The mammoth 500-megawatt Zarafshan wind farm will power 500,000 homes annually and prevent over 1 million tons of GHG emissions each year.

Uzbekistan is charting a new path for the Central Asia region — one powered by private expertise and investment in renewable energy. And with each new solar panel and wind turbine, Uzbekistan is bringing much-needed light and power to the region.

Photo: Uzbekistan's Nur Navoi Solar field.

Bekzat
Oishynov
Investment Officer,
IFC, Almaty

"It wasn't an easy job. But that's what we're here for: making landmark projects like this one happen, so they become success stories for their countries."

Bekzat Oishynov spent over 18 months arranging IFC's financing for Uzbekistan's inaugural wind power project — the $580 million Zarafshan power plant that is due to be operational in 2025, displacing more than 1 million tons of GHG emissions a year. There were many ups and downs along the way as he managed relationships with various stakeholders: the sponsor, the government, and six different lenders. Environmental safeguards were especially important, including the utilization of advanced technology to ensure the safety of birds from the wind turbines.

The challenging work paid off in the end: Zarafshan was honored by three leading industry publications, named Central Asia Deal of the Year by *Project Finance International*, Asia-Pacific Renewables Deal of the Year by *IJGlobal*, and Central Asia Deal of the Year by *The Asset Triple A*.

GAME-CHANGING TECHNOLOGY FOR

SENEGAL'S SMALLHOLDER FARMERS

Photo: Through agCelerant, these smallholder farmers in Senegal are benefitting from IFC's investment in rice production.

Across Africa, smallholder farmers, particularly women, lack access to quality agricultural inputs, including high-yield seeds and fertilizers. They are shut out from traditional forms of banking and have limited access to formalized financing. In Senegal, where agriculture contributes 15 percent of the overall GDP and employs 77 percent of the workforce, lending to farmers and farmer groups stands at just 1.2 percent of banking sector lending. Financial institutions, wary of perceived high risks, are hesitant to lend to farmers—posing an acute challenge to farmers' ability to feed a growing population.

IFC's Africa Agriculture Accelerator Program (AAAP), aimed at demonstrating the financial viability of smallholder financing through the combined use of technology, insurance, agent monitoring, and field extension services, is helping address those barriers. With support from the Private Sector Window of the Global Agriculture and Food Security Program (GAFSP), IFC partnered with agCelerant and the Bank of Africa as part of an AAAP pilot to help smallholder farmers and small businesses in Senegal's rice value chain get access to finance more easily to grow their operations. The risk-sharing facility supports Bank of Africa-Senegal's lending to thousands of smallholder rice farmers and small rice-producing businesses, helping them access insurance, inputs, and equipment.

Bank of Africa is leveraging the support of agCelerant, an agritech company that offers data-driven solutions and training to ensure farmers receive the financial and technical support they need to increase their productivity. Using satellite imagery and other technologies, agCelerant controls the delivery of inputs such as fertilizers and agrochemicals, insurance coverage, and farm services.

Improving food security and reducing import dependence, particularly for rice, is a key strategic priority for Senegal's government. Rice, a critical commodity, is largely imported and despite favorable conditions for cultivation, the country produces less than 40 percent of the rice it consumes.

The project is part of IFC's Global Food Security Platform, a $6 billion financing facility designed to support vulnerable communities, boost the flow of vital commodities to emerging markets, and help reduce food insecurity.

SUPPORTING STARTUPS
IN CHALLENGING MARKETS

Risk-taking entrepreneurs build thriving new companies that create jobs, foster innovation, and drive competitiveness. But the road can be rough. The support they need is often lacking in emerging markets and developing economies—and almost nonexistent in lower-income countries.

IFC helps fill this gap with an integrated investment and advisory package called IFC Startup Catalyst that covers the full range of promising new companies' needs. Under our innovative business model, we help build nascent startup ecosystems by investing in both earliest-stage support vehicles like incubators, accelerators, and seed funds, as well as venture capital funds that then take equity stakes of between $50,000 and $500,000 in emerging startups.

Photo: IFC's Startup Catalyst Program is investing in tech-enabled ventures like Toters, a delivery service connecting local merchants with more than 500,000 customers in Lebanon and Iraq. Toters delivers food, grocery, and convenience products on-demand from more than 4,000 partner SMEs. Toters represents IFC's first venture capital investment in Lebanon and Iraq.

Since its launch in 2016, the initiative has supported more than 2,800 entrepreneurs in 24 countries through 19 funds. Companies supported by Startup Catalyst have raised $4.5 billion in follow-on funding—86 times the amount of IFC's original investments.

One example is Egyptian client accelerator Flat6Labs, which provided early backing to Chefaa, a local women-led online pharmacy. It has since raised more than $3.6 million in funding to expand partnerships with 1,000 pharmacies, offering services to 7.5 million users who benefit from automatic refills of prescriptions, dosage reminders, and the ability to consult an Arabic-speaking pharmacist at any time.

The Entrepreneurial Ecosystem

IFC Startup Catalyst works across the startup spectrum, building key components of the growth environment:

INCUBATORS
foster early-stage companies through their first developmental phases until they have the financial, human, and physical resources to run on their own.

ACCELERATORS
help startups step up their rate of growth, taking partial ownership in companies that participate in intensive, time-limited programs.

SEED CAPITAL FUNDS
invest in exchange for a preliminary equity stake or share in profits; their support is often seen as a key first step in helping startups become established businesses.

VENTURE CAPITAL FUNDS
provide the next stage of investment for startups and small businesses with long-term growth potential, often providing technical or managerial expertise as well as investment.

Photo: Now being replicated in Africa, IFC's She Wins Arabia initiative helps women-led startups across the Middle East and North Africa get the advice, mentorship, and financing they need to grow.

Complementary IFC Initiatives

Africa/MCAT VC Platform

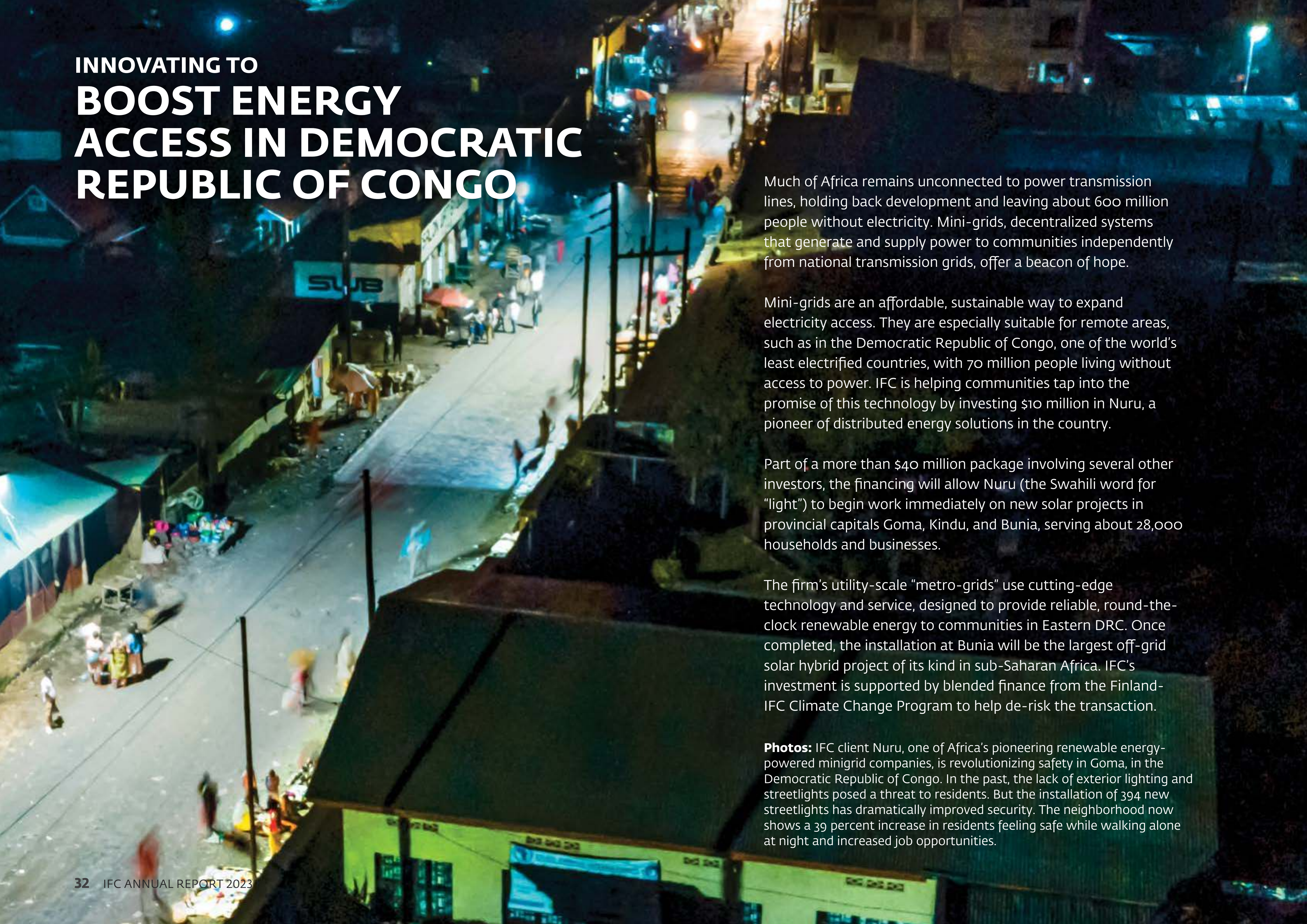
To help build the digital economy in Africa, the Middle East, Central Asia, and Pakistan, IFC launched a new $225 million platform in 2022 to strengthen venture capital ecosystems and invest in early-stage companies addressing development challenges through technological innovations in climate, healthcare, education, agriculture, e-commerce, and other sectors. The platform is supported by the blended finance facility of the International Development Association's Private Sector Window to reach investors in low-income and fragile and conflict-affected countries.

VivaTech/IFC Partnership

Innovation accelerator VivaTech and IFC have teamed up to host the AfricaTech Awards. The initiative aims to recognize and support innovative Africa-focused companies with disruptive solutions in the climate tech, health tech, and fintech sectors. The AfricaTech Awards, now in their second year, are part of IFC's strategy to strengthen tech ecosystems in emerging markets and help innovative startups scale.

She Wins Africa

To support women entrepreneurs across sub-Saharan Africa, IFC launched She Wins Africa in 2023. The program is designed to unlock the potential of hundreds of women-owned startups by offering them advice, training, mentorship, and improved access to finance. She Wins Africa builds upon the success of IFC's She Wins Arabia program of 2021, which to date has provided training to more than 80 women entrepreneurs and support to more than 30 funds and accelerators.



INNOVATING TO

BOOST ENERGY ACCESS IN DEMOCRATIC REPUBLIC OF CONGO

Much of Africa remains unconnected to power transmission lines, holding back development and leaving about 600 million people without electricity. Mini-grids, decentralized systems that generate and supply power to communities independently from national transmission grids, offer a beacon of hope.

Mini-grids are an affordable, sustainable way to expand electricity access. They are especially suitable for remote areas, such as in the Democratic Republic of Congo, one of the world's least electrified countries, with 70 million people living without access to power. IFC is helping communities tap into the promise of this technology by investing $10 million in Nuru, a pioneer of distributed energy solutions in the country.

Part of a more than $40 million package involving several other investors, the financing will allow Nuru (the Swahili word for "light") to begin work immediately on new solar projects in provincial capitals Goma, Kindu, and Bunia, serving about 28,000 households and businesses.

The firm's utility-scale "metro-grids" use cutting-edge technology and service, designed to provide reliable, round-the-clock renewable energy to communities in Eastern DRC. Once completed, the installation at Bunia will be the largest off-grid solar hybrid project of its kind in sub-Saharan Africa. IFC's investment is supported by blended finance from the Finland-IFC Climate Change Program to help de-risk the transaction.

Photos: IFC client Nuru, one of Africa's pioneering renewable energy-powered minigrid companies, is revolutionizing safety in Goma, in the Democratic Republic of Congo. In the past, the lack of exterior lighting and streetlights posed a threat to residents. But the installation of 394 new streetlights has dramatically improved security. The neighborhood now shows a 39 percent increase in residents feeling safe while walking alone at night and increased job opportunities.

Upstream: Unlocking Opportunities for New Investment

One of the biggest barriers to sustainable private sector investment in emerging markets and developing economies is the shortage of well-prepared, commercially viable investment opportunities.

To address this gap, IFC has significantly increased its focus on early-stage market and project preparation work. These proactive and hands-on efforts, referred to as "Upstream," help remove investment barriers and create opportunities to attract private capital where it is needed most. And these efforts are bearing fruit — IFC's pipeline of Upstream-supported projects for the next five years now exceeds $30 billion, taking on key challenges in climate, water supply, digitalization, healthcare, and other areas.

Upstream work over the past four years helped pave the way for IFC's investment in Nuru, assisting the firm with financial models, feasibility studies, and identification of new partners. Similar Upstream efforts have supported 47 other investee companies this year, resulting in the dramatic growth of IFC's annual Upstream-enabled investments from $1.1 billion in FY20 to $4.4 billion in FY23.

While not all Upstream efforts will convert into IFC investments, those that don't may serve as drivers of investment for others. It is experimental, resource-intensive work that takes patience and tolerance for risk — but opens the doors to new investments that change lives.