

AN ENABLING PARTNER

IFC's role extends far beyond that of a traditional investor. As an enabling partner, we are catalyzing change by fostering robust ecosystems for impactful private investment. Our approach is multifaceted and dynamic, leveraging upstream engagement on sector reforms, project development, advisory services, and our unparalleled convening power to accelerate positive outcomes across diverse markets and sectors. At the heart of our strategy is the recognition that today's complex challenges demand collective action.

Our collaborations with a wide array of stakeholders serve multiple crucial functions: setting industry standards, shaping favorable

investment conditions, reaching underserved communities, and targeting high-impact growth areas. By doing so, we're not just facilitating investments — we're building environments where private sector solutions can thrive and make the most significant difference in improving lives.

In an era of urgent global challenges, IFC's role as an enabling partner is critical. We're strategically steering private capital toward the areas of greatest need and potential impact, accelerating progress on key development goals. The stories that follow demonstrate how our collaborative approach is transforming markets, building resilience, and creating opportunities at a scale and speed that matches the urgency of our times.

Photo: In Malawi, IFC's advisory work and partnerships are enabling private investment in digital infrastructure, increasing connectivity and reducing business costs across Africa.

PATHWAYS TO PROSPERITY



COMPLEMENTARY CAPABILITIES

AN INTEGRATED APPROACH TO SUPPORTING SMALL ENTERPRISES

The World Bank Group has worked as one to strengthen job-creating small and medium enterprises (SMEs) in the world's poorest countries.

Launched in 2010, IFC's SME Ventures program offers comprehensive support for SME-focused private equity funds in these challenging markets. It provides investment in funds, capacity building that helps fund managers improve their operations, value creation support to grow the portfolio SMEs, and collaboration with the World Bank and others to build broader ecosystems for private equity.

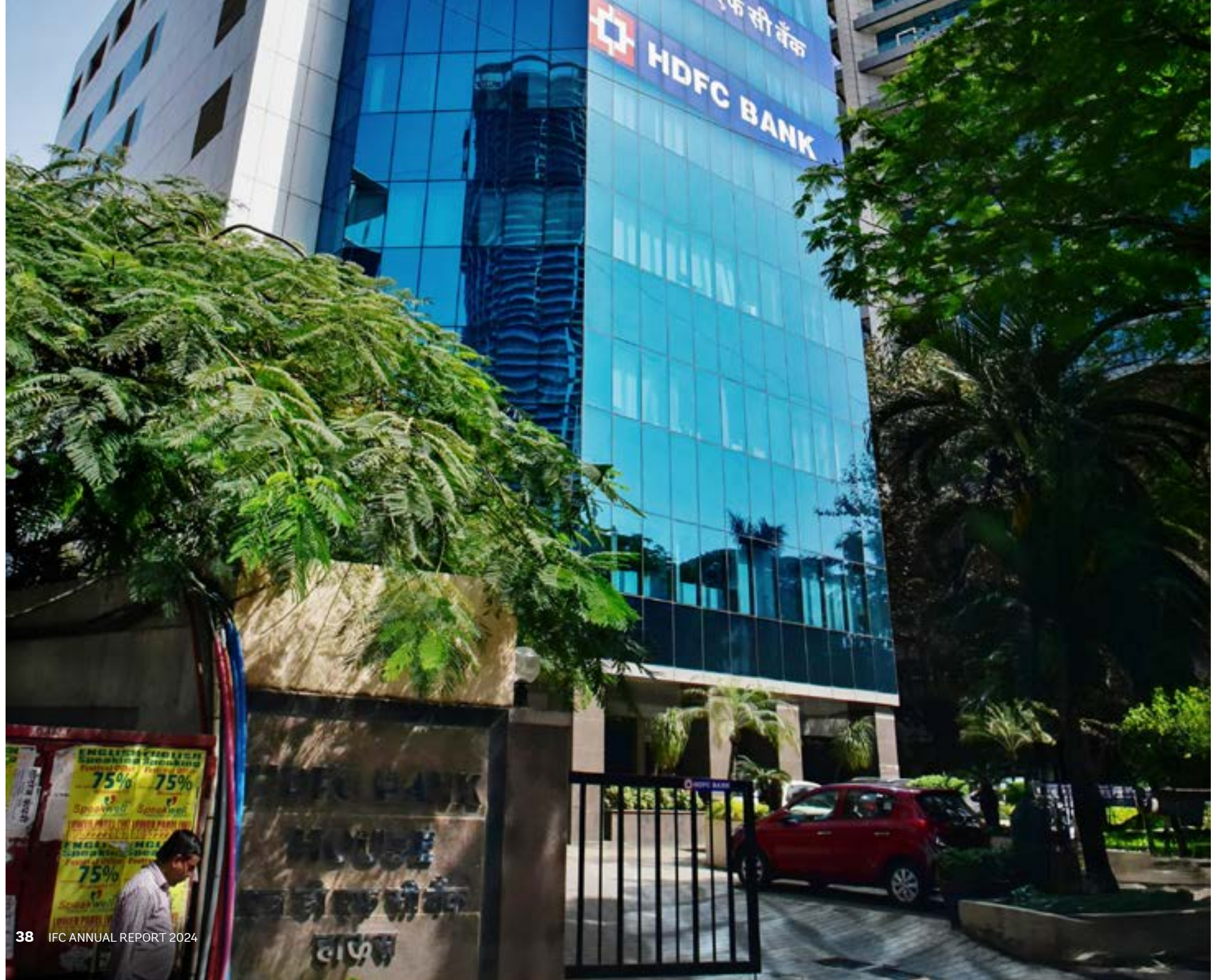
Together, SME Ventures and the IDA Private Sector Window have now committed \$313 million to support SMEs. This has in turn mobilized \$1.2 billion from others, generating investments in more than 50 countries, including Cambodia, the Democratic Republic of Congo (DRC), Guatemala, the Kyrgyz Republic, and many others. The far-reaching collaboration has backed nearly 600 growing companies, supporting more than 200,000 jobs. For broader impact, our

client fund managers collaborate with the World Bank in Nepal and other markets to advocate for regulatory changes that support local industries.

One client, XSML Capital, is a leading provider of growth capital to SMEs in Central and Eastern Africa. To date, XSML has helped to scale more than 80 SMEs and initiated more than 150 business improvement projects across its portfolio. In FY24, IFC invested in XSML's fourth fund, Africa Rivers Fund IV, building on its support for earlier funds. In addition to growth capital, XSML clients benefit from a range of tailored business support to improve company processes that lead to better, more sustainable businesses.

Photo: Small businesses such as clothing manufacturer Cool Bro's in the Kyrgyz Republic are growing with investment from IFC's SME Ventures program.





SCALING IMPACT THROUGH EQUITY

A 45-YEAR JOURNEY OF PARTNERSHIP AND GROWTH

Risk capital helps companies grow, enabling them to meet demand, create jobs, and increase impact. However, equity investment is often scarce in emerging markets, especially in macro environments with higher interest and inflation rates, along with intensified geopolitical risks and volatility. By supplying patient equity capital that is missing in the marketplace, IFC can spark clients' growth and create the basis for long-term partnerships.

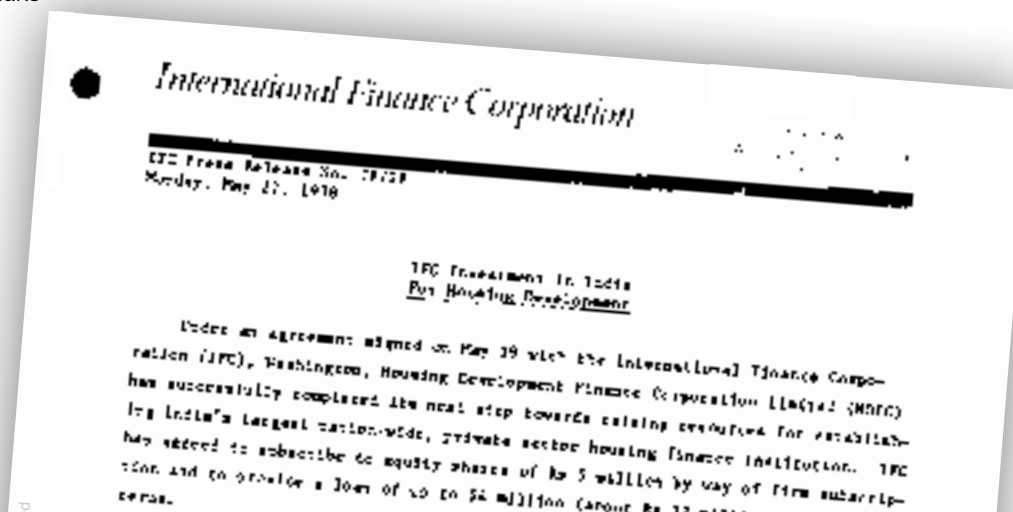
In 1978, IFC was an early investor in India's first housing finance company, Housing Development Finance Corporation (HDFC) Ltd., which pioneered the country's now vast home-loan market. This began a relationship that continues today and has enabled millions of Indians to own homes.

In 1994, HDFC set up HDFC Bank, now India's largest private sector bank. IFC has since sold its equity stake in HDFC, which merged into HDFC Bank in 2023. As of March 31, 2024, HDFC Bank had more than 8,700 branches across India, many in semi-urban and rural areas, helping IFC reach underserved women borrowers and bridge the critical finance gap.

HDFC Bank continues to be a strong partner for IFC in the shared goal of empowering women and accelerating inclusive and sustainable growth.

A new \$500 million loan from IFC, committed in FY24, is supporting HDFC Bank to grow its microlending to women. By demonstrating the viability of scaling up microlending to underserved women entrepreneurs, the financing will help create a replicable model and encourage the wider industry of lenders and investors to enter into or deepen their engagement in this high-impact market.

Photos: Early investment from IFC in 1978 helped launch what is now India's largest private sector bank, HDFC Bank.





SHARED VISIONS FOR URBAN SUSTAINABILITY

IFC is spearheading partnerships to transform urban landscapes, demonstrating its unique ability to catalyze sustainable development across diverse sectors and geographies.

In İzmir, Türkiye's third-largest city, IFC has forged a decade-long alliance with municipal authorities to improve water management. This partnership has channeled over \$400 million from various lenders into critical infrastructure projects, addressing the city's pressing challenges of water scarcity, pollution, and climate change.

The collaboration reached a new milestone in FY24 with IFC's groundbreaking \$50 million long-term local currency loan to İzmir's Water and Sewerage Administration (İZSU). This financing, which eliminates currency risks, is enabling the city to tackle water supply and wastewater treatment issues more effectively, including the development of a new drinking water plant in Foça, a nearby municipality in İzmir Province.

Photos: Local currency financing from IFC is helping Turkish municipal water utility İZSU address many long-standing challenges, including building a new drinking water plant in İzmir Province.

In Romania, IFC is driving sustainable building practices through its partnership with Warehouses De Pauw NV (WDP), a Belgian real estate investment trust. IFC's \$326 million green loan package, including nearly \$160 million in core mobilization, supports WDP's expansion of energy-efficient logistics assets across the country.

This collaboration goes beyond traditional financing, incorporating sustainability-linked features that incentivize WDP to enhance its climate agenda. The agreement encourages increasing EDGE-certified properties and expanding rooftop solar capacity, directly contributing to Romania's green transition. Globally, EDGE has now certified more than 86 million square meters of floor space in nearly 140 countries, saving more than 3 million megawatts of energy and more than 102 million cubic meters of water each year.

Through these examples, IFC is proving that strategic partnerships and tailored financial solutions can accelerate the transition to more sustainable and resilient urban environments across diverse markets.



POWERING PROGRESS

PIONEERING PLATFORMS FOR ENERGY ACCESS

As the world seeks greener solutions, IFC is forming strategic partnerships to push for more renewable energy, focusing on sustainable power and increasing access in different markets.

In FY24, IFC launched the Future Grids Alliance in Brazil, a global collaborative platform uniting utilities, investors, and experts to drive the adoption of sustainable and renewable power. This alliance offers financial and technical support to emerging market utilities committed to a just energy transition, focusing on decarbonization and integrating social metrics into energy financing.

The Alliance builds on IFC's other successful collaborations in sustainability-linked financing, which have already mobilized \$47 billion in the Latin America region. Key partnerships include a \$400 million green and sustainability-linked loan to ENGIE Energía Chile SA for transitioning to renewables, and similar arrangements with Brazilian utilities Neoenergia Coelba and Neoenergia Elektro to enhance network digitalization and workforce diversity.

Extending its collaborative approach to Africa, IFC is pioneering innovative financing mechanisms to boost energy access. In Côte d'Ivoire, IFC has joined forces with the government and local stakeholders as an anchor investor in a groundbreaking social bond supporting the Electricity for All Program (PEPT). This initiative, part of the World Bank Group Joint Capital Markets Program (JCAP), aims to connect 800,000 low-income households to the grid over four years.

IFC's \$49 million investment in this bond issue represents a significant commitment to the partnership. IFC's support is backed by the IDA Private Sector Window's blended finance and local currency facilities. The transaction's 15-year maturity tranche sets a new benchmark for long-term infrastructure financing in the West African Economic and Monetary Union, aligning with Côte d'Ivoire's goal of universal electricity access by 2030.

By fostering alliances among climate-smart utilities and crafting innovative financing partnerships globally, IFC is catalyzing the energy transition on multiple fronts. These collaborative efforts not only propel sustainable power generation and distribution but also ensure that the benefits of clean energy reach underserved populations, embodying IFC's dedication to inclusive and sustainable development through strategic partnerships.





Photos: IFC anchored a landmark local capital markets transaction, helping Côte d'Ivoire increase access to electricity.

UPSTREAM ENERGY

In Africa, IFC is providing a \$100 million financing package for Release by Scatec, a company that provides innovative, pre-assembled, modular solar photovoltaic power containers and battery storage solutions.

The financing package is part of a wider partnership that will help meet growing electricity demand with a cost-competitive, reliable, renewable solution to African utilities and will start by adding 35 MW and 36 MW of power to the national grids in Chad and Cameroon respectively, before rolling out the solution to other countries.

IFC has been a co-developer of the project since 2020, together with Scatec, with the objective of commercializing a leasing business model, providing a flexible renewable power solution that can change how renewable energy is procured in fragile and conflict-affected economies. IFC's presence at the early development phase of the project was crucial. IFC was able to bring its sector knowledge to refine the business model and its structuring expertise to ensure bankability and attract private sector investment.

IFC's Upstream project development work is being complemented downstream with a financing package consisting of \$50 million from IFC's own-account and \$50 million in blended finance from the Canada-IFC Renewable Energy Program for Africa, the Finland-IFC Blended Finance for Climate Program, the Canada-IFC Blended Climate Finance Program and the IDA Private Sector Window.

BEYOND BORDERS

FORGING A PATH FOR INCLUSIVE FINANCE

For nearly a decade, IFC and the European Commission (EC) have been sharing knowledge and best practices on using blended concessional finance to catalyze investment in challenging markets. Both institutions had a strong interest in collaboration, but to take the partnership to the next level, they needed to reconcile their business practices — including different accounting standards.

IFC's investment in the EC partnership began to bear fruit in 2020 with the signing of the Small Loan Guarantee Program, which provided €58 million to IFC to enable banks in Africa and the European Neighborhood to better assist underfinanced sectors such as SMEs, including those led by young entrepreneurs and women.

The next step — or leap — was in 2023 when the European Fund for Sustainable Development Plus (EFSD+) allocated over €300 million in guarantees and technical assistance to IFC's Better Futures Program. This IFC-implemented blended finance facility focuses on de-risking investments that help build resilient livelihoods — especially in the context of conflict and fragility — and promote decarbonization and climate resiliency.

IFC was the first non-European DFI to access blended finance guarantees from the European Union. Trust built over the past couple of years and the increasing mutual knowledge of the workings of the two institutions have created a solid foundation to scale up IFC's partnership with the EC, which is fast becoming IFC's largest blended finance contributor for middle-income countries.

In FY24, IFC leveraged the EC partnership to deepen its impact in Ukraine, with the signing of an agreement for €90 million in blended finance guarantees to support investments that will help drive an inclusive and sustainable reconstruction.

This additional support will underpin our commitment to shift toward longer-term financing in the country, including capital investment in key areas such as food production, construction materials, energy, shipping, small and medium enterprises, and digital infrastructure to support Ukraine's recovery.

Photos: Partnering with the European Commission boosts IFC's impact in Ukraine, backing blended finance guarantees for investments to drive inclusive reconstruction, including through digital startups and women-owned small businesses.



