

A CATALYST FOR TRANSFORMATION

In our role as a catalyst for transformation, IFC is at the forefront of reshaping development finance and private sector engagement in emerging markets and developing economies. We harness the power of financial and technological innovation, leverage our global influence, and provide thought leadership to accelerate positive change at scale.

Our initiatives go beyond funding individual projects. By making the business case for innovative solutions, pioneering new models, and creating platforms that others can adapt and replicate, we're igniting systemic change that ripples across entire sectors and regions.

From unlocking the potential of Africa's digital economy to fostering global collaboration in sustainable finance and forging transformative partnerships among multilateral development banks, we're driving a paradigm shift in how development challenges are addressed.

These catalytic efforts are at the core of our mission. The stories that follow demonstrate how IFC, as a catalyst, is turning ideas into action, challenges into opportunities, and local innovations into global solutions. They showcase our commitment to not just participate in the future of development finance, but to actively shape it.

Photo: With IFC's support, construction company Rhodes PNG in Papua New Guinea is increasing women's access to higher paying jobs and leadership roles in the local construction industry.

REIMAGINING DEVELOPMENT FINANCE



DIGITAL DIVIDENDS

MAPPING AFRICA'S TECH TRANSFORMATION

IFC applies its expertise to help transform the digital landscape across Africa. The landmark report, *Digital Opportunities in African Businesses*, released at the 11th Africa CEO Forum in Kigali, Rwanda, in May 2024, exemplifies IFC's role in sparking new ideas and making the business case for innovative models that can drive widespread change.

This report reveals the untapped potential of digitalization across the continent. While Africa has been a pioneer in mobile payments, many firms still struggle with the costs and complexities of broader technological adoption. IFC's research illuminates a path forward, highlighting that over 600,000 formally registered firms and 40 million microbusinesses — representing about 20 percent of African businesses — are primed for digital upgrades.

It also sheds light on the persistent challenge of “incomplete digitalization,” where fewer than one in three digitally engaged firms use technology intensively for business purposes. This underutilization is particularly pronounced among small and micro enterprises, which form the backbone of Africa's economy.

Crucially, the research establishes a strong positive correlation between advanced digitalization and business productivity. The data suggests that more intensive use of digital technologies can explain up to 30 percent of firm-level productivity differences, even after accounting for size, sector, and location.

By providing this data-driven perspective, IFC is informing a shift in how businesses, policymakers, and investors approach digital transformation in Africa and, in turn, drive economic growth and job creation across the continent. The report outlines actionable strategies, from investing in digital infrastructure to funding tech startups that offer user-friendly, affordable digital solutions.

Through such thought leadership, IFC is paving the way for scalable solutions to one of Africa's defining development challenges, demonstrating how data and analysis can be powerful tools in unlocking the continent's digital potential.



Photos: From infrastructure workers to small business owners, Africa's digital revolution creates opportunities across sectors.







THE KNOWLEDGE NETWORK

ACCELERATING SUSTAINABLE FINANCE GLOBALLY

IFC is harnessing the power of global collaboration through the Sustainable Banking and Finance Network (SBFN). This IFC-led platform exemplifies how knowledge sharing and capacity building can drive systemic change across the financial sector in emerging markets and developing economies.

The SBFN, with its 91 member institutions representing over \$68 trillion in assets, has become a powerhouse for identifying opportunities and tracking progress in sustainable finance. In April

2024, the network released its latest Global Progress Brief and launched the innovative SBFN Data Portal, offering unprecedented insights into sustainable finance trends across 66 countries.

The Global Progress Brief provides deep, qualitative insights into challenges and achievements, while the Data Portal enables real-time benchmarking of initiatives across member countries. Together, they form a unique resource for financial systems, policymakers, and regulators worldwide.

By facilitating this global knowledge exchange, IFC is catalyzing a transformation in how financial institutions approach sustainability. The network is not just sharing information; it's fostering a collective shift in mindset, where climate and environmental risks are recognized as critical to financial system stability, and challenges are reframed as opportunities for developing new sustainable finance markets.

The impact of this collaborative approach is evident in the swift progress made by SBFN countries. Since 2021, all member nations have introduced climate- and nature-related risk management frameworks, translating Paris Agreement commitments into tangible action. Notably, 39 countries have implemented frameworks aligning environmental and social risk management in investment decisions with international standards, simultaneously combating greenwashing in sustainable finance instruments. SBFN's work helped the market for thematic bonds linked to sustainability to reach \$759 billion across 45 SBFN countries as of December 2023.

Photo: IFC investment helped the public transit system in Santiago, Chile cut greenhouse gas emissions by building one of the world's largest fleets of e-buses.

STRONGER TOGETHER

AMPLIFYING IMPACT THROUGH COLLABORATION

IFC is pioneering a new model for multilateral development bank (MDB) collaboration, demonstrating how strategic alliances can amplify impact and drive systemic change. Two key partnerships showcase this approach: a four-year collaboration with the Inter-American Development Bank (IDB) and a new agreement with the European Bank for Reconstruction and Development (EBRD).

The WBG/IDB collaboration centers on the Amazon Finance Network, co-created by IFC and IDB Invest. This network unites 47 financial institutions to deliver innovative solutions supporting a sustainable Amazon economy. Its inaugural meeting in June 2023 marked a shift in addressing complex regional challenges. The network aims to benefit over 2 million people across seven Amazon countries by 2030, exemplifying collaborative problem-solving at scale.

The World Bank Group's new partnership with EBRD, signed in April 2024, aims to scale up results, building on existing strong institutional ties. It identifies four key areas of cooperation: climate, regional connectivity, economic resilience and recovery in Ukraine, and mutual reliance to promote private-sector co-financing, aiming to deliver greater efficiency and effectiveness.

Beyond these partnerships, IFC is leading a groundbreaking initiative to enhance credit risk transparency in emerging markets. As a co-founder and driving force behind the Global Emerging Markets (GEMs) Risk Database Consortium, IFC is spearheading efforts to provide unprecedented insights into the credit risk profiles of emerging economies.

The GEMs Consortium, which has grown to 25 MDB and DFI members as of May 2024, publishes comprehensive credit risk data that is transforming perceptions of emerging market investments. The March 2024 GEMs publication on Recovery Statistics revealed that default rates in emerging markets are comparable to B-rated companies in developed markets, challenging long-held assumptions about risk in these economies.

IFC is now working with GEMs partners to further enhance the granularity and scope of the data, with plans for more disaggregated statistics by region, income groups, and sectors in upcoming publications. These efforts are complemented by an in-depth market study to better understand investor demands and explore avenues for even greater transparency.

By bridging gaps between institutions, sectors, and stakeholders, IFC is fostering more effective, efficient, and impactful development solutions. These partnerships serve as models for driving systemic change, offering blueprints to address complex global challenges through collective action, innovation, and data-driven decision-making.

Photo: The Amazon Finance Network, jointly created by IFC and IDB Invest, brings together 47 financial institutions with new business ideas for sustainable development in the eight Amazon countries. One member, IFC partner BBVA Microfinance Foundation, supports indigenous women entrepreneurs in Peru's Amazon region through client microfinance institution Financiera Confianza.

