

# Our Business and Expertise

Our experience—in every region of the world, and in nearly every industry—allows us to provide a unique set of advantages to our clients.

## WHERE WE WORK

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As the largest global development institution focused on the private sector, IFC operates in more than 100 countries. We are able to apply lessons learned in one region to solve problems in another. We help local companies make better use of their own knowledge, by matching it to opportunities in other developing countries.

## OUR OFFICES



## OUR THREE BUSINESSES

IFC's three businesses—Investment Services, Advisory Services, and Asset Management—are mutually reinforcing, delivering global expertise to clients in developing countries.

They give us a special advantage in helping the private sector create opportunity—our investment and advice can be tailored to a client's specific needs, and in ways that add value. Our ability to attract other investors brings additional benefits, introducing our clients to new sources of capital and better ways of doing business sustainably.

### IFC INVESTMENT SERVICES

Our investment services provide a broad suite of financial products and services that can ease poverty and spur long-term growth by promoting sustainable enterprises, encouraging entrepreneurship, and mobilizing resources that wouldn't otherwise be available.

Our financing products are designed to meet the needs of each project. We provide growth capital, but the bulk of the funding comes from private sector owners, who also bear leadership and management responsibility.

In FY13, we invested about \$18.3 billion in 612 projects, of which \$6.6 billion went to projects in IDA countries. In addition, we mobilized \$6.5 billion to support the private sector in developing countries. We now have a \$50 billion portfolio of investment commitments spanning nearly 2,000 companies in 126 countries.

### PRODUCT LINES

#### LOANS

IFC finances projects and companies through loans from 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 local-currency financing in more than 50 local currencies.

In FY13, we made commitments for nearly \$8.5 billion in new loans, bringing our total committed loan portfolio to around \$31.5 billion.

#### EQUITY

Equity investments provide developmental support and long-term growth capital that private enterprises need. We invest directly in companies' equity, and also through private-equity funds. In FY13, equity investments accounted for nearly \$2.7 billion of commitments we made for our own account.

This brought our own-account equity portfolio to \$12 billion, on a cash basis, in 819 companies in 118 countries.

IFC generally invests between 5 and 20 percent of a company's equity. We often 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.

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**TRADE 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 200 banks across more than 80 countries.

In FY13, trade finance accounted for nearly \$6.5 billion of the commitments we made for IFC's own account. Our Global Trade Liquidity Program has supported \$24.4 billion in trade in developing countries since it was launched in 2009.

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**SYNDICATIONS**

IFC's Syndicated Loan Program, the oldest and largest syndicated lending program among multilateral development banks, is an important tool for mobilizing capital to serve development needs. In FY13, it accounted for nearly half the funds mobilized by IFC.

In FY13, IFC syndicated about \$3.1 billion in B-loans and parallel loans, provided by more than 60 co-financiers—including commercial banks, funds, and development finance institutions. This resulted in a \$13.6 billion syndicated loan portfolio.

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Borrowers in the infrastructure sector received 51 percent of our total syndications volume. More than a third of financing we provided through syndications—a record \$1.2 billion—went to borrowers in IDA countries. We also achieved our highest-ever volume for borrowers in sub-Saharan Africa—\$868 million.

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**STRUCTURED FINANCE**

IFC uses structured and securitized products to provide cost-effective forms of financing that would not otherwise be readily available to clients. Products include partial credit guarantees, structured liquidity facilities, portfolio risk transfer, securitizations, and Islamic finance. We use our expertise in structuring—along with our international triple-A credit rating—to help clients diversify funding, extend maturities, and obtain financing in their currency of choice.

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**CLIENT RISK-MANAGEMENT SERVICES**

IFC provides derivative products to our clients to allow them to hedge their interest rate, currency, or commodity-price exposures. IFC mediates between clients in developing countries and derivatives market makers in order to provide clients with full market access to risk-management products.

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**BLENDED FINANCE**

IFC sometimes combines concessional funds—typically from donor partners—with our own resources to finance initiatives and achieve development impact that would otherwise be unattainable. We have applied this approach in three areas of strategic priority: climate change, agribusiness and food security, and finance for small and medium enterprises. In FY13, we committed more than \$155 million of donor funds, catalyzing more than \$2.5 billion of IFC and private sector financing.

## IFC ADVISORY SERVICES

Private sector development requires more than finance. Experience shows the powerful role advisory services can play in strengthening the development impact of IFC's investments, unlocking investment by the private sector, and helping businesses expand and create jobs (see page 84).

Companies need more than financial investment to thrive. They need a regulatory environment that enables entrepreneurship. They need advice on best business practices. Our work includes advising national and local governments on how to improve their investment climate and strengthen basic infrastructure. We help companies improve corporate governance, strengthen risk management, and become more sustainable—financially, environmentally, and socially.

We operate in 105 countries, with more than 660 active projects. Funding comes from donor partners, IFC, and clients. In FY13, advisory services program expenditures totaled \$232 million, up from \$197 million in FY12. In all, 65 percent of our program was in IDA countries, and 18 percent in fragile and conflict-affected areas.

## BUSINESS LINES

### ACCESS TO FINANCE

IFC helps increase the availability and affordability of financial services for individuals and for micro, small, and medium enterprises. We help our financial clients provide broad-based financial services and build the financial infrastructure necessary for sustainable growth and employment. At the end of FY13, we had an active portfolio of 263 projects—valued at \$342.6 million—that promoted access to finance in 72 countries. In FY13, our advisory program expenditures reached about \$62.6 million, of which 61 percent was in IDA countries, and 13 percent was in fragile and conflict-affected areas.

### INVESTMENT CLIMATE

IFC helps governments implement reforms that improve the business environment and encourage and retain investment, thereby fostering competitive markets, growth, and job creation. We also help resolve legal and policy weaknesses that inhibit investment. At the end of FY13, IFC had an active portfolio of 143 investment-climate projects in 65 countries, valued at \$288.9 million. In FY13, our advisory program expenditures in these projects totaled \$74.8 million, of which 76 percent was in IDA countries, and 29 percent was in fragile and conflict-affected areas.

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## PUBLIC-PRIVATE PARTNERSHIPS

IFC provides support for governments to design and implement public-private partnerships in infrastructure and other basic public services. Our advice helps maximize the potential of the private sector to increase access to public services such as electricity, water, health, and education while enhancing their quality and efficiency. At the end of FY13, we had an active portfolio of 103 PPP projects in 53 countries, valued at about \$126 million. In FY13, our advisory program expenditures in the area reached \$39.5 million.

## SUSTAINABLE BUSINESS

IFC works with clients to promote sound environmental, social, governance, and industry standards; catalyze investment in clean energy and resource efficiency; and support sustainable supply chains and community investment. We work in several sectors including agribusiness and forestry; manufacturing and services; infrastructure; oil, gas, and mining; and financial markets. At the end of FY13, we had an active portfolio of 157 sustainable-business projects in 58 countries, valued at \$279.7 million. In FY13, our advisory program expenditures related to this area totaled \$55 million.

## IFC ASSET MANAGEMENT COMPANY

IFC Asset Management Company LLC, a wholly owned subsidiary of IFC, mobilizes and manages funds for investment in developing and frontier markets. It was created in 2009 to provide investors with access to IFC's emerging-markets investment pipeline and to expand the supply of long-term capital to these markets, enhancing IFC's development goals and generating profits for investors by leveraging IFC's global reach, standards, investment approach, and track record.

As of June 30, 2013, AMC had approximately \$5.5 billion in assets under management. It manages six investment funds on behalf of a wide variety of institutional investors, including sovereign wealth funds, pension funds, and development finance institutions.

## AMC FUNDS

### IFC CAPITALIZATION FUND

The \$3 billion IFC Capitalization Fund consists of an equity fund of \$1.3 billion and a subordinated debt fund of \$1.7 billion. Launched in 2009, the fund helps strengthen systemically important banks in emerging markets, bolstering their ability to cope with financial and economic downturns. The fund is jointly supported by a \$2 billion capital commitment from the Japan Bank for International Cooperation and a \$1 billion investment from IFC. From its inception through the end of FY13, the fund made 29 investment commitments totaling nearly \$2.1 billion.

### IFC AFRICAN, LATIN AMERICAN, AND CARIBBEAN FUND

The \$1 billion IFC African, Latin American, and Caribbean Fund was launched in 2010 and has commitments from IFC, the Abu Dhabi Investment Authority, the Dutch pension fund manager PGGM, Korea Investment Corporation, State Oil Fund of the Republic of Azerbaijan, a Saudi government fund, and an international pension fund. The fund co-invests with IFC in equity and equity-related investments across a range of sectors in sub-Saharan Africa, Latin America, and the Caribbean. From its inception through the end of FY13, the fund made 19 investment commitments totaling \$609.9 million.

### THE AFRICA CAPITALIZATION FUND

The \$182 million Africa Capitalization Fund was launched in 2010 to invest in systemically important commercial banking institutions in Africa. Among its investors are the Abu Dhabi Fund for Development, African Development Bank, CDC Group, European Investment Bank, OPEC Fund

for International Development, and Sumitomo Mitsui Banking Corporation. Since its start through the end of FY13, the fund made six investment commitments totaling \$101.8 million.

### IFC RUSSIAN BANK CAPITALIZATION FUND

The \$550 million IFC Russian Bank Capitalization Fund was launched in 2012 to invest in commercial banking institutions in Russia. The fund, which had its final close in June 2013, has commitments from IFC, the Russian Ministry of Finance, and Russia's Vnesheconombank, or VEB. As of the end of FY13, the fund made two investment commitments totaling \$78.2 million.

### IFC CATALYST FUND

The IFC Catalyst Fund invests in funds that provide growth capital to companies developing innovative ways to address climate change in emerging markets. It also invests directly in those companies. As of FY13, the investors in the fund include IFC, the United Kingdom's Department of Energy and Climate Change, the U.K. Department for International Development, the State Oil Fund of the Republic of Azerbaijan, and the Government of Canada.

### IFC GLOBAL INFRASTRUCTURE FUND

The IFC Global Infrastructure Fund co-invests with IFC in equity and equity-related investments in the infrastructure sector in emerging markets. As of FY13, the fund's investors include IFC, the State Oil Fund of the Republic of Azerbaijan, the Transport for London Pension Fund, and an Asian sovereign wealth fund.

## OUR INDUSTRY EXPERTISE

IFC's leadership role in sustainable private sector development reflects a special advantage—the depth and breadth of expertise we have acquired over more than 50 years of helping emerging-market firms succeed and grow.

We have moved to leverage our global industry knowledge—across our investment and advisory services—to tackle the biggest development challenges of the coming years.

### AGRIBUSINESS AND FORESTRY

Agribusiness has an important role to play in poverty reduction. The agricultural sector often accounts for at least half of GDP and employment in many developing countries, which makes it a priority for IFC.

IFC provides support for the private sector to address rising demand in an environmentally sustainable and socially inclusive way. To help clients finance inventories, seeds, fertilizers, chemicals, and fuel for farmers, IFC offers working-capital facilities. To facilitate trade and lower costs, we pursue investments in infrastructure such as warehouses and cold-storage facilities. To bring land into sustainable production, we work to improve productivity by transferring technologies and making the best use of resources.

In FY13, our new commitments in agribusiness and forestry totaled nearly \$1.3 billion, accounting for about 7 percent of commitments for IFC's own account.

### FINANCIAL MARKETS

Sound, inclusive, and sustainable financial markets are vital to development as they ensure efficient resource allocation. IFC's work with financial intermediaries has helped strengthen financial institutions and overall financial systems. It has also allowed us to support far more

micro, small, and medium enterprises than we would be able to on our own.

Working through financial intermediaries enables IFC to encourage them to become more involved in sectors that are strategic priorities such as women-owned businesses and climate change, and in underserved regions such as fragile and conflict-affected states as well as in housing, infrastructure, and social services.

In FY13, our commitments in financial markets totaled about \$3.6 billion, about 20 percent of commitments for IFC's own account.

### CONSUMER AND SOCIAL SERVICES

IFC is the world's largest multilateral investor in private healthcare and education. We work to increase access to high-quality health and education while also supporting job-creating sectors such as tourism, retail, and property. We help improve standards of quality and efficiency, facilitate the exchange of best practices, and create jobs for skilled professionals.

In addition to making direct investments in socially responsible companies, our role includes sharing industry knowledge and expertise, funding smaller companies, raising medical and education standards, and helping clients expand services to lower-income groups. In FY13,

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**\$3.6**

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our new commitments in consumer and social services totaled about \$1.6 billion, or nearly 9 percent of IFC's commitments for our own account.

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#### INFRASTRUCTURE

Modern infrastructure spurs economic growth, improves living standards, and can represent an opportunity to address emerging development challenges, including rapid urbanization and climate change.

It is also an area in which the private sector can make a significant contribution, providing essential services to large numbers of people, efficiently, affordably, and profitably. This is IFC's focus: supporting private infrastructure projects whose innovative, high-impact business models can be widely replicated.

We help increase access to power, transport, and water by financing infrastructure projects and advising client governments on public-private partnerships. We mitigate risk and leverage specialized financial structuring and other capabilities. In FY13, our new commitments in this sector totaled \$2.2 billion, or about 12 percent of commitments for IFC's own account.

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#### MANUFACTURING

The manufacturing sector plays a vital role in creating opportunity

and reducing poverty in developing countries. IFC's manufacturing clients tend to create or maintain more employment than those in any other sector.

We have increased our activities in the sector, which includes construction materials, energy-efficient machinery, chemicals, and equipment for solar and wind power. We invest in companies that are developing new products and markets, and restructuring and modernizing to become internationally competitive.

As these industries represent some of the most carbon-intensive sectors, we are helping clients develop and undertake investments that help reduce carbon emissions and energy consumption.

In FY13, our new commitments in the manufacturing sector totaled \$1.3 billion, or about 7 percent of commitments for IFC's own account.

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#### OIL, GAS, AND MINING

Industries that can harness natural resources are vital for many of the world's poorest countries. They are a key source of jobs, energy, government revenues, and a wide array of other benefits for local economies. In many countries, large-scale sustainable investments in these industries can create equally large-scale gains in economic development.

IFC's mission in the oil, gas, and mining sector is to help developing countries realize these benefits. We provide financing and advice for private sector clients, and also help governments adopt effective regulations and strengthen their capacity to manage these industries across the value chain.

We support private investment in these industries, and we work to ensure that local communities enjoy concrete benefits. In FY13, our new commitments in the sector totaled \$390 million, or about 2 percent of commitments for IFC's own account.

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#### TELECOMMUNICATIONS, MEDIA, AND TECHNOLOGY

Modern information and communication technologies make it easier for the poor to obtain access to services and resources. They expand opportunity and make markets and institutions more efficient. IFC works to extend the availability of such technologies. We channel investments toward private companies that build modern communications infrastructure and information-technology businesses, and develop climate-smart technologies.

IFC increasingly helps clients move beyond their own national borders and into other developing markets. In FY13, our new commitments in this sector totaled about \$470 million.