Annual Report 2016

EXPERIENCE MATTERS

IFC

LOOKING BACK...

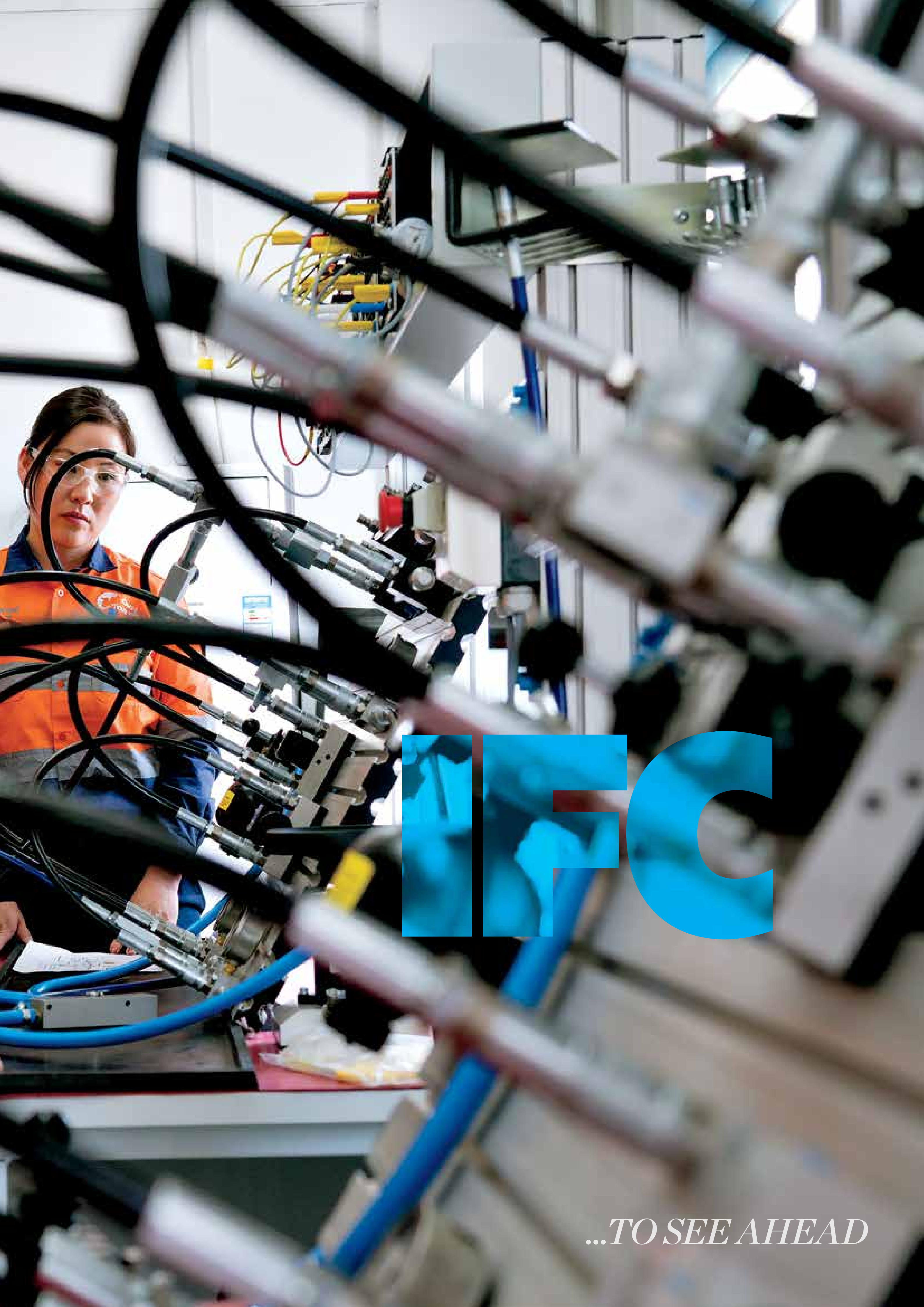
About IFC

IFC, a member of the World Bank Group, is the largest global development institution focused on the private sector in developing countries.

Established in 1956, IFC is owned by 184 member countries, a group that collectively determines our policies.

We have six decades of experience in the world's most challenging markets. With a global presence in more than 100 countries, a network consisting of hundreds of financial institutions, and more than 2,000 private sector clients, IFC is uniquely positioned to create opportunity where it's needed most.

We use our capital, expertise, and influence to help end extreme poverty and boost shared prosperity.


IFC
...TO SEE AHEAD

Contents

6 DECADES OF EXPERIENCE

1956

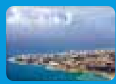
SIX DECADES OF EXPERIENCE IN EMERGING MARKETS

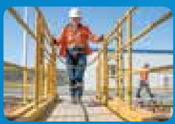
Sixty years ago, a few dozen countries made a calculated bet on the transformative potential of the private sector in developing countries.

They put up $100 million in capital and established IFC to reinforce the work of the World Bank to spur growth and development. The bet paid off, in orders of magnitude. Today, IFC is the largest global development institution focused on the private sector, having delivered more than $245 billion in financing to businesses in emerging markets.

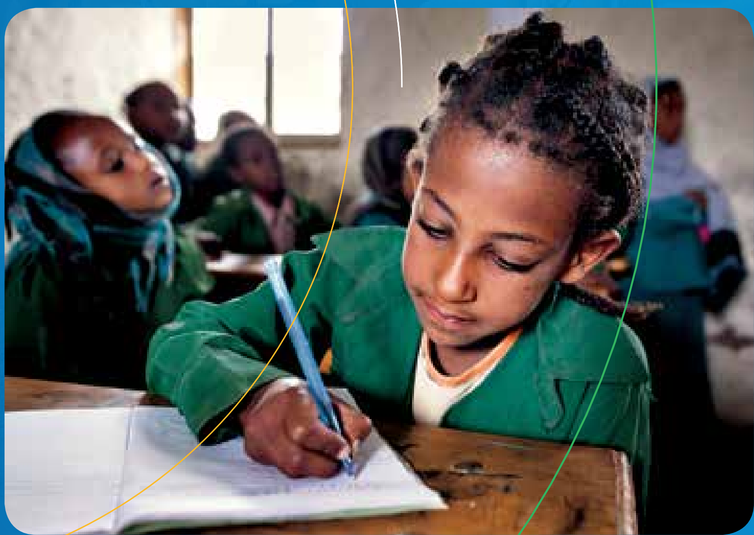
Yet, the need has never been greater. 2016 marks the first year of implementation of the Sustainable Development Goals—an initiative that depends on the collective ability of governments and the private sector to mobilize trillions of dollars a year to advance prosperity and peace. It's a year of economic turbulence on a scale that hasn't been seen since the global financial crisis of 2008–2009. It's a year in which conflict and political upheaval are displacing and impoverishing millions.

In these times, it takes a special kind of resourcefulness to accelerate development.





2016



SIX DECADES OF

Innovation, influence, demonstration, and impact

ORIGINS

1947
- World Bank President John J. McCloy appoints New York financier **Robert L. Garner** as vice president of the Bank.

1948–49
- Garner and colleagues **propose a new institution** to stimulate private investment, working alongside others and taking full commercial risk.

1956
- **IFC opens** under Garner's leadership with $100 million in capital.

1957
- **IFC's first loan:** $2 million to help Siemens' Brazilian affiliate manufacture electrical equipment.

UP & RUNNING

1959
- **First syndication:** IFC mobilizes $2 million from a group of banks for Brazilian pulp and paper company Champion Celulose.

1961
- IFC's charter amended to **allow equity investments**—in time, a key to our profitability.

1962
- **First equity investment:** about $500,000 in Spanish auto parts manufacturer Fábrica Española Magnetos.

BROADENING OUR SCOPE

1971
- **IFC Capital Markets Department created** to strengthen local banks, stock markets, and other financial intermediaries—which eventually become IFC's largest area of emphasis.

1972–74
- **Advisory services and field offices:** for the first time IFC sends experts to Jakarta to help build the country's first securities markets.

1973
- **First housing finance project:** IFC becomes a founding shareholder in start-up **Davivienda** of Colombia, then adopts that same model in 1978 with HDFC in India.

1974
- IFC's $17.3 million investment and advice to Korea's **LG Electronics** helps it become one of the first globally competitive emerging-market companies.

1976
- **First SME finance project:** $2 million loan for Kenya Commercial Bank to lend to smaller local companies.

EMPHASIZING INNOVATION

1980
- **First investment in Tata Group, India:** Tata Iron and Steel Company borrows $38 million from IFC.

1981
- IFC coins the phrase **emerging markets**—changing the financial world's perception of developing countries and defining a new asset class.
- IFC creates the **Emerging Markets Database**—basis of the world's first emerging markets stock index.

1984
- IFC launches the first publicly traded emerging-market country fund, the NYSE-listed **Korea Fund**.

1985
- IFC provides **investment-climate reform advice to China**.

1988
- Amid the Latin American debt crisis, IFC helps several **Mexican conglomerates reduce their debt**.

1989
- **IFC receives first triple-A credit rating**—key to a major multicurrency borrowing program that by 2016 tops $15 billion a year.

Through **1960s** | **1970s** | **1980s**

RISING GLOBAL INFLUENCE

1992
- IFC coins the phrase **frontier markets.**
- IFC leads one of **Russia's first privatization programs**, auctioning 2,000 businesses in Nizhny Novgorod.

1996
- IFC enters the **microfinance** sector with a $3 million stake in ProFund, which is focused on Latin America and the Caribbean.
- In one of our first investments in a conflict-affected state, IFC helps **launch Bosnia's microfinance pioneer** (now ProCredit Bank).
- IFC leads Africa's largest privatization: the $70 million sale of the government's stake in **Kenya Airways** to KLM.

1998
- IFC adopts **new environmental and social review procedures** and safeguard policies.
- Responding to the **Asian financial crisis**, IFC begins a five-year, nearly $1 billion countercyclical investment and advisory package to strengthen clients in Korea.

SETTING A DEMONSTRATION EFFECT

2002
- Amid worsening economic conditions in Argentina, IFC starts a series of **countercyclical investments**, beginning with $60 million for agribusiness client AGD.

2003
- Leading commercial banks launch the **Equator Principles**, modeled on IFC's own standards.
- IFC and World Bank publish first ***Doing Business* report**, helping establish a global benchmark for countries to improve their investment climate.

2004
- IFC launches its **first large-scale gender initiative**, encouraging projects to help local women-owned businesses.
- IFC oversees **creation of the Emerging Market Private Equity Association**, or EMPEA.

2006
- **New Performance Standards adopted**.

2007
- Our **$5 million investment in FINO**, a start-up Indian IT firm, helps expand access to finance for people in rural areas.

2009
- The G-20 launches its ***Financial Inclusion* initiative**, naming IFC its SME finance adviser.
- **Responding to the global financial crisis**, IFC provides €2 billion to an international effort to maintain commercial bank lending in Central and Eastern Europe.
- Having decentralized to be closer to clients, IFC **has more than 50 percent of staff in the field**.
- **IFC Asset Management Company is founded**. By 2016 it will manage nearly $9 billion of investor funds.

INCREASING IMPACT

2010
- IFC launches a private sector window in the $1.25 billion **Global Agriculture and Food Security Program**, a new World Bank Group initiative formed at the G-20's request.

2012
- A year after conflict ends in Côte d'Ivoire, IFC finances the expansion of the country's largest thermal power plant, **Azito**.

2013
- **Launch of the World Bank Group's twin goals**—ending extreme poverty and boosting shared prosperity.
- The People's Bank of China pledges $3 billion to IFC's new **Managed Co-Lending Portfolio Program**, becoming the new syndications program's first investor.

2014
- IFC's first offshore **Masala bond** in Indian rupees issued in London. The program has now grown to $3 billion.

2015
- IFC plays a key role in highlighting the importance of the private sector in achieving the **Sustainable Development Goals**.
- As part of the coordinated World Bank Group **response to the Ebola crisis** in West Africa, IFC provides $225 million to help local banks maintain lending to local SMEs.
- A thought leader at historical international **climate change talks** in Paris, IFC showcases emerging-market clients with innovative climate-smart solutions.

1990s 2000s 2010s

SIX DECADES OF

Investing in challenging environments

It takes experience to accelerate development in the toughest corners of the world. We venture into the poorest and most strife-prone areas. We create markets where none exist. We help close investment, regulatory, and other gaps that impede development. Our 60-year record of success has built trust in our ability to take on the world's most difficult challenges.

SIX DECADES OF

Leveraging resources and growing to scale

Our history shows that large amounts of private sector funds can be mobilized in a self-sustaining way to finance development. Since 1956, we have leveraged about $2.6 billion in capital from our member governments to deliver more than $245 billion in financing for development. Each dollar of IFC capital leads to about $20 of total project financing, including co-financing from other investors.

SIX DECADES OF

Adapting to markets and client needs

Throughout our history, IFC has adapted to meet the needs of developing countries. Initially, we joined leading multinational companies to promote private investment in newly independent countries. Then, as businesses in these countries began to thrive, we moved our people and offices closer to them—to help them promote prosperity in less-developed areas of the world.

SIX DECADES OF

Shaping the development agenda

Our experience in sustainable private sector development is unmatched. That makes us a key player in global efforts to address shared challenges such as climate change and pandemics. We play a prominent advisory role in major initiatives of the United Nations and the Group of 20 advanced and developing economies. We act as a trusted liaison between the public and private sectors, bringing business solutions to the challenges of development.

LOOKING BACK…

ARTICLE 1

IFC Articles of Agreement

The purpose of the Corporation is to **further economic development** by encouraging the growth of productive private enterprise in member countries, **particularly in the less developed areas,** thus supplementing the activities of the International Bank for Reconstruction and Development… In carrying out this purpose, the Corporation shall:

(i) in association with private investors, assist in financing the establishment, improvement, and **expansion of productive private enterprises** which would contribute to the development of its member countries by making investments, without guarantee of repayment by the member government concerned, in cases **where sufficient private capital is not available on reasonable terms;**

(ii) seek to bring together investment opportunities, domestic and foreign private capital, and experienced management; and

(iii) seek to **stimulate, and to help create conditions conducive to, the flow of private capital,** domestic and foreign, into productive investment in member countries.

...TO SEE AHEAD

EXPERIENCE BUILDS TRUST

IFC's **experience** puts us in a unique position to address the leading development challenges of our time.

We will:

- **Intensify** our focus on the poorest countries and on fragile and conflict-affected areas.
- **Increase** climate-related and infrastructure investments.
- **Expand** opportunities for farmers and agribusinesses.
- **Broaden** financial and social inclusion.
- **Scale up** investments in disruptive technology.
- **Strengthen** analytical and advisory work to foster private sector development.
- **Mobilize** capital for development.

Partnerships will be essential to deliver on our vision. Together, we can create opportunity where it's needed most.

Letter from Jim Yong Kim
World Bank Group President

In recent years, historic progress has been made to end extreme poverty around the globe. More than 1 billion people lifted themselves out of poverty in the past 15 years alone. In 2015, for the first time ever, the World Bank Group forecast that the global percentage of people living in extreme poverty fell under 10 percent. This is a remarkable milestone.

I remain optimistic that we can tackle these challenges—one region, one country, and one person at a time—and create a more prosperous and inclusive world for all.

Yet the world today faces challenges that are as complex and vexing as at any time in recent memory. Strong economic headwinds have slowed global growth; fragility and conflict have displaced tens of millions of people from their homes; countries and their economies are vulnerable to natural disasters and climate change–related shocks; and a pandemic can spread quickly without warning. We are all affected by these challenges, but the stark truth is that people living in extreme poverty are hit first and hardest.

Our mission at the World Bank Group is defined by two goals—to end extreme poverty by 2030 and to boost prosperity among the poorest 40 percent in low- and middle-income countries. To achieve them, we are focusing on broad-based, inclusive growth, and we remain vigilant against shocks that can reverse hard-won gains in development.

We know that business as usual won't be enough. The World Bank Group is collaborating in new ways with an increasingly diverse array of partners. For example, we partnered with the United Nations and the Islamic Development Bank Group last year to launch an innovative financing facility in support of Syrian refugees and host communities in Jordan and Lebanon. Based on the initial contributions provided by eight nations and the European Commission, the facility will be able to immediately generate up to $800 million in concessional loans for Jordan and Lebanon. This will allow the scaling up of programs to expand vital services, such as health and education, to meet the combined demand from refugees and citizens.

This is one of the many groundbreaking solutions we are implementing to address today's global challenges. The talented and dedicated staff of our main financing institutions—the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), and the Multilateral Investment Guarantee Agency (MIGA)—work together to mobilize the innovative solutions and investments necessary to support inclusive economic growth.

This year the World Bank Group committed nearly $64.2 billion in loans, grants, equity investments, and guarantees to its members and private businesses. Client demand for IBRD's services continues to be strong, and this year it made commitments totaling $29.7 billion—the highest amount ever outside of a financial crisis. And IDA, the World Bank's fund for the poorest, committed $16.2 billion to support countries most in need to face their toughest challenges.

Working with the private sector will become increasingly important to meet the scale of financing needs for our development goals. IFC and MIGA, our two institutions focused on private sector development, are strengthening their efforts in this regard. IFC delivered a record amount of financing for private sector development—about $18.8 billion, including $7.7 billion mobilized from investment partners. IFC's investments in fragile and conflict-affected areas climbed to nearly $1 billion, an increase of more than 50 percent over the previous year. MIGA issued a record $4.3 billion in political risk and credit enhancement guarantees underpinning various investments, with 45 percent of its active portfolio in IDA-eligible countries and 10 percent in countries affected by conflict and fragility.

The progress we've made in recent decades shows that we are the first generation in human history that can end extreme poverty. This is our great challenge, and our great opportunity. With the collective determination of the World Bank Group, our member countries, and global partners, I remain optimistic that we can tackle these challenges—one region, one country, and one person at a time—and create a more prosperous and inclusive world for all.

DR. JIM YONG KIM
President of the World Bank Group
and Chairman of the Board of
Executive Directors

WORLD BANK GROUP
2016 SUMMARY RESULTS

$11.4B

LATIN AMERICA & THE CARIBBEAN

$64.2B

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.

Global Commitments

The World Bank Group maintained strong support for developing countries over the past year as the organization focused on delivering results more quickly, increasing its relevance for its clients and partners, and bringing global solutions to local challenges.

$10.3B
EUROPE &
CENTRAL ASIA

$11.4B
EAST ASIA &
THE PACIFIC

$13.3B
SUB-SAHARAN
AFRICA

$6.3B
MIDDLE EAST &
NORTH AFRICA

$11.3B
SOUTH ASIA

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, consisting of five institutions with a common commitment to reducing poverty, increasing shared prosperity, and promoting sustainable development.

International Bank for Reconstruction and Development (IBRD)

lends to governments of middle-income and creditworthy low-income countries

International Development Association (IDA)

provides interest-free loans, or credits, and grants 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

By fiscal year, in millions of dollars

WORLD BANK GROUP	2012	2013	2014	2015	2016
Commitments[a]	51,221	50,232	58,190	59,776	64,185
Disbursements[b]	42,390	40,570	44,398	44,582	49,039
IBRD					
Commitments	20,582	15,249	18,604	23,528	29,729
Disbursements	19,777	16,030	18,761	19,012	22,532
IDA					
Commitments	14,753	16,298	22,239	18,966	16,171
Disbursements	11,061	11,228	13,432	12,905	13,191
IFC					
Commitments[c]	9,241	11,008	9,967	10,539	11,117
Disbursements[d]	7,981	9,971	8,904	9,264	9,953
MIGA					
Gross issuance	2,657	2,781	3,155	2,828	4,258
RECIPIENT-EXECUTED TRUST FUNDS					
Commitments	3,988	4,897	4,225	3,914	2,910
Disbursements	3,571	3,341	3,301	3,401	3,363

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 WBG commitments differ from the amount reported in the WBG Corporate Scorecard, which includes only a subset of trust-funded activities.

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

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

d. For IFC's own account. Does not include short-term finance or funds mobilized from other investors.

A letter from IFC Executive Vice President and Chief Executive Officer Philippe Le Houérou

Across the world, nations have agreed over the past year to act in concert to achieve goals that once seemed beyond reach—to end poverty, to expand prosperity and peace, and to stop the rise in global warming.

Success, however, will not come easily. It will depend on trillions of dollars a year in investments by governments and the private sector. It will require the world to mobilize those funds in an era of decelerating economic growth and rising geopolitical uncertainty.

In such times, experience matters. You need it to venture into the poorest and most strife-prone regions of the world. You need it to create and develop markets where none exist. You need it to mobilize financing from private investors. You need it to create new types of partnerships that can close investment and regulatory gaps while creating solutions to global challenges such as climate change and pandemics. You need it to create jobs and avoid the "middle-income trap."

At IFC, we have built this experience methodically. For six decades, we have routinely evaluated our activities to learn what works and what doesn't. We have looked back to see ahead. We have innovated to strengthen the private sector in emerging markets. We have promoted policy to raise standards. We have demonstrated the benefits of investing in tough markets. In doing all of these things, our investments have achieved significant development impact.

In the year that ended June 30, 2016—a period of considerable market turbulence—we invested and mobilized more money for private sector development than ever before. Our long-term investments grew to a record of nearly $19 billion, helping create opportunity in more than 100 countries. More than a third of these investments—nearly $8 billion in all—was mobilized from other investors who joined us in our projects because of our 60-year track record of achieving strong development results and sound financial returns.

Our work had an impact in every region of the world. Our clients provided 2.4 million jobs, helped educate 4.6 million students, and treated nearly 32 million patients. They generated power for 48 million people, distributed water to nearly 22 million, and provided gas to more than 50 million.

PHILIPPE
LE HOUÉROU

IFC Executive Vice President and CEO

IFC IS UNIQUELY POSITIONED TO LEAD.

EXPERIENCE MATTERS...

Our work illustrates how very large and complex infrastructure projects can be funded without increasing public debt. Consider one example: the opening this year of the expanded Panama Canal. In 2008, IFC and several other development banks committed $2.3 billion to signal our confidence in the project—and to support the work of the Panama Canal Authority in ensuring the project was carried out responsibly.

This year, we also strengthened our advice to clients. Our advisory portfolio included about 700 projects in 100 countries, valued at $1.3 billion. In FY16, more than 60 percent of IFC's advice was delivered to clients in IDA countries—including 20 percent in fragile and conflict-affected areas.

IFC Asset Management Company's assets under management increased to $8.9 billion across 11 funds. AMC mobilized $476 million for IFC projects.

We know the road ahead will be challenging. The world's expectations of the development community—as reflected in the United Nations Sustainable Development Goals—are rightly ambitious. Investors have grown increasingly risk-averse regarding emerging markets, causing capital flows to recede just when they are most needed. Conflict and violence in many parts of the world pose a significant obstacle to development.

Yet we are optimistic—because IFC was *invented* for challenges of this kind. Sixty years ago, our founders set us on a course to "create conditions conducive to the flow of private capital" in "less developed areas" of the world—to intervene wherever "sufficient private capital is not available on reasonable terms." We've been doing so ever since—venturing ever more deeply into the world's toughest markets.

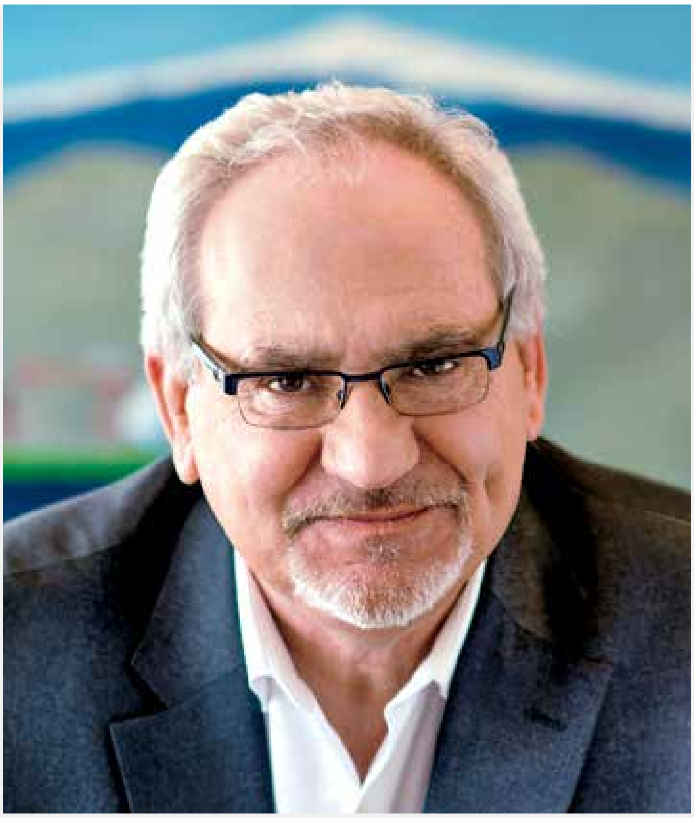
Drawing on the many lessons learned over six decades, IFC is uniquely positioned to lead this work.

PHILIPPE LE HOUÉROU
IFC Executive Vice President
and Chief Executive Officer

...TO HELP CREATE AND DEVELOP MARKETS IN THE POOREST AND MOST CONFLICT-PRONE AREAS

Our Management Team

Our leadership team ensures that IFC's resources are deployed effectively, with a focus on maximizing development impact and meeting the needs of our clients. IFC's Management Team benefits from years of development experience, a diversity of knowledge, and distinct cultural perspectives. The team shapes our strategies and policies, positioning IFC to create opportunity where it's needed most.

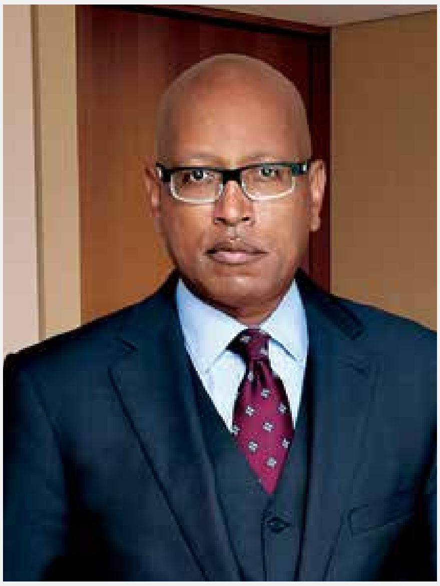


Philippe Le Houérou
IFC Executive Vice President and Chief Executive Officer

Jingdong Hua
Vice President and Treasurer

Saran Kebet-Koulibaly
Vice President, Corporate Risk and Sustainability

Nena Stoiljkovic
Vice President, Global Client Services



Ethiopis Tafara
General Counsel and Vice President, Corporate Risk and Sustainability

Dimitris Tsitsiragos
Vice President, Global Client Services

Gavin Wilson
CEO, IFC Asset Management Company

IFC Year in Review

In FY16, IFC invested nearly $19 billion, including about $8 billion mobilized from other investors. Our comprehensive approach helped businesses innovate, build internationally competitive industrial sectors, and create better jobs.

FINANCIAL HIGHLIGHTS

Dollars in millions, for the year ended June 30*	2016	2015	2014	2013	2012
Net income (loss) attributable to IFC	(33)	445	1,483	1,018	1,328
Grants to IDA	330	340	251	340	330
Income before grants to IDA	296	749	1,739	1,350	1,658
Total assets	90,434	87,548	84,130	77,525	75,761
Loans, equity investments and debt securities, net	37,356	37,578	38,176	34,677	31,438
Estimated fair value of equity investments	13,664	14,834	14,890	13,309	11,977
KEY RATIOS					
Return on average assets (GAAP basis)	0.00%	0.50%	1.8%	1.3%	1.8%
Return on average capital (GAAP basis)	-0.10%	1.80%	6.4%	4.8%	6.5%
Cash and liquid investments as a percentage of next three years' estimated net cash requirements	85%	81%	78%	77%	77%
Debt-to-equity ratio	2.8:1	2.6:1	2.7:1	2.6:1	2.7:1
Total resources required ($ billions)	19.2	19.2	18.0	16.8	15.5
Total resources available ($ billions)	22.5	22.6	21.6	20.5	19.2
Total reserve against losses on loans to total disbursed loan portfolio	7.4%	7.5%	6.9%	7.2%	6.6%

*See Management's Discussion and Analysis and Consolidated Financial Statements for details on the calculation of these numbers: http://www.ifc.org/FinancialReporting

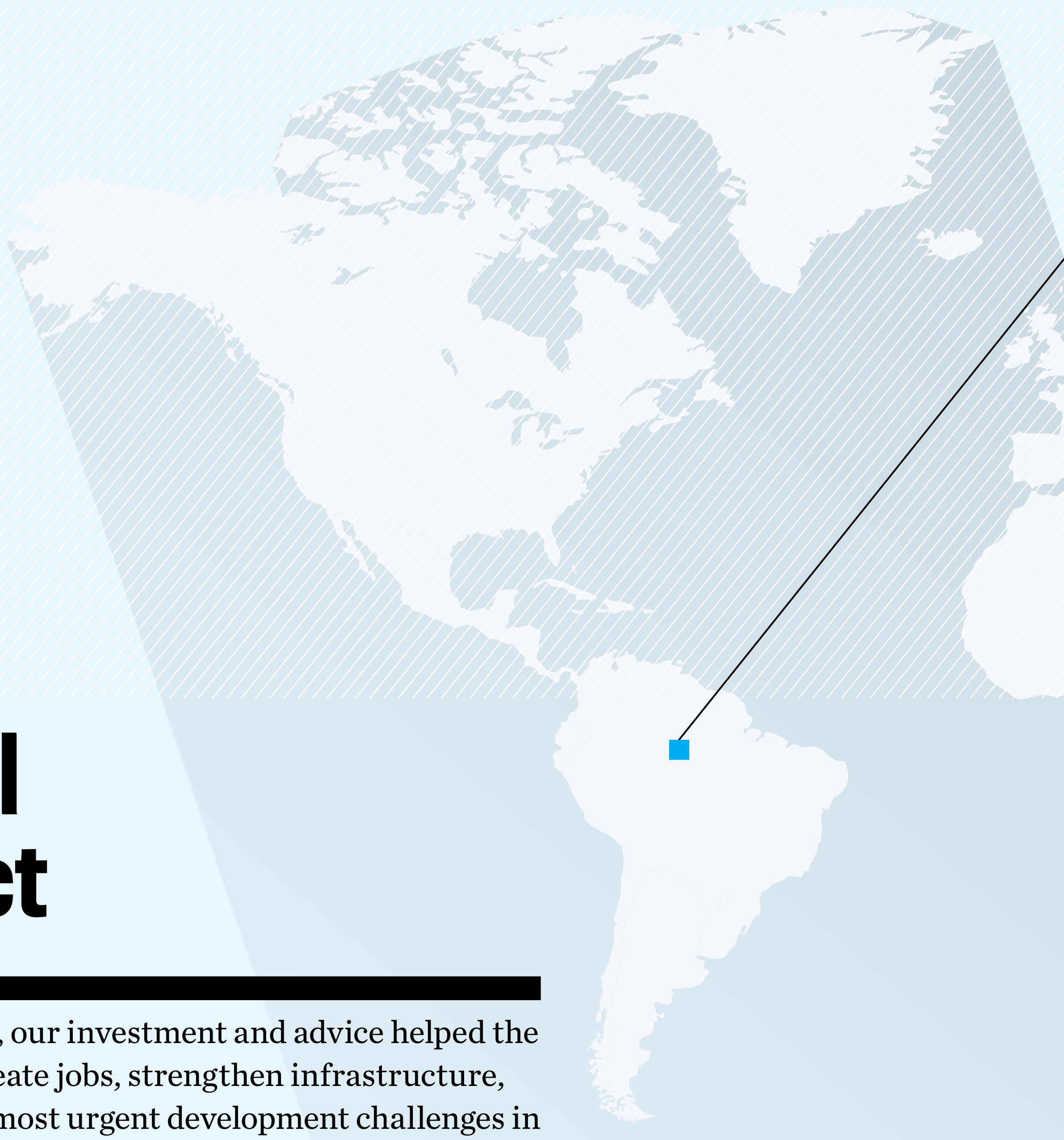
FY16 OPERATIONAL HIGHLIGHTS

Dollars in millions, for the year ended June 30	2016	2015	2014	2013	2012
LONG-TERM INVESTMENT COMMITMENTS					
FOR IFC'S OWN ACCOUNT	$ 11,117	$10,539	$ 9,967	$11,008	$ 9,241
Number of projects	344	406	364	388	365
Number of countries	78	83	73	77	78
CORE MOBILIZATION*	$ 7,739	$ 7,133	$ 5,142	$ 6,504	$ 4,896
Syndicated loans[1]	$ 5,416	$ 4,194	$ 3,093	$ 3,098	$ 2,691
IFC initiatives & other	$ 1,054	$ 1,631	$ 1,106	$ 1,696	$ 1,727
Asset Management Company (AMC) Funds	$ 476	$ 761	$ 831	$ 768	$ 437
Public-Private Partnership (PPP)[2]	$ 793	$ 548	$ 113	$ 942	$ 41
TOTAL INVESTMENT COMMITMENTS	$18,856	$17,672	$15,109	$17,512	$14,137
INVESTMENT DISBURSEMENTS					
For IFC's account	$ 9,953	$ 9,264	$ 8,904	$ 9,971	$ 7,981
Syndicated loans[3]	$ 4,429	$ 2,811	$ 2,190	$ 2,142	$ 2,587
TOTAL INVESTMENT DISBURSEMENTS	$14,382	$12,075	$11,094	$12,113	$10,568
COMMITTED PORTFOLIO					
Number of firms	2,006	2,033	2,011	1,948	1,825
For IFC's account	$51,994	$50,402	$51,735	$49,617	$45,279
Syndicated loans[4]	$16,550	$15,330	$15,258	$13,633	$ 11,166
TOTAL COMMITTED PORTFOLIO	$68,544	$65,732	$66,993	$63,250	$56,445
SHORT-TERM FINANCE					
Average Outstanding Balance	$ 2,807	$ 2,837	$ 3,019	$ 2,739	$ 2,529
ADVISORY SERVICES					
Advisory Services program expenditures	$ 220.6	$ 202.1	$ 234.0	$ 231.9	$ 197.0
Share of program in IDA countries[5]	62%	65%	66%	65%	65%

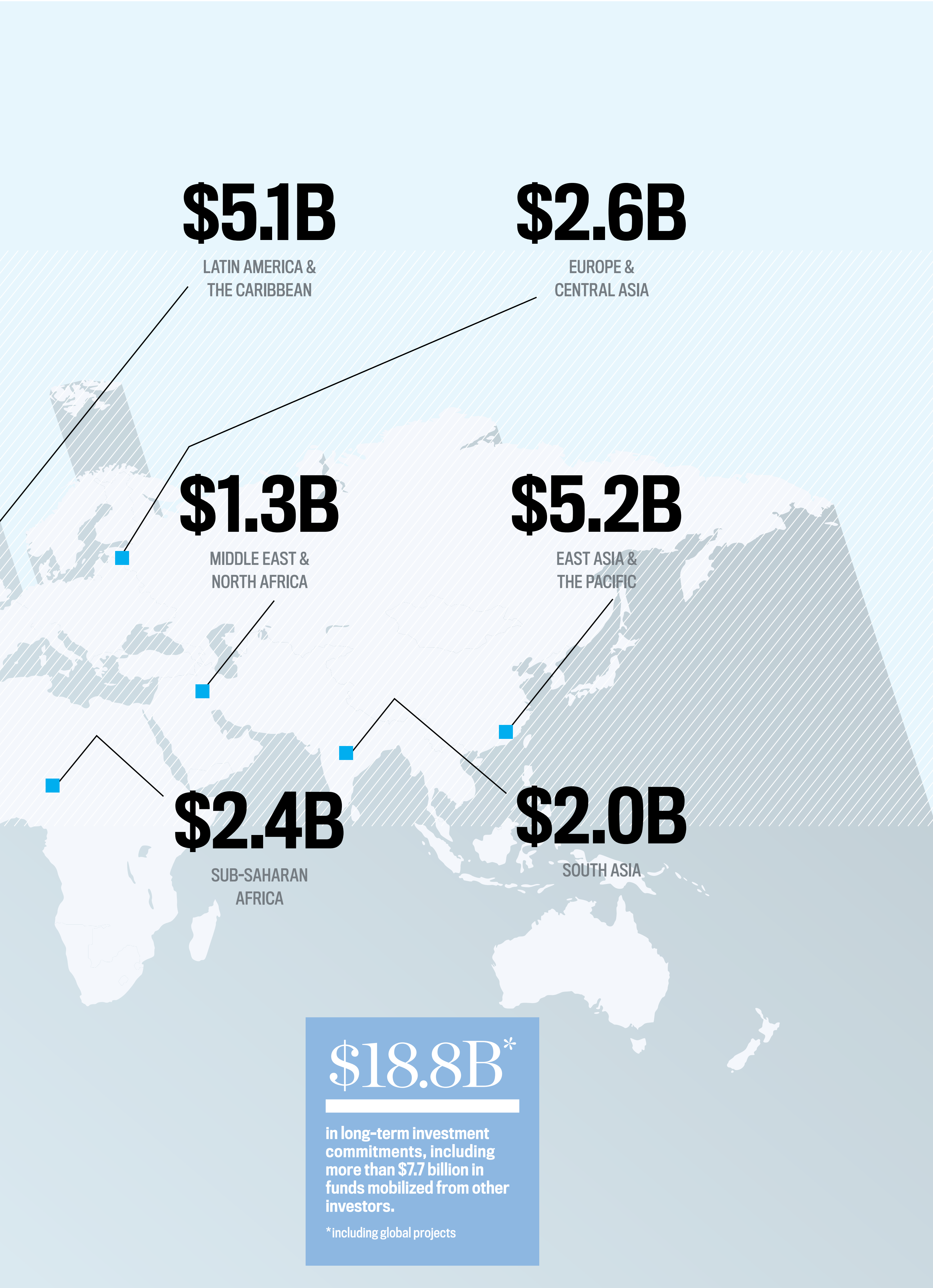
*Financing from entities other than IFC that becomes available to client due to IFC's direct involvement in raising resources

1. includes B-Loans, Parallel Loans, MCPP Loans, and A-Loan Participation Sales (ALPS)
2. Third-party financing made available for public private partnership projects due to IFC's mandated lead advisor role to national, local, or other government entity.
3. includes B-Loans, Agented Parallel Loans and MCPP Loans
4. includes B-Loans, A-Loan Participation (ALP), Structured A-Loan Participation Sales (SALPS), Agented Parallel Loans, Unfunded Risk Participations (URPs) and MCPP Loans
5. All references in this report to percentages of advisory program expenditures in IDA countries and fragile and conflict-affected areas exclude global projects.

IFC's Global Impact



Across the world, our investment and advice helped the private sector create jobs, strengthen infrastructure, and address the most urgent development challenges in emerging markets.



$18.8B*

in long-term investment commitments, including more than $7.7 billion in funds mobilized from other investors.

*including global projects

FY16 LONG-TERM COMMITMENTS BY ENVIRONMENTAL AND SOCIAL CATEGORY

Category	Commitments ($ millions)	No. of Projects
A	1,360	19
B	4,098	135
C	178	36
FI*	40	5
FI-1	899	17
FI-2	3,755	101
FI-3	787	31
Total	**11,117**	**344**

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

FY16 LARGEST COUNTRY EXPOSURES[1]

June 30, 2016 (Based on IFC's Account)

Global Rank Country	Committed Portfolio ($ millions)	% of Global Portfolio
1 India	$4,996	9.61%
2 Turkey	$3,816	7.34%
3 China	$2,863	5.51%
4 Brazil	$2,741	5.27%
5 Nigeria	$1,550	2.98%
6 Mexico	$1,295	2.49%
7 Pakistan	$1,217	2.34%
8 Indonesia	$1,205	2.32%
9 Egypt, Arab Republic of	$1,154	2.22%
10 Bangladesh	$1,014	1.95%

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

FY16 LONG-TERM COMMITMENTS

Dollar amounts in millions, for IFC's own account as of June 30, 2016

Total	$ 11,117	100.00%
By Industry		
Financial Markets	$ 4,474	40.24%
Infrastructure	$ 1,813	16.31%
Agribusiness & Forestry	$ 1,062	9.55%
Consumer & Social Services	$ 1,046	9.41%
Manufacturing	$ 824	7.41%
Oil, Gas, & Mining	$ 824	7.41%
Telecommunications & Information Technology	$ 541	4.86%
Funds	$ 534	4.80%
By Region	$ millions[1]	
Latin America and the Caribbean	$ 2,688	24.18%
East Asia and the Pacific	$ 2,307	20.75%
Europe and Central Asia	$ 2,131	19.17%
South Asia	$ 1,428	12.85%
Sub-Saharan Africa	$ 1,398	12.58%
Middle East and North Africa	$ 955	8.59%
Global	$ 210	1.89%

1. Some amounts include regional shares of investments that are officially classified as global projects.

By Product		
Loans[1]	$ 8,097	72.83%
Equity[2]	$ 2,595	23.34%
Guarantees	$ 378	3.40%
Risk-management products	$ 48	0.43%

1. Includes loan-type, quasi-loan products.
2. Includes equity-type, quasi-equity products.

FY16 COMMITTED PORTFOLIO

Dollar amounts in millions, for IFC's own account as of June 30, 2016

Total	$51,994	100.00%
By Industry		
Financial Markets	$ 16,125	31%
Infrastructure	$10,525	20%
Manufacturing	$ 5,398	10%
Consumer & Social Services	$ 4,408	8%
Funds	$ 4,319	8%
Agribusiness & Forestry	$ 3,411	7%
Trade Finance	$ 3,013	6%
Oil, Gas, & Mining	$ 2,780	5%
Telecommunications & Information Technology	$ 2,014	4%
By Region		
Latin America and the Caribbean	$ 11,829	23%
Europe and Central Asia	$ 9,261	18%
Sub-Saharan Africa	$ 8,329	16%
East Asia and the Pacific	$ 8,003	15%
South Asia	$ 6,557	13%
Middle East and North Africa	$ 5,963	11%
World	$ 2,050	4%

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

FY16 INVESTMENT SERVICES DOTS SCORE BY INDUSTRY

IFC	834 (32,751)	58%
Funds	106 (1,682)	75%
Financial Markets	241 (12,200)	62%
Agribusiness & Forestry	98 (2,676)	58%
Infrastructure	141 (7,073)	57%
Consumer & Social Services	103 (2,631)	53%
Manufacturing	89 (3,725)	47%
Oil, Gas & Mining	23 (1,820)	43%
Telecoms & IT	33 (945)	42%

Numbers at the left end of each bar are the total number of companies rated and the total IFC investment (US$ millions) in those projects at the end of FY16.

FY16 INVESTMENT SERVICES DOTS SCORE BY REGION

IFC	834 (32,751)	58%
Latin America and the Caribbean	166 (6,497)	63%
East Asia and the Pacific	111 (4,966)	62%
Sub-Saharan Africa	169 (4,495)	59%
South Asia	118 (3,951)	57%
Middle East and North Africa	88 (3,818)	57%
Europe and Central Asia	163 (8,059)	51%

Numbers at the left end of each bar are the total number of companies rated and the total IFC investment (US$ millions) in those projects at the end of FY16.

FY16 ADVISORY SERVICES PROGRAM EXPENDITURES

Dollar amounts in millions

Total	$220.6	100%
By Region		
Sub-Saharan Africa	$ 63.1	28.6%
East Asia and the Pacific	$ 39.2	17.8%
Europe and Central Asia	$ 34.2	15.5%
South Asia	$ 26.5	12.0%
Latin America and the Caribbean	$ 24.6	11.1%
Middle East and North Africa	$ 23.0	10.4%
Global	$ 10.1	4.6%
By Business Area		
Financial Sector	$ 67.2	30.4%
Investment Climate	$ 56.9	25.8%
Cross-Industry Areas	$ 34.0	15.4%
Public-Private Partnerships	$ 30.9	14.0%
Energy & Resource Efficiency	$ 19.3	8.8%
Agribusiness	$ 12.4	5.6%

WEIGHTED AND UNWEIGHTED INVESTMENT SERVICES DOTS SCORES

FY16	834	58%
	$32,751	68%
FY15	820	63%
	$30,973	72%
FY14	833	64%
	$30,042	73%

Unweighted Weighted

Numbers at the left end of each bar for unweighted DOTS score are the total number of companies rated. Numbers at the left end of each bar for weighted DOTS score represent total IFC investment (US$ millions) in those projects.

How IFC Creates Opportunity

IFC brings to bear six decades of experience and a distinctive set of advantages in working with the private sector to end extreme poverty and boost shared prosperity—a history of *innovation*, a record of global *influence*, a tradition of *demonstration* by setting an example for others, and a determination to achieve measurable development *impact*.

INNOVATION

Innovation holds the key to economic and social development. It helps the public and private sectors overcome hurdles, improve efficiency, and drive growth—creating the conditions necessary for sustainable development and lasting prosperity.

IFC has a distinguished history of engaging with companies that can transform ideas into action. In 2003, for instance, major commercial banks unveiled the Equator Principles—modeled on our framework to manage environmental and social risks of projects. We use our expertise and global presence to promote innovative ideas to modernize infrastructure, address climate change, and transform technology.

INFRASTRUCTURE

Accelerating Economic Growth

IFC's assistance helped build Port Lafito, the deepest port in Haiti.

India has one of the largest networks of roads in the world, but the roads are overwhelmed—just 2 percent of its national highways carry 40 percent of traffic, causing bottlenecks that can limit productivity and check economic growth.

Here, as in every other developing country, infrastructure is key to integrating economies and delivering services—it lays the foundation for lasting prosperity. By 2030, about $90 trillion will be needed to meet the needs of infrastructure across the world—two-thirds of it in developing countries.

IFC plays a catalytic role in bringing private sector funding for infrastructure projects in developing countries. In FY16 alone, we invested $3.7 billion in infrastructure projects, including funds mobilized from other investors. Our clients helped generate power for 48 million people, distribute water to 21.8 million, and gas to 51.2 million. In addition, in 2015, IFC helped governments sign 13 public-private-partnership contracts that are expected to improve access to infrastructure for over 15 million people and mobilize over $1.9 billion in private investment.

To help improve India's roads, we undertook our first road project in the country, agreeing to invest $250 million in the Singapore-based firm Cube Highways. The firm is acquiring a portfolio of toll roads in India, injecting much-needed funds for road developers to complete their projects while improving safety standards.

Providing clean water is a priority for IFC. In China, we recently agreed to lead a $300 million financing package for Beijing Enterprises Water Group—with about $50 million for IFC's own account—to help boost access to clean water, expand wastewater services, and reduce water losses. This was the latest in a series of similar IFC projects recently launched in China, including investments with China Water Affairs Group, United Water, and Everbright Water.

In Bangladesh, where 40 percent of the population lives without electricity, we provided a $75 million loan to Summit Bibiyana Power Company to set up a 341-megawatt gas-fired power plant in Sylhet. It will bring low-cost electricity to 3 million consumers.

IFC also helps develop ports—which are key to global economic integration given that the shipping industry accounts for about 90 percent of world trade. In Ghana, we agreed to provide $667 million in financing—including funds mobilized from other investors—to Meridian Port Services to build a deep-water terminal at the Tema port near Accra. The deal marked our largest mobilization effort in Sub-Saharan Africa's infrastructure sector.

In Haiti, which is rebuilding after the 2010 earthquake, we contributed $12 million and mobilized another $12 million from the Dutch development bank FMO to build Port Lafito, which welcomed its first vessel earlier this year.

SIX DECADES OF EXPERIENCE

1980

First investment in Tata Group, India: Tata Iron and Steel Company borrows $38 million from IFC.

CLIMATE CHANGE

Ramping Up Climate-Smart Initiatives

Our *Lighting Global* program helped bring solar lamps to millions of people. Here, children play with a solar lamp in Pakistan.

SIX DECADES OF EXPERIENCE

2015

At the historic climate change talks in Paris, IFC showcases emerging-market clients with innovative climate-smart solutions.

To end poverty,
it's essential to tackle climate change.

By 2030, global warming could force 100 million people into poverty if the world doesn't act now. People in developing countries face the greatest threat, as calamities such as droughts and floods threaten livelihoods and wreak havoc on economies. The cost of combating climate change in these countries amounts to nearly $1 trillion a year—far beyond the capacity of governments alone.

In FY16, as 196 countries agreed at the Paris Climate Conference to confine global warming to 2 degrees Celsius or less, we made significant commitments of our own: over the next four years, we aim to increase our climate investments to 28 percent of our annual financing and mobilize $13 billion a year in private financing for climate-related projects.

In FY16, our climate-related investments totaled $3.3 billion, including funds mobilized from other investors. The mobilized funds included nearly $390 million in climate-related private investment through our advisory work on public-private-partnership projects.

Our work extends beyond finance: we also advise businesses and governments on best practices in environmental sustainability. This year, the G-20 Green Finance Study Group asked the IFC-supported *Sustainable Banking Network* (see page 102) to provide insights about the best way to develop policies and stimulate market innovation to boost green finance. It did so through the presidency of China, which is hosting meetings of the Group of 20 leading economies in 2016. The study group cited the network's experience in working with emerging-markets regulators and banking associations to support integration of green finance in local markets.

Two years ago, we agreed to provide a $150 million loan to the world's second-largest container shipping line to reduce its fleet's fuel use. Our investment in Mediterranean Shipping Company is expected to help the company avoid as much as 1.2 million tons of carbon dioxide emissions a year once the project is completed—equivalent to installing as many as 330 wind turbines.

In Sub-Saharan Africa, we are working with the public and private sectors to increase production of energy. Under our innovative *Scaling Solar* initiative, we provide a one-stop-shop of World Bank Group services—advice, finance, insurance, and risk management—to help attract private sector bids.

The program's first auction, in Zambia, resulted in the lowest-priced solar power to date in Africa. Madagascar and Senegal have joined the initiative, which enables governments to procure privately funded solar power stations quickly and inexpensively.

Through the World Bank Group's *Lighting Global* program, IFC is supporting the development of off-grid solar markets in seven countries. As a result, in 2015, more than 21 million people in developing countries gained access to off-grid solar lighting, significantly reducing greenhouse emissions in the process.

TECHNOLOGY

Leveraging the Power of Disruptive Technology

Above, buses in China run on environmentally sustainable batteries manufactured by Microvast, an IFC client.

People across the world make more than 4 billion Google searches every day. Yet 4 billion people still lack access to the Internet.

Modern technology has become essential to the global effort to end poverty. Without it, people living in remote, poverty-stricken regions can have no bank accounts, no way to send or receive money, no access to small business loans—no way to participate in the global economy.

SIX DECADES OF EXPERIENCE

1970

We entered the technology, media, and telecommunications sector with a $4.5 million investment in the Philippine Long Distance Telephone Company to help expand its services.

IFC is taking advantage of rapid innovations in digital technology to address some of the world's most persistent development challenges. We invest in companies that leverage disruptive technologies—those that leapfrog over existing technologies—to help bring economic progress to those who need it most. In FY16, we invested $673 million in the telecommunications and information technology sector, including funds mobilized from other investors. This expanded our portfolio to $2 billion.

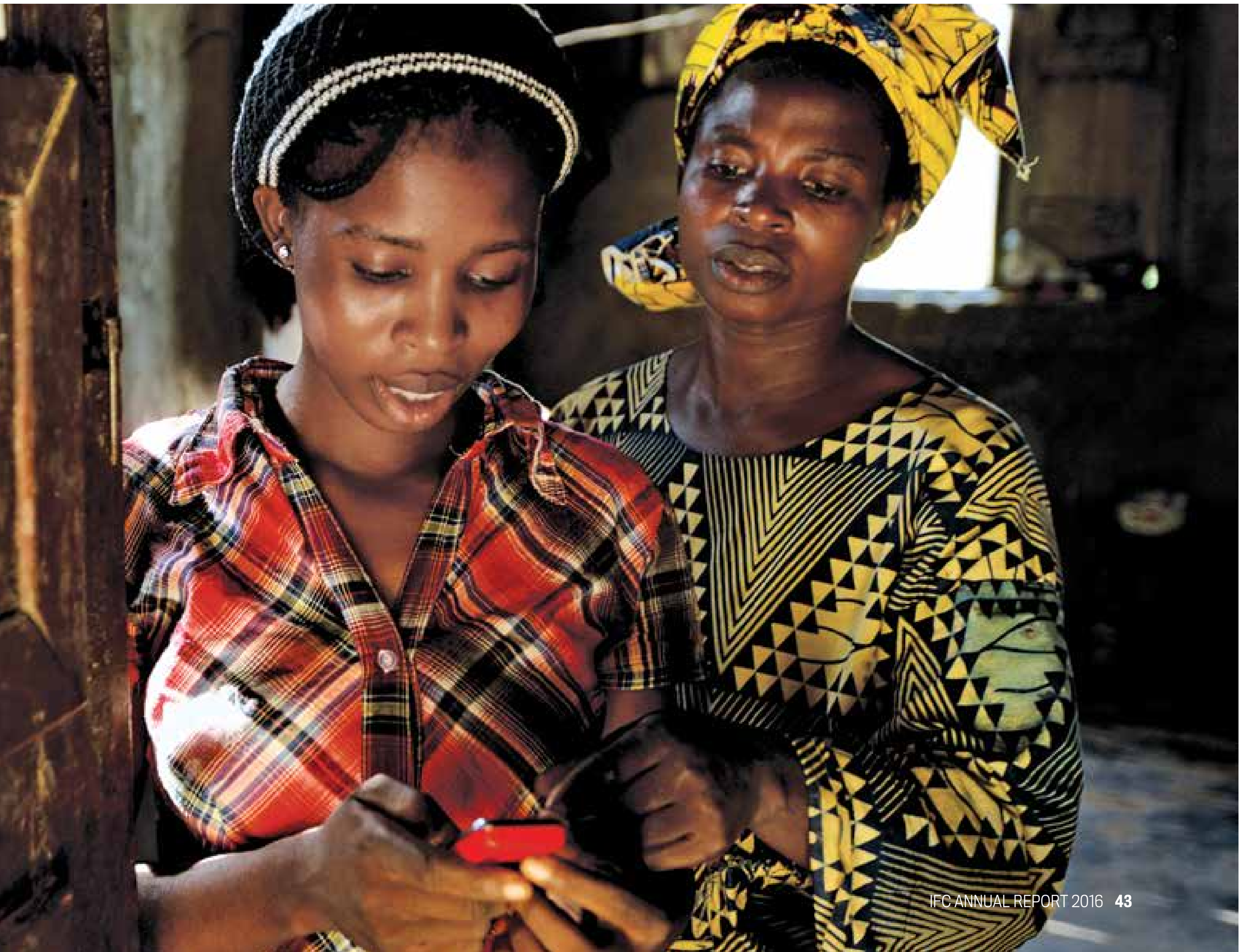
Over the past decade, IFC has invested more than $1 billion in mobile phone projects spanning 15 countries in Africa. Mobile phones help expand access to finance—as mobile banking and payments systems help even those in the most isolated rural areas send and receive money, affordably.

This year, we invested $35 million in Africell, a mobile network provider in Gambia and Sierra Leone that is expanding rapidly in the Democratic Republic of Congo. Our investment will enable the company to expand and upgrade its networks and services—including a service that allows subscribers to send and receive money with no added charges. We and our asset-management subsidiary also invested $14 million in Afrimax—the Japanese conglomerate that is expanding high-speed wireless service in Sub-Saharan Africa.

In Latin America, where increasing numbers of people are using cellular phones, IFC provided a $75 million loan to Otecel S.A. The loan enabled the company to expand its mobile broadband services in Ecuador—including in regions that traditionally have had little or no cellular service.

We see significant potential in satellite technology—which is why we invested $20 million in California-based Planet Labs in 2015. The company uses a fleet of small satellites to collect data about our changing planet. The data can help IFC's client countries with environmental and agricultural planning and respond quickly to natural disasters.

IFC also supports companies that develop environmentally sustainable technology. This year, we invested $22.5 million in our client Microvast Inc., whose fast-charging, high-efficiency batteries power more than 3,000 electric buses in China and Europe.



INFLUENCE

IFC's advice and ideas shape policy in emerging markets.

We help the Group of 20 advanced and developing economies address an array of development challenges—ranging from food security to gender inequality to access to finance for small and medium enterprises. We work with companies and governments to bolster corporate governance and improve environmental and social standards. In doing so, we help steer the private sector to make a greater contribution to growth and poverty reduction.

SMALL AND MEDIUM ENTERPRISES

Helping Local Entrepreneurs Thrive

Loans from IFC client Bancamía helped Ana Judith Martinez finance her grocery stores in Bogotá, Colombia.

Ana Judith Martínez arrived in Bogotá as a teenager with a dream: to open a grocery store in the Colombian capital. She saved for more than three years, but the money just wasn't enough.

Enter Bancamía. Loans from the IFC-backed microfinance company helped Martínez finance her store. Today, the business is thriving. She opened a second store, creating jobs for five others.

Across the world, small and medium enterprises such as Martínez's serve as engines of growth. They account for 90 percent of the businesses and more than 50 percent of the jobs. But SMEs face a number of challenges—lack of access to finance, skills, markets, energy, and infrastructure.

IFC plays a global role in unlocking the potential of SMEs. We work with the public and private sectors to expand access to finance, deliver training to entrepreneurs, help simplify business regulations, and build the capacity of local businesses to serve as suppliers or distributors of global companies. We also serve as technical advisor to the Group of 20 economies on SME finance—helping shape their policies. This includes participating in the Global Partnership for Financial Inclusion and managing the global SME Finance Innovation Fund, which provides policy recommendations to increase access to finance for SMEs.

The SME Finance Forum has come a long way in the three short years since it opened its doors. It has become a hub for knowledge-sharing on what works and what does not in SME finance. It has served as both a connector and convener—bringing together banks, financial technology companies, regulators, and development institutions.

In 2015, we worked across the world with financial institutions that focus on micro, small, and medium enterprises. These institutions provided nearly $403.2 billion in micro, small, and medium loans. Our Global SME Banking program advised clients through more than 61 projects in 35 countries. More than two-thirds of these projects were in the poorest countries, and nearly 25 percent were in conflict-affected areas.

In Sub-Saharan Africa, we recently joined forces with the European Investment Bank on a $110 million risk-sharing facility for Ecobank Transnational Inc. The funds will support SMEs, which are considered a greater credit risk than larger businesses.

Working with the World Bank and the Organization for the Harmonization of Business Law in Africa (known by its French acronym, OHADA), we help governments standardize business regulations to make it easier for fledgling businesses to thrive. Last year, Benin became the first of 17 OHADA countries to enact a harmonized law for small entrepreneurs.

SIX DECADES OF EXPERIENCE

1976

IFC provided a $2 million loan to Kenya Commercial Bank to increase lending to small local firms—our first SME finance project.

Helping Businesses Flourish in Tough Conditions

Omar Barcat plies one of the world's riskiest routes: the Congo River. One pitfall of trading on the 2,900-mile-long river—the threat of bandits. But that didn't dampen the ambitions of Barcat, who owns a river transportation firm in the Democratic Republic of Congo.

To expand his business, Sogetra, Barcat turned to the IFC-backed Central Africa Small and Medium Enterprise Fund. With a $250,000 investment from the $20 million fund, his outlook brightened. "When I started working with them three years ago, I had one boat," he says. "Now I have four."

Across the world, poverty is becoming more concentrated. About 1.3 billion people live in the 77 poorest countries eligible to borrow from the World Bank's International Development Association, or IDA. By 2030, half the world's poor is expected to live in fragile and conflict-affected areas.

That's why these areas are a priority for IFC. We help create the conditions for businesses to succeed—to generate jobs, modernize infrastructure, and spur economic growth. We also help influence policies that promote development in these countries. In FY16, we made more than $5.4 billion in long-term investments in IDA countries, including funds mobilized from other investors. In addition, we have contributed more than $3.5 billion since 2007 to support IDA's work. Our investments in fragile and conflict-affected regions in FY16 totaled nearly $1 billion, including funds mobilized from others. About 60 percent of our advisory program was in IDA countries—including about 20 percent in fragile and conflict-affected areas.

Omar Barcat, third from left, was able to expand his river transportation business with financing from an IFC-backed fund.

In Myanmar, we made our first investment in the country's transportation sector, with an initial $40 million convertible loan to upgrade the Myanmar Industrial Port, a key trading center that handles 40 percent of the country's container traffic. Elsewhere in the country, we agreed to $150 million in loans to help Ooredoo Myanmar roll out a mobile telecommunications network.

In Iraq, we arranged $375 million in financing for Mass Global Energy Sulimaniya to convert a 1,000-megawatt gas-fired power plant in the Kurdistan region to an energy-efficient 1,500-MW plant.

We are also making efforts to increase lending to women-owned SMEs in IDA countries—building on our 2015 investment and advisory services partnership with Banque Franco-Lao in the Lao People's Democratic Republic. We are implementing similar projects in countries such as Kenya, Pakistan, and Democratic Republic of Congo.

We also leverage our influence to help companies improve their corporate governance. In Yemen, IFC is helping local corporate leaders to navigate crisis situations during a time of civil unrest.

In Benin, we worked with the World Bank on a $50 million initiative—the Benin Cross-Border Tourism and Competitiveness Project—which is expected to help more than 1,000 tourism firms expand operations and create jobs.

SIX DECADES OF EXPERIENCE

1996

We helped launch Bosnia's microfinance pioneer—now known as ProCredit Bank—one of our first investments in a conflict-affected area.

LOCAL CAPITAL MARKETS

Expanding Local-Currency Finance to Boost Prosperity

Kherun Nisha opened a snack store in Jaipur, India, supported by a loan from IFC client Equitas. Her earnings doubled.

Capital markets are a critical cog in the engine of economic growth.

They channel funds to governments and private companies. They help generate jobs, build infrastructure, and drive innovation—all of which are indispensable for ending poverty and spreading prosperity. But in many developing countries, local capital markets remain underdeveloped, creating hurdles to growth.

That's why IFC works to strengthen local capital markets in these countries. We issue local-currency bonds to help establish a strong pricing benchmark for other local bonds. We are often the first international, nongovernment issuer of these bonds, paving the way for other issuers. We also work with companies and regulators to strengthen local capital markets and local-currency finance.

In India, following the success of our first-ever rupee-denominated bonds in 2013, the government last year allowed local companies to issue rupee bonds in offshore markets. In another first, we recently issued offshore rupee bonds with the longest maturity—15-year Masala bonds valued at $30 million. IFC has previously issued Masala bonds in maturities of three to 10 years.

In the Middle East and North Africa, we launched a $100 million Islamic bond, or sukuk, to support our financing activities in the region. This is our third Islamic bond, which is listed on NASDAQ Dubai.

We also issued a rand-denominated bond in South Africa, raising the equivalent of about $71 million. Proceeds of the bond will be used to support investments in the renewable energy sector, including efforts to reduce greenhouse emissions.

In Haiti, which is recovering from the earthquake six years ago, we agreed last November to swap dollars for Haitian currency. The move will help boost long-term gourde-denominated investments in small and medium enterprises, supporting the country's efforts to increase the use of local currency in the economy.

In all, IFC has issued bonds in 18 emerging-market currencies. We also have provided $19.5 billion in local-currency financing across 71 currencies—through loans, swaps, guarantees, risk-sharing facilities, and securitized products.

SIX DECADES OF EXPERIENCE

1997

IFC issued our first local-currency loan, in South African rand.

GENDER

Promoting Growth by Empowering Women

Madeline Mohamed Mahmoud applied lessons she learned at an IFC-backed mini-MBA program to expand her fishing business in Gaza.

At 13, Madeline Mohamed Mahmoud became a fisherwoman. She didn't have a choice: her father fell sick and couldn't return to his fishing business in Gaza, off the Mediterranean Sea. Mahmoud's family depended on her earnings.

She didn't shirk her responsibilities. Mahmoud, now 22, recently graduated from the Felestineya mini-MBA program, which IFC launched with our client Bank of Palestine. The six-month program aims to develop the business and leadership skills of women entrepreneurs in conflict-affected regions. With a $15,000 loan from the bank, Mahmoud was able to buy a boat and hire four employees—expanding her business and creating opportunities for others.

Across the world, women face significant barriers to joining the workforce—and the cost to the economy is immense.

Global economic output would increase by up to $28 trillion by 2025 if women were to participate in the economy at the same rate as men, research shows. Cash in women's hands has a ripple effect on development outcomes. Evidence shows that women spend more on children's food and education when they have more control over household income.

IFC helps empower women in developing countries—not only as consumers but also as employees, entrepreneurs, and business leaders. Our approach is comprehensive: we create global partnerships to encourage hiring and improve working conditions for women, we help expand access to finance for women entrepreneurs, and we work with clients to provide business skills and leadership training to women. We also help companies get more women on boards and into senior management positions.

SIX DECADES OF EXPERIENCE

2004

We launched our landmark IFC gender initiative, now called the Women in Business Program, encouraging projects to help local women-owned businesses.

In FY16, we worked with AXA Group and Accenture on a groundbreaking report, titled *SheforShield*, which found the insurance needs of women in emerging markets weren't being addressed despite their rising income. By 2030, the report found, the insurance industry is expected to earn up to $1.7 trillion from women alone—half of it in just 10 emerging economies.

To expand lending to women-owned businesses in India, we agreed to provide a $50 million loan to India's Yes Bank. The loan was issued through the Women Entrepreneurs' Opportunity Facility—our joint program with Goldman Sachs' *10,000 Women* initiative to help women entrepreneurs. Under this initiative, we are helping China's Bank of Luoyang expand its $140 million portfolio of loans to women-owned small and medium enterprises—by providing a risk-sharing facility that covers half the potential loss on every eligible loan, up to a maximum of $71 million.

This year, along with the World Bank, IFC became the first international financial institution to obtain Economic Dividends for Gender Equality, or EDGE, certification. The certification highlights our public commitment to achieve gender balance within our own workforce—in pay, recruitment and promotion, and other key areas.

Zhao Hongli opened auto-repair shops in Luoyang, China—with assistance from an IFC-backed initiative helping women entrepreneurs.

DEMONSTRATION

IFC leads by example. We identify underserved sectors or regions and work with our partners to fill the gaps.

The success of the projects serves as an important signal—when our clients succeed, others are likely to follow. When a new technology is deployed and consumers are satisfied, others are encouraged to replicate that—accelerating development in places that need it most.

MOBILIZATION

Unlocking Capital for Sustainable Development

IFC's investment in Myanmar's City Mart grocery chain (see page 65) is opening up career opportunities for employees such as Khin Khin Thein.

The price tag is steep for addressing the full spectrum of challenges that impede progress in developing countries: up to $4.5 trillion a year will be needed to achieve the United Nations Sustainable Development Goals.

Governments alone cannot make those formidable investments: a robust partnership with the private sector is imperative to bridge the funding gap. IFC plays a crucial role in helping mobilize capital from a broad array of investors—banks, sovereign funds, and international financial institutions. This work enables us to achieve greater development impact than we could on our own.

In 2015, as heads of state and governments gathered in Addis Ababa, Ethiopia, to plan a global framework for raising the funds needed to achieve the Sustainable Development Goals, they cited IFC's leadership in mobilizing financing for development.

We have a record of introducing innovative ways to attract investors to work alongside us to spur growth. This year, we began work on a private sector version of our successful *Managed Co-Lending Portfolio Program*—an initiative launched in 2013 that mobilized $3 billion from the government of China for investment in private companies in developing countries.

We mobilize funds through two major platforms. One is the IFC Asset Management Company (see page 80), which manages $8.9 billion in assets through 11 investment funds—including two that were launched this year. The other is our loan-syndications program (see page 79)—unveiled in the late 1950s—that has mobilized over $50 billion from more than 500 financing partners for over 1,000 projects in more than 115 emerging markets. At the end of FY16, our syndications portfolio totaled $16.6 billion.

In all, IFC mobilized more than $7.7 billion for investment in developing countries in FY16—more than 40 percent of our total long-term investments.

We strive to make it easier for others to join us in our investments. In 2009, we established the Master Cooperation Agreement to standardize steps that lenders need to take when co-financing IFC projects in developing countries. Since then, 28 development finance institutions have become signatories. They have provided $2.3 billion to IFC clients over the past six years.

In Argentina, we raised $110 million from investors—in addition to $25 million from our account—to finance the oilseeds company Vicentin to help boost its exports. In Colombia, we invested $48 million in an infrastructure debt fund managed by Peru's Credicorp Capital and Colombia's Sura Asset Management. The fund aims to raise $400 million for investment in infrastructure projects.

SIX DECADES OF EXPERIENCE

1959

IFC made its first syndicated loan—mobilizing $2 million for the Brazilian pulp and paper company Champion Celulose.

CITIES

Tackling the Challenge of Rapid Urbanization

A view of Cambodia's capital, Phnom Penh—one of the fastest-growing cities in Asia.

The world's urban population is expanding rapidly.

By 2045, the number of people living in urban areas will climb by 50 percent, to 6 billion—straining already overwhelmed infrastructure. Cities will need to provide affordable housing, clean energy, safe water, reliable transportation, and millions of jobs for the growing number of urban dwellers.

Trillions of dollars will be needed to meet those needs. Over the next 15 years, up to $90 trillion will be needed just to build modern, clean, and efficient infrastructure across the world—with most of the investment in developing countries.

IFC is focused on finding creative solutions to the challenges of rapid urbanization. We work with governments and the private sector to provide advice and investment to construct roads, bridges, and buildings; improve access to water and power; and boost education and job opportunities. Our success serves as a demonstration effect, prompting others to follow us.

One priority is to promote the construction of resource-efficient buildings in partnership with the private sector. In 2015, we teamed up with global certification providers to promote the use of IFC's green-building certification program—Excellence in Design for Greater Efficiencies—to 125 developing countries. In FY16, we invested $590 million in energy-efficient construction, including funds mobilized from other investors. Over the past five years, we have invested more than $2 billion in this sector.

As part of our financing strategy, we issue green bonds to unlock investments that support sustainable business practices. We recently launched a 10-year green bond, raising $700 million for investments in renewable energy, energy efficiency, and other projects that reduce greenhouse emissions. We are among the largest issuers of green bonds, raising a total of $1.4 billion through such bonds as of the end of FY16.

In India, we bought about $76 million in green bonds issued by Punjab National Bank Housing Finance, which will use the proceeds mainly for the construction of green residential buildings, with a focus on affordable housing.

In Turkey, IFC provided a $120 million package to finance a new metro line between two densely populated districts in Istanbul. By 2023, it will carry about 450,000 passengers a day, easing the strain on roads. We also helped TSKB, the country's oldest privately owned development bank, issue $300 million in green bonds, marking the first time such bonds have been issued by a Turkish company in international markets. We did so by buying $50 million of the bonds, signaling our confidence in the issuance.

SIX DECADES OF EXPERIENCE

1978

We helped finance the first private mortgage bank in India—HDFC.

Promoting Universal Access to Finance

Access to basic financial products—bank accounts, debit cards, and housing loans—is the cornerstone of prosperity. Such products help people and businesses plan for expenses, build assets, increase income, and reduce their vulnerability to economic stress.

Yet 2 billion adults worldwide still don't have a bank account. In developing countries, micro, small, and medium enterprises face a financing gap of up to $2.6 trillion. Up to 245 million enterprises of this type cannot obtain the credit they need to grow and succeed.

IFC works to close the gap, helping achieve a key objective of the World Bank Group—universal access to finance for adults by 2020. We do so through a network of more than 750 financial intermediaries, providing investment and advice that allow them to expand credit where it is needed most. This includes challenging markets such as conflict-affected areas or often-neglected segments—women-owned businesses. Our efforts allow others to replicate our work.

In Pakistan, we invested $225 million in the country's biggest commercial bank to help it increase the number of women depositors and increase lending to rural borrowers and SMEs. Over the past three years, Habib Bank has increased the number of female depositors by more than a third.

Housing finance is another priority for IFC—because of its potential to create jobs. In Panama, where one out of four people lives in substandard housing, we lent $100 million to Banco General to help more families obtain mortgage financing. A previous IFC investment of $50 million in Banco General, in 2011, resulted in more than 1,300 loans—of which nearly half were issued to female borrowers.

In some countries with vulnerable and fragmented banking sectors, we have supported the consolidation of institutions to maintain the strength of the financial system. That was the case in Armenia, where we provided a $20 million loan to Inecobank, so it could buy a competitor and broaden access to finance for micro, small, and medium enterprises.

We did the same in Greece. To restore financial sector stability, we bought €150 million worth of shares in the country's four main banks—Alpha Bank, Eurobank, Piraeus Bank, and National Bank of Greece. Supporting the institutions will help provide much-needed loans to smaller businesses, which account for 86 percent of Greek jobs.

SIX DECADES OF EXPERIENCE

1996

IFC entered the microfinance sector with a $3 million stake in ProFund, focused on Latin America and the Caribbean.

Khairunissa Jiwani manages a Habib Bank branch in Karachi, Pakistan. The IFC client is helping boost women's access to finance.

IMPACT

In an era of significant economic turbulence, we go wherever we are needed most—and deploy our resources wherever they will achieve the greatest impact.

We do that by leveraging the power of the private sector to transform entire economies—by creating jobs, improving lives, and promoting sustainable agricultural practices. In doing so, we help create the conditions necessary for lasting prosperity.

EMPLOYMENT

Creating Good Jobs—the Surest Path Out of Poverty

With financing from IFC, Mossadeck Bally turned an old hotel into an international chain, supporting hundreds of jobs.

The IFC-backed Oyu Tolgoi copper and gold mine in Mongolia is expected to generate about 3,000 additional jobs.

Fresh out of college, Mossadeck Bally faced a difficult choice: stay in the United States or return to Mali to work in his father's export-import business. He chose to go home—changing the destiny of hundreds of his fellow citizens in the process.

The decisive moment came in 1994, when he purchased the colonial-era Grand Hotel in Bamako with financing from IFC. Today, his Azalaï Hotels Group runs seven business hotels in four West African countries. The Grand Hotel alone supported nearly 1,000 jobs in 2014. Azalaï's success prompted other chains to chart their own expansion plans—creating more jobs.

In a time of persistent economic uncertainty, generating good jobs will be critical to ending poverty. Across the world, unemployment continues to rise—afflicting about 200 million people in the formal sector, mostly in developing countries. Countless others are underemployed, stuck in low-wage, low-productivity jobs with little hope of advancement.

IFC plays an important role in addressing the challenge—by harnessing the power of the private sector, which accounts for nine out of 10 jobs created in developing countries. We also help improve working conditions and increase the participation of women in the labor force. In 2015, we helped our clients support 2.4 million jobs.

In Mongolia, we helped arrange a $2.2 billion investment in the Oyu Tolgoi copper and gold mine. The project, which employs about 2,500 people, is expected to generate about 3,000 additional jobs—nearly all of them for local workers. Once completed, the mine is also expected to boost Mongolia's economic output by 30 percent.

In the Middle East and North Africa, IFC and IFC Asset Management Company are investing $27 million in Souq Group, the largest e-commerce platform in the region. The expansion of the company, which offers consumer electronics and other products, is expected to generate more than 1,700 jobs over the next five years.

In the former Yugoslav Republic of Macedonia, we provided an €8 million loan to Key Safety Systems to build a plant for airbag cushions. It is expected to create up to 1,000 jobs by 2017. In Democratic Republic of Congo, we invested $45.5 million in Australia's Tiger Resources to expand the Kipoi copper mine, which provides jobs to about 800 local workers. In Myanmar, we agreed to provide a convertible loan of up to $25 million to food retailer City Mart Holdings to expand its operations. The investment is expected to create nearly 5,000 jobs.

IFC is also a leading investor in inclusive businesses—those that offer goods, services, and job opportunities to low-income communities. Since 2005, IFC has invested over $14.5 billion and worked with over 500 inclusive businesses in 100 countries.

SIX DECADES OF EXPERIENCE

2013

We launched our pioneering IFC Jobs Study, which highlighted the barriers to job growth in the private sector.

Students attend an immunology class at a Rio de Janeiro campus run by IFC client Estácio Participações.

HEALTH AND EDUCATION

Helping People Lead Productive Lives

At 35, Jairo Alexander found himself at a crossroads. He couldn't find a good job in Colombia, and he couldn't afford the education he needed to improve his prospects.

Alexander then made a decision that changed his life: he turned to Uniminuto, a nonprofit university that is an IFC client. He was attracted by its high-quality education—but mostly by its affordable tuition, which he could pay even with his low wages. Today, he runs a successful construction company—one that is creating jobs for many other Colombians.

IFC client Uniminuto, which provides affordable higher education, encourages students to help others—such as children at this Colombian afterschool program.

Ending poverty means building human capital: ensuring that people have the education and health care they need to lead productive lives. Economic growth in the past three decades facilitated greater investment in health and education in developing countries—and that helped halve the global poverty rate. Yet across the world, 103 million young people—mostly women—still lack basic literacy skills. More than 6 million children die before their fifth birthday.

It takes both public and private sector resources to address a challenge of this scale. In education, IFC helps build private sector capacity to complement the work of the public sector and to create more opportunities for children, youth, and working adults. In health care, we invest in companies that implement best practices or innovate to make high-quality services more affordable. In FY16, we invested more than $535 million in the health and education sectors, including funds mobilized from other investors. Our efforts have had measurable impact—our clients helped educate 4.6 million students and treated more than 31.8 million patients.

In Nigeria, where more than 11 million young people are unemployed, we supported Andela, an early-stage education company that recruits talented people and trains them to become professional software developers. Selected candidates start with an intensive three-to-six-month training. They later get a job that allows them to work remotely with companies such as Microsoft and Google. Over the next 10 years, Andela aims to train 100,000 software developers across Africa.

In Brazil, we invested $100 million in Estácio Participações, which provides education to more than 500,000 undergraduate and graduate students. Our financing will help the institution expand access to higher-quality and affordable education for low- and middle-income students across the country.

To improve health care services in Jharkhand, one of the poorest states in India, we worked with the state government to develop a public-private partnership to set up pathology and radiology laboratories in all 24 districts. Once completed, the laboratories will improve access to diagnostic services for about 3.5 million people a year.

In Bangladesh, where about 40,000 patients die each year because of kidney diseases, IFC assisted the government in setting up a PPP to install more than 100 dialysis centers in two hospitals in Dhaka and Chittagong, the two most densely populated cities in the country.

SIX DECADES OF EXPERIENCE

1994

We made our first major investment in a private hospital, with $62 million in financing for Bumrungrad Medical Center in Bangkok.

AGRIBUSINESS

Strengthening Food Security in Challenging Places

Yuriy Berezovsky found himself short of cash. He needed money to buy farm supplies such as insecticides for his 15-square-mile farm in Ukraine. But the country's steep interest rates made it difficult to borrow from traditional lenders.

Help came in the form of a risk-sharing facility launched by IFC and agrochemical firm Bayer. The $60 million facility—of which IFC shares the risk for up to half the value—provides local-currency funding at low rates, allowing thousands of small-scale farmers easy access to financing. The funds helped Berezovsky improve the quality and yield of his crops.

Across the world, millions of people depend on agriculture for their livelihood. A major challenge for farmers is the lack of access to finance, which impedes their productivity. To feed the growing population—expected to hit 9 billion by 2050—the world needs to boost agricultural production by at least 50 percent.

IFC is playing a critical role in strengthening food security, especially in the poorest regions of the world. We combine investments with advice to find innovative solutions to expand access to finance for farmers and agribusinesses, improve agriculture productivity, and help companies adopt better environmental and social practices.

In FY16, our overall agribusiness-related investments across the food-supply chain totaled $3.4 billion, including funds mobilized from other investors. These investments—in production, logistics, distribution, and food processing—helped benefit 3.5 million farmers worldwide.

Ukrainian farmer Yuriy Berezovsky benefited from low-interest financing as a result of IFC's work.

Farmer Noda tends to hazelnut plants provided by Mountain Hazelnuts, an IFC client that is helping promote sustainable farming in Bhutan.

We take a comprehensive approach to agribusiness, focusing across the supply chain—from farm to retail. In Côte d'Ivoire, we partnered with agriculture firm Cargill and Ivorian bank Société Ivoirienne de Banque to provide new trucks to cocoa farmers to transport their products. Under the innovative $6 million financing program, hundreds of farmers from dozens of cooperatives can cut costs by leasing trucks instead of purchasing them outright.

In developing countries, 780 million people suffer from malnutrition. We are stepping up our efforts to address the challenge. In Rwanda, we agreed to help finance the construction of a $66 million plant to produce fortified blended food, which is expected to benefit more than 700,000 children a year. The investment, through Africa Improved Foods, is expected to provide additional income for 12,000 local farmers who will supply the raw materials to the plant.

In Bhutan, IFC and the private sector window of the Global Agriculture and Food Security Program—a multilateral fund that we manage—agreed to jointly invest $9 million in Mountain Hazelnuts. The investment will create jobs and restore deforested lands in the region.

SIX DECADES OF EXPERIENCE

2010

We started the IFC private sector window in the $1.25 billion Global Agriculture and Food Security Program, a new World Bank Group initiative formed at the G-20's request.

About Us

IFC strives to deliver what cannot be obtained elsewhere. We call that special edge our "additionality." Using it to maximize our development impact is a cornerstone of our strategy.

Measuring Up

We measure our success by the difference we make in the lives of people in developing countries—and the advances we make in addressing the world's toughest development challenges.

How We Help End Poverty and Boost Shared Prosperity

Our activities are guided by our determination to assist wherever we are needed most—and wherever our assistance can do the most good.

STRENGTHEN FRONTIER MARKETS

Promote development of IDA countries, fragile and conflict-affected areas, and frontier regions of other developing countries.

ADDRESS CONSTRAINTS TO PRIVATE SECTOR GROWTH IN INFRASTRUCTURE, HEALTH, EDUCATION, AND THE FOOD-SUPPLY CHAIN

Increase access to basic services and strengthen the agribusiness value chain.

DEVELOP LOCAL FINANCIAL MARKETS

Build institutions, mobilize resources, and introduce innovative financial products.

ADDRESS CLIMATE CHANGE AND ENSURE ENVIRONMENTAL AND SOCIAL SUSTAINABILITY

Develop new business models and financing instruments, setting and raising standards.

BUILD LONG-TERM CLIENT RELATIONSHIPS IN EMERGING MARKETS

Use the full range of our products and services to guide clients' development and assist cross-border growth.

IFC'S PERFORMANCE IN KEY AREAS

DEVELOPMENT RESULTS	PERFORMANCE FY16	FY15
Investment Companies Rated Positively (DOTS Score)[1]	58%	63%
Advisory Projects Rated Positively[2]	79%	73%
KEY AREAS		
FRONTIER MARKETS		
IDA: Number of Investment Projects	101	145
IDA: Long-Term Investment Total Commitments (millions)	$5,479	$4,666
IDA: Share of Advisory Services Program in IDA Countries, %	62%	65%
Fragile and Conflict Situations: Number of Investment Projects[3]	39	43
Fragile and Conflict Situations: Long-Term Investment Total Commitments (millions)[3]	$989	$614
Fragile and Conflict Situations: Share of Advisory Services Program, %	21%	20%
INFRASTRUCTURE, HEALTH, EDUCATION, FOOD SUPPLY CHAIN		
Long-Term Investment Total Commitments (millions)[4]	$8,364	$9,623
LOCAL FINANCIAL MARKETS		
Long-Term Investment Total Commitments in Financial Markets (millions)[5]	$6,247	$6,392
Long-Term Investment Total Commitments focused on Micro, Small and Medium Enterprises (millions)[6]	$3,700	$3,592
CLIMATE CHANGE, ENVIRONMENTAL AND SOCIAL SUSTAINABILITY		
Climate-Related Investment Commitments (millions)[7]	$3,271	$4,582
LONG-TERM CLIENT RELATIONSHIPS		
Number of South-South Investment Projects	41	39
Long-Term Investment Total Commitments in South-South Projects (millions)	$2,574	$1,964

1. DOTS scores: percentage of client companies with positive development outcome ratings as of June 30 of the respective year, based on projects approved over a rolling six-year period (FY16 ratings are based on approvals from 2007–2012).
2. For Advisory Services, development effectiveness ratings are for calendar years 2015 and 2014.
3. Starting with FY15, IFC's data on FCS investments includes projects in countries which have been on the WB's Harmonized list of FCS at any time during the previous three fiscal years. This is designed to reflect the long gestation period for investment projects as well as to encourage a longer-term organizational focus on these countries.
4. Commitments in Core Infrastructure (excluding Oil, Gas and Mining), Communications and Information Technologies, Subnational Finance, Health and Education, and Agribusiness and Food Supply Chain.
5. Commitments of IFC's Financial Markets Department, excluding Investment Funds and Private Equity.
6. Includes financial institutions with more than 50% of their business clients being MSMEs, and any other FI investments that specifically target MSMEs as primary beneficiaries.
7. Climate-related is an attribute of a project involving Climate Mitigation, Climate Adaptation and/ or Special Climate activities. For more details on these terms and activities, please visit http://www.ifc.org/climatemetrics. Includes IFC's own account LTF and core mobilization commitments.

Creating Opportunity Where It's Needed Most

IFC and our clients make a wide range of contributions in developing countries. Our clients' success can have ripple effects across an economy, giving many people—including the poor—a chance to better their lives.

EAST ASIA AND THE PACIFIC:

117
MILLION

noncash retail transactions facilitated, totaling $336 billion

49.3
MILLION

people supplied with gas

$184.8
BILLION

in micro, small, and medium loans made to enterprises

EUROPE AND CENTRAL ASIA:

$9.4
BILLION

in goods and services purchased from domestic suppliers

$303
MILLION

in new financing for firms to invest in clean energy and resource-efficient technologies

5.5
MILLION

micro, small, and medium loans made to enterprises

LATIN AMERICA AND THE CARIBBEAN:

2.2
MILLION

students educated

4.4
MILLION

patients cared for

$86.7
BILLION

in micro, small, and medium loans made to enterprises

MIDDLE EAST AND NORTH AFRICA:

3.5
MILLION

patients cared for

19
MILLION

customers supplied with phone connections

2.7
MILLION

micro, small, and medium loans made to enterprises

SOUTH ASIA:

5.9
MILLION

people are expected to receive improved access to infrastructure and health services through public-private partnerships

225
MILLION

customers supplied with phone connections

19
MILLION

patients cared for

SUB-SAHARAN AFRICA:

1.3
MILLION

farmers reached

44
MILLION

people received power

69
POLICY REFORMS

in 26 countries to support growth and promote investments

Our Expertise

IFC blends investment with advice and resource mobilization to help the private sector advance development.

Where We Work

As the largest global development institution focused on the private sector, IFC operates in about 100 countries. We 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.

What We Do

IFC provides investment, advice, and asset management. These are mutually reinforcing, delivering financing and global expertise to clients in developing countries.

Together, 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.

IN FY16,
WE MADE NEARLY

$19
BILLION

in long-term investments, including funds mobilized from other investors

IFC MADE
COMMITMENTS FOR

$8.1
BILLION

in new loans in FY16

INVESTMENT

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

Our offerings are designed to meet the specific needs of IFC clients in different industries—with a special focus on infrastructure, manufacturing, agribusiness, services, and financial markets.

In FY16, we made $11.1 billion in long-term investments in 344 projects. In addition, we mobilized more than $7.7 billion to support the private sector in developing 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 70 local currencies.

In FY16, we made commitments for $8.1 billion in new loans.

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 FY16, equity investments accounted for about $2.6 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 275 banks across more than 90 countries.

In FY16, IFC had an average outstanding balance of $2.8 billion in trade finance.

SYNDICATIONS

IFC's Syndicated Loan Program is the oldest and largest among multilateral development banks. In FY16, it accounted for 70 percent of the funds mobilized by IFC.

In FY16, IFC syndicated about $5.4 billion in B-loans, parallel loans, and MCPP loans, structured A-loan participations, and unfunded risk participations provided by 87 financial institutions. These included commercial banks, institutional investors, development finance institutions, and an emerging-markets central bank. Emerging market financial institutions provided $2.1 billion in new syndicated loans. The syndicated loan portfolio totaled $16.6 billion at the end of FY16.

Borrowers in the infrastructure sector received 64 percent of the total volume. Nearly half of the financing we provided through syndications—$2.6 billion in all—went to borrowers in IDA countries.

DERIVATIVES AND STRUCTURED FINANCE

IFC makes derivatives products available to our clients, solely for hedging purposes. By allowing these companies to access international derivatives markets in order 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 the emerging markets. IFC also provides credit guarantees and structuring advice for clients.

BLENDED FINANCE

Besides providing commercial financing for its own account, IFC uses a number of complementary tools to bring about development impact that otherwise would be unattainable. One such approach is to blend concessional funds—typically from donor partners—alongside IFC's own commercial funding. Blended finance can help mitigate early-entrant costs or project risks, enabling high-impact projects to happen. IFC currently applies this approach in three areas: climate change, agribusiness and food security, and finance for small and medium enterprises, including women entrepreneurs. Other areas of strategic priority can benefit from this tool in the future. In FY16, we committed more than $117 million of donor funds, catalyzing more than $1 billion of IFC and private sector financing.

IFC'S SYNDICATED-LOAN PORTFOLIO STOOD AT

$16.6 BILLION

at the end of FY16

IN FY16, IFC HAD AN AVERAGE OUTSTANDING BALANCE OF

$2.8 BILLION

in trade finance

ADVICE

It takes more than finance to achieve sustainable private sector development. Advice is a critical part of IFC's work as a comprehensive solutions provider.

We provide technical and financing knowledge, expertise, and tools to:

- Create markets in fragile and conflict-affected areas and in the poorest countries eligible to borrow from the World Bank's International Development Association, or IDA
- Unlock financing opportunities
- Strengthen clients' performance and development impact

Our advisory portfolio includes more than 700 advisory projects in about 100 countries, valued at $1.3 billion. About 60 percent of IFC's advisory program was in IDA countries—including more than 20 percent in fragile and conflict-affected areas.

HOW WE WORK WITH COMPANIES

Agribusiness: we help companies improve productivity and standards—among other things, by creating efficient value chains, ensuring food security, and providing strong economic, social, and environmental benefits for smaller farming enterprises and communities.

Oil, Gas, and Mining: we help companies increase benefits to local communities and mitigate local risks in projects.

Corporate Finance Services: we help companies pursue new opportunities to enter or grow in emerging markets through mergers, acquisitions, and partnerships.

Energy and Resource Efficiency Solutions: we develop competitive, environmentally friendly, efficient, and affordable energy solutions for companies across their value chain.

Green Buildings: we promote the efficient use of resources—such as water and energy—by companies and developers during and after the construction of buildings. We support governments in establishing related codes and regulations and work with banks to launch green-finance products.

Small and Medium Enterprises and Value Chains: we improve the performance of SMEs in companies' supply and distribution networks and help SMEs address critical skill gaps.

Gender Equality: we increase women's access to finance and markets, help companies improve work opportunities and conditions for female employees, and support training for women entrepreneurs.

Strategic Business Solutions: we help companies resolve complex business challenges, structure innovative programs, and tap the potential of unexplored opportunities and markets.

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

Managing Environmental and Social Risks: we help integrate environmental and social risk-management considerations into companies' operations to achieve long-term success.

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, housing finance, and sustainable 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 advice to fund managers and SMEs in which the funds invest. Working with the World Bank, we also help promote sound regulation in the markets where the funds are located.

HOW WE WORK WITH GOVERNMENTS

Public-Private Partnerships: we help governments design and implement public-private partnerships in infrastructure and basic public services—such as electricity, water, health, and education—to increase access to high-quality and efficient services.

Investment Climate: we help improve the business environment—through reforms that promote investment, spur growth, and create jobs.

2030 Water Resources Group: we bring together governments, civil society, and the private sector to identify investment needs and drive reform that can address the challenge of water scarcity in water-stressed countries.

IFC ASSET MANAGEMENT COMPANY

IFC Asset Management Company, LLC, a wholly owned subsidiary of IFC, mobilizes and manages capital 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 our development impact and generating profits for investors by leveraging our global platform and investment standards and approaches.

As of June 30, 2016, AMC had approximately $8.9 billion in total assets under management. It manages 11 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.

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 helped strengthen systemically important banks in emerging markets, bolstering their ability to cope with financial and economic downturns. As of June 30, 2016, the fund was fully invested with 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 invests in 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, 2016, the fund had made 34 investment commitments totaling $843 million.

AFRICA CAPITALIZATION FUND

The $182 million Africa Capitalization Fund was launched in 2010 to invest in systemically important commercial-banking institutions in Africa. As of June 30, 2016, the fund had made eight investment commitments totaling $130 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. As of June 30, 2016, the fund had made three investment commitments totaling $82 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, 2016, the fund had made 10 fund commitments totaling $258 million.

IFC GLOBAL INFRASTRUCTURE FUND

The $1.2 billion IFC Global Infrastructure Fund was launched in 2013 and co-invests with IFC in equity and equity-related investments in the infrastructure sector in emerging markets. As of June 30, 2016, the fund had made 12 investment commitments totaling $447 million.

CHINA-MEXICO FUND

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 mainly on infrastructure, oil and gas, and other sectors, including manufacturing, agribusiness, services, and banking. As of June 30, 2016, the fund made one investment commitment of $140 million.

IFC FINANCIAL INSTITUTIONS GROWTH FUND

The 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, 2016, the fund reached a close of approximately $464 million. The fund has made four investment commitments totaling $134 million.

IFC GLOBAL EMERGING MARKETS FUND OF FUNDS

The IFC Global Emerging Markets Fund of Funds reached a close of approximately $400 million. The fund 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 well as secondary interests in emerging-market private equity funds. The fund has made five investment commitments totaling $108 million.

IFC MIDDLE EAST AND NORTH AFRICA FUND

The IFC Middle East and North Africa Fund has raised $162 million to make equity and equity-related investments in the MENA region. The fund has made one investment commitment totaling $12 million.

IFC WOMEN ENTREPRENEURS DEBT FUND

The Women Entrepreneurs Debt Fund 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 Goldman Sachs' *10,000 Women* initiative. The fund had a close in June 2016 at $90 million. The fund has made investment commitments to two banks amounting to $30 million.

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 60 years of helping emerging-market firms succeed and grow.

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

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, making 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 FY16, our new long-term commitments for our own account in agribusiness and forestry totaled about $1.1 billion.

FINANCIAL INSTITUTIONS

Sound, inclusive, and sustainable financial markets are vital to development because 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 FY16, our new long-term commitments for our own account in financial markets totaled about $4.5 billion.

CONSUMER AND SOCIAL SERVICES

IFC is the world's largest multilateral investor in private health care 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 FY16, our new long-term commitments for our own account in consumer and social services totaled more than $1 billion.

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 FY16, our new long-term commitments for our own account in this sector totaled about $1.8 billion.

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 chemicals, construction materials, energy-efficient machinery, 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 FY16, our new long-term commitments for our own account in the manufacturing sector totaled $824 million.

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 Africa, in particular, 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, while helping promote sustainable energy sources. 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 tangible benefits. In FY16, our new long-term commitments for our own account in the sector totaled $824 million.

TELECOMMUNICATIONS AND INFORMATION 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-friendly technologies.

IFC increasingly helps clients move beyond their own national borders and into other developing markets. In FY16, our new commitments for our own account in this sector totaled $541 million.

Our People & Practices

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

Understanding our Development Impact

The private sector has long played a central role in stimulating economic growth and creating opportunities for people in emerging economies. Its contribution to ending poverty and boosting shared prosperity is therefore vitally important to IFC and its clients.

We continue to improve our results-measurement and evidence system to better reflect our performance and business needs. In 2015, we took steps to refine and upgrade our results-measurement system using a multi-tiered approach—going from the level of individual projects, to programs, to industry sectors, to countries and the overall development priorities of IFC and the World Bank Group. This has enabled IFC to build on our position as a leader among development finance institutions in results measurement.

IFC'S RESULTS-MEASUREMENT SYSTEM

Our results measurement system is built on three mutually reinforcing components:

- The IFC Development Goals
- A monitoring system to track results
- Evaluations of our impact

1. THE IFC DEVELOPMENT GOALS: SUPPORTING THE IFC STRATEGY

The IFC Development Goals (IDGs) identify what we expect our development work to accomplish over cycles of three years. They help us communicate with our shareholders and the general public over how IFC's work—including how it is expected to contribute to the World Bank Group's goals of ending poverty and boosting shared prosperity and to the United Nations Sustainable Development Goals. The IDGs set targets for five areas that have a direct impact on people's lives and are aligned with our strategy:

- Increase or improve sustainable farming opportunities
- Improve health and education services
- Increase access to financial services for microfinance and SME clients
- Increase or improve infrastructure services
- Reduce greenhouse emissions

With each investment and advisory commitment we make, we work with our clients to estimate specific development impacts we will achieve over time in the categories above—these are our IDG targets. At the completion of the current three-year cycle, which ended June 30, we had made the commitments necessary to achieve most of the IDG targets. We substantially exceeded the target for reducing greenhouse emissions, thanks to a landmark advisory project that will help one of China's largest banks expand financing for energy efficiency and renewable energy, leading to an expected annual reduction of greenhouse emissions of 50 million metric tons by 2019.

More details on IDGs are provided in the table below.

2. MONITORING SYSTEM: TRACKING THE PROGRESS OF OPERATIONS AND STRATEGIES

IFC uses the Development Outcome Tracking System, or DOTS, to monitor performance of our investment and advisory services and to track development results. DOTS is fully integrated into IFC's operational work.

Monitoring investment projects. DOTS provides a framework to monitor the performance and development outcomes of IFC's client companies. The DOTS rating is a synthesis of four performance areas: financial, economic, environmental and social, and broader private sector development impacts. In FY16, the DOTS rating scores for IFC investments are based on a cohort of 834 investments approved between 2007 and 2012 that were mature enough to be rated. DOTS also tracks indicators such as the number of people reached by IFC's investment clients, or the dollar benefit to particular stakeholders during the reporting year.

In 2015, a significant improvement was introduced for all direct investments outside the financial sector—linking the environmental and social performance area in DOTS with IFC's assessment of client compliance with IFC's Performance Standards. This reduces duplications and burden on our clients—by conducting the assessment only once. It also improves the quality and consistency of our data.

Monitoring advisory projects. DOTS for advisory services integrates monitoring into every stage—from conception to completion—of a project's lifecycle. The overall DOTS score, also known as the development-effectiveness rating, is a synthesis rating of the project's strategic relevance, effectiveness, and efficiency performances, and is rated at project completion. In FY16, the advisory DOTS scores were based on 108 completed advisory projects.

Country and program-level results framework. To articulate and assess our development results at the country level, IFC works closely with the World Bank and Multilateral Investment Guarantee Agency to develop common results frameworks for the World Bank Group's country engagements. In FY16, IFC contributed to the design of results frameworks for 29 Country Partnership Frameworks, or country strategies. The frameworks serve as a useful tool for IFC to state our contribution to the country development agenda.

In addition, IFC helped develop results frameworks for nine joint World Bank and IFC implementation plans for key program areas such as cities, power, health, and agribusiness. Within these frameworks, both IFC and the World Bank projects apply common, higher-level objectives, indicators, and targets to maximize overall development impact of the World Bank Group.

3. EVALUATIONS: IDENTIFYING EVIDENCE OF IMPACT

We conduct project and program evaluations to assess the impact of our interventions—to close knowledge gaps on what works and what doesn't, and to identify ways to improve our operations. In addition, we conduct sectoral evaluations that help improve our understanding of how IFC's activities in a sector contribute to job creation and economic growth.

In FY16, we completed 42 evaluations for a range of IFC investments and advisory work. These sectoral evaluations—such as those carried out in power, transport, SME banking, tourism, chemicals, and poultry—aimed to identify key drivers of development impact, and to further inform IFC's decision-making when assessing the potential impact of new investments.

THE IFC DEVELOPMENT GOALS	FY14–16 TARGETS*	FY14–16 COMMITMENTS	PERCENT OF FY14–16 TARGETS ACHIEVED
Increase or improve sustainable farming opportunities	Benefit 4.64 million people	4.46 million people	96%
Improve health and education services	Benefit 14.80 million people	31.36 million people	212%
Increase access to financial services for microfinance clients	Benefit 83.59 million people	119.00 million people	142%
Increase access to financial services for SME clients	Benefit 4.61 million people	3.50 million people	76%
Increase or improve infrastructure services	Benefit 75.36 million people	152.43 million people	202%
Reduce greenhouse-gas emissions	Reduce by 18.42 million metric tons of CO_2 equivalent per year	73.50 million metric tons	399%

*Cumulative total over three years (FY14–16)

One example is an evaluation to estimate the development impact of IFC's hotel investments in three African countries, including a conflict-affected economy. The evaluation found that hotels generate significant development impact—among other things, through job creation, procurement of goods and services, and government revenues. For every job created at the hotel, there were approximately three to 13 jobs created directly and indirectly outside the hotel.

We will continue to develop and pilot new methodologies and tools that help IFC better understand, articulate, and estimate the development impact of our operations on client country economies. These initiatives will also help inform IFC's decisions regarding future investment and advisory activities.

4. LEVERAGING PARTNERSHIPS

IFC has been at the forefront of results measurement among multilateral development banks and development finance institutions for private sector operations. Across institutions, IFC continues to play a key role in harmonizing indicators to monitor private sector operations.

In 2015, IFC worked with 25 development financial institutions to develop 11 additional qualitative indicators and methodologies for measuring private sector development impact. These indicators, along with 27 others already in use, are being fully implemented across development finance institutions. Building on this experience, IFC initiated a similar exercise in 2015 with 28 donor partners to harmonize indicators for private sector development in advisory services. These efforts aims to reduce the burden of reporting by clients who receive investments and support from multiple sources, as well as stimulate the sharing of experiences.

Within the World Bank Group, IFC is playing a central role in developing a professional community of monitoring and evaluation staff, harmonizing approaches, and encouraging learning and knowledge-sharing across the World Bank Group.

MONITORING DEVELOPMENT OUTCOMES

Over the past five years, the DOTS performance of our investments has declined gradually—reflecting slower economic growth, depressed commodity prices, market volatility, and political turmoil in many countries. Many of the investments reviewed during this period were committed during the global financial crisis of 2007 to 2009 or were implemented during the largest emerging-markets slowdown in recent years, 2012 to 2014.

At the same time, IFC's strategy in recent years has been to intensify engagements in higher-risk markets, such as conflict-affected and IDA countries. IFC has also moved into new areas of private financing, has introduced innovative products, and worked with new players.

In FY16, 58 percent of our investments were positively rated—down five percentage points from FY15. When weighted for investment volume, 68 percent of our investments were rated positively, representing a four-point drop from FY15.

Among all industry groups, investments in the funds sector performed the best—with 75 percent rated positively.

On the other hand, investments in financial markets registered a 12-point decrease, from 74 percent in FY15 to 62 percent in FY16. With the ongoing implementation of Basel III and reduced capital flows to emerging markets, financial institutions in these markets are finding it difficult to grow their loan books—and that affects both their financial and economic performance. The DOTS score of clients in the oil, gas, and mining sector decreased to 43 percent from 55 percent in FY15 amid a steep drop in oil prices.

DOTS scores decreased across all regions, continuing a relatively small downtrend over the past five years. The performance of investments in Europe and Central Asia declined 10 points to 51 percent, largely because of the unsatisfactory performance of loan investments in the manufacturing and infrastructure sectors of several Eastern European countries. Projects in those countries were affected by the deterioration of macroeconomic environment, political instability, and the depreciation of local currencies. Declines in other regions were much smaller.

The performance of IFC advisory projects remained strong in FY16. Seventy-nine percent of projects that closed during the year and could be assessed for development effectiveness were rated positively—14 points above our target of 65 percent. This marked a record-high performance.

South Asia was the strongest performer for advisory projects, with 92 percent of projects that closed during the year rated positively on development effectiveness. Europe and Central Asia registered the largest improvement from the last year—a gain of 36 points in its performance score. The Middle East and North Africa region experienced a decline in advisory projects rated positively, partly reflecting the challenges of implementing projects in fragile and conflict-affected areas.

CLIENTS' DEVELOPMENT REACH AND RESULTS

Across the globe, IFC investment and advisory clients were able to reach many people and record some remarkable achievements (see page 89). Here are a few highlights:

IMPROVING ACCESS TO FINANCE

- In 2015, we worked across the world with financial institutions that focus on micro, small, and medium enterprises. These institutions provided about 51.2 million micro and 7.6 million small and medium loans totaling $403.2 billion. They also provided about 846,000 housing finance loans totaling $24.8 billion.
- We supported our partners in digital financial services to facilitate 144 million noncash retail transactions, totaling over $410 billion.
- We helped strengthen country financial markets by working with collateral registries and credit bureaus that facilitated over $17.8 billion in financing. More than 539,000 micro, small, and medium enterprises were able to receive loans secured with movable property. In addition, we helped create or enhance nine credit bureaus operators.

PROVIDING SOLUTIONS AND SERVICES

- Our clients generated and distributed power to 98.1 million people, with a large portion in Sub-Saharan Africa. They provided phone connections to 263 million customers, mostly in South Asia. They distributed gas to 51.2 million people, mostly in East Asia and the Pacific.
- Our clients helped educate 4.6 million students. Our agribusiness clients supported 3.6 million farmers through improved access to finance and markets and through sustainable farming practices. These benefits are expected to improve farmers' productivity and income and enhance their ability to cope with unexpected events.
- We worked with firms to adopt new practices and technologies that attracted financing of nearly $568 million, including $360 million through resource-efficient technologies and $166 million through corporate governance reform projects.
- IFC helped governments sign 13 contracts with private operators, eight of which were in IDA countries. These transactions are expected to create or improve access to infrastructure and health services for over 15.7 million people and to mobilize over $1.9 billion in private investment in infrastructure.

IMPROVING THE BUSINESS ENVIRONMENT

- In collaboration with the World Bank, we supported 42 national and local governments to implement 94 reforms that helped improve the enabling environment for private sector development and foster competitive markets and job creation. Seventy reforms were in IDA countries, including 28 in fragile and conflict-affected areas.
- These reforms led to $136 million in private sector savings and contributed to an estimated $52 million in new investments.

DEVELOPMENT REACH BY IFC'S INVESTMENT CLIENTS

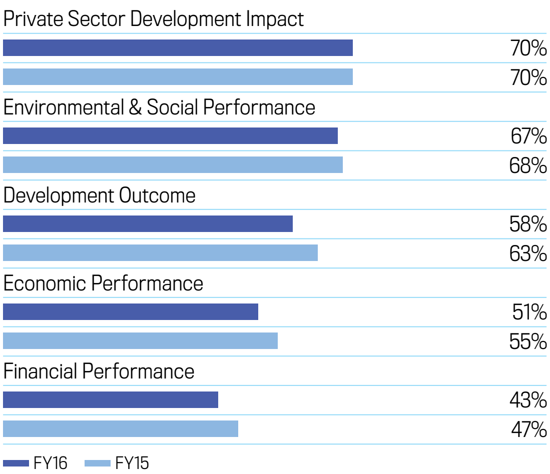
	PORTFOLIO CY14	PORTFOLIO CY15
JOBS		
Employment (millions of jobs)[1]	2.5	2.4
MICROFINANCE LOANS[2, 3, 4]		
Number (millions)	43.6	51.2
Amount ($ billions)	35.3	59.5
SME LOANS[2, 3, 4]		
Number (millions)	4.3	7.6
Amount ($ billions)	234.4	343.7
TRADE FINANCE[5]		
Number (millions)	1.5	1.8
Amount ($ billions)	234	204
PEOPLE REACHED WITH SERVICES		
Power generation (millions of people)	55.8	48.0
Power distribution (millions of people)[6]	50.2	50.1
Water distribution (millions of people)	23.4	21.8
Gas distribution (millions of people)[7]	35.0	51.2
Phone connections (millions of customers)	237.2	262.8
Patients served (millions)[8]	30.1	31.8
Students reached (millions)	3.5	4.6
Farmers reached (millions)	3.4	3.5
PAYMENTS TO SUPPLIERS AND GOVERNMENTS		
Domestic purchases of goods and services ($ billions)	51.9	46.9
Contribution to government revenues or savings ($ billions)	19.5	16.6

These figures represent the total reach of IFC clients as of end of CY14 and CY15. CY14 and CY15 portfolio data are not strictly comparable, because they are based on a changed portfolio of IFC clients. For microfinance and SME loans, results also reflect contributions from Advisory Services. While numerous controls are performed on the data provided by clients, they are sometimes based on estimates and the understanding of the indicator definitions may vary slightly between clients.

1. Portfolio figures for employment include jobs provided by Funds.
2. Portfolio reach figures represent the micro, small and medium outstanding loan portfolio of IFC clients as of end CY14 and CY15, for MSME-oriented financial institutions/projects. CY15 includes the data from 303 MSME clients, including 28 clients for which the data were extrapolated.
3. Reported CY15 Microfinance and SME data include a large contribution from a new client, Postal Savings Bank of China, a top contributor in CY15.
4. The MSME data as of March 2015 for eleven South Asia clients previously reported in CY14 and reported in IFC's FY15 Annual Report were included in CY15 data. This is a necessary alignment between Reach and DOTS data collection timeline rules.
5. The total number and dollar volume of trade transactions financed by the Global Trade Finance Program's network of emerging-market banks are based on actual data from 72% of the network's active banks in CY15. The figures are not directly comparable to last year's due to variance in the number of active banks who submitted survey responses. Numbers reflect transactions directly guaranteed by IFC as well as those executed by network banks that have been supported by the program.
6. CY14 total Power distribution revised due to the restatement of one client value in Latin America and the Caribbean.
7. One client in East Asia and the Pacific was responsible for distributing gas to 49.3 million people.
8. CY14 total Patients Served revised due to the restatement of one client value in South Asia.

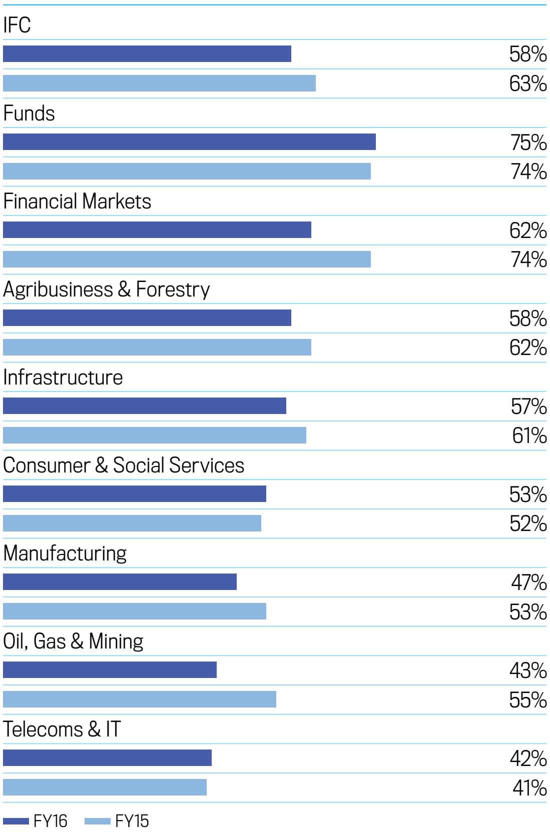
INVESTMENT SERVICES DOTS SCORE BY PERFORMANCE AREA, FY15 vs. FY16

% RATED POSITIVELY



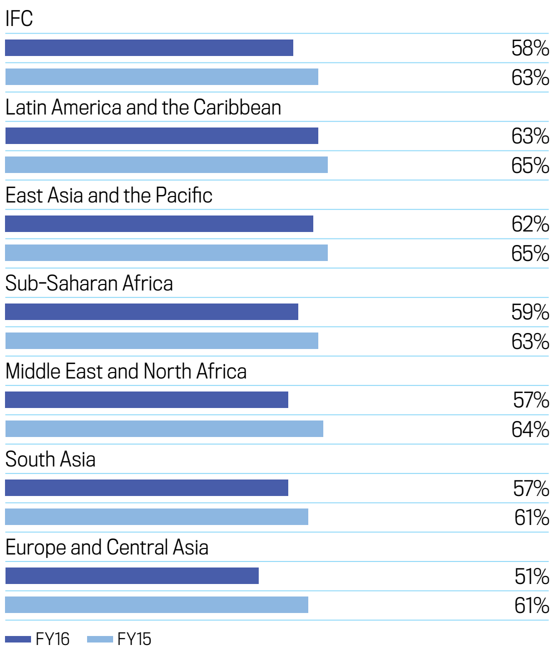
INVESTMENT SERVICES DOTS SCORE BY INDUSTRY, FY15 vs. FY16

% RATED POSITIVELY



INVESTMENT SERVICES DOTS SCORE BY REGION, FY15 vs. FY16

% RATED POSITIVELY



ADVISORY SERVICES DOTS SCORE BY PERFORMANCE AREA, FY15 vs. FY16

% RATED POSITIVELY

	FY16	FY15
Development Effectiveness	79%	73%
Output Achievement	95%	88%
Strategic Relevance	93%	91%
Efficiency	81%	65%
Outcome Achievement	75%	72%
Impact Achievement	71%	57%

FY16 FY15

ADVISORY SERVICES DOTS SCORE BY BUSINESS AREA, FY15 vs. FY16

% RATED POSITIVELY

	FY16	FY15
IFC	79%	73%
Cross-Industry Areas	92%	82%
Financial Sector	88%	70%
Energy & Resource Efficiency	83%	88%
Agribusiness	78%	67%
Investment Climate	75%	87%
Public-Private Partnerships	57%	50%

FY16 FY15

"Financial Sector" also includes projects undertaken by the integrated World Bank Group team in the Finance & Markets Global Practice.

ADVISORY SERVICES DOTS SCORE BY REGION, FY15 vs. FY16

% RATED POSITIVELY

	FY16	FY15
IFC	79%	73%
South Asia	92%	82%
Europe and Central Asia	86%	50%
Sub-Saharan Africa	77%	74%
Latin America and the Caribbean	73%	72%
East Asia and the Pacific	69%	60%
Middle East and North Africa	64%	90%

FY16 FY15

Our Staff

IFC's employees are diverse. They are our most important asset. Representing more than 140 countries, our staff brings innovative solutions and global best practices to local clients.

More than half of our staff—57 percent—are based in 100 countries outside the United States, reflecting our commitment to decentralization. Most IFC staff, 62 percent in all, hail from countries that are not IDA donors—a diversity that enriches our perspective and underscores our focus on areas where private sector development can have the most impact.

WHERE WE WORK

LOCATION	FY11	FY16
United States	1,530 (45%)	1,633 (43%)
Other Countries	1,906 (55%)	2,124 (57%)
Total IFC Staff	3,436	3,757

NATIONAL ORIGIN–ALL FULL-TIME STAFF

NATIONAL ORIGIN	FY11	FY16
IDA Donor Countries[1]	1,306 (38%)	1,419 (38%)
Other Countries	2,130 (62%)	2,338 (62%)
Total	3,436	3,757

NATIONAL ORIGIN–STAFF GRADED AT OFFICER LEVEL AND HIGHER

NATIONAL ORIGIN	FY11	FY16
IDA Donor Countries[1]	987 (45%)	1,118 (44%)
Other Countries	1,197 (55%)	1,444 (56%)
Total	2,184	2,562

1. Based on self-declaration of countries at the time of their IDA membership.

GENDER–ALL FULL-TIME STAFF

GENDER	FY11	FY16
Female Staff	1,805 (53%)	2,034 (54%)
Male Staff	1,631 (47%)	1,723 (46%)
Total	3,436	3,757

GENDER–STAFF AT OFFICER LEVEL AND HIGHER

GENDER	FY11	FY16
Female Staff	888 (41%)	1,149 (45%)
Male Staff	1,296 (59%)	1,413 (55%)
Total	2,184	2,562

COMPENSATION

IFC's compensation guidelines are part of the World Bank Group's framework. The international competitiveness of compensation is essential to our capacity to attract and retain highly qualified, diverse staff. The salary structure for staff recruited in Washington, D.C., is based on globally competitive U.S. market. Salaries for staff hired outside the United States are based on local competitiveness, determined by independent local market surveys. Based on the World Bank Group's status as a multilateral organization, staff salaries are determined on a net-of-tax basis.

VARIABLE PAY PROGRAMS

IFC's variable pay programs consist of several components, including recognition programs and performance awards (which include annual and long-term components) that support IFC's high-performance culture. These awards are designed to encourage teamwork, reward top performance, and support IFC's strategic priorities, such as projects in fragile and conflict-affected states.

BENEFITS PROGRAMS

IFC provides a competitive package of benefits, including medical, life, disability insurance, and a retirement plan. Medical insurance costs are shared—75 percent paid by IFC and 25 percent by the insured.

IFC's pension is part of the World Bank Group plan, based on two benefit components: first, a defined-benefit component fully funded by IFC based on years of service, salary, and retirement age; second, a cash-balance component—a mandatory contribution of five percent of salary plus an optional staff contribution of up to six percent of salary, to which IFC adds 10 percent annually. IFC also sponsors an optional U.S.-style 401(k) plan for Washington-based staff and an optional savings plan for country-office staff.

STAFF SALARY STRUCTURE (WASHINGTON, D.C.)

As of June 30, 2016, the salary structure (net of tax) and annual average net salaries/benefits for World Bank Group staff was as follows:

GRADES	REPRESENTATIVE JOB TITLES	MINIMUM ($)	MARKET REFERENCE ($)	MAXIMUM ($)	STAFF AT GRADE LEVEL (%)	AVERAGE SALARY/ GRADE ($)	AVERAGE BENEFIT* ($)
GA	Office Assistant	25,700	36,700	47,700	0.02	43,697	24,433
GB	Team Assistant, Information Technician	31,400	44,900	58,400	0.34	46,154	25,807
GC	Program Assistant, Information Assistant	38,300	54,700	71,100	7.41	56,852	31,789
GD	Senior Program Assistant, Information Specialist, Budget Assistant	45,400	64,800	84,200	6.43	70,422	39,376
GE	Analyst	61,500	87,800	114,100	9.99	80,679	45,112
GF	Professional	81,200	116,000	150,800	21.08	105,275	58,865
GG	Senior Professional	108,000	154,300	200,600	32.57	146,140	81,715
GH	Manager, Lead Professional	147,500	210,700	273,900	19.32	204,110	114,129
GI	Director, Senior Advisor	224,300	280,400	336,500	2.37	272,763	152,516
GJ	Vice President	273,600	321,900	370,200	0.35	337,654	188,800
GK	Managing Director, Executive Vice President	304,200	357,900	411,600	0.11	393,808	221,996

Note: Because WBG staff, other than U.S. citizens, usually are not required to pay income taxes on their WBG compensation, the salaries are set on a net-of-tax basis. These salaries are generally equivalent to the after-tax take-home pay of the employees of the comparator organizations and firms from which WBG salaries are derived. Only a relatively small minority of staff will reach the upper third of the salary range.

*Includes medical, life, and disability insurance; accrued termination benefits; and other non-salary benefits. Excludes tax allowances.

Our Governance

OUR PLACE IN THE WORLD BANK GROUP

The World Bank Group is a vital source of financial and technical assistance to developing countries. Its mission is to fight poverty with passion and professionalism, for lasting results.

IFC is one of five members of the Bank Group, though it 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, 2016, IFC's paid-in capital of about $2.56 billion was held by 184 member countries. These countries guide IFC's programs and activities.

IFC works with the private sector to create opportunity where it's needed most. Since our founding in 1956, we have committed more than $197 billion of our own funds for private sector investments in developing countries, and we have mobilized about $50 billion more from others.

In working to end extreme poverty and 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, D.C., 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 IFC's Executive Vice President and 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's Executive Vice President and CEO, Philippe Le Houérou, receives an annual salary of $411,000, net of taxes.

Back (left to right):
Mohamed Sikieh Kayad, Djibouti
Heenam Choi, Republic of Korea
Louis Rene Peter Larose, Seychelles
Antonio Silveira, Brazil
Subhash Chandra Garg, India
Masahiro Kan, Japan
Matthew McGuire, United States
Andrei Lushin, Russian Federation

Middle (left to right):
Jose Alejandro Rojas Ramirez, Bolivarian Republic of Venezuela
Satu Santala, Finland
Jiandi Ye, China (Alternate)
Rionald Silaban, Indonesia
Ursula Müller, Germany
Melanie Robinson, United Kingdom
Khalid Alkhudairy, Saudi Arabia
Alex Foxley, Chile
Franciscus Godts, Belgium

Front (left to right):
Patrizio Pagano, Italy
Ana Afonso Dias Lourenco, Angola
Alister Smith, Canada
Merza Hasan, Kuwait (Dean)
Nasir Mahmood Khosa, Pakistan
Jörg Frieden, Switzerland
Frank Heemskerk, the Netherlands
Hervé de Villeroché, France

OUR MEMBER COUNTRIES–STRONG SHAREHOLDER SUPPORT

GRAND TOTAL	100%
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%
174 OTHER COUNTRIES	40.25%

Accountability

INDEPENDENT EVALUATION GROUP

The Independent Evaluation Group contributes lessons from its evaluations to IFC's learning agenda. IEG is independent of IFC management and reports directly to the World Bank Group's Board of Directors. Its mission is to strengthen the development effectiveness of Bank Group institutions through excellence in evaluations that inform strategies and future work.

IEG validates IFC's project self-evaluations and conducts selective independent evaluations. Evaluation ratings are reported in IEG's annual evaluation of Bank Group results and performance. The most recent report for 2015 showed that IFC advisory services maintained good performance, but investment projects' development outcome ratings continued the downturn trend first reported in 2013. Unfavorable markets related to the global financial crisis negatively affected many of the evaluated projects, but IFC's work quality has been rated low in recent years. At the same time, the report also showed results in IDA and blend countries improved during the last two reporting periods, despite a perceived higher risk of investing in these countries.

IEG's recent evaluation of World Bank Group support for financial inclusion in low-income households and microenterprises found that IFC's experience with microfinance institutions illustrates the value of supporting new clients and investing in small and relatively pioneering projects that take longer to become profitable—but have significant development impact. Some of IFC's greenfield investments in Africa are good examples of partnerships with new clients that have resulted in significant private sector development impact. IEG's major reports are disclosed on its website: http://ieg.worldbankgroup.org.

OFFICE OF THE COMPLIANCE ADVISOR OMBUDSMAN

The Office of the Compliance Advisor Ombudsman (CAO) is the independent accountability mechanism for IFC and MIGA. CAO addresses complaints from people affected by IFC and MIGA projects, with the goal of enhancing environmental and social outcomes. Reporting directly to the World Bank Group President, CAO facilitates dispute resolution between communities and IFC clients, conducts compliance investigations of IFC's environmental and social performance, and provides independent advice to World Bank Group management.

In FY16, CAO handled 52 cases in 23 countries related to IFC and MIGA investments in a range of sectors—including agribusiness, extractive industries, and infrastructure. Seven were new complaints regarding IFC projects. At fiscal year-end, CAO had closed four cases, with eight in assessment, 15 in dispute resolution, and 20 in ongoing compliance appraisal, investigation, or monitoring. Solutions were achieved through CAO Dispute Resolution processes in Nicaragua and Cambodia. See conclusion reports at www.cao-ombudsman.org/cases.

CAO released two compliance investigations in FY16, related to supply-chain issues in the palm oil sector in Indonesia, and to the adverse impacts of a coal-based power plant financed by an IFC client in India.

An increasing number of CAO cases relate to IFC investments in banks and funds—also known as Financial Intermediaries, or FIs. A key requisite for IFC FI investments is that the FI client "operate an environmental and social management system," which requires "higher-risk business activities they support to apply relevant requirements of the Performance Standards." While noting steps taken by IFC to address gaps in FI investments, CAO's compliance work on FI investments found that this requirement is not well implemented.

Complainants around the world continue to be at risk. In FY16, CAO released a draft approach to guide its work with regard to protecting complainants from threats.

Through its advisory work, CAO published a paper with insights from its land cases. CAO also published a Grievance Mechanism Toolkit in collaboration with IFC and MIGA staff that provides practical resources and guidance to enhance the performance of project-level grievance mechanisms. For more information on CAO please visit www.cao-ombudsman.org.

Partnerships

IFC works with governments, corporations, foundations, and other multilateral organizations and development institutions to foster innovative partnerships aimed at ending poverty and boosting shared prosperity.

WORKING WITH DEVELOPMENT PARTNERS

IFC collaborates with more than 30 governments, multilateral and institutional partners, and corporations and foundations. In FY16, we teamed up with several new partners—including the William and Flora Hewlett Foundation, Grundfos Holding A/S, and the Dow Chemical Company. We improve collaboration by deepening our dialogue with partners and seeking new avenues to improve efficiency and create impact.

Our development partners strongly support the work of IFC, to which they committed more than $219 million in FY16.

IFC and the World Bank hold joint consultations with a variety of partners to deepen our engagement. IFC has also played a key role in shaping the narrative for the future financing framework for sustainable development—by showcasing the importance of the private sector in development.

Through trust funds, IFC continues to provide financing and knowledge on private sector development. The following initiatives highlight the concerted effort we have made to collaborate in innovative ways with our partners:

SWITZERLAND

In FY16, the Swiss government contributed more than $45 million, of which $17 million was allocated to IFC's Global Financial Infrastructure Program. This program promotes efficient allocation of credit and improves access to finance.

THE NETHERLANDS

The Netherlands pledged up to $27 million to IFC's Global SME Finance Facility. The commitment consists of $16 million to support risk-sharing facilities and $11 million for advisory projects. The Global SME Finance facility mobilizes funding from donors, international finance institutions, and the private sector, to help banks scale up SME lending. It targets local banks wishing to lend to SMEs that lack access to finance.

CANADA

This year, Canada contributed 20 million Canadian dollars to the Canada-IFC Partnership Fund II, or CIPF II, to support clean energy and resource efficiency, small-and-medium-sized enterprises, and women's economic empowerment. This commitment reflects the Canadian government's international development priorities—including stimulating sustainable economic growth, environmental sustainability, and gender equality. CIPF was established in March 2013 and was set up as an innovative global thematic funding platform. CIPF II will explore new ways to catalyze sustainable economic growth by strengthening private sector development in emerging markets.

SLOVAK REPUBLIC

Slovak Republic and IFC signed a Trust Fund Agreement in December, making the country a new partner of IFC Advisory Services. The Slovakia-IFC Partnership Trust Fund will focus initially on supporting advisory activities in manufacturing, agribusiness, information technology, clean environmental technologies, energy, and resource efficiency. The geographic scope includes the western Balkans, the Commonwealth of Independent States, and Asia—with particular focus on Kyrgyz Republic, Belarus, Georgia, Mongolia, and Vietnam.

DONOR COMMITMENTS

FINANCIAL COMMITMENTS TO IFC ADVISORY SERVICES (US$ MILLION EQUIVALENT) UNAUDITED FIGURES

SUMMARY	FY15	FY16
Governments	199.85	201.69
Institutional/Multilateral Partners	24.69	12.25
Corporations, Foundations, and NGOs	38.01	5.19
Total	262.55	219.13

GOVERNMENTS	FY15	FY16
Australia	34.38	7.74
Austria	7.43	11.06
Canada	4.25	36.99
Denmark	9.22	2.86
France	2.49	0.00
Germany	0.00	0.22
Ireland	0.00	1.01
Israel	0.00	1.00
Italy	0.00	15.00
Japan	5.96	4.78
Korea, Republic of	0.13	0.00
Luxembourg	0.00	3.90
The Netherlands	0.63	11.00
New Zealand	1.41	3.56
Norway	18.13	5.68
Slovak Republic	0.00	1.09
Sweden	3.63	5.66
Switzerland	33.31	45.28
United Kingdom	56.13	38.17
United States	22.73	6.69
Total	199.85	201.69

INSTITUTIONAL/ MULTILATERAL PARTNERS	FY15	FY16
Climate Investment Funds	8.36	1.39
European Commission	11.43	10.61
MENA Transition Fund	3.65	0.00
SG Hambros Trust Co. Ltd. (for and on behalf of the PIDG Trust)	0.00	0.25
Trade and Markets East Africa (TradeMark East Africa–TMEA)	1.25	0.00
Total	24.69	12.25

CORPORATIONS, FOUNDATIONS, AND NGOS	FY15	FY16
Bill & Melinda Gates Foundation	20.51	2.30
eBay Foundation Corporate Advised Fund of Silicon Valley Community Foundation (SVCF)	0.10	0.00
Dow Chemical Company*	0.00	0.50
Ford Foundation	0.20	0.00
Grundfos Holding A/S*	0.00	1.00
Marie Stopes International	3.95	0.89
Nestlé SA*	1.50	0.00
PepsiCo Foundation*	1.50	0.00
Rockefeller Foundation	10.00	0.00
SABMiller PLC*	0.25	0.00
The William and Flora Hewlett Foundation	0.00	0.50
Total	38.01	5.19

* Contributor to the 2030 Water Resource Group

Managing Risks

ENTERPRISE RISK MANAGEMENT

IFC provides long-term investments to the private sector in emerging markets, which includes expanding the investment frontier into the most challenging markets. In doing so, IFC is exposed to a variety of financial and non-financial risks. Sound risk management is crucial in fulfilling IFC's mission.

IFC's enterprise-risk-management framework 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 the Corporation's performance with our strategic direction.

IFC has developed risk-appetite statements that set the direction for the Corporation's 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.

PORTFOLIO MANAGEMENT

Portfolio management is an intrinsic part of managing IFC's business to ensure strong financial and development results of our projects.

IFC's management reviews our entire $52 billion portfolio on a semi-annual basis, looking at broad trends as well as select individual assets. IFC provides summary reports on portfolio performance to the Board on a quarterly basis, and provides an in-depth review of portfolio results to the Board annually. Our portfolio teams, largely based in field offices, complement global reviews with asset-by-asset quarterly reviews.

On the corporate level, IFC combines the analysis of our portfolio performance with projections of global macroeconomic and market trends to inform decisions about future investments. IFC also regularly tests the performance of the portfolio against possible macroeconomic developments to identify and proactively address risks. In FY16, in light of substantial volatility in emerging markets, IFC's senior management convened in-depth region-by-region portfolio reviews to analyze similar metrics across different markets.

On the project level, IFC actively monitors compliance with investment agreements, visits sites to evaluate project status, helps identify solutions to address potential problems. In addition, we systematically track environmental and social performance, and measure financial and development results.

For projects in financial distress, our Special Operations Department determines the appropriate remedial actions. It seeks to negotiate agreements with creditors and shareholders to share the burden of restructuring, so problems can be worked out while the project continues to operate.

Investors and other partners participating in IFC's operations are kept regularly informed on project developments. IFC consults or seeks their consent as appropriate.

At the core of active risk and portfolio management is the need to have timely and accurate information to drive informed business decisions. IFC continues to invest in our IT strategy and we continue to improve our risk and portfolio management systems. This is critically important to allow IFC to actively manage our risks and portfolio and to continue to be responsive to the challenging external environment.

In FY16, IFC began rolling out a new Investment Risk Platform, which will replace our existing credit-risk rating system and economic capital engine. The new systems are aimed at better aligning IFC's practice to internationally recognized standards, where they make sense given our portfolio. The new risk rating system will allow for easier comparison between outside ratings and IFC's internal ratings. More granular ratings will lead to better differentiation and a better understanding of client credit standing which will allow for more focus on those credits that most warrant the scrutiny. The improved predictive power for probability of default and loss given default will lead to more informed investment decisions.

TREASURY SERVICES

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

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 capital-market development. 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.

Over the years, IFC's funding program has grown to keep pace with our lending—in FY16, new core and short-term borrowings totaled the equivalent of $15.8 billion.

FY16 BORROWING IN INTERNATIONAL MARKETS

CURRENCY	AMOUNT ($ EQUIVALENT)	PERCENT
U.S. dollar	10,765,218,000.00	68.0%
Australian dollar	1,271,759,000.00	8.0%
Brazilian real	795,733,627.30	5.0%
Japanese yen	605,158,263.39	3.8%
Indian rupee	199,031,378.30	1.3%
Chinese reminbi	365,749,248.51	2.3%
Euro	282,263,000.00	1.8%
Other	1,546,206,880.01	9.8%
Total	15,831,119,397.51	

LIQUIDITY MANAGEMENT

Liquid assets on IFC's balance sheet totaled $41.4 billion as of June 30, 2016, compared with $39.5 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 are 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 stated benchmarks.

In FY16, IFC made substantial enhancements to our internal funding and liquidity policies in the form of adding stressed liquidity coverage ratios, a requirement for "core" liquidity, and making adjustments for encumbered assets. The stressed liquidity coverage ratios are designed to ensure IFC will have sufficient liquid assets in a period of extensive market and operational stress for up to a one-year period to cover both existing cash needs and new growth aspirations. IFC enhanced our liquidity framework to provide additional quantitative metrics for matched funding.

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) Tight limits on market risks (credit spread, interest rate, and foreign-exchange risk)

(4) Proactive portfolio surveillance

In line with the changes that are occurring in the global financial markets, IFC enhanced our Treasury policy framework in FY16. Key initiatives include: development of an expanded framework for stress testing and contingency planning; enhancements to IFC's approach to monitoring of counterparty risk and structured product credit; bilateral collateral exchanges with derivatives counterparties; and enhancements to IFC's model validation framework.

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 our lending during times of economic and financial turmoil. IFC's financial strength results in low borrowing costs, allowing us to provide affordable financing to our clients.

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 (e.g., 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; operational risk attends all IFC activities, including Advisory Services and the Asset Management Company.

IFC's total resources available consist of paid-in capital, retained earnings net of designations and certain unrealized gains, and total loan-loss reserves. The excess available capital, beyond what is required to support existing business, allows for future growth of our portfolio while also providing a buffer against unexpected external shocks. As of June 2016, total resources available stood at $22.5 billion, while the minimum capital requirement totaled $19.2 billion.

Promoting Sustainability

IFC'S SUSTAINABILITY FRAMEWORK

Sustainability is critical to companies' success. A sustainable approach to investment also contributes to global efforts to achieve the Sustainable Development Goals. IFC aims to ensure long-term business success and unlock opportunities for economically, environmentally, and socially sustainable investment.

In a time of climate change, resource scarcities, and global uncertainty, businesses face a growing need to address environmental, social, and governance challenges while balancing financial sustainability and performance. IFC's Sustainability Framework and our Corporate Governance methodology are designed to help our clients improve their business performance, enhance transparency, engage with the people affected by the projects we finance, protect the environment, and achieve greater development impact. This enables us to fulfill our strategic commitment to environmental and social sustainability and good corporate governance while contributing to private sector growth and job creation.

SUSTAINABILITY IN PRACTICE

IFC works to ensure sustainability in four key dimensions—financial, economic, environmental, and social. Being financially sustainable enables IFC and our clients to make a long-term contribution to development. Making our projects economically sustainable ensures that they contribute to the host economies.

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

In more challenging markets, we work with clients whose potential high-reward business investments and sustainable inclusive growth face a growing array of complex environmental, social, and governance risks.

These challenges require best-in-class environmental, social, and governance risk-management and flexible solutions. Our work includes helping clients address risks that are beyond their ability or responsibility to solve alone, to leverage the capabilities of the World Bank Group to find durable solutions, and to work with other stakeholders to help unlock investment when it is constrained by significant sustainability risks.

Our operational experience and longstanding practice of providing integrated solutions to environmental, social, and governance risks have helped position us as a trusted convener around ESG issues facing the private sector. IFC clients continue to indicate that our expertise is an important factor in their decision to work with us.

IFC PERFORMANCE STANDARDS

At the core of our Sustainability Framework are IFC Performance Standards that help our clients avoid, mitigate, and manage risk as a way of doing business sustainably. They help clients devise solutions that are good for business, good for investors, and good for the environment and communities.

Our Performance Standards have become a global benchmark of sustainability practices. The Equator Principles, which are modeled on these standards, have been adopted by 84 financial institutions in 35 countries. In addition, other financial institutions reference IFC's Performance Standards—including export-import banks and export credit agencies. 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.

The Performance Standards guide our environmental and social due-diligence process, which integrates the client's assessment of environmental and social risks with an understanding of the client's commitment and capacity to mitigate and manage these risks. This review identifies any gaps between client practice and IFC Performance Standards in order to agree on a plan of action to ensure compliance throughout the life of our investment. We supervise our projects throughout the life of our investment.

In challenging contexts, IFC helps clients understand the risks that they face and partners with industry and other stakeholders to find innovative solutions to open up opportunities for private investment that is economically, socially, and environmentally sustainable—and in turn contributes to job creation and inclusive growth. This may include leveraging the capacity 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.

CORPORATE GOVERNANCE

Improving corporate governance is a priority for IFC. We provide investment support and advice on good practices for improving board effectiveness, strengthening shareholder rights, and enhancing risk-management governance, internal controls, and corporate disclosure.

We work in close collaboration with the World Bank to ensure that regulation in emerging markets is developed using IFC's frontline experience as an investor. We also advise regulators, stock-market administrators, and others with an interest in implementing good corporate governance practices.

Our experience allows IFC to apply global principles to the realities of the private sector in developing countries. As a result, development banks and other investors working in emerging markets now look to IFC for leadership on corporate governance.

We do this in a variety of ways—including through the IFC Corporate Governance Methodology, a system for evaluating corporate governance risks and opportunities that is recognized as the most advanced of its kind among development finance institutions. This methodology is the basis for a coordinated approach to corporate governance now implemented by more than 30 development finance institutions.

IFC also helps strengthen local partners that provide corporate-governance services over the long term. This includes training materials and institution-building tools in the areas of corporate-governance associations, codes and scorecards, board leadership training, dispute resolution, the training of business reporters, and implementation of good governance practices in firms.

Strong corporate governance depends on diversity in board leadership. We strive to increase the number of women who serve as nominee directors on the boards of our clients. Almost 30 percent of IFC nominee directors are women.

OUR FOOTPRINT COMMITMENT

IFC's Footprint Commitment is to make sustainability an integral part of our internal business operations—holding ourselves accountable to the same environmental and social standards we ask of our clients.

As IFC has shifted to a decentralized workforce, so too have our footprint efforts. In FY16, we focused on setting global targets for our environmental footprint. We collected comparable global baseline data across key areas of IFC's corporate environmental footprint, enabling IFC headquarters and all IFC regions to set meaningful targets.

Three regions set targets to reduce paper purchases by 20 percent from this baseline, in line with reductions achieved by similar headquarters-based efforts. Two regions are focusing on eliminating individual-sized water bottle purchases in FY17 and another one region, alongside the headquarters, is aiming to reduce waste going to landfill.

After achieving an intensity-based energy target for IFC headquarters in 2013, we stated we would reset our target in FY16. Setting this target was delayed to enable IFC's carbon-reduction target to align with IFC's Climate Implementation Plan, launched after the December 2015 Paris climate agreement.

IFC continues to be carbon-neutral for global business operations. In FY16, carbon emissions from our global business operations totaled about 46,000 metric tons of carbon dioxide equivalent. We purchased carbon credits from a portfolio of three projects—including small-scale hydropower in Madagascar, mass rapid transit in India, and forestry in the Democratic Republic of the Congo. IFC chose projects that bring tangible development benefits to the communities in which they take place.

FY15 CARBON EMISSIONS INVENTORY FOR IFC'S GLOBAL OPERATIONS

METRIC TONS OF CARBON DIOXIDE EQUIVALENT		
Business Travel	32,113.62	70%
HQ Office Electricity	5,921.47	13%
Country Office Electricity	4,346.23	9%
Other	3,650.73	8%
TOTAL EMISSIONS	46,032.05	100%

Independent Assurance Report on a Selection of Sustainable Development Information

In response to a request made by IFC, we performed a review on a selection of sustainable development information in the Annual Report for the financial year ending June 30, 2016, including quantitative indicators ("the Indicators") and qualitative statements ("the Statements"). We selected statements that were deemed to be of particular stakeholder interest, and involved a potential reputation risk for IFC, together with statements on corporate responsibility management and performance. The Indicators and the Statements are related to the following material areas:

<table>
<tr><th>MATERIAL AREAS</th><th>STATEMENTS</th><th>INDICATORS</th></tr>
<tr><td>IFC Policy</td><td>“Our Staff” (p. 92)</td><td></td></tr>
<tr><td>Development effectiveness of investments and advisory services</td><td>“Understanding our Development Impact” (p. 85)</td><td>Investments rated positively (DOTS score): 58% (p. 90); overall investment services DOTS score by industry (p. 90), by region (p. 90), and by performance area (p. 90); and weighted and unweighted Investment Services DOTS scores (p. 35) Advisory Projects Rated Positively: 79% (p. 91); and Advisory Services DOTS score by performance area (p. 91) and by region (p. 91)</td></tr>
<tr><td>Reach</td><td>“Local Capital Markets—Expanding Local-Currency Finance to Boost Prosperity” (pp. 50-51)
“Health and Education—Helping People Lead Productive Lives” (pp. 66-67)
“Employment—Creating Good Jobs— the Surest Path Out of Poverty” (pp. 64-65)</td><td>Employment (millions of jobs): 2.4 (p. 89)
Patients served (millions): 31.8 (p. 89)
Students reached (millions): 4.6 (p. 89)
Farmers reached (millions): 3.5 (p. 89)
Gas distribution (millions of people reached): 51.2 (p. 89)
Water distribution (millions of people reached): 21.8 (p. 89)
Power distribution (millions of people reached): 50.1 (p. 89)
Power generation (millions of people reached): 48 (p. 89)
Phone connections (millions of customers): 262.8 (p. 89)
Trade Finance–Number of transactions (million): 1.8 (p. 89)
Trade Finance–Amount ($ billions): 204.3 (p. 89)
Number and amounts of microfinance loans and SME loans for CY15 (p. 89)
<table>
<tr><th>Type of loans</th><th>Number of loans (millions)</th><th>Amount ($ billions)</th></tr>
<tr><td>Microloans</td><td>51.2</td><td>59.5</td></tr>
<tr><td>Small and medium loans</td><td>7.6</td><td>343.7</td></tr>
</table></td></tr>
<tr><td>Environmental and social risk management system</td><td>“IFC Performance Standards” (pp. 102-103)</td><td>FY16 Long-term commitments by environmental and social category (p. 34)
<table>
<tr><th>Category</th><th>Commitments ($ millions)</th><th>Number of projects</th></tr>
<tr><td>A</td><td>1,360</td><td>19</td></tr>
<tr><td>B</td><td>4,098</td><td>135</td></tr>
<tr><td>C</td><td>178</td><td>36</td></tr>
<tr><td>FI</td><td>40</td><td>5</td></tr>
<tr><td>FI-1</td><td>899</td><td>17</td></tr>
<tr><td>FI-2</td><td>3,755</td><td>101</td></tr>
<tr><td>FI-3</td><td>787</td><td>31</td></tr>
<tr><td>Total</td><td>11,117</td><td>344</td></tr>
</table></td></tr>
<tr><td>Sustainable business</td><td>“Climate Change—Ramping Up Climate-Smart Initiatives” (pp. 40-41)
“Sustainability in Practice” (p. 102)
“Our Footprint Commitment” (p. 103)</td><td>Commitments in Climate-related investments for FY16 (p. 73): $3,271 million
FY15 Carbon Emissions inventory for IFC’s global operations (p. 103): 46,000 tCO_2 equivalent</td></tr>
<tr><td>Influence on Private Sector Development</td><td>“Agribusiness—Strengthening Food Security in Challenging Places” (pp. 68-69)
“Small and Medium Enterprises—Helping Local Entrepreneurs Thrive” (pp. 46-47)
“Infrastructure—Accelerating Economic Growth” (pp. 38-39)
“Financial Inclusion—Promoting Universal Access to Finance” (pp. 60-61)</td><td></td></tr>
<tr><td>Working with others</td><td>”Mobilization—Unlocking Capital for Sustainable Development” (pp. 56-57)</td><td></td></tr>
<tr><td>Asset Management</td><td>“IFC Asset Management Company” (pp. 80-81)</td><td></td></tr>
<tr><td>IFC Accountability</td><td>“Accountability—Independent Evaluation Group” (p. 96)</td><td></td></tr>
</table>

Our review aimed to provide limited assurance[1] that:

1. the Indicators were prepared in accordance with the reporting criteria applicable during fiscal year 2016 (the "Reporting Criteria"), consisting in IFC instructions, procedures, and guidelines specific to each indicator, a summary of which is provided in the Annual Report, for the indicators related to Commitments by Environmental and Social Category (p. 34) and Development effectiveness of investments and advisory services (Monitoring System: Tracking the Progress of Operations and Strategies, p. 86) and on IFC's website for the others;
2. the Statements have been presented in accordance with "IFC's Access to Information Policy," which is available on IFC's website[2] and the principles of relevance, completeness, neutrality, clarity and reliability as defined by international standards.[3]

It is the responsibility of IFC to prepare the Indicators and Statements, to provide information on the Reporting Criteria and to compile the Annual Report.

It is our responsibility to express a conclusion on the Indicators and the Statements based on our review. Our review was conducted in accordance with ISAE 3000, International Standard on Assurance Engagements from IFAC[4]. Our independence is defined by IFAC professional code of ethics.

NATURE AND SCOPE OF OUR REVIEW

We performed the following review to be able to express a conclusion:

- We assessed the Reporting Criteria, policies and principles, with respect to their relevance, their completeness, their neutrality and their reliability.
- We reviewed the content of the Annual Report to identify key statements regarding the sustainability and development areas listed above.
- At the corporate level, we conducted interviews with more than 20 people responsible for reporting to assess the application of the Reporting Criteria or to substantiate the Statements.
- At the corporate level, we implemented analytical procedures and verified, on a test basis, the calculations and the consolidation of the Indicators.
- We 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 reviewed the presentation of the Statements and the Indicators in the Annual Report and the associated notes on methodology.

LIMITATIONS OF OUR REVIEW

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

Our tests were limited to document reviews and interviews at IFC's headquarters in Washington, D.C. Within the scope of work covered by this statement, we did not participate in any activities with external stakeholders or clients and only conduct limited testing aimed at verifying the validity of information on a sample of individual projects.

INFORMATION ABOUT THE REPORTING CRITERIA AND THE STATEMENT PREPARATION PROCESS

With regards to the Reporting Criteria and the Statement preparation policies and principles, we wish to make the following comments:

RELEVANCE

IFC presents sustainability information on its own impact and on environmental and social risks, impacts and outcomes of projects it financed directly or through financial intermediaries. The development results of IFC Investment and Advisory Services are assessed through its Development Outcome Tracking System (DOTS) and the implementation of its evaluation strategy.

In the Environmental and Social (E&S) DOTS performance area, IFC implemented, for its direct investments, a set of core indicators that assess the progress of IFC's clients in implementing the Performance Standards and thus in improving their own E&S performance. The initiative should be pursued to better align the process for assessing the E&S DOTS performance area of financial intermediaries.

Also, the scope of indicators to assess the Private Sector Development (PSD) performance area of DOTS should better reflect the impact on final beneficiaries over the life cycle of the projects. IFC, together with 25 development financial institutions, harmonized PSD indicators. Some of the reach indicators in the Economic performance area of DOTS may be useful to track PSD performance. IFC is committed to enhancing the relevance of its development results framework and related procedures on a continuous basis and could therefore incorporate some of the reach indicators in the Private Sector Development Area.

1. A higher level of assurance would have required more extensive work.
2. http://www.ifc.org/wps/wcm/connect/corp_ext_content/ifc_external_corporate_site/ifc+projects+database/projects/ifc+disclosure+policy
3. ISAE 3000 from IFAC, Global Reporting Initiative (GRI), or AA1000 Accountability Standard.
4. ISAE 3000: "Assurance Engagement other than reviews of historical data", International Federation of Accountants, International Audit and Assurance Board, December 2003.

Finally, while the Reach Indicators capture the overall contribution of IFC Clients, IFC's reporting regarding its contribution and development results could be enhanced by disclosing incremental data—i.e., additional beneficiaries after IFC's investment—and by applying a contribution factor—such as the share of IFC's investment in overall project investment.

COMPLETENESS

The Indicators reported in the annual report cover the most relevant IFC activities. Nevertheless, as Reach figures are based on the information provided by IFC clients, part of the information could not be obtained. IFC decided to take a conservative approach and not to extrapolate the data on all Reach indicators (except micro-loans and SME loans). Published Reach data may therefore be underestimated in some cases and might vary from year to year, depending on clients' responses.

The assessment of DOTS E&S performance area for a client is done through a selection of the applicable Performance Standards indicators monitored through regular E&S portfolio supervision. The E&S DOTS indicators selected are the ones IFC deemed to be the most suitable as development outcomes.

NEUTRALITY AND CLARITY

IFC provides information on the methodologies used to establish the Indicators in the comments next to the published data or in the related sections. Further information is available on the IFC website.

Investments performance on DOTS Economic and Private Sector Development areas is assessed by comparing actual indicator results to expected achievements. Most targets are established for midpoint or end of investment, annual assessment therefore relies on professional judgment of progress of actual indicator results towards achieving targets.

RELIABILITY

Reach indicators are directly collected from clients. IFC continues performing internal controls on the data received, especially from major contributors to the Reach numbers, by comparing, for instance, reported data to publicly disclosed information, when available. However, clients may provide requested data using definitions that differ from IFC definitions. Significant divergence has been observed in the students reached indicator results and corrected to align with the IFC's definition. IFC should continue to conduct quality checks in order to ensure that the data reported is consistent with its own definitions and calculation methodologies.

In addition, IFC should consider limiting the use of extrapolation for micro-loans and SME loans Indicators where data from clients is not available. The extrapolation for a new top CY15 contributor indeed led to a higher share of the reach data extrapolated this year. In the meantime, extrapolation methodologies were refined to become more precise.

CONCLUSION

Based on our review, nothing has come to our attention that causes us not to believe that:

- the Indicators were established, in all material aspects, in accordance with the Reporting Criteria;
- the Statements were presented, in all material aspects, 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.

Paris-La Défense, August 5, 2016

The independent auditors
ERNST & YOUNG et Associés

Building a better
working world

Eric Duvaud
Partner, Cleantech and Sustainability

Financial Performance Summary

The overall market environment has a significant influence on IFC's financial performance. The main elements of IFC's net income (loss) and comprehensive income (loss) 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, 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. Performance of the equity portfolio (principally realized capital gains, dividends, equity impairments, gains on non-monetary exchanges and unrealized gains and losses on equity investments).
Provisions for losses on loans and guarantees	Risk assessment of borrowers and probability of default and loss given default.
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 budgets.
Gains and losses on other non-trading financial instruments accounted for at fair value	Principally, differences between changes in fair values of borrowings, including IFC's credit spread, 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 are 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 (LOSS)	
Unrealized gains and losses on listed equity investments and debt securities accounted for as available-for-sale	Global climate for emerging markets equities, fluctuations in currency and commodity markets and company-specific performance. Such equity investments are valued using unadjusted quoted market prices and debt securities are valued using internally developed models or methodologies utilizing inputs that may be observable or non-observable.
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.

Global equity markets in emerging economies were volatile in the years ended June 30, 2016 (FY16) and June 30, 2015 (FY15). Additionally, there was further depreciation of certain of IFC's major investment currencies against IFC's reporting currency, the US$, particularly in the Latin America and Caribbean region in the first six months of FY16, continuing the trend experienced throughout much of FY15. The second half of FY16 saw a partial reversal of the recent trend as certain of IFC's major investment currencies appreciated against the US$. FY16 also saw a continuation of lower commodities prices. Collectively, these factors negatively impacted the valuation of many of IFC's investments in FY16.

The above factors, together with some adverse project-specific developments, have put downward pressure on IFC's investment portfolio returns in FY16, resulting in continuing high other-than-temporary impairments on equity investments and debt securities, albeit marginally lower than in FY15, along with higher provisions for losses on loans when compared to FY15. Partially offsetting these negative impacts on the investment portfolio, IFC realized robust capital gains on equity investment sales, the largest of which occurred in the three months ended September 30, 2015 (FY16 Q1). Realized gains were concentrated in FY16, with six investments accounting for 56 percent of the realized gains.

Capital markets were particularly turbulent in FY16 Q4 with credit spreads widening significantly. By the end of FY16, however, markets had largely recovered and IFC ultimately recorded stronger liquid asset income in the second half of FY16 than in the first half of FY16, although gross income from liquid assets in FY16 remained lower than in FY15.

IFC has reported income before net unrealized gains and losses on non-trading financial instruments accounted for at fair value and grants to IDA of $500 million in FY16, $355 million lower than FY15 ($855 million) and $1,282 million lower than FY14 ($1,782 million).

Income Available for Designations (a non-GAAP measure)[1] was $770 million, 42 percent lower than in FY15 ($1,327 million) and 52 percent lower than in FY14 ($1,614 million).

[1] Income available for designations generally comprises net income excluding unrealized gains and losses on investments and unrealized gains and losses on other non-trading financial instruments, income from consolidated VIEs, and expenses reported in net income related to prior year designations.

RECONCILIATION OF REPORTED NET INCOME TO INCOME AVAILABLE FOR DESIGNATIONS

	FY16	FY15	FY14
Net (loss) income attributable to IFC	**$ (33)**	**$ 445**	**$1,483**
Add: Net losses (gains) attributable to non-controlling interests	(1)	(36)	5
Net (loss) income	**$ (34)**	**$ 409**	**$1,488**
Adjustments to reconcile net income to Income Available for Designations			
Grants to IDA from prior year designations	330	340	251
Unrealized gains and losses on investments	470	456	(287)
Unrealized gains and losses on borrowings	(62)	52	74
Advisory Services Expenses from prior year designations	57	59	79
Other	9	11	9
Income Available for Designations	**$770**	**$1,327**	**$1,614**

Based on the distribution policy approved by IFC's Board of Directors, the maximum amount available for designation relating to FY16 would be $161 million. On August 4, 2016, the Board of Directors approved a designation of $101 million of IFC's retained earnings for grants to IDA and a designation of $60 million of IFC's retained earnings for Advisory Services. These designations are expected to be noted with approval by the Board of Governors, and thereby concluded, in FY17.

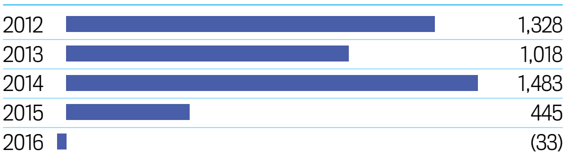
CHANGE IN INCOME BEFORE NET UNREALIZED GAINS AND LOSSES ON NON-TRADING FINANCIAL INSTRUMENTS ACCOUNTED FOR AT FAIR VALUE, GRANTS TO IDA AND NET GAINS AND LOSSES ATTRIBUTABLE TO NON-CONTROLLING INTERESTS FY16 VS FY15 (US$ MILLIONS)

	INCREASE (DECREASE) FY16 VS FY15
Higher provisions for losses on loans, guarantees and other receivables	$ (188)
Higher charges on borrowings	(151)
Higher foreign currency transaction losses on non-trading activities	(99)
Lower realized gains on equity investments and associated derivatives, net	(71)
Higher other-than-temporary impairments on equity investments and debt securities	(24)
Lower unrealized losses on equity investments and associated derivatives, net	198
Other, net	(20)
Change in income before net unrealized gains and losses on non-trading financial instruments accounted for at fair value, grants to IDA and net gains and losses attributable to non-controlling interests	**$(355)**

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

IFC'S NET (LOSS) INCOME (US$ MILLIONS)

FISCAL YEAR ENDED JUNE 30



SELECTED FINANCIAL DATA AS OF AND FOR THE LAST FIVE FISCAL YEARS (US$ MILLIONS)

AS OF AND FOR THE YEARS ENDED JUNE 30	2016	2015	2014	2013	2012
CONSOLIDATED INCOME HIGHLIGHTS					
Income from loans and guarantees, including realized gains and losses on loans and associated derivatives	**$ 1,126**	$ 1,123	$ 1,065	$ 996	$ 993
Provision for losses on loans, guarantees and other receivables	**(359)**	(171)	(88)	(243)	(117)
Income from equity investments and associated derivatives	**518**	427	1,289	732	1,548
Income from debt securities, including realized gains and losses on debt securities and associated derivatives	**129**	132	89	69	71
Income from liquid asset trading activities	**504**	467	599	500	313
Charges on borrowings	**(409)**	(258)	(196)	(220)	(181)
Other income	**501**	505	461	441	448
Other expenses	**(1,464)**	(1,423)	(1,418)	(1,401)	(1,207)
Foreign currency transaction gains and losses on non-trading activities	**(46)**	53	(19)	35	145
Income before net unrealized gains and losses on non-trading financial instruments accounted for at fair value and grants to IDA	**500**	855	1,782	909	2,013
Net unrealized gains and losses on non-trading financial instruments accounted for at fair value	**(204)**	(106)	(43)	441	(355)
Income before grants to IDA	**296**	749	1,739	1,350	1,658
Grants to IDA	**(330)**	(340)	(251)	(340)	(330)
Net (loss) income	**(34)**	409	1,488	1,010	1,328
Less: Net losses (gains) attributable to non-controlling interests	**1**	36	(5)	8	–
Net (loss) income attributable to IFC	**$ (33)**	$ 445	$ 1,483	$ 1,018	$ 1,328

AS OF AND FOR THE YEARS ENDED JUNE 30	2016	2015	2014	2013	2012
CONSOLIDATED BALANCE SHEET HIGHLIGHTS					
Total assets	**$90,434**	$87,548	$ 84,130	$ 77,525	$ 75,761
Liquid assets, net of associated derivatives	**41,373**	39,475	33,738	31,237	29,721
Investments	**37,356**	37,578	38,176	34,677	31,438
Borrowings outstanding, including fair value adjustments	**55,142**	51,265	49,481	44,869	44,665
TOTAL CAPITAL	**$22,766**	$24,426	$23,990	$22,275	$20,580
of which					
Undesignated retained earnings	**$20,475**	$20,457	$20,002	$ 18,435	$ 17,373
Designated retained earnings	**133**	184	194	278	322
Capital stock	**2,566**	2,566	2,502	2,403	2,372
Accumulated other comprehensive (loss) income (AOCI)	**(431)**	1,197	1,239	1,121	513
Non-controlling interests	**23**	22	53	38	–
KEY FINANCIAL RATIOS					
Financial ratios: [a]					
Return on average assets (GAAP basis) [b]	**0.0%**	0.5%	1.8%	1.3%	1.8%
Return on average assets (non-GAAP basis) [c]	**0.5%**	1.3%	1.8%	0.9%	2.8%
Return on average capital (GAAP basis) [d]	**(0.1)%**	1.8%	6.4%	4.8%	6.5%
Return on average capital (non-GAAP basis) [e]	**1.8%**	4.6%	6.5%	3.1%	9.9%
Overall liquidity ratio [f]	**85%**	81%	78%	77%	77%
External funding liquidity level	**504%**	494%	359%	309%	327%
Debt to equity ratio [g]	**2.8:1**	2.6:1	2.7:1	2.6:1	2.7:1
Total reserves against losses on loans to total disbursed portfolio [h]	**7.4%**	7.5%	6.9%	7.2%	6.6%
Capital measures:					
Total Resources Required ($ billions) [i]	**19.2**	19.2	18.0	16.8	15.5
Total Resources Available ($ billions) [j]	**22.5**	22.6	21.6	20.5	19.2
Strategic Capital [k]	**3.3**	3.4	3.6	3.8	3.7
Deployable Strategic Capital [l]	**1.0**	1.1	1.4	1.7	1.8
Deployable Strategic Capital as a percentage of Total Resources Available	**4%**	5%	7%	8%	9%

a. Certain financial ratios, as described below, are calculated excluding the effects of unrealized gains and losses on investments, other non-trading financial instruments, 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 a 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 (target range of 65-95%).

g. Leverage (Debt/equity) ratio is defined as the number of times outstanding borrowings plus outstanding 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

In FY16, the Long-Term Finance program was $11,117 million, as compared to $10,539 million in FY15 and Core Mobilization was $7,739 million, as compared to $7,133 million for FY15, a total increase of 7 percent, reflecting the more favorable investing climate in FY16.

In addition, the average outstanding balance for Short-Term Finance was $2,807 million at June 30, 2016, as compared to $2,837 million at June 30, 2015.

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. IFC finances only a portion, usually not more than 25 percent, of the cost of any project. All IFC-financed projects, therefore, require other financial partners. IFC mobilizes such private sector finance from other entities through a number of means, as outlined in the table below.

FY16 AND FY15 LONG-TERM FINANCE AND CORE MOBILIZATION (US$ MILLIONS)

	FY16	FY15
TOTAL LONG-TERM FINANCE AND CORE MOBILIZATION	**$18,856**	**$17,672**
LONG-TERM FINANCE		
Loans	$ 8,097	$ 7,019
Equity investments	2,595	3,187
Guarantees	378	273
Client risk management	47	60
TOTAL LONG-TERM FINANCE	**$ 11,117**	**$10,539**
CORE MOBILIZATION		
Loan participations, parallel loans, and other mobilization		
Loan participations	$ 3,670	$ 1,853
Parallel loans	1,205	1,522
Managed Co-lending Portfolio Program	541	818
Other Mobilization	554	881
TOTAL LOAN PARTICIPATIONS, PARALLEL LOANS AND OTHER MOBILIZATION	**$ 5,970**	**$ 5,074**
AMC (SEE DEFINITIONS IN TABLE 8, MANAGEMENT'S DISCUSSION AND ANALYSIS)		
China-Mexico Fund	$ 140	$ –
GEM Funds	87	–
FIG Fund	82	–
Catalyst Funds	66	66
ALAC Fund	43	86
Africa Capitalization Fund	28	–
WED Fund	20	–
MENA Fund	8	–
Global Infrastructure Fund (GIF)	2	226
GIF Co-Investments	–	230
Sub-debt Capitalization Fund	–	150
Equity Capitalization Fund	–	3
TOTAL AMC	**$ 476**	**$ 761**
OTHER INITIATIVES		
Public-Private Partnership	$ 793	$ 548
Global Trade Liquidity Program and Critical Commodities Finance Program	500	750
TOTAL OTHER INITIATIVES	**$ 1,293**	**$ 1,298**
TOTAL CORE MOBILIZATION	**$ 7,739**	**$ 7,133**

ACTIVITIES OF THE FUNDS MANAGED BY AMC FY16 VS FY15 (US$ MILLIONS UNLESS OTHERWISE INDICATED)

	AS OF JUNE 30, 2016			FOR THE YEAR ENDED JUNE 30, 2016			
	TOTAL ASSETS UNDER MANAGEMENT			DISBURSEMENTS			
	TOTAL	FROM IFC	FROM OTHER INVESTORS	TO FUND FROM IFC	TO FUND FROM OTHER INVESTORS	MADE BY FUND	MADE BY FUND (NUMBER)*
Equity Capitalization Fund	$ 1,275	$ 775	$ 500	$ 2	$ 1	$ –	–
Sub-Debt Capitalization Fund	1,725	225	1,500	–	2	–	–
ALAC Fund	1,000	200	800	19	80	81	8
Africa Capitalization Fund	182	–	182	–	56	29	2
Russian Bank Cap Fund	550	250	300	2	2	–	–
Catalyst Funds	418	75	343	9	38	48	96
Global Infrastructure Fund**	1,430	200	1,230	24	104	102	5
China-Mexico Fund	1,200	–	1,200	–	13	4	1
FIG Fund	464	150	314	45	63	96	3
GEM Funds	406	81	325	7	26	25	16
MENA Fund	162	60	102	6	11	12	1
WED Fund	90	30	60	9	17	10	1
Total	**$8,902**	**$2,046**	**$6,856**	**$123**	**$413**	**$407**	**133**

* Number of disbursements may include multiple disbursements to a single investee company or fund.
** Includes co-investment fund managed by AMC on behalf of Fund LPs.

	AS OF JUNE 30, 2015			FOR THE YEAR ENDED JUNE 30, 2015			
	TOTAL ASSETS UNDER MANAGEMENT			DISBURSEMENTS			
	TOTAL	FROM IFC	FROM OTHER INVESTORS	TO FUND FROM IFC	TO FUND FROM OTHER INVESTORS	MADE BY FUND	MADE BY FUND (NUMBER)*
Equity Capitalization Fund	$ 1,275	$ 775	$ 500	$ 6	$ 4	$ 8	1
Sub-Debt Capitalization Fund	1,725	225	1,500	29	196	254	4
ALAC Fund	1,000	200	800	29	112	94	7
Africa Capitalization Fund	182	–	182	–	3	–	–
Russian Bank Cap Fund	550	250	300	5	5	–	–
Catalyst Funds	418	75	343	9	41	36	46
Global Infrastructure Fund**	1,430	200	1,230	27	298	293	7
China-Mexico Fund	1,200	–	1,200	–	6	–	–
FIG Fund	344	150	194	–	–	–	–
GEM Funds	406	81	325	–	–	–	–
MENA Fund	–	–	–	–	–	–	–
WED Fund	–	–	–	–	–	–	–
Total	**$8,530**	**$1,956**	**$6,574**	**$105**	**$665**	**$685**	**65**

* Number of disbursements may include multiple disbursements to a single investee company or fund.
** Includes co-investment fund managed by AMC on behalf of Fund LPs.

Letter to the Board of Governors

The Board of Directors of IFC has had this annual report prepared in accordance with the Corporation's bylaws. Jim Yong Kim, President of IFC and Chairman of the Board of Directors, has submitted this report with the audited financial statements to the Board of Governors. The Directors are pleased to report that, for the fiscal year ended June 30, 2016, IFC expanded its sustainable development impact through private sector investments and advice.

Stay Connected

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 Annual Report 2016 provides downloadable PDFs of all materials in this volume and translations as they become available. It is available at www.ifc.org/annualreport.

IFC ONLINE

IFC website
ifc.org

Annual Report
ifc.org/AnnualReport

Social Media Index
ifc.org/SocialMediaIndex

Facebook
facebook.com/IFCwbg

Twitter
twitter.com/IFC_org

LinkedIn
on.ifc.org/ifcLinkedIn

YouTube
youtube.com/IFCvideocasts

Instagram
instagram.com/ifc_org/

CREDITS

IFC Annual Report Team

Bruce Moats
Director,
IFC Communications

Lisa Kopp
Head,
Brand Management

Joseph Rebello
Chief Editor

Aaron Rosenberg
Chief of Public Affairs

Bhattiprolu Murti
Editorial Consultant

Thuy Dinh
Communications Analyst

Design: **Addison**
www.addison.com

Printing: **Sandy Alexander**
www.sandyinc.com

Photography

COVER: Philippe Michel/Getty, Dilip Banerjee
INSIDE COVER: Khasar Sandag/IFC
PAGE 5: Anam Abbas/IFC, Mohamed Essa/IFC, Khasar Sandag/IFC, Iwan Bagus/IFC, Petterik Wiggers/Panos, Graham Crouch/World Bank
PAGE 6: World Bank Archives, World Bank Archives, IFC Archives
PAGE 7: ABC News special video, Chris Stowers/Panos Pictures, Bridge International Academies
PAGE 8: Anam Abbas/IFC
PAGE 10: Arturcos/Getty
PAGE 12: Sven Tofinn/Panos
PAGE 14: Linghe Zhao/Getty
PAGE 16: Iwan Bagus
PAGE 18: Dominic Chavez/World Bank
PAGE 25: Mohamed Srour/IFC
PAGE 27: Linghe Zhao/Getty
PAGE 28: Iwan Bagus/IFC
PAGE 29: Iwan Bagus/IFC
PAGE 38: Martin Roemers/Panos
PAGE 39: Port Lafito Drone
PAGE 40: Anam Abbas/IFC
PAGE 42: Iwan Bagus/IFC
PAGE 43: George Osodi/Panos
PAGE 46: Colombia Bancamia
PAGE 48: Catherine Trautes
PAGE 50: Iwan Bagus/IFC
PAGE 52: Wissam Nassar
PAGE 53: Iwan Bagus/IFC
PAGE 56: Iwan Bagus/IFC
PAGE 58: Iwan Bagus/IFC
PAGE 61: Anam Abbas/IFC
PAGE 64: Jean-Marie Heidinger
PAGE 65: Khasar Sandag/IFC
PAGE 66: Maria Navarro/ Estácio Participações, Iwan Bagus/IFC
PAGE 68: Evhen Savilov/IFC
PAGE 69: Evhen Savilov/IFC, Mountain Hazenuts Limited
PAGE 95: Grant Ellis/World Bank Group

IFC International Finance Corporation
WORLD BANK GROUP
DECADES OF EXPERIENCE

Creating Opportunity
Where It's Needed Most

2121 PENNSYLVANIA AVENUE, NW
WASHINGTON, DC 20433 USA

202 473 3800
ifc.org

#ifcexperiencematters