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# How IFC Creates Opportunity

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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*.

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# INNOVATION

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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.

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Accelerating Economic Growth

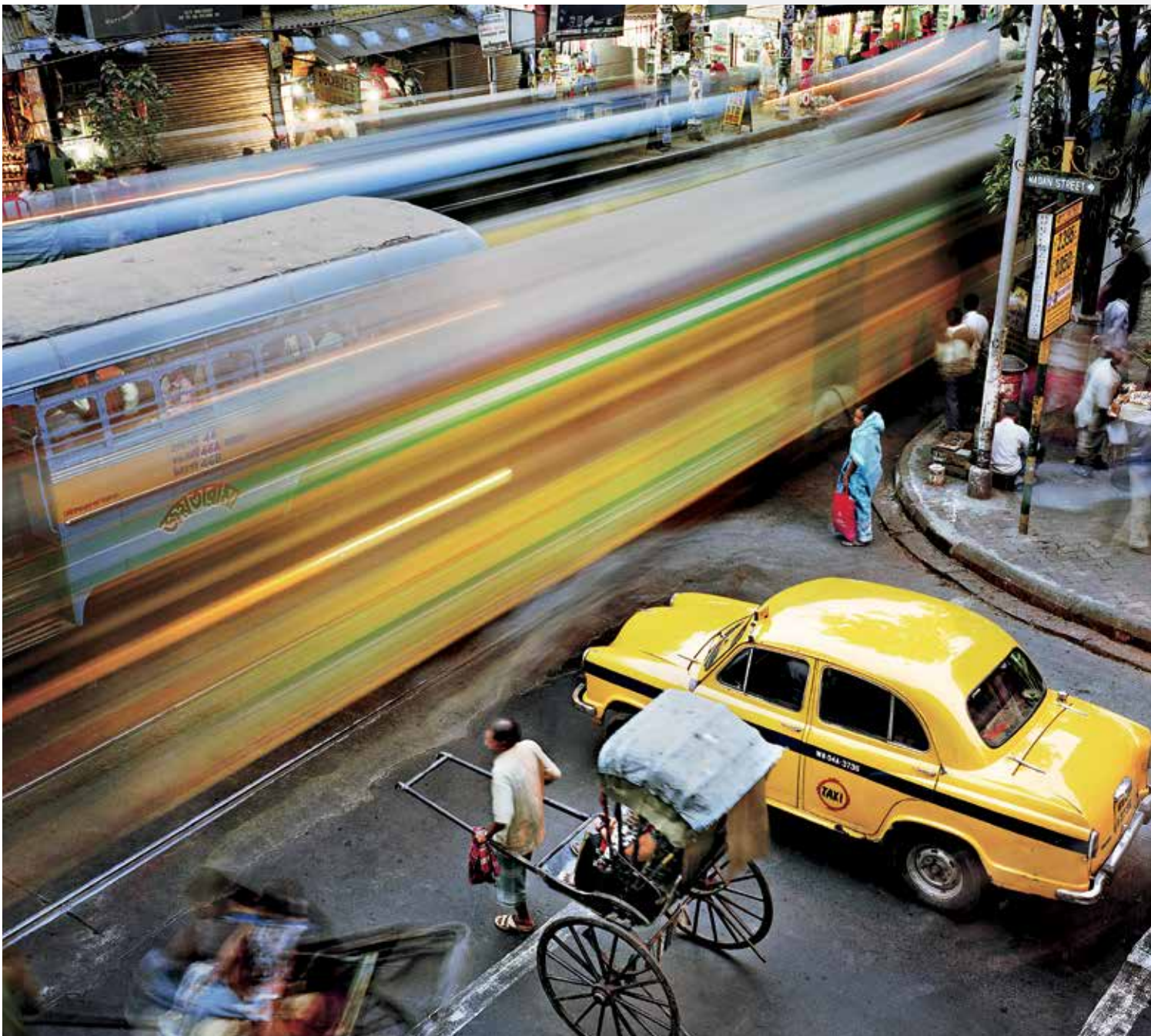
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Ramping Up Climate-Smart Initiatives

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Leveraging the Power  
of Disruptive Technology

# 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

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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.

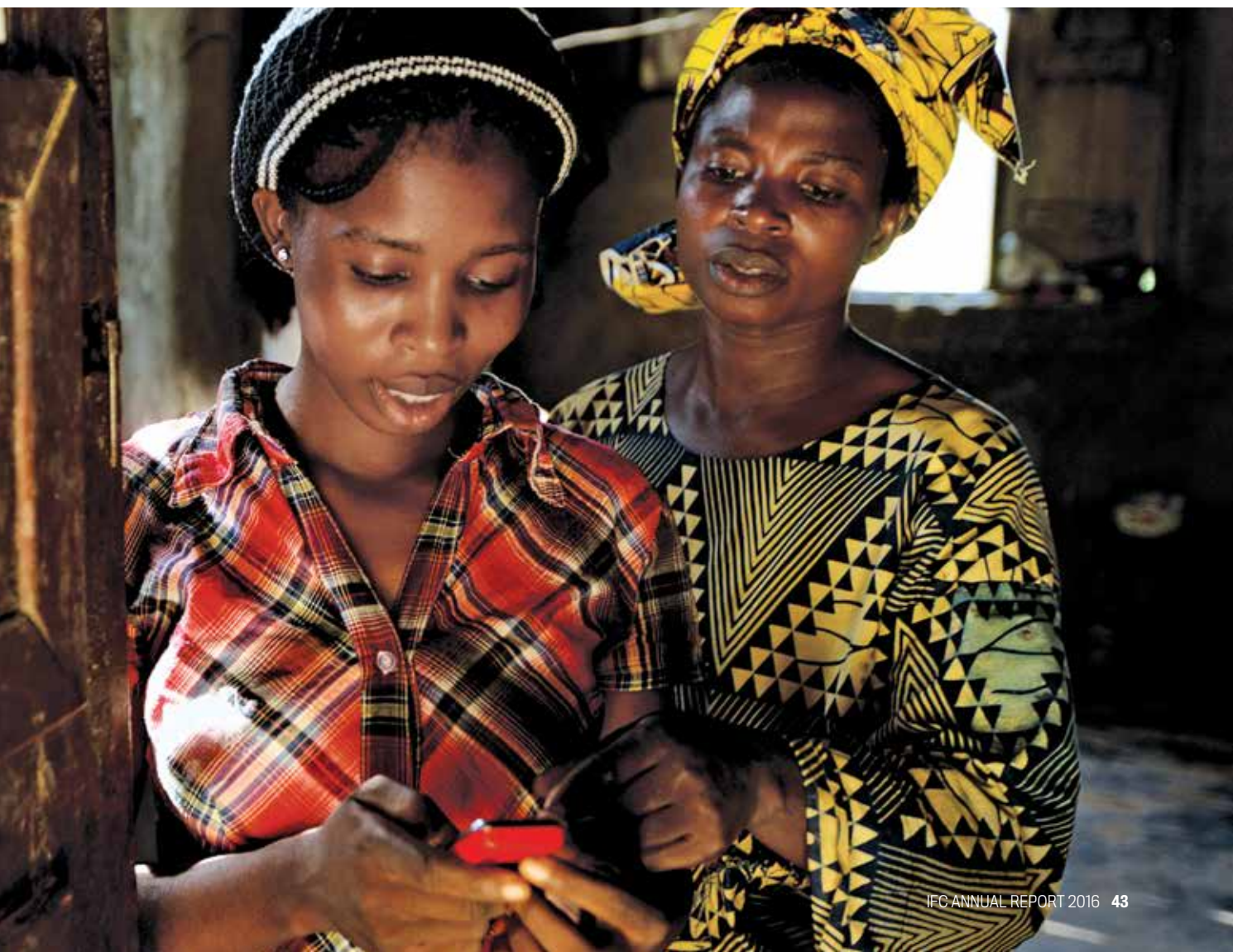
Over the past decade, IFC has invested more than \$1 billion in mobile phone projects spanning 15 countries in Africa. Mobile phones help expand access to finance—as mobile banking and payments systems help even those in the most isolated rural areas send and receive money, affordably.

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

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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.

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Helping Local  
Entrepreneurs Thrive

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Helping Businesses  
Flourish in Tough Conditions

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Expanding Local-Currency  
Finance to Boost Prosperity

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Promoting Growth  
by Empowering Women

**SMALL AND MEDIUM ENTERPRISES**

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## Helping Local Entrepreneurs Thrive

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## 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.

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

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-mega-watt 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

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## Expanding Local-Currency Finance to Boost Prosperity

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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.

In FY16, we worked with AXA Group and Accenture on a groundbreaking report, titled *ShelforShield*, 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.

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.*



# DEMONSTRATION

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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.

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Unlocking Capital for  
Sustainable Development

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Tackling the Challenge  
of Rapid Urbanization

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Promoting Universal  
Access to Finance

**MOBILIZATION**

**Unlocking Capital  
for Sustainable  
Development**



## *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.*

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.

CITIES

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# Tackling the Challenge of Rapid Urbanization

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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

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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.

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Creating Good Jobs—  
the Surest Path Out of Poverty

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Helping People  
Lead Productive Lives

*–p. 68*

Strengthening Food Security  
in Challenging Places



**EMPLOYMENT**

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## **Creating Good Jobs—the Surest Path Out of Poverty**

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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.

A photograph of two young girls sitting at a table. They are looking towards the right side of the frame with focused expressions. The girl in the foreground is wearing a purple jacket, and the girl behind her is wearing a pink jacket. They appear to be in a classroom or a workshop setting.

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

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## 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.*