Annual Report 2017

Creating Markets

IFC

There are **Big Opportunities** in Development Finance...

...we can **End Poverty by 2030, Rebuild Conflict-Affected Economies, Tackle Climate Change, Advance Gender Equality,** by maximizing private finance for development.

IFC Operational Highlights

Dollars in millions, for the years ended June 30

Long-Term Investment Commitments

	2017	2016	2015	2014	2013
FOR IFC'S OWN ACCOUNT	$11,854	$11,117	$10,539	$ 9,967	$11,008
Number of projects	342	344	406	364	388
Number of countries	75	78	83	73	77
CORE MOBILIZATION*	$ 7,461	$ 7,739	$ 7,133	$ 5,142	$ 6,504
Syndicated loans[1]	$ 3,475	$ 5,416	$ 4,194	$ 3,093	$ 3,098
IFC Initiatives & Other	$ 2,207	$ 1,054	$ 1,631	$ 1,106	$ 1,696
Asset Management Company (AMC) Funds	$ 531	$ 476	$ 761	$ 831	$ 768
Public-Private Partnership (PPP)[2]	$ 1,248	$ 793	$ 548	$ 113	$ 942
TOTAL INVESTMENT COMMITMENTS	$19,316	$18,856	$17,672	$15,109	$17,512

Investment Disbursements

	2017	2016	2015	2014	2013
For IFC's account	$10,355	$ 9,953	$ 9,264	$ 8,904	$ 9,971
Syndicated loans[3]	$ 2,248	$ 4,429	$ 2,811	$ 2,190	$ 2,142
TOTAL INVESTMENT DISBURSEMENTS	$12,602	$14,382	$12,075	$11,094	$12,113

Committed Portfolio

	2017	2016	2015	2014	2013
Number of firms	2,005	2,006	2,033	2,011	1,948
For IFC's account	$55,015	$51,994	$50,402	$51,735	$49,617
Syndicated loans[4]	$16,047	$16,550	$15,330	$15,258	$13,633
TOTAL COMMITTED PORTFOLIO	$71,062	$68,544	$65,732	$66,993	$63,250

Short-Term Finance

	2017	2016	2015	2014	2013
Average Outstanding Balance	$ 3,185	$ 2,807	$ 2,837	$ 3,019	$ 2,739

Advisory Services

	2017	2016	2015	2014	2013
Advisory Services program expenditures	$ 245.7	$ 220.6	$ 202.1	$ 234.0	$ 231.9
Share of program in IDA countries[5]	63%	62%	65%	66%	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, and MCPP Loans.
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 Participations (ALPS), 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.

Financial Highlights

Dollars in millions, as of and for the years ended June 30*

	2017	2016	2015	2014	2013
Net income (loss) attributable to IFC	1,418	–33	445	1,483	1,018
Grants to IDA	101	330	340	251	340
Income before grants to IDA	1,523	296	749	1,739	1,350
Total assets	92,254	90,434	87,548	84,130	77,525
Loans, equity investments and debt securities, net	40,519	37,356	37,578	38,176	34,677
Estimated fair value of equity investments	14,658	13,664	14,834	14,890	13,309

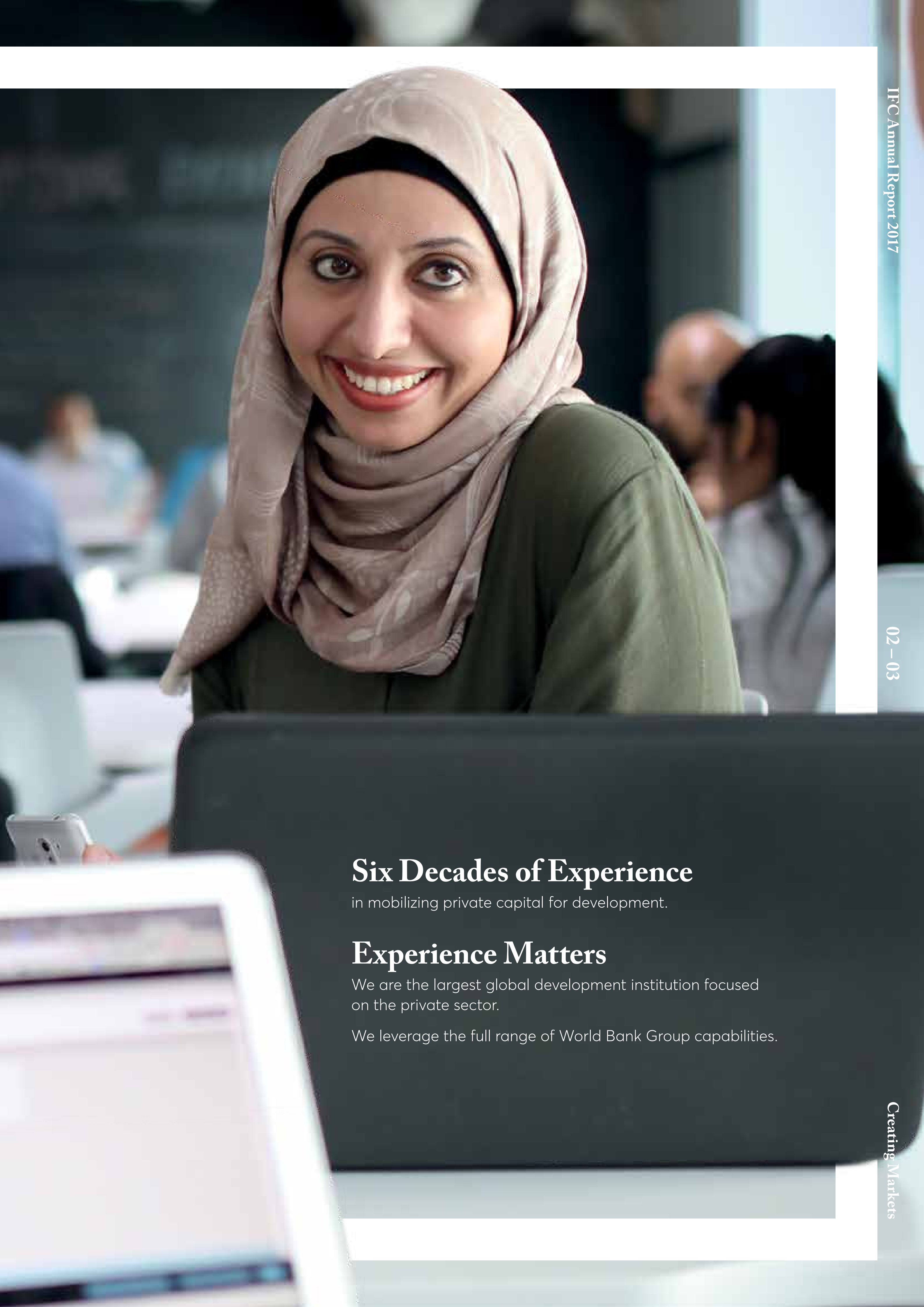
Key Ratios

	2017	2016	2015	2014	2013
Return on average assets (GAAP basis)	1.60%	0.00%	0.50%	1.8%	1.3%
Return on average capital (GAAP basis)	5.90%	–0.10%	1.80%	6.4%	4.8%
Cash and liquid investments as a percentage of next three years' estimated net cash requirements	82%	85%	81%	78%	77%
Debt-to-equity ratio	2.7:1	2.8:1	2.6:1	2.7:1	2.6:1
Total resources required ($ billions)	19.4	19.2	19.2	18.0	16.8
Total resources available ($ billions)	23.6	22.5	22.6	21.6	20.5
Total reserve against losses on loans to total disbursed loan portfolio	6.1%	7.4%	7.5%	6.9%	7.2%

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

IFC is Positioned to Lead

IFC works with entrepreneurs to create jobs and opportunities.



Six Decades of Experience

in mobilizing private capital for development.

Experience Matters

We are the largest global development institution focused on the private sector.

We leverage the full range of World Bank Group capabilities.

Creating Markets

Private sector innovations can help address the most urgent challenges of development.

Logistics: Backed by IFC, India's BlackBuck is lowering shipping costs while raising drivers' incomes.

Digital Finance: IFC and China's Ant Financial Services Group are helping 100 million people access financial services by 2020.

Capital Markets: The World Bank Group's Joint Capital Markets Program is accelerating capital-markets development wherever it's needed most.

Solar Power: IFC's innovative Scaling Solar initiative is helping governments procure privately funded power stations quickly and inexpensively.

It Takes A Comprehensive Approach

- Establishing **regulatory and policy frameworks** that improve public governance and enable markets to thrive
- Promoting **competition and innovation** that causes others to improve their game
- Achieving **demonstration effects** that encourage replication
- Building **capacity and skills** to open new markets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Maximizing Finance for Development

By working together, development institutions can direct every available dollar to areas that need it most.

Creating the Right Tools and Platforms

to reduce investment risks in countries, sectors, and projects

MOBILIZATION PLATFORMS

- *The Managed Co-Lending Portfolio Program*
  Crowds in billions in private capital from insurance companies and others for IFC projects
- *IFC Asset Management Company*
  Manages billions in assets for investment in IFC projects.

BLENDED FINANCE

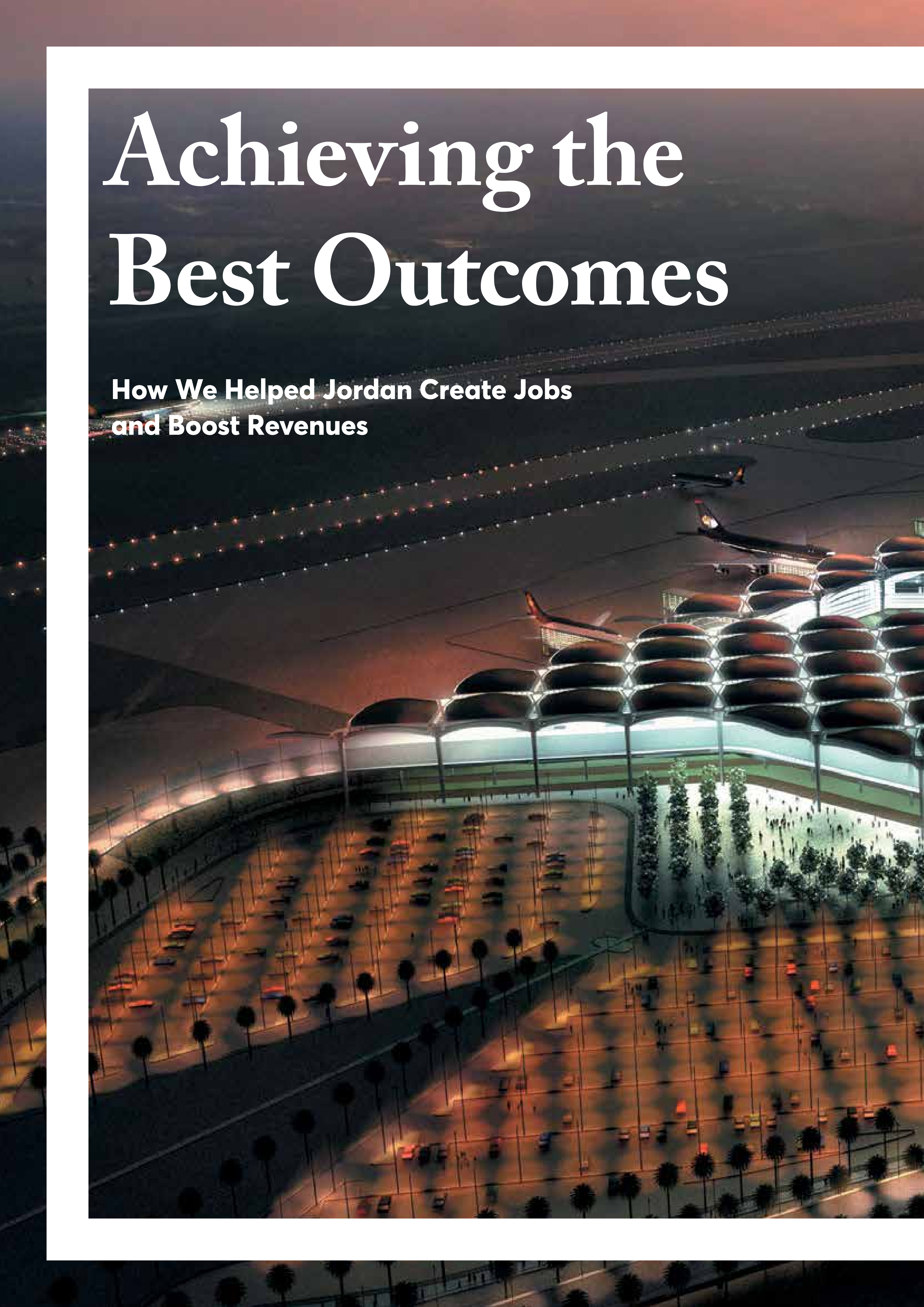
Uses small amounts of concessional donor funds to mitigate risks, opening the door to much larger amounts of private investment.

Asking the Right Questions — The "Cascade"

1. *When a project is presented, the World Bank Group asks:*
   "Is there a **sustainable private sector solution** that limits public debt and contingent liabilities?"
2. If the answer is YES…
   We promote private solutions.
3. If the answer is NO…
   We ask: Is it because of:
   - **Policy or regulatory gaps** or weaknesses?
     If so, we provide support for policy and regulatory reforms.
   - **Risks?**
     If so, we assess whether Bank Group instruments can mitigate them.
4. If the project *requires* **public funding,** we pursue that option.

Achieving the Best Outcomes

How We Helped Jordan Create Jobs and Boost Revenues



Jordan's key international airport receives twice as many passengers today as it did a decade ago. This reflects an innovative approach to infrastructure finance. Instead of incurring new government debt to pay for a much-needed airport expansion, Jordan worked with the World Bank and IFC to leverage private capital. The result: a world-class facility that has generated more than $1 billion in new government revenues while adding no public debt—and boosting tourism, creating jobs, and supporting economic growth.

Creating Markets, Creating Opportunities

Taking on the Toughest Challenges

Putting IFC at the Heart of Development Finance

Growth = Jobs = Stability

Lina Riascos studies at Uniminuto, an IFC-supported university serving low-income students in Colombia.

Letter from Jim Yong Kim

World Bank Group President

As I travel around the world, I am continually reminded of how much smaller the world seems to be getting. Thanks to technology—especially the internet, mobile phones, and social media—nearly everyone can see how everyone else lives. For many, living standards in the most developed countries, once unknown to the world's poor, are now as familiar as their own communities.

This awareness has changed how people think about their lives, and it is raising expectations about what is possible. Aspirations, once rooted in local experiences, are converging around the world. And as people's aspirations rise, so too will demands for education, jobs, and services like health care and transportation—opportunities for a better life for themselves and for their families. As the world is virtually shrinking, the divide between people is widening. Our role and our ambition at the World Bank Group is to bridge that divide. We need to use all of our energy, knowledge, creativity, and financing capacity to help countries meet the expectations of all their citizens.

This means accelerating progress on our two goals—ending extreme poverty by 2030, and boosting prosperity among the poorest 40 percent in low- and middle-income countries. To accomplish those goals, we are supporting investments in countries that will lay the foundations for sustainable and inclusive economic growth. We are investing in people, in the youth in particular, so individuals—and countries—can fulfill their potential and look toward a brighter future. And we are strengthening resilience to the global shocks that affect all of us—like pandemics, climate change, refugees, and famine.

Yet while the world seems to be getting smaller, our challenges are multiplying. We must constantly evolve and adapt to meet them. At the World Bank Group, we are fundamentally rethinking our approach to development finance. We have billions of dollars to work with, but the world needs trillions in annual funding for development. We must now leverage our scarce resources even more to crowd in vastly more private capital, combine it with our expertise, and invest in developing countries.

To spur that level of financing, we need to create markets and bring more private sector rigor and innovation to our client countries, especially the poorest and most fragile ones. We have to start by asking routinely whether private capital, rather than government funding or donor aid, can finance a project. If the conditions are not right for private investment, we need to work with our partners to de-risk projects, sectors, and entire countries. Through dialogue and knowledge transfers, we can help governments reform laws and regulations, and improve economic practices. We can instill new, more efficient ways to finance development. This won't be easy, but it's the only way we can help countries at the scale that these times require.

This year, the World Bank Group committed more than $61 billion in loans, grants, equity investments, and guarantees to its members and private businesses. [See page 60 for a summary of World Bank Group results.]

The International Bank for Reconstruction and Development (IBRD) saw continued client demand for its services and made commitments totaling $22.6 billion. And the International Development Association (IDA), our fund for the poorest, provided $19.5 billion to support countries most in need to face their toughest challenges. We committed to drastically scaling up IDA's development interventions through innovative financing. For example, we are leveraging IDA's equity by blending donor contributions with internal resources and funds raised through debt markets. As a result of these efforts and the continued strong support of our partners, we achieved a record $75 billion replenishment for IDA18. As we head into FY18, we're using new tools, like the $2.5 billion Private Sector Window, to mobilize private capital for the poorest countries.

The International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA), our two institutions focused on private sector development, are leading our efforts to create markets and crowd in private sector investment in developing countries.

IFC delivered a significant amount of financing for private sector development—about $19.3 billion, including nearly $7.5 billion mobilized from investment partners. Nearly $4.6 billion of this went to IDA countries, and nearly $900 million went to fragile and conflict-affected areas.

MIGA issued $4.8 billion, using political risk insurance and credit enhancement guarantees to draw in private investors and lenders to developing countries. Forty-five percent of projects supported in fiscal year 2017 were in IDA-eligible countries, and 21 percent were in countries affected by conflict and fragility.

Across the World Bank Group, we're working to ensure that we have the knowledge, resources, and tools to be effective and agile in the face of rapid change. We're ready to scale up and strengthen our engagement to help countries overcome their development challenges, create equality of opportunity, and give everyone the chance to meet their aspirations.

Jim Yong Kim
World Bank Group President

Letter from Philippe Le Houérou

IFC Chief Executive Officer

"With the knowledge we have accumulated over 60 years, IFC is uniquely placed to give the private sector a central role in financing and delivering development solutions. The scale of this ambition, together with IFC's objective of doing more in the poorest countries, requires a new strategic framework — based on new analytical and financial tools and approaches — which IFC is now rolling out."

For more than six decades, IFC has been a leader in private sector development—working with multinational, regional, and local companies to accelerate growth and lift people out of poverty while promoting global competitiveness and standards for our clients. Fiscal year 2017 was a banner year for IFC: We invested at record levels while intensifying our focus on the most challenging regions and markets and investing a record amount to help address climate change. While we are proud of these results, we know we need to do much more.

Two years ago, 193 countries endorsed the 2030 Agenda, including the Sustainable Development Goals and the Paris Climate Accord. It will take a vast increase in financing to achieve these objectives, given current levels of poverty and the magnitude of other development challenges. Public resources alone are insufficient. That's why, at the Financing for Development Conference in Addis Ababa in July 2015, the development community committed to a new vision—*"From Billions to Trillions,"* in which the private sector plays a central role in delivering development solutions while public resources are used strategically to develop projects, mitigate risks, and enable the private sector to invest sustainably.

IFC is uniquely placed to help deliver on this ambitious agenda, given the knowledge we have accumulated over 60 years. The scale of this ambition, together with IFC's objective of doing more in the poorest countries, requires new approaches and new tools. We call this strategic framework "IFC 3.0."

A RECORD YEAR

In my first full year at IFC, I saw many examples of our staff's dedication, professionalism, drive, and creativity—strong evidence of our ability to deliver. In the FY17 context of strengthening growth and improving market conditions in developing economies, we delivered a record $19.3 billion in financing to private companies in 75 countries. This includes nearly $7.5 billion in funds mobilized directly from other investors, of which $531 million was made available through IFC Asset Management Company.

Nearly a quarter of the financing we provided went to the poorest countries—those eligible to borrow from the World Bank's International Development Association (IDA). Our climate-related investments climbed to a record of nearly 25 percent of our financing. In addition, we increased our focus on creating economic opportunities for women by helping them access financial services, by supporting female entrepreneurs as they expand their businesses, and by fostering gender parity in the corporate world. We also increased our support for innovation and disruptive technologies.

In FY17, our investment portfolio grew by more than $3 billion to $55 billion. The size and diversity of this portfolio ensured that we delivered impact across different dimensions. For example, our clients provided 2.4 million jobs, delivered $411 billion in micro, small, and medium loans, generated power for 79 million people, provided gas to 60 million, and distributed water to 14 million.

Working upstream, we continued to offer comprehensive advisory solutions to clients, especially in fragile and conflict-affected areas and IDA countries. In FY17, 63 percent of IFC's advisory program was delivered to clients in IDA countries and 20 percent in fragile and conflict-affected areas, while 26 percent was climate-related. In addition, almost a third of new advisory projects included a focus on gender impact in project design.

A NEW STRATEGIC FRAMEWORK

Our strategy, "IFC 3.0," is embedded in the Bank Group's *Forward Look* vision. It recognizes that to step up our game in the most difficult geographies and to achieve impact at scale, we must move from responding to demand to working proactively—leveraging the strengths of the entire World Bank Group and other development partners—to create markets, and mobilize private sector resources at a greater scale. To that end, we developed new analytical and financial tools and approaches.

New analytical tools and approaches: Achieving development results has always been essential at IFC. Given the increasing complexity of the issues our client countries face, we have strengthened our toolkit. We developed a new framework—Anticipated Impact Measurement and Monitoring, or AIMM—to enable us to better define, measure and articulate the development impact of each project and to focus scorecards and incentives on the delivery of economic impact. Eventually, we will be able to judge and communicate our results not only from an operational and financial perspective but also from a development and portfolio perspective.

To systematically look for and act upon opportunities to create markets and maximize finance for development, we have initiated country-level private sector diagnostics. These will help pinpoint where we can work together with governments, the World Bank, MIGA, and development partners to catalyze market creation by establishing the necessary regulatory and policy frameworks, promoting private sector competition, encouraging the spread of best practices and new technologies, and building local capacity and skills. We have also launched a World Bank Group–wide approach that calls for closer collaboration among our colleagues to maximize finance for development. We call this approach the "Cascade." Bank Group staff, working with our clients, will first seek private sector solutions to address development challenges—where such solutions are advisable and can be effective—and reserve public financing for projects only when other options are suboptimal.

Advisory services are a critical part of IFC's strategy to create markets and mobilize private investments—especially in the poorest and most conflict-affected areas of the world. This year, our Board of Directors gave us additional tools and resources, agreeing to reduce IFC's annual transfer of net income to IDA in order to launch the Creating Markets Advisory Window. This three-year funding facility of up to $213 million will address increased demand for IFC Advisory Services, including for upstream work in preparing project pipelines and creating markets in IDA-eligible and fragile and conflict-affected countries.

New financial tools and approaches: The Board also approved the IDA18 Private Sector Window (PSW), supporting our strategy of expanding private investment and creating markets in eligible countries. With the four facilities under the PSW—the Risk Mitigation Facility, the Blended Finance Facility, the Local Currency Facility, and the MIGA Guarantee Facility—totaling $2.5 billion, we will have new de-risking tools to address high-risk projects, and overcome the challenge of limited access to local-currency loans. These are innovative facilities to enable private sector investment in IDA countries. IFC will implement them on behalf of IDA, creating a stronger pipeline of transactions for ourselves and others to finance.

Through our mobilization efforts and the investments from sponsors and other co-investors, every dollar of IFC investment currently contributes to $4 of financing for development. IFC continues to innovate beyond our successful loan syndications and investments by IFC Asset Management Company in private equity. A recent example is IFC's Managed Co-Lending Portfolio Program for Infrastructure, which taps into private capital from insurance companies to finance a share of IFC's portfolio of infrastructure loans. Institutional investors hold large pools of money that could be made to work for development. This model opens the door for these funds.

IFC's new strategic framework is a concrete response to the challenge of converting *"Billions to Trillions"* of development finance. By starting to deploy the new tools given to us by our Board, by bringing greater analytical depth to our work, and by working more closely as a team with our World Bank Group colleagues, our clients and our other partners, we will amplify our development impact in the years ahead. Through strong partnerships with the private and public sectors, we can enhance our power to create markets and improve the lives of millions of people.

Philippe Le Houérou
IFC Chief Executive Officer

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 opportunities where they are needed most.

Philippe Le Houérou
IFC Chief Executive Officer

Mohamed Gouled
Vice President, Risk and Financial Sustainability

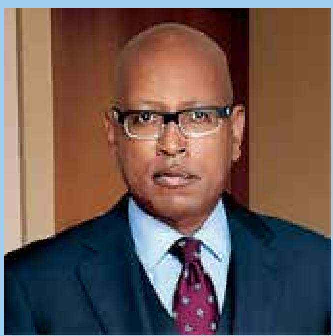
Jingdong Hua
Vice President and Treasurer

Saran Kebet-Koulibaly
Vice President, Portfolio Management

Hans Peter Lankes
Vice President, Economics and Private Sector Development

Bernard Lauwers
Vice President and World Bank Group Controller

Nena Stoiljkovic
Vice President, Blended Finance and Partnerships



Ethiopis Tafara
General Counsel and Vice President, ESG Sustainability and Compliance Risk

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Vice President, New Business

Stephanie von Friedeburg
Vice President, Corporate Strategy and Resources

Gavin E.R. Wilson
CEO, IFC Asset Management Company

Creating
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In an era of scarce public resources, a strong and engaged private sector is indispensable to ending poverty and boosting shared prosperity. That is where IFC comes in—we know how to unlock private investment, creating markets and opportunities where they're needed most.

Markets,

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Unlocking Private Investment

For six decades, IFC has been at the leading edge of mobilizing private capital for development—which will be essential to achieve the Sustainable Development Goals. Our innovative platforms make it easier for investors—ranging from commercial banks to insurance companies and sovereign wealth funds—to join us in accelerating development in challenging markets.

Ending poverty is an expensive undertaking: the gap between what is needed and what is available amounts to trillions of dollars each year.

That is why the private sector must be involved. IFC plays a critical role in building the platforms and creating the opportunities for the private sector to accelerate development. We mobilize capital from banks, sovereign funds, and international financial institutions. By putting private capital to work, we achieve far greater development impact than we could on our own.

IFC mobilizes funds through two major platforms. The first, IFC Asset Management Company, manages $9.8 billion in assets through 13 investment funds, including $2.3 billion from IFC. The second, our loan-syndications program, has mobilized more than $62 billion from more than 500 financing partners for projects in emerging markets since its inception in 1959. At the end of FY17, our syndications portfolio totaled $16 billion.

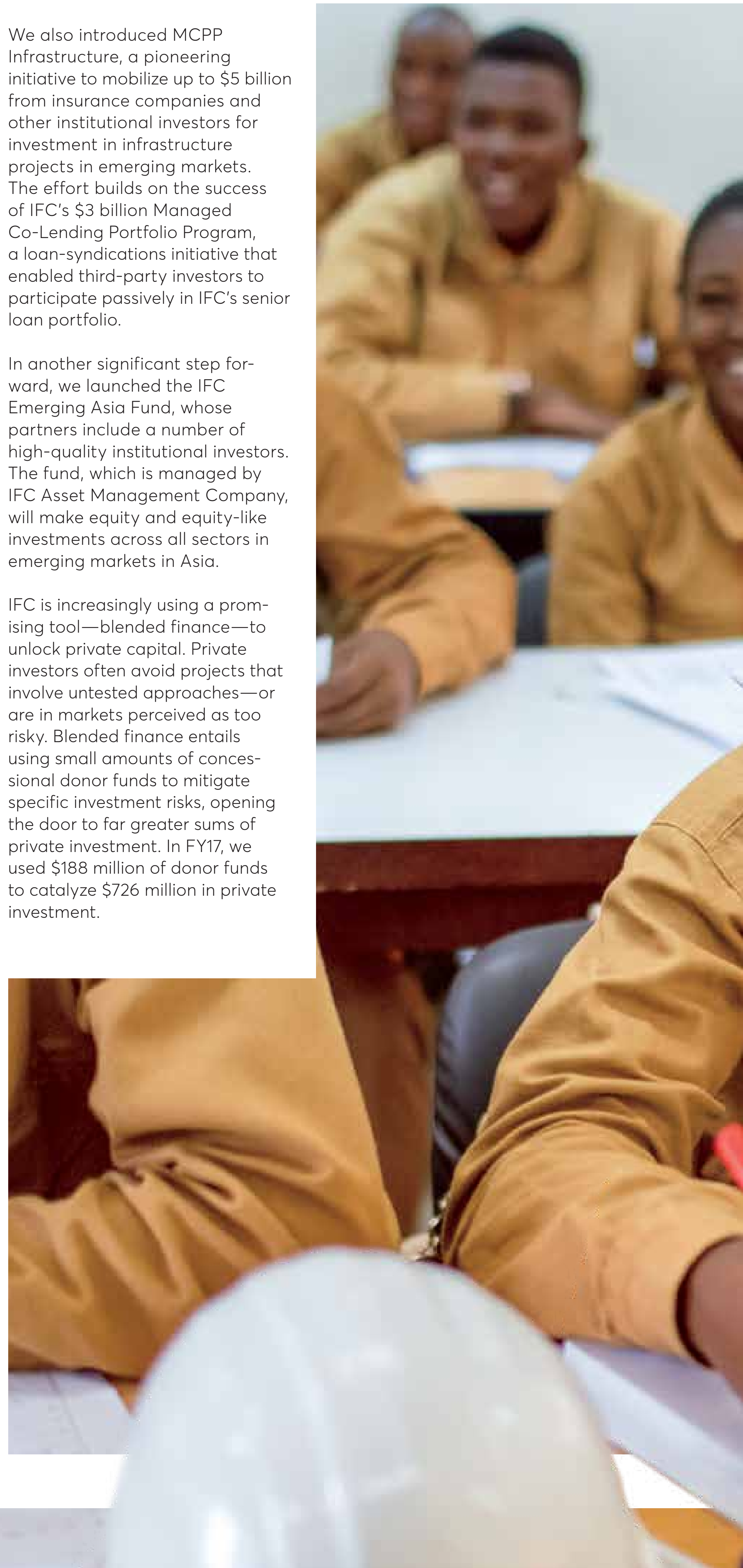
In FY17, IFC mobilized nearly $7.5 billion for investment in developing countries—including more than $1.2 billion through public-private partnerships. We also created several multibillion-dollar platforms for private investors to join us to address the most urgent development challenges of our time.

This year, we launched the world's biggest green-bond fund dedicated to emerging markets. The $2 billion Green Cornerstone Bond Fund is aimed at unlocking private funding for climate-related projects. IFC partnered with Amundi, Europe's largest listed asset manager, to create the fund. IFC intends to invest up to $325 million, which the fund will use to buy green bonds issued by banks in developing countries. Amundi will raise the rest of the $2 billion from institutional investors worldwide.

We also introduced MCPP Infrastructure, a pioneering initiative to mobilize up to $5 billion from insurance companies and other institutional investors for investment in infrastructure projects in emerging markets. The effort builds on the success of IFC's $3 billion Managed Co-Lending Portfolio Program, a loan-syndications initiative that enabled third-party investors to participate passively in IFC's senior loan portfolio.

In another significant step forward, we launched the IFC Emerging Asia Fund, whose partners include a number of high-quality institutional investors. The fund, which is managed by IFC Asset Management Company, will make equity and equity-like investments across all sectors in emerging markets in Asia.

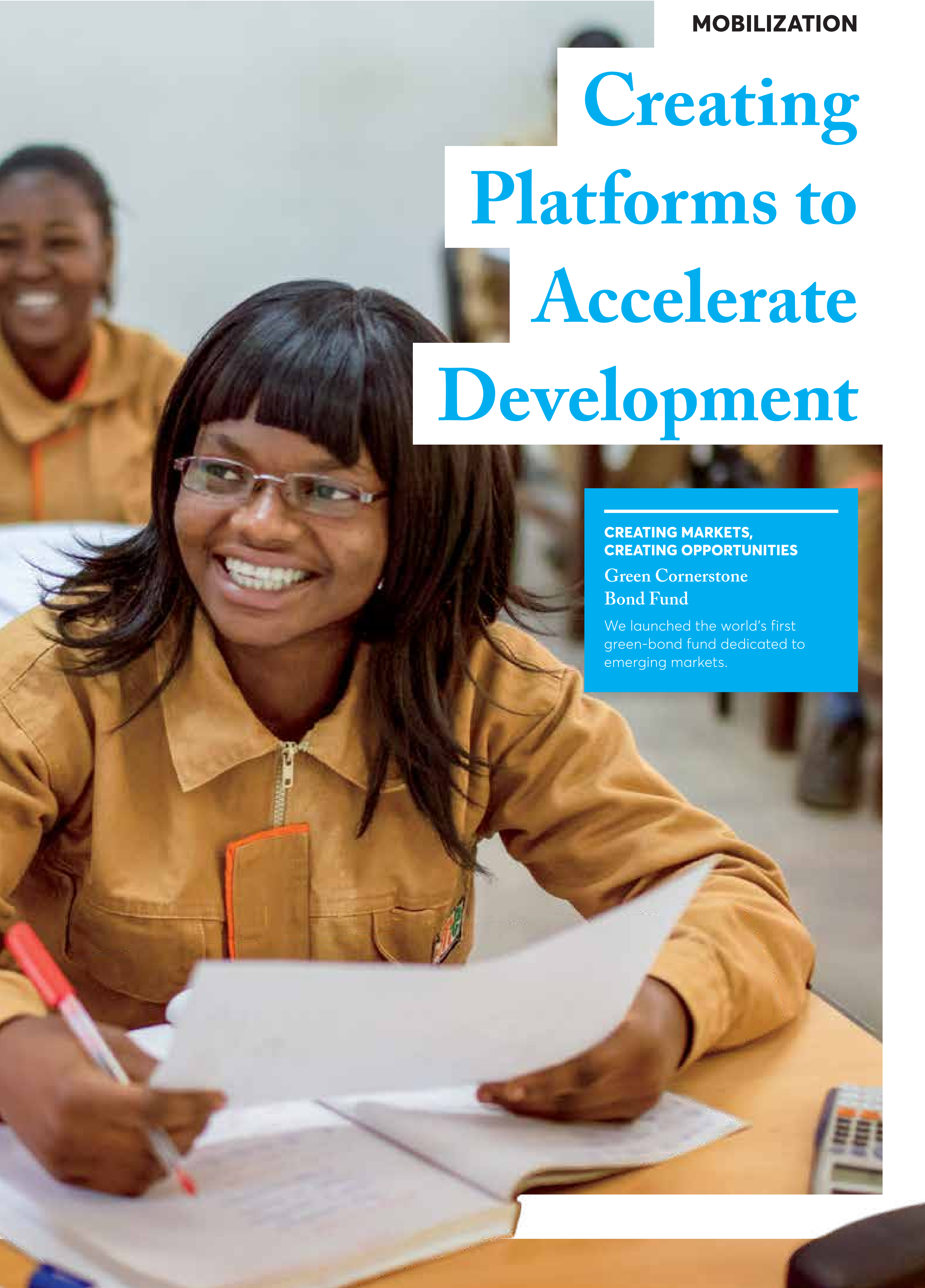
IFC is increasingly using a promising tool—blended finance—to unlock private capital. Private investors often avoid projects that involve untested approaches—or are in markets perceived as too risky. Blended finance entails using small amounts of concessional donor funds to mitigate specific investment risks, opening the door to far greater sums of private investment. In FY17, we used $188 million of donor funds to catalyze $726 million in private investment.



IFC client CIPREL hires many students from this vocational school in Côte d'Ivoire.

MOBILIZATION

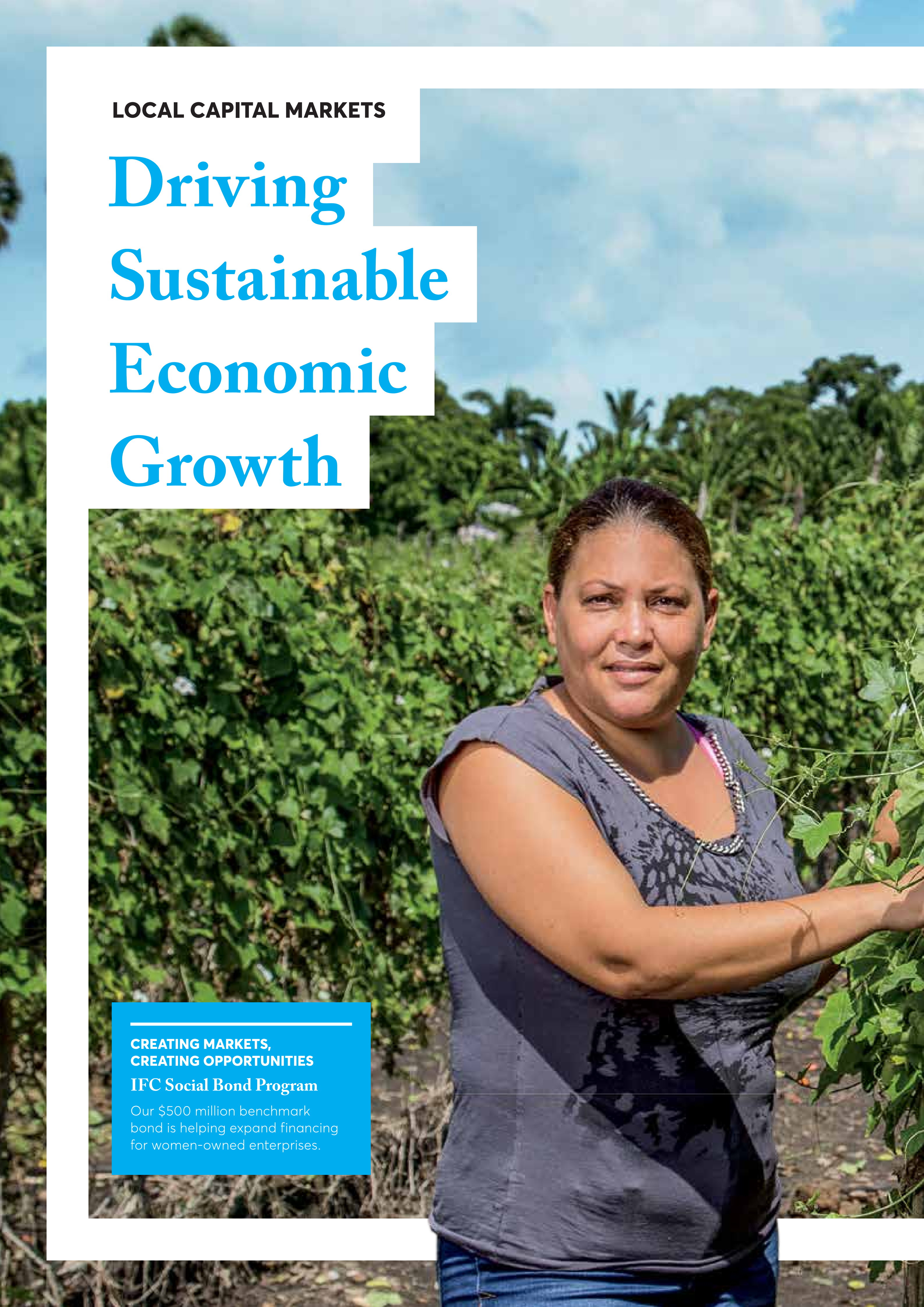
Creating Platforms to Accelerate Development



CREATING MARKETS, CREATING OPPORTUNITIES

Green Cornerstone Bond Fund

We launched the world's first green-bond fund dedicated to emerging markets.



LOCAL CAPITAL MARKETS

Driving Sustainable Economic Growth

CREATING MARKETS, CREATING OPPORTUNITIES

IFC Social Bond Program

Our $500 million benchmark bond is helping expand financing for women-owned enterprises.

Strong local capital markets are essential for a thriving private sector.

They help people and businesses obtain long-term financing. They encourage the kind of entrepreneurial risk-taking that fosters innovation and accelerates job creation and economic growth. They can shield entire economies against potentially destabilizing fluctuations in international financial markets.

IFC plays a vital role in strengthening local capital markets, introducing innovative tools to unlock private sector funds for an array of important development goals. We are often the first international nongovernment issuer of local-currency bonds in developing countries, helping to establish the conditions that enable local markets to grow and thrive. We help developing countries draft policies and regulations that build stronger capital markets.

This year, we launched the Joint Capital Markets Program, which leverages the collective expertise of World Bank Group institutions to accelerate capital-markets development wherever it's needed most—beginning with Bangladesh, Egypt, Kenya, Morocco, Peru, Vietnam, and the countries of the West African Economic and Monetary Union.

In October 2016, we issued a first-of-its-kind bond to protect forests and expand capital markets for carbon credits. The five-year IFC Forests Bond, listed on the London Stock Exchange, was sold to major global institutional investors—who were given the option of getting repaid either in carbon credits or cash. It raised $152 million to prevent deforestation and promote development in emerging markets.

In March 2017, we launched a new Social Bond Program—by issuing a $500 million global benchmark bond to expand financing for women-owned enterprises and low-income communities. The size of the issuance is expected to help deepen the market for a new but rapidly growing category of sustainability bonds, which expand financing for environmental, social, and governance objectives. Our new program merged two existing IFC bond products—the *Banking on Women* Bond Program and the Inclusive Business Bond Program—that have raised $268 million and $296 million, respectively, since 2013.

We continued to deepen markets for local-currency bonds. In the Dominican Republic, we issued the equivalent of $4 million in bonds denominated in Dominican pesos—our second "Taino" bond in less than five years. Proceeds of the six-and-a-half-year bond will be invested in Banco de Ahorro y Crédito Adopem, a leading local microfinance institution, to expand long-term lending to micro-entrepreneurs.

In Colombia, we helped Bancolombia issue the first-ever green bond by a private financial institution in Latin America. The proceeds—equivalent to $115 million—will be used to finance climate-smart projects in the country, setting an example that could encourage other financial institutions in the region to undertake similar bond issuances.

In all, IFC has issued bonds in 20 local currencies. We have also provided nearly $23 billion in local-currency financing across 73 currencies—through loans, swaps, guarantees, risk-sharing facilities, and securitized products.

IFC's "Taino" bond program enabled Josefina Arnaud Jimenez to obtain financing for her farm.

Driving Growth

IFC focuses on sectors that have the potential to create the most jobs and distribute wealth most widely and evenly. We help the underserved gain access to finance. We help build human capital by improving the quality and availability of health care and education. We finance technology companies that are changing the world.

Across the world, about 1 billion people live without electricity. More than 800 million people wake up every morning in slums, and an equal number lack access to clean water.

These numbers tell us that infrastructure in developing countries hasn't kept up with population growth and the desire for better living standards. Inadequate infrastructure also constrains business productivity and economic growth—in Africa, for example, better infrastructure could boost productivity by 40 percent.

Modern infrastructure is indispensable in the fight to end poverty and boost shared prosperity. Since 2007, IFC has invested nearly $29 billion in infrastructure, mobilizing an additional $21 billion from other investors. In fiscal year 2017 alone, IFC invested $3.1 billion, including funds mobilized from other investors. Our clients helped generate power for more than 79 million people in countries where such improvements are desperately needed.

Myanmar, for instance, has one of the lowest electrification rates in the world: only a third of the country's 50 million people have access to electricity. In Myingyan, in the Mandalay region, IFC is supporting the development of the country's largest gas-fired power plant. The $300 million, 225-megawatt project is expected to supply electricity to more than 5 million people.

At the start of FY17, IFC completed a $150 million financing package for the construction and operation of Panama's first natural-gas-fired power plant—AES Colon. The 380-megawatt plant is expected to generate power that would otherwise be produced using heavy fuel and diesel. That would represent a reduction of about 1 million tons of carbon dioxide emissions each year—equal to taking more than 200,000 cars off the road.

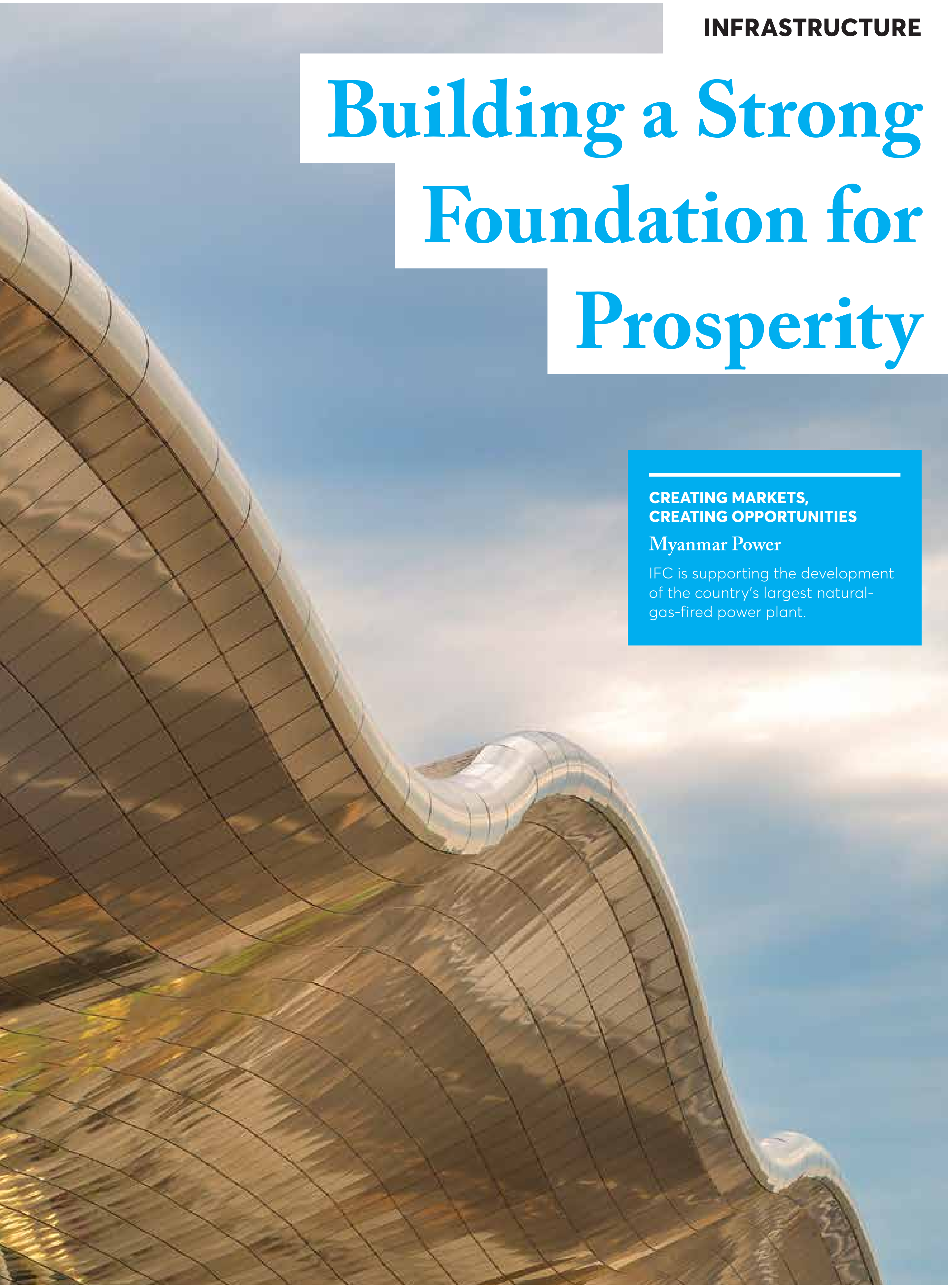
In India, we played a critical role in the 750-megawatt REWA Ultra Mega Solar Limited, one of the largest single-site solar plants. IFC helped the Indian government and the state of Madhya Pradesh design a robust project structure and a transparent global auction to select a private developer. Solar tariffs are as cheap as coal tariffs, and the energy generated will power metropolitan rail transportation in New Delhi.

In many countries, the absence of modern airports and other transportation infrastructure can pose an obstacle to growth. To help overcome this in Greece, IFC provided €154 million to an international consortium that is modernizing and operating 14 airports. In a nation that has suffered a protracted recession, this work reenergizes the entire sector, boosting passenger capacity by 20 percent and allowing the airports to serve 27.5 million travelers in the next four years.

To meet similar needs in Croatia, IFC supported the public-private partnership that undertook a $450 million upgrade of the country's Zagreb International Airport, more than doubling the airport's passenger-handling capacity to 5 million a year.

INFRASTRUCTURE

Building a Strong Foundation for Prosperity



CREATING MARKETS, CREATING OPPORTUNITIES

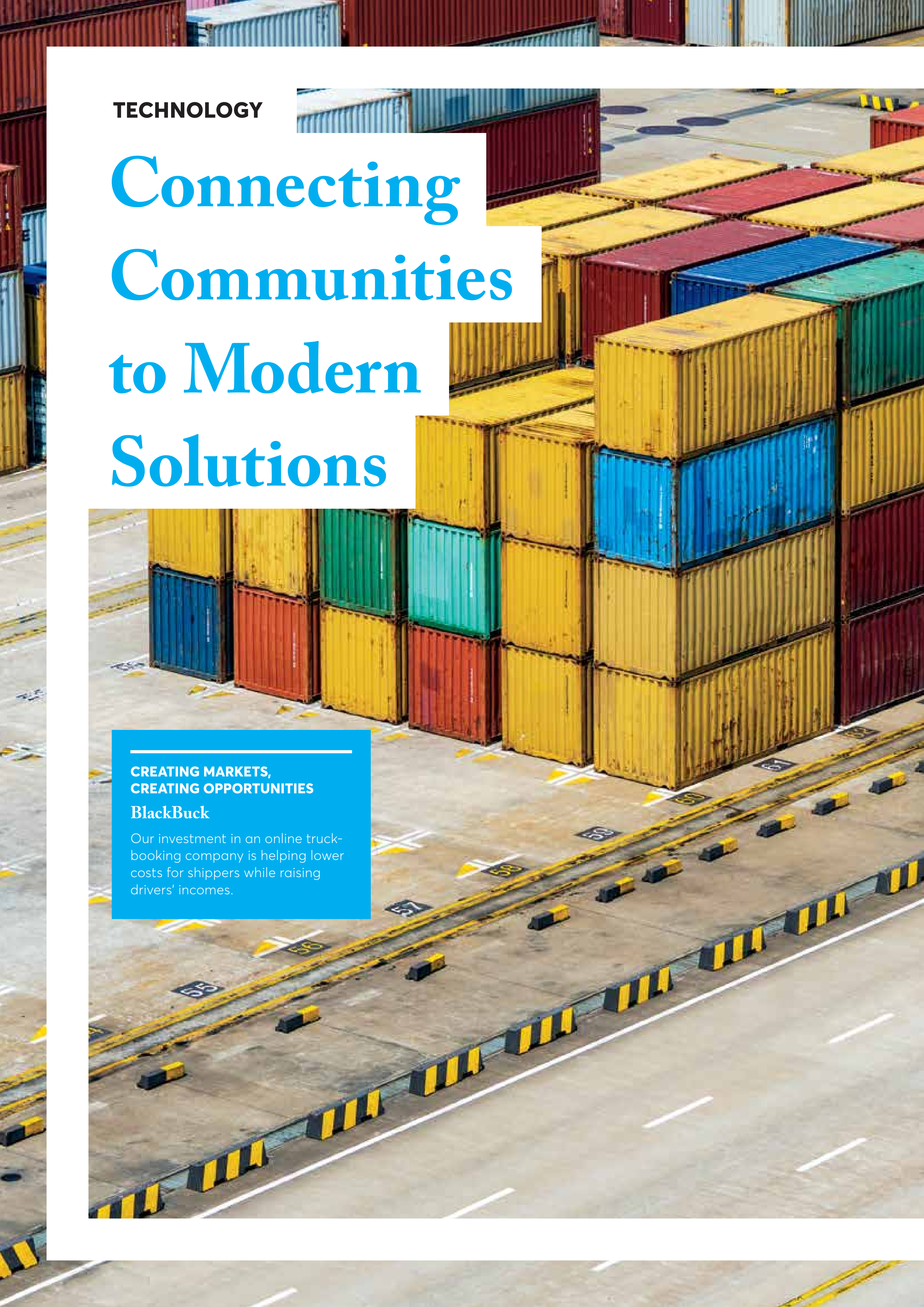
Myanmar Power

IFC is supporting the development of the country's largest natural-gas-fired power plant.

Croatia's $450 million terminal at Zagreb International Airport was built by an IFC-supported consortium.

TECHNOLOGY

Connecting Communities to Modern Solutions



CREATING MARKETS, CREATING OPPORTUNITIES

BlackBuck

Our investment in an online truck-booking company is helping lower costs for shippers while raising drivers' incomes.

A text to a midwife. An Internet job search. A mobile money transaction. An e-mailed application for a small-business loan.

Technology's impact echoes around the world in the sounds of millions of mobile-phone keystrokes. But despite innovations that have enabled many communities to leapfrog into the 21st century, developing countries still trail developed nations in Internet and broadband penetration: as of 2016, more than half the global population remained cut off from the Internet's digital economy.

Without technology, people in remote, poverty-stricken regions have no access to bank accounts, health-care services, educational opportunities, or small-business loans—no way to participate in the global marketplace. That's why IFC promotes progress through investments in the telecommunications and information-technology sector, in projects tailor-made for each area's most pressing development challenge. In FY17, we invested $910 million in these initiatives, including funds mobilized from other investors—expanding our portfolio in this sector to more than $2.4 billion.

India's BlackBuck—an online truck-booking company—shows how technology drives development. Most Indian goods are shipped by road, but the $80 billion trucking industry is highly fragmented, with most trucks owned by drivers or entrepreneurs who run less than five trucks each. Shippers, as a result, have difficulty finding trucks. BlackBuck, backed by a $10 million investment from IFC, is helping change that. BlackBuck's online platform connects drivers of as many as 100,000 trucks with shippers throughout the country, increasing productivity, cutting logistics costs, reducing greenhouse emissions, and raising drivers' incomes.

In Mexico, we are helping reshape the telecommunications infrastructure to bring technology to people in need. IFC provided advice on structuring a project designed to reach remote areas that are underserved by the three main mobile players today. Subsequently, the China-Mexico Fund, managed by IFC Asset Management Company, participated in the creation of the new network, Red Compartida. The new initiative will ultimately offer 4G LTE services to at least 92 percent of the country.

We're also eyeing Egyptian technology start-ups as a significant source of jobs and innovation. This year we invested $10 million in Algebra Ventures, the country's largest venture-capital fund, to help channel financing to technology start-ups. IFC's equity investment will help Algebra provide funds for up to 25 up-and-coming businesses in e-commerce, financial services, and consumer Internet services.

For more than a decade, Damegul Abikhanova ran a tailoring shop specializing in traditional Kazakh clothes—first in rural Kazakhstan, then in the city of Almaty.

Business was good. But Abikhanova saw the potential for more. She applied for a loan from an IFC client—KazMicroFinance, or KMF, one of the few local lenders focused on supporting female entrepreneurs. KMF gave her the $1,300 she needed to ramp up production and introduce new designs. "KMF helped me grow my venture," says Abikhanova.

Access to basic financial services—a bank account, a mortgage, or an insurance policy—is essential for economic growth. It enables people and businesses to build assets, increase income, and reduce financial risks. Yet more than 2 billion adults lack a basic bank account. More than 200 million small and medium enterprises can't obtain the financing they need.

IFC provides investment and advice to expand access to finance for millions of individuals and micro, small, and medium enterprises—or SMEs. We work with a variety of partners—financial institutions as well as governments—to achieve wider impact than we could on our own. In FY17, our clients provided more than $351 billion in SME loans.

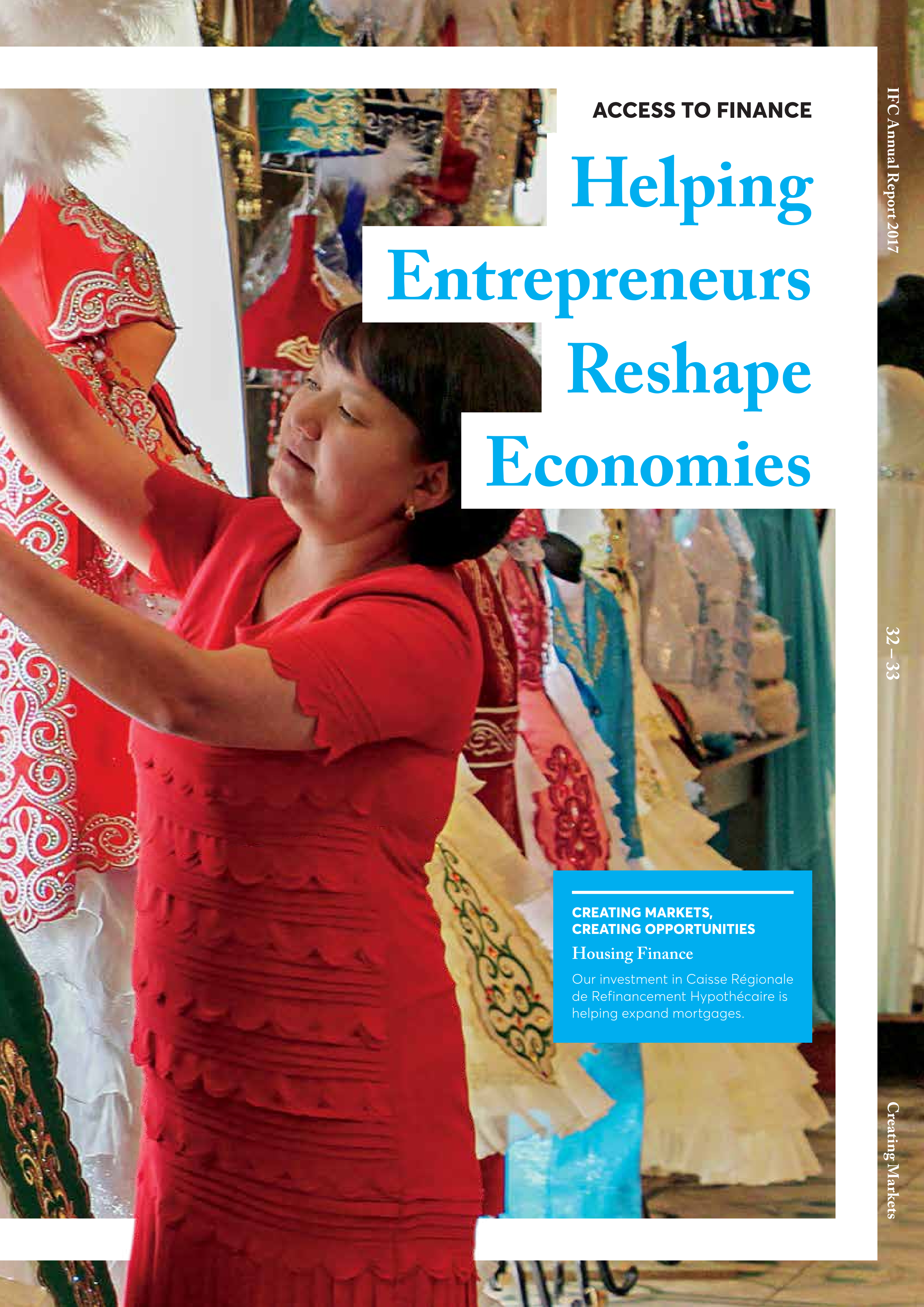
We focus our efforts where the needs are greatest. IFC is also a leading investor in inclusive businesses—those that offer goods, services, and job opportunities to low-income people. Since 2005, we have invested over $16 billion and worked with over 530 inclusive businesses in more than 90 countries.

To unlock opportunities for rural entrepreneurs in China, we teamed up with Ant Financial—an affiliate of the e-commerce company Alibaba—to invest $23 million in one of the country's largest microfinance companies focused on rural borrowers. With our support, CFPA Microfinance aims to provide credit to 1 million borrowers over the next three years.

In Brazil, we arranged a $275 million financing package for Banco Daycoval to help the bank expand financing for SMEs—with 25 percent of the funds to be allocated specifically to businesses headed by women.

Housing finance is an important area of our work. In the countries of the West African Economic and Monetary Union—Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, and Togo—banks issue few mortgages relative to the estimated annual need of 800,000 a year. This year, we invested $2 million in the mortgage company Caisse Régionale de Refinancement Hypothécaire to help close the gap.

Damegul Abikhanova obtained financing from an IFC client to run a tailoring business.



ACCESS TO FINANCE

Helping Entrepreneurs Reshape Economies

CREATING MARKETS, CREATING OPPORTUNITIES

Housing Finance

Our investment in Caisse Régionale de Refinancement Hypothécaire is helping expand mortgages.

More than three-quarters of the world's poor live in rural areas, toiling on tiny plots of land that yield barely enough to support their family's basic needs.

Agriculture has the greatest potential to lift them out of poverty—it is much more effective than other sectors in raising incomes among the very poor. But formidable obstacles stand in the way of many small farmers: their technology is outdated, their seeds are low-yielding, and their access to finance is limited.

IFC helps open new markets for farmers. We help agribusinesses adopt sustainable methods, reduce waste, and boost productivity. We provide training and develop products that protect farmers against a variety of financial risks. In FY17, our investments in agribusiness and forestry totaled more than $1.7 billion, including funds mobilized from other investors. Our investments in climate-smart agriculture totaled more than $800 million. Our clients created opportunities for more than 3 million farmers.

Our approach is comprehensive. For the past seven years, for example, IFC has worked to help Cambodia regain its position as a major exporter of high-quality fragrant rice. Working with the World Bank, we advised the government on how to improve the investment climate for agribusinesses and small farmers. We helped boost industry standards, streamline export procedures, and improve the efficiency of rice millers and re-processors. We invested in local banks and microfinance institutions to increase financing options for rural enterprises and farmers.

The result: Cambodia's rice exports have grown tenfold since 2010, reaching more than half a million metric tons last year and helping to lift millions out of poverty.

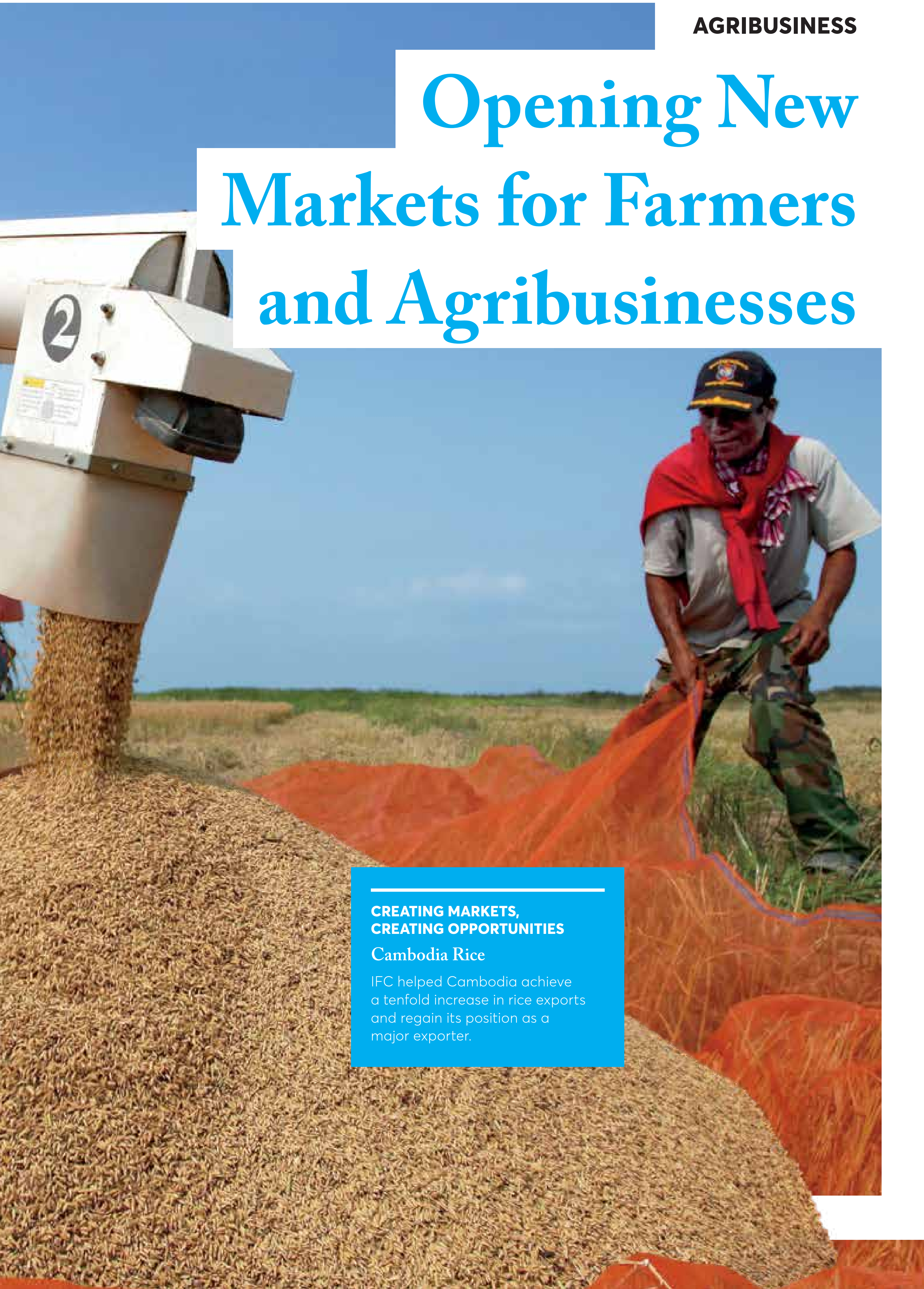
This year, we provided a $145 million financing package to FrieslandCampina, one of the world's largest dairy producers, to help spur the development of Pakistan's dairy industry. Our investment enabled the company to acquire a majority stake in Pakistan's top dairy producer, Engro Foods, with the goal of expanding production. Our investment is expected to create opportunities for up to 200,000 farmers by 2020.

We invested $35 million in Belagrícola, a Brazilian grain originator and supplier of agricultural inputs such as fertilizers, pesticides, and seeds. The financing will help the company expand its operations in southern Brazil, enabling it to provide inputs, pre-harvest finance, and technical assistance to around 15,000 small and medium farmers.

In Kenya, our advice is helping introduce new approaches to boost production and incomes. We agreed recently to finance the construction of a series of small hydropower plants close to the tea-growing areas of the Kenya Tea Development Agency, a co-operative consisting of more than 500,000 small farmers. The run-of-river plants are cutting power costs and helping boost incomes for the co-op's members.

Rice harvest operations in progress in Cambodia's Battambang Province.

Opening New Markets for Farmers and Agribusinesses

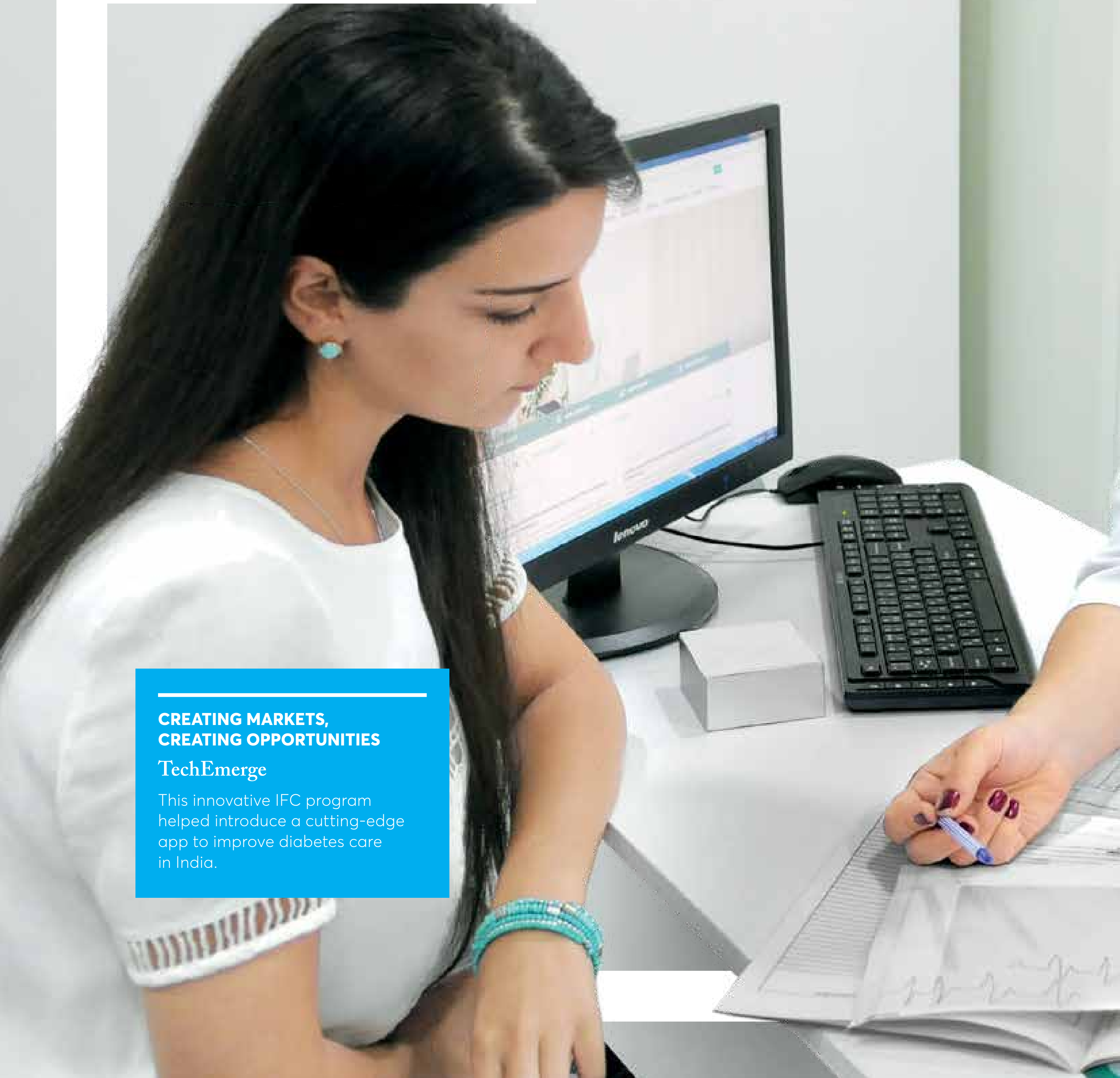


CREATING MARKETS, CREATING OPPORTUNITIES

Cambodia Rice

IFC helped Cambodia achieve a tenfold increase in rice exports and regain its position as a major exporter.

Expanding Access to Health Care and Education



CREATING MARKETS, CREATING OPPORTUNITIES

TechEmerge

This innovative IFC program helped introduce a cutting-edge app to improve diabetes care in India.

A consultation in progress at an EVEX Polyclinic in Tbilisi, Georgia.

At 33, Tatiana Megrelishvili was told she needed a liver transplant. Without it, her life expectancy was 12 months. But she faced a daunting challenge: the procedure had never been performed in her country, Georgia.

"I accepted my fate and assumed I would die," says Megrelishvili, a librarian.

Her life was saved by a chain of hospitals backed by IFC—EVEX Medical Corporation, Georgia's largest private health-care company. Over the past decade, EVEX has systematically introduced sophisticated medical services that previously were unavailable in the country.

But this problem extends far beyond Georgia. Access to affordable health care and education are crucial to the global effort to end poverty and boost shared prosperity. Each year, the steep costs of health care drive 100 million people into poverty. Education offers a reliable path out of poverty—yet 57 million children in developing countries remain out of school.

IFC works to close these gaps. In FY17, we provided $929 million in financing to businesses in the health and education sectors, including funds mobilized from other investors. Our clients helped provide education for 4.9 million students and delivered health care for 34 million patients.

In India, we invested in two providers that are expanding health care to the remotest corners of the country. IFC and IFC Asset Management Company provided $67 million to a subsidiary of Apollo Hospital Enterprise Limited to help the company open nearly 1,000 medical facilities, laboratories, and specimen-collection centers across India. We also invested $9.1 million in Regency Hospital Limited to help the company open four new hospitals and install 15 new dialysis centers in the state of Uttar Pradesh.

In South Africa, we invested $22 million in ADvTECH, which runs Rosebank College and other institutions that provide education to underprivileged students. Our investment will allow ADvTECH to provide better education to 30,000 additional students in South Africa while expanding into new markets in sub-Saharan Africa, starting with Botswana, Ghana, and Kenya.

Through TechEmerge—an innovative IFC program that brings new technologies to emerging markets—we focused on improving health care in India. We linked 17 technology companies with 15 Indian health-care providers—together, these companies are now implementing a variety of technologies.

For instance, IFC helped link WellDoc, a U.S. technology company, with Max Healthcare, a local health-care company, to provide diabetes patients with an app that monitors glucose levels and allows them to interact instantly with doctors. By 2040, diabetes is expected to affect 123 million people in India.

Sustainability is at the heart of everything we do—because the world's future depends on it. Poverty cannot be eliminated—and climate change cannot be contained—by pursuing profitability and growth at the expense of people and the environment. For decades, IFC has helped our clients conduct business in ways that protect the environment and benefit *all* segments of society.

Promoting Sustainability

Only a few decades ago, environmentalism was less buzzword than bad word—particularly in the boardroom. Profits took priority when it came to financing projects. The impact on the local community and the environment? That was for others to manage.

As emerging markets began to flourish in the 1990s, IFC and several international banks—Credit Suisse, Citigroup, and Barclays among them—recognized that development would become unsustainable if it came at the expense of social and environmental needs. IFC was among the first to forge a path toward responsible growth—using the power of finance to do so.

In 2006, we introduced the IFC Performance Standards (see page 94)—which spell out how IFC and our clients can devise solutions that are good for business, good for investors, and good for the environment and local communities. Since then, an estimated $4.5 trillion in emerging-markets investments have adhered to IFC's standards, or principles inspired by them.

Today, our standards are a global benchmark for sustainability practices. Ninety-one financial institutions in 37 countries adopted the Equator Principles, which are based on these standards. Other leading development institutions—including the European Bank for Reconstruction and Development and the Asian Development Bank—adopted practices rooted in our standards. IFC's framework for managing corporate-governance risks has been adopted by 34 development finance institutions for use in their investment processes. We also work to strengthen the capacity of our financial clients—banks and private-equity funds—to integrate IFC's standards into their operations.

Stock exchanges increasingly rely on these standards to construct sustainability indexes—a trend that could influence how institutional investors allocate $120 trillion in assets. Our advice is helping exchanges in Mexico, Colombia, Peru, and Chile to build sustainability indexes based on the IFC environmental, social, and governance framework. We advise policymakers on best practices in governance, and environmental and social sustainability. We established—and led—the Sustainable Banking Network, which brings together banking associations and regulators in 32 developing countries to formulate policies to boost green finance. Collectively, these countries account for more than $42 trillion in bank assets.

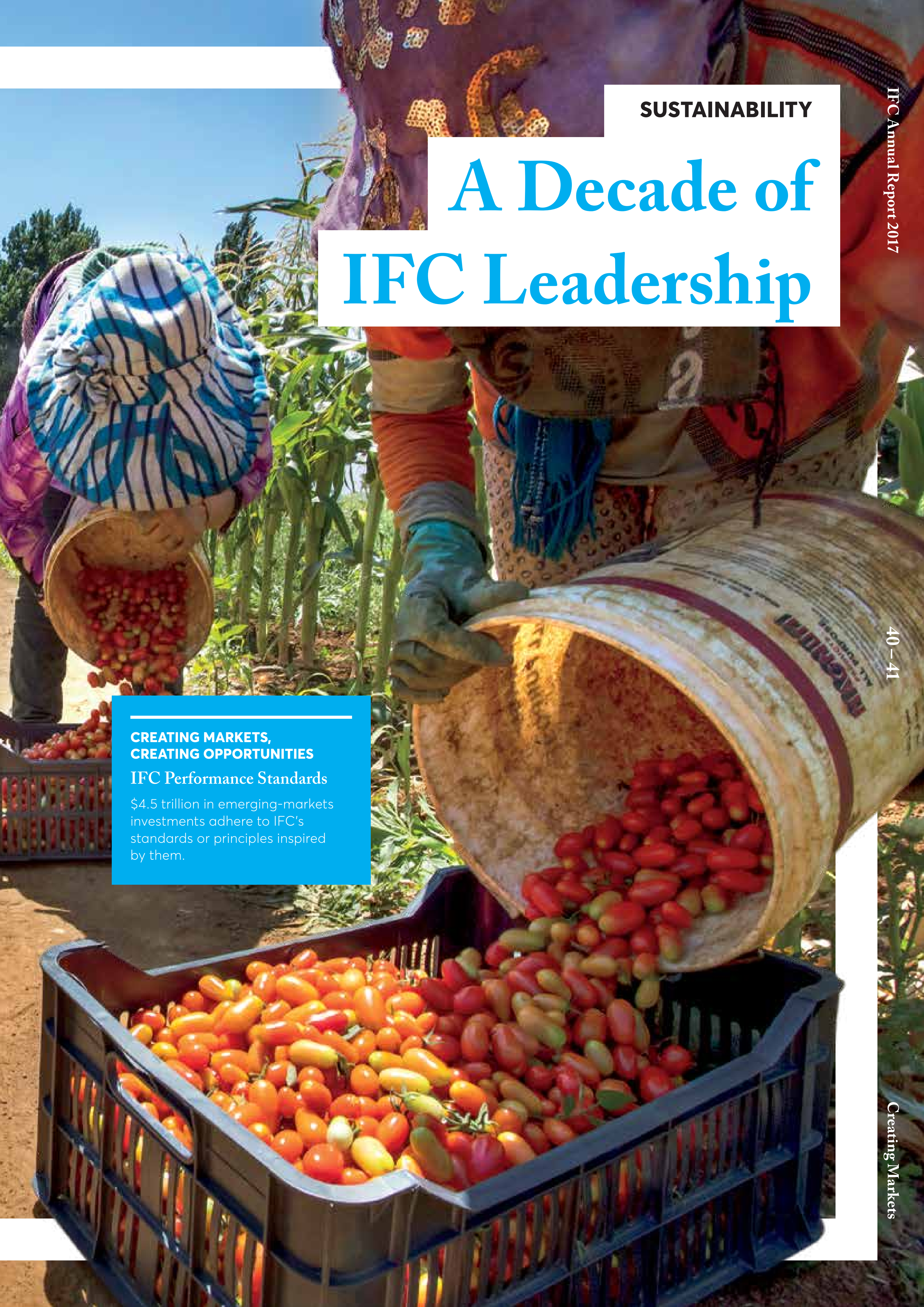
"If you were an investment analyst 10 years ago and pulled up a Bloomberg or Reuters terminal looking for information on key environmental, social, and governance factors for major companies, you would get a blank screen," said Graham Sinclair, a principal at Sustainable Investment Consulting in Boston.

"Today, you can find data points for environmental, social, and governance criteria for companies all around the world," he said. "This is a real mark of how far we have come collectively—thanks in part to the work of IFC and its partners. We can now invest using these data points and make decisions as if the future matters—considering all factors, including the people and the planet."

Workers at an organic farm in Lebanon. Sustainable farming is a focus area for IFC.

SUSTAINABILITY

A Decade of IFC Leadership



CREATING MARKETS, CREATING OPPORTUNITIES

IFC Performance Standards

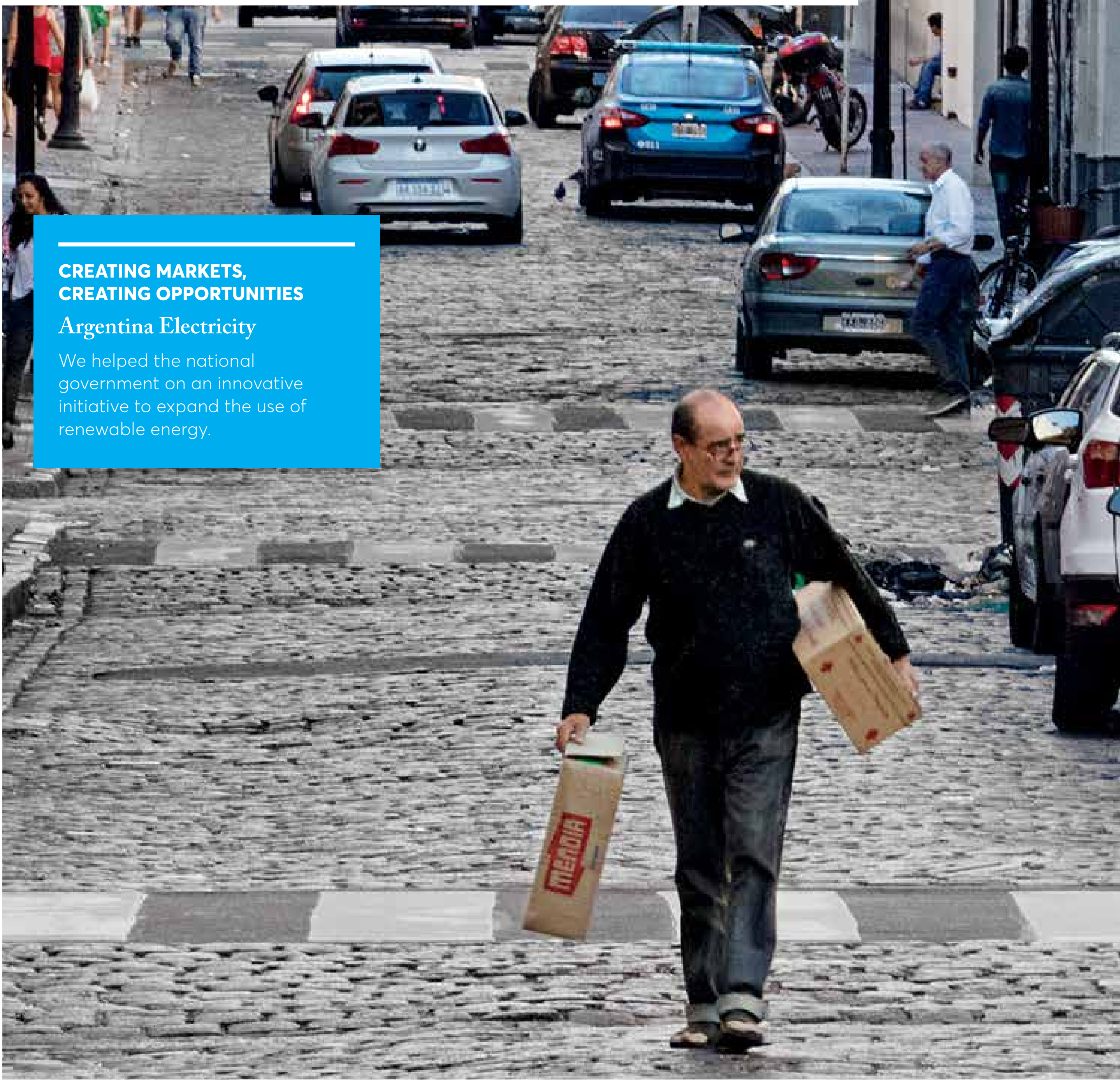
$4.5 trillion in emerging-markets investments adhere to IFC's standards or principles inspired by them.

A $23 Trillion Opportunity for Sustainable Growth

CREATING MARKETS, CREATING OPPORTUNITIES

Argentina Electricity

We helped the national government on an innovative initiative to expand the use of renewable energy.



IFC is helping Argentina generate 20 percent of its electricity through renewable energy by 2025.

Climate change is a global threat. But as temperatures rise, and cycles of flood and drought intensify, developing countries will be the worst hit.

The Paris Agreement and the commitment of nations across the world to contain rising temperatures to 2 degrees Celsius has opened up an enormous market for technologies that mitigate climate change. IFC's *Climate Investment Opportunities Report*, released in November 2016, identified $23 trillion in investment opportunities in emerging markets by 2030.

IFC plays a key role in advancing climate solutions led by the private sector. Since 2005, we have provided advice and invested more than $18 billion in long-term financing for renewable power, energy efficiency, sustainable agriculture, green buildings, and private sector adaptation to climate change. In FY17 alone, we provided more than $4.7 billion in climate-smart financing, including more than $1.7 billion mobilized from other investors.

We are not stopping there. IFC has pledged to step up our climate investments to a goal of 28 percent of annual commitments for our own account, while moving to mobilize an additional $13 billion of financing from the private sector by 2020.

Over the past year, we played a key role in several landmark climate-smart projects.

In Argentina, we supported a government initiative called RenovAR—which aims to generate 20 percent of the national electricity supply from renewable energy by 2025. Our involvement helped RenovAR projects meet international standards and attract financing. The World Bank provided $480 million in guarantees to reduce risks for investors. The first renewable-energy auction, which aimed to attract 1,000 megawatts worth of new projects, closed with bids for more than six times that amount—a signal of confidence from local and international developers.

In Turkey, we purchased the equivalent of $150 million of covered mortgage bonds issued by Garanti Bank. Proceeds of the bonds—the first of their kind in the country—are being used to support the development of energy-efficient buildings in the residential sector.

In China, we agreed to advise Agricultural Bank of China—the world's third-largest bank by asset size—on its effort to expand its green-finance portfolio by at least $23 billion by 2019. The program is expected to reduce greenhouse emissions by 50 million metric tons a year over the next three years—equivalent to taking more than 10 million cars off the road.

In the Balkans, where banks, regulators, and local entrepreneurs once lacked the experience to expand production of renewable energy, we completed a seven-year advisory project that has facilitated more than $1 billion in financing and developed 500 megawatts of sustainable power.

Women have the power to transform the global economy. Yet, globally, only 55 percent of women participate in the paid labor force. If they participated at the same rate as men, economic output could be boosted by as much as a third.

Such participation would yield benefits stretching across generations. Women tend to allocate more of their income to food, health care, and education—with outcomes that benefit their children and whole communities.

That is why IFC works to promote gender inclusion. We provide investment and advice to our clients across the world, helping them by creating opportunities for women—as consumers, as entrepreneurs, as employees, and as business leaders. In FY17, our clients provided 747,000 jobs for women and educated about 1.6 million female students.

Expanding access to finance for women is key. Our *Banking on Women* program—which provides financing and expertise to financial institutions—has invested more than $1.5 billion to support women-led small and medium enterprises in 26 emerging markets. The program has been strengthened in recent years through partnerships we have formed with global financial institutions—including the $600 million Women Entrepreneurs Opportunity Facility, which we established in partnership with the Goldman Sachs *10,000 Women* initiative.

We help businesses identify potentially transformative market opportunities. By 2030, insurance companies could earn up to $1.7 trillion—half of it in 10 emerging economies—by focusing their efforts on women, according to a study we conducted with AXA and Accenture. Following the study, we developed projects in India and Nigeria that are helping insurance companies address the needs of women at different stages of their lives. The projects are expected to lead to a 30 percent increase in female clients by 2019.

We help expand jobs for women in nontraditional sectors. Our *Powered by Women* initiative in Myanmar is helping increase opportunities for women in sectors such as hydropower—including by opening up jobs for women in leadership positions. IFC also strives to appoint women as directors of companies in which we invest.

We helped build a market for off-grid solar products by focusing on women as distributors in our Lighting Asia/India program. Working with Frontier Markets, a clean-energy distribution company, we established an initial network of 250 women distributors. Frontier Markets now plans to expand the network to 20,000 women by 2020.

A food vendor in Myanmar. Economic growth increases when more women enter the workforce.

GENDER

Expanding Women's Economic Potential

CREATING MARKETS, CREATING OPPORTUNITIES

Lighting Asia/India

IFC helped Frontier Markets establish a network of women distributors for solar products. The company aims to expand the network to 20,000 women by 2020.

Creating Opportunities

We are concentrating our efforts wherever poverty is most entrenched, and wherever our support can do the most good: in the poorest and most conflict-prone areas of the world, and in Africa, South Asia, and the Middle East. We create opportunities for people to improve their lives—by gaining access to good jobs, affordable credit, reliable power, and clean water.

Ending Poverty in Challenging Conditions

CREATING MARKETS, CREATING OPPORTUNITIES

Bangladesh Power

We provided financing to help support the country's second-biggest power project.

Around 1.3 billion people — nearly a fifth of the world's population — live in the poorest countries, those eligible to borrow from the World Bank's International Development Association. By 2030, nearly half the world's extremely poor people will be in areas torn by conflict and violence — a threefold increase over today.

These are places where poverty is hardest to eradicate. Public institutions are often ill-equipped to deal with the challenge, and recurring cycles of conflict or instability leave little opportunity for private enterprises to grow and create jobs.

It will take a systematic approach to end poverty there. IFC is at the forefront of the effort to implement the most promising strategies—those that help governments strengthen institutions, put in place the conditions for markets and private entrepreneurship to thrive, and mobilize every available dollar of capital to accelerate sustainable development.

In FY17, IFC's long-term investment commitments in IDA countries totaled nearly $4.6 billion, including funds mobilized from other investors. More than 60 percent of our advisory program is in these countries. In addition, IFC has contributed more than $3.6 billion since 2007 to support IDA's work. Our investments in fragile and conflict-affected areas totaled $886 million in FY17, including funds mobilized from other investors. About 20 percent of IFC advisory programs was in such areas.

We helped create the *IDA Private Sector Window* to expand private investment in IDA countries—with an emphasis on conflict-affected areas. The $2.5 billion facility includes risk-mitigation tools to stimulate private capital flows. It is expected to attract an additional $6 billion to $8 billion in private investment in IDA and conflict-affected countries. We also launched the *Creating Markets Advisory Window* to support implementation of the *IDA Private Sector Window* over the next three years and respond to the growing need for advisory solutions in these countries.

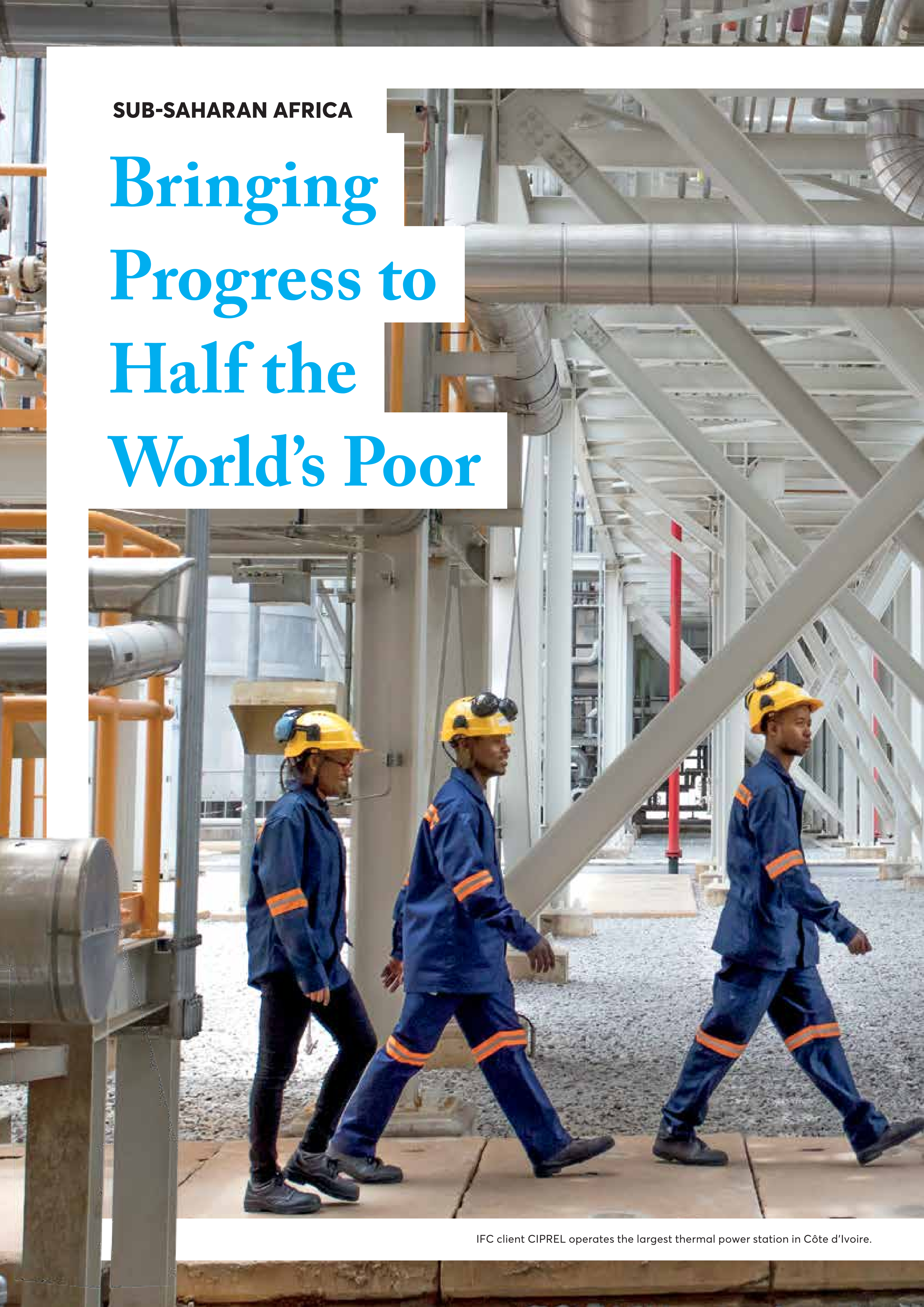
In Afghanistan, we helped broker an agreement to build the country's first privately financed power plant. The 50-megawatt plant, near the city of Mazar-e-Sharif, will supply electricity to 1 million Afghans and boost domestic power generation by 20 to 30 percent. It will mark a major achievement for Afghanistan, which imported an estimated 80 percent of its electricity last year.

In Papua New Guinea, where about 80 percent of the population has no access to electricity, IFC's *Lighting PNG* program is helping global solar manufacturers enter the local market—by providing business connections, market information, and education for consumers. Since 2014, more than 1.3 million people have gained access to energy services.

In Bangladesh, where 40 percent of the population has no access to electricity, we arranged a $165 million financing package for Sembcorp Utilities, a subsidiary of the Singapore-based Sembcorp Industries. The financing will help Sembcorp set up a 414-megawatt plant—the second-biggest power project in Bangladesh.

SUB-SAHARAN AFRICA

Bringing Progress to Half the World's Poor



IFC client CIPREL operates the largest thermal power station in Côte d'Ivoire.

Janet Nangobi Suda has a small chicken farm in Busembatia in eastern Uganda. Until recently, contaminated water—drawn from swamps and boreholes—was killing or sickening the chickens. Even worse, children in the town were falling sick, and people were forced to walk great distances to fetch clean water.

The situation improved when a small-scale public-private partnership structured by IFC helped bring clean piped water into the community. Today, the town's residents no longer depend on remote and unreliable water sources. About 700 distribution stations provide an uninterrupted water supply to thousands of people.

Sub-Saharan Africa is home to half of all people in extreme poverty. It also has the largest number of countries torn by conflict and instability, adding layers of complication to the fight against poverty. IFC helps address these challenges by working with the private sector to modernize infrastructure, strengthen local capital markets, and promote sustainable development.

In FY17, our long-term investments in sub-Saharan Africa totaled about $3.5 billion, including nearly $1.2 billion mobilized from other investors. Our clients supported more than 250,000 jobs, created opportunities for more than 800,000 farmers, and treated more than 560,000 patients. One-third of our global advisory program was in the region.

Amid one of the region's worst famines since 1945, we provided an $11 million financing package to help Insta Products expand production of a high-protein paste used to feed people suffering from acute malnutrition. Close to 70 percent of Insta's products are being used to treat drought-related malnutrition in Kenya, Somalia, South Sudan, and Uganda. IFC's investment will help Insta serve an additional 350,000 people annually.

We made an equity investment of €5.42 million in Mobisol, a leading vendor of distributed off-grid solar systems. The money will help the company's growth in Kenya, Rwanda, and Tanzania. Our investment and advice have enabled Mobisol to install more than 67,000 solar lighting systems throughout East Africa, delivering clean and affordable energy to 330,000 people.

In Zambia, IFC and the OPEC Fund for International Development invested $10 million each in Metalco Industries Company Limited, which recycles scrap metal to manufacture copper cables, aluminum sheets, and utensils. We also helped Metalco become investment-ready and advised it on environmental and social issues, energy efficiency, quality control, and corporate governance. In addition to Metalco, IFC has invested over $80 million in Zambia's private sector, in projects that support agribusiness, financial services, infrastructure, and social services.

In Ghana, we provided a $300 million financing package for the Sankofa natural-gas project, which will fuel up to 1,000 megawatts of power—about 40 percent of the country's generation capacity. The project is expected to make energy more affordable while creating 1,500 construction jobs, increasing government revenues, and lowering greenhouse emissions.

CREATING MARKETS, CREATING OPPORTUNITIES

Sankofa Natural Gas

In Ghana, we supported a project that will account for 40 percent of the country's power-generation capacity.

For 15 years, Ravi Saini sold fruits from the small pushcart he parks every day on the same stretch of road in Jaipur, the capital city of India's Rajasthan state.

Until recently, he wound up business at sundown. Now he stays open until 11 p.m.—and the extra income is changing his life. "There is so much bright light on the streets," Saini says. "I didn't expect it would make a difference to my business but it has. It is easier for people to spot me now and they stop their vehicles to buy my fruits."

This improvement was made possible by an IFC-facilitated project to modernize Jaipur's streetlights. We helped the government of Rajasthan structure a competitively bid public-private partnership that converted the city's dim and failure-prone streetlights to modern energy-efficient LED lighting. The result? Energy consumed by Jaipur's streetlights declined by 70 percent, and lighting levels improved.

South Asia, where a third of the world's poor live, is an area of great contrasts. Its economic growth rate of 7 percent is among the fastest in the world. Yet across national boundaries power is erratic, road and transport infrastructure is poor, and health care is inadequate.

That's why we are especially focused on the region. In FY17, we provided about $2.8 billion in financing for businesses in South Asia, including $817 million mobilized from other investors, expanding our portfolio in the region to more than $7.5 billion for our own account. Our clients distributed gas to 1.5 million people, provided nearly 500,000 jobs, treated 22.5 million patients, and created opportunities for more than 615,000 farmers.

This year, we invested $125 million in equity in Hero Future Energies, alongside the IFC Global Infrastructure Fund, which is managed by IFC Asset Management Company. Hero will set up 1 gigawatt of solar and wind plants across India in the next 12 months and aim for 2.7 GW of renewable-energy capacity by 2020.

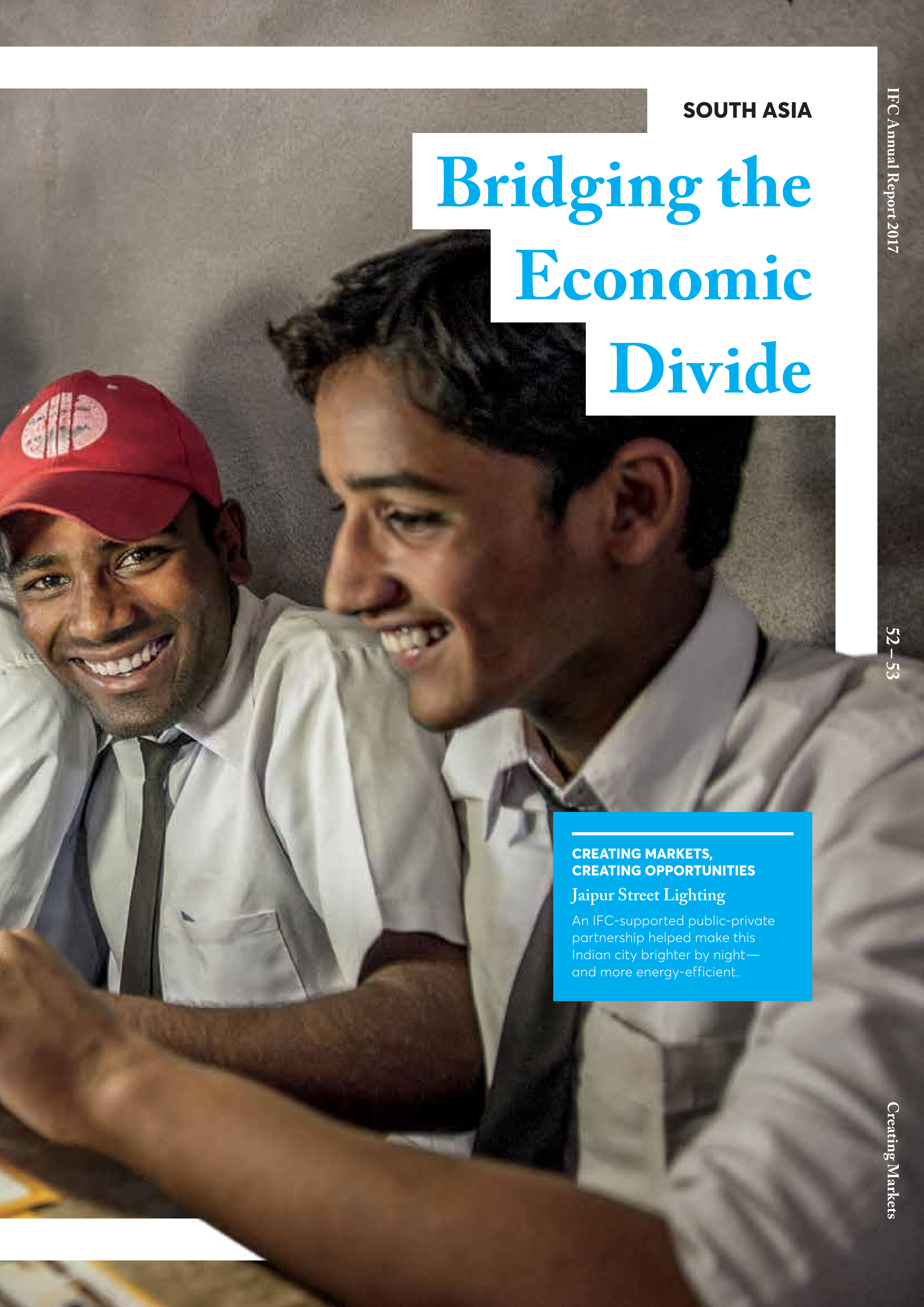
In Bangladesh, we helped organize a $175.5 million financing package for Summit Group, a local independent power producer. The investment will enable the Summit Group to install several electricity-generation plants, including a 500-megawatt dual-fuel combined-cycle gas turbine power plant.

In Nepal, which is vulnerable to earthquakes, we helped the government achieve reforms that are strengthening entrepreneurship and bolstering resilience to natural disasters. We helped set up an online business-registration system that made it easier to start a new business. We also helped the government move critical data online—to the cloud—so that key information remains accessible in a crisis. Our efforts also helped cut the time needed to issue construction permits to an average of 41 days—down from 240 days in 2010.

IFC's *Lighting Asia/India* initiative is bringing solar-powered lighting to some of India's most energy-poor states.

SOUTH ASIA

Bridging the Economic Divide

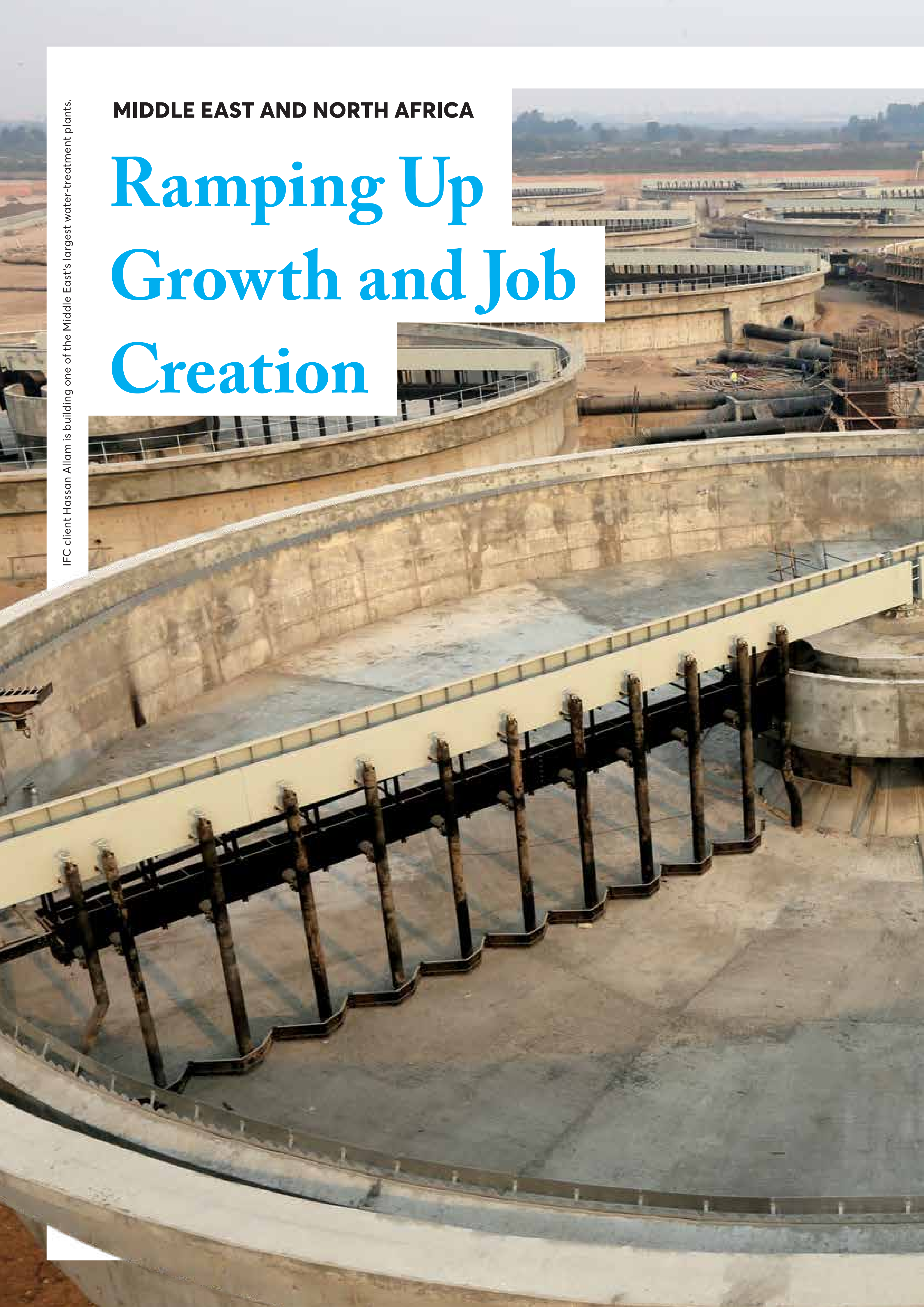


CREATING MARKETS, CREATING OPPORTUNITIES

Jaipur Street Lighting

An IFC-supported public-private partnership helped make this Indian city brighter by night—and more energy-efficient.

Ramping Up Growth and Job Creation



IFC client Hassan Allam is building one of the Middle East's largest water-treatment plants.

When her husband died in 2014, Rana Mansour worried about how to support herself and her six children in the Shatila refugee camp in northern Lebanon.

"I needed to find a job," says Mansour, who is 37. She decided to start a small embroidery business, which she expanded quickly—with help from Al Majmoua, an IFC client that was one of the few microfinance institutions willing to lend to women in the camp. The $500 loan Mansour received from Al Majmoua helped her expand into selling clothes and scarves. Her increased income is now helping her take care of her children's education.

IFC is committed to pursuing private-sector-led job creation and economic diversification throughout the Middle East and North Africa, where conflict and instability have forced 15 million people to flee their homes and given rise to the biggest refugee crisis since World War II. We invested more than $1.4 billion in the region in FY17, including $490 million mobilized from other investors. Our clients provided jobs for nearly 119,000 people, health care for more than 2.3 million, and education for nearly 12,000 students.

We invested $1 million in the Ibtikar Fund, a Palestinian venture capital fund that focuses on technology start-ups—which play a key role in boosting productivity and driving long-term economic growth. The investment will help Ibtikar attract an additional $12 million from other funds to finance 25 start-ups in the West Bank and Gaza over the next five years.

In Jordan, we agreed to invest up to $75 million in a 485-megawatt gas-fired power plant in the Zarqa Industrial Zone. It is expected to serve 620,000 residential customers a year, delivering power at about a third of the current average cost. Working alongside the Multilateral Investment Guarantee Agency, we also mobilized $200 million in financing from a consortium of lenders.

In Egypt, our $20 million investment in Hassan Allam Holding is allowing one of the country's largest private construction companies to modernize infrastructure and create jobs. Hassan Allam, which employs more than 16,000 people, specializes in large-scale infrastructure projects such as power plants, roads, and water-treatment plants. Our support will help build key infrastructure facilities and will be an important source of construction jobs.

To help address Pakistan's severe power shortages and spur growth, we provided $100 million for the 720-megawatt Karot run-of-river hydropower facility. The plant is expected to provide affordable and clean power to about 3 million residential customers. IFC's support for the $1.7 billion project marks our first project-finance engagement with China Three Gorges Corporation, one of the world's largest renewable-power companies, which is developing projects that aim to provide electricity to more than 11 million Pakistanis.

CREATING MARKETS, CREATING OPPORTUNITIES

Egypt Construction

Our investment in Hassan Allam will help build key infrastructure and support thousands of jobs.

IFC Year in Review

In FY17, IFC invested $19.3 billion, including nearly $7.5 billion mobilized from other investors. Our comprehensive approach helped businesses innovate, build internationally competitive industrial sectors, and create better jobs.

EAST ASIA AND THE PACIFIC:

$2.9
BILLION
in long-term investment commitments

57.9
MILLION
people supplied with gas

15
MILLION
micro and SME loans provided, totaling nearly $205 billion

$1
BILLION
in financing facilitated through financial infrastructure development

EUROPE AND CENTRAL ASIA:

$3.3
BILLION
in long-term investment commitments

6.8
MILLION
people gained access to power

3.3
MILLION
patients cared for

31
POLICY REFORMS
in 10 countries to support growth and promote investments

LATIN AMERICA AND THE CARIBBEAN:

$5.3
BILLION
in long-term investment commitments

$115
MILLION
in financing facilitated for infrastructure through public-private partnerships

2
MILLION
students educated

$12.6
BILLION
in goods and services purchased from domestic suppliers

$55

BILLION

Portfolio for IFC's own account

MIDDLE EAST AND NORTH AFRICA:

$1.4
BILLION
in long-term investment commitments

$343
MILLION
in new financing for firms with improved corporate governance practices

2.3
MILLION
patients cared for

$1.6
BILLION
in tax payments to governments

SOUTH ASIA:

$2.8
BILLION
in long-term investment commitments

65.2
MILLION
non-cash retail transactions facilitated, totaling $2.7 billion

24
MILLION
people gained access to power

23
MILLION
patients cared for

SUB-SAHARAN AFRICA:

$3.5
BILLION
in long-term investment commitments

811,000
farmers benefited

40
MILLION
people gained access to power

73
POLICY REFORMS
in 31 countries to support growth and promote investments

FY17 Long-Term Commitments

Dollar amounts in millions, for IFC's own account as of June 30, 2017

Total	$11,854	100.00%

By Industry

Financial Markets	$ 5,862	49.45%
Infrastructure	$ 1,705	14.38%
Agribusiness & Forestry	$ 1,155	9.75%
Manufacturing	$ 989	8.34%
Health & Education	$ 692	5.84%
Oil, Gas, & Mining	$ 435	3.67%
Tourism, Retail & Property	$ 429	3.62%
Funds	$ 356	3.00%
Telecommunications & Information Technology	$ 232	1.96%

By Region

$ millions[1]

Latin America and the Caribbean	$ 2,693	22.72%
Sub-Saharan Africa	$ 2,323	19.59%
Europe and Central Asia	$ 2,084	17.58%
South Asia	$ 1,982	16.72%
East Asia and the Pacific	$ 1,738	14.66%
Middle East and North Africa	$ 951	8.03%
Global	$ 84	0.71%

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

By Product

Loans[1]	$ 9,643	81.34%
Equity[2]	$ 1,601	13.50%
Guarantees	$ 540	4.56%
Risk-management products	$ 71	0.60%

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

FY17 Committed Portfolio

Dollar amounts in millions, for IFC's own account as of June 30, 2017

Total	$55,015	100%

By Industry

Financial Markets	$18,615	34%
Infrastructure	$10,691	19%
Manufacturing	$ 5,319	10%
Funds	$ 4,412	8%
Agribusiness & Forestry	$ 3,802	7%
Trade Finance	$ 3,215	6%
Health & Education	$ 2,564	5%
Oil, Gas, & Mining	$ 2,469	4%
Tourism, Retail & Property	$ 2,041	4%
Telecommunications & Information Technology	$ 1,888	3%

By Region

Latin America and the Caribbean	$12,023	22%
Europe and Central Asia	$ 9,881	18%
Sub-Saharan Africa	$ 9,081	17%
East Asia and the Pacific	$ 8,801	16%
South Asia	$ 7,553	14%
Middle East and North Africa	$ 5,935	11%
Global	$ 1,741	3%

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

FY17 Long-Term Commitments by Environmental and Social Category

CATEGORY	COMMITMENTS ($ MILLIONS)	NUMBER OF PROJECTS
A	1,393	22
B	3,792	126
C	245	40
FI*	48	5
FI-1	614	7
FI-2	4,262	100
FI-3	1,500	42
Total	**11,854**	**342**

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

IFC's Largest Country Exposures[1]

June 30, 2017 (Based on IFC's Account)

GLOBAL RANK COUNTRY	COMMITTED PORTFOLIO ($ MILLIONS)	% OF GLOBAL PORTFOLIO
1 India	5,602	10.18%
2 Turkey	4,405	8.01%
3 China	3,211	5.84%
4 Brazil	2,689	4.89%
5 Nigeria	1,558	2.83%
6 Pakistan	1,294	2.35%
7 Mexico	1,293	2.35%
8 Indonesia	1,280	2.33%
9 Bangladesh	1,188	2.16%
10 Colombia	1,111	2.02%

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

Weighted and Unweighted Investment Services DOTS Scores

FY17		
	828	55%
	$31,526	69%
FY16		
	834	58%
	$32,751	68%
FY15		
	820	63%
	$30,973	72%

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

FY17 Investment Services DOTS Score by Industry

IFC Total	828	(31,526)	55%
Health & Education	53	(1,529)	60%
Funds	104	(1,763)	60%
Agribusiness & Forestry	95	(2,642)	59%
Financial Markets	240	(12,118)	58%
Manufacturing	83	(3,425)	54%
Infrastructure	144	(6,422)	54%
Oil, Gas & Mining	21	(1,621)	48%
Telecommunications & Information Technology	38	(842)	37%
Tourism, Retail & Property	50	(1,165)	34%

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 FY17.

FY17 Investment Services DOTS Score by Region

IFC Total	828	(31,526)	55%
East Asia and the Pacific	109	(5,504)	59%
Europe and Central Asia	159	(7,361)	56%
Latin America and the Caribbean	173	(6,807)	54%
South Asia	118	(3,567)	54%
Sub-Saharan Africa	166	(4,456)	53%
Middle East and North Africa	83	(3,191)	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 FY17.

FY17 Advisory Services Program Expenditures

Dollar amounts in millions

Total	245.7	100.0%

By Region

Sub-Saharan Africa	82.2	33.5%
East Asia and the Pacific	40.6	16.5%
Europe and Central Asia	35.0	14.3%
South Asia	27.2	11.1%
Latin America and the Caribbean	24.9	10.1%
Middle East and North Africa	21.6	8.8%
Global	14.2	5.8%

By Business Area

Financial Sector	70.1	28.6%
Investment Climate	63.3	25.7%
Cross-Industry Areas	43.5	17.7%
Public-Private Partnerships	33.5	13.6%
Energy & Resource Efficiency	20.3	8.3%
Agribusiness	15.0	6.1%

World Bank Group 2017 Summary Results

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, millions of dollars

World Bank Group	2013	2014	2015	2016	2017
Commitments[a]	50,232	58,190	59,776	64,185	61,783
Disbursements[b]	40,570	44,398	44,582	49,039	43,853
IBRD					
Commitments	15,249	18,604	23,528	29,729	22,611
Disbursements	16,030	18,761	19,012	22,532	17,861
IDA					
Commitments	16,298	22,239	18,966	16,171	19,513[c]
Disbursements	11,228	13,432	12,905	13,191	12,718[c]
IFC					
Commitments[d]	11,008	9,967	10,539	11,117	11,854
Disbursements	9,971	8,904	9,264	9,953	10,355
MIGA					
Gross issuance	2,781	3,155	2,828	4,258	4,842
Recipient-Executed Trust Funds					
Commitments	4,897	4,225	3,914	2,910	2,962
Disbursements	3,341	3,301	3,401	3,363	2,919

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. Figures include the commitment and disbursement of a $50 million grant for the Pandemic Emergency Financing Facility.

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

World Bank Group Global Commitments

The World Bank Group maintained its 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.

$61.8 BILLION

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.

$9.7 BILLION

LATIN AMERICA AND THE CARIBBEAN

$9.5 BILLION

EUROPE & CENTRAL ASIA

$9.7 BILLION

EAST ASIA & THE PACIFIC

$16.2 BILLION

SUB-SAHARAN AFRICA

$7.1 BILLION

MIDDLE EAST & NORTH AFRICA

$9.6 BILLION

SOUTH ASIA

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 create markets and mobilize private capital wherever they are needed most.

1

Expand our activities in focus regions—wherever poverty and fragility is greatest.

2

Strengthen industries linked to productivity growth, job creation, and inclusion.

3

Help address climate change and promote environmental and social sustainability.

4

Strengthen local capital markets and mobilize private capital.

IFC's Performance in Key Areas

Focus Regions	INDICATOR	FY17	FY16
Middle East and North Africa	Long-Term Investment Total Commitments (millions)	$1,442	$1,286
South Asia	Long-Term Investment Total Commitments (millions)	$2,799	$1,971
Sub-Saharan Africa	Long-Term Investment Total Commitments (millions)	$3,513	$2,389
IDA and Conflict-Affected Areas			
IDA	Long-Term Investment Total Commitments (millions)	$4,590	$5,479
IDA	% Share of Advisory Services Program	63%	62%
FCS[1]	Long-Term Investment Total Commitments (millions)	$886	$989
FCS	% Share of Advisory Services Program	20%	21%
Infrastructure, Health, Education, Agribusiness & Forestry, and Financial Markets			
Infrastructure[2]	Long-Term Investment Total Commitments (millions)	$3,122	$3,743
Health & Education	Long-Term Investment Total Commitments (millions)	$929	$535
Agribusiness, Forestry, Fertilizers	Long-Term Investment Total Commitments (millions)	$2,121	$1,538
Financial Markets	Long-Term Investment Total Commitments (millions)	$8,576	$6,125
Climate Change, Environmental and Social Sustainability			
	Climate-Related Investment Commitments (millions)[3]	$4,776	$3,296
	% Share of Advisory Services Program	26%	25%
Mobilization			
	Core Mobilization	$7,461	$7,739

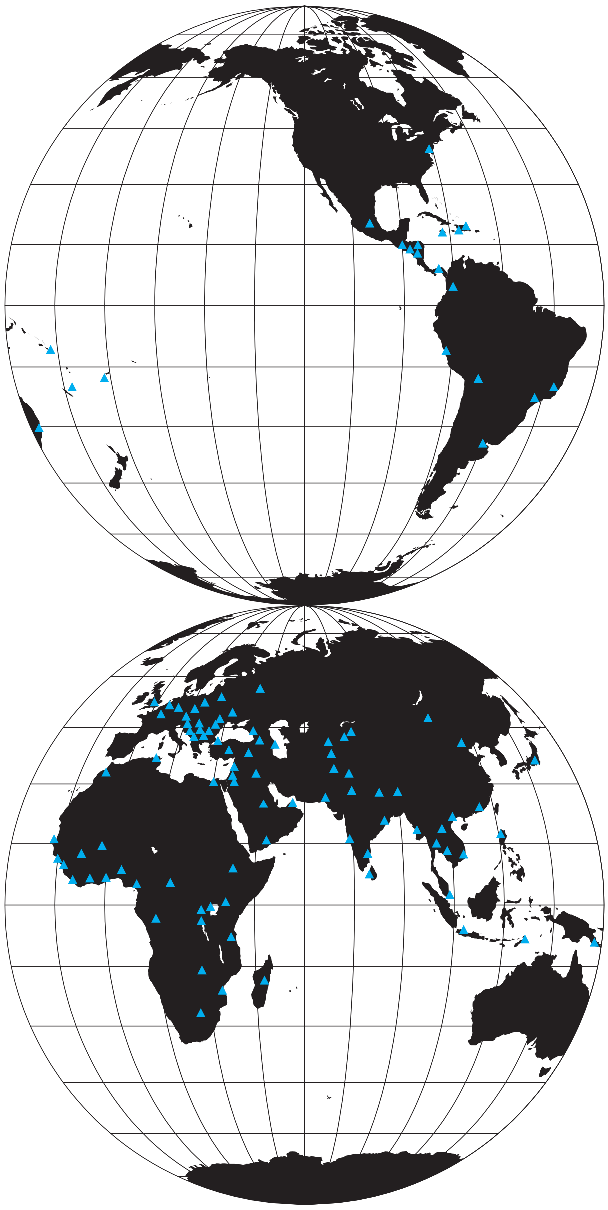
1. FCS (Fragile and Conflict Situations). Since FY15, IFC's data on FCS investments has included projects in countries that have been on the World Bank's Harmonized list of FCS at any time during the previous three fiscal years. This is designed to reflect the long gestation period for investment projects and to encourage a longer-term organizational focus on these countries.
2. Excludes oil, gas and mining, and telecom, media, and communications.
3. FY17 data reflect updated IFC definitions and metrics for climate-related activities, which in 2017 added a new category for climate-smart agriculture. This change accounted for $837 million of the FY17 total. IFC periodically updates these definitions and metrics to reflect improved accounting of climate-smart investments and align with harmonized definitions and metrics agreed by multilateral development banks.

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 nearly 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.

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 FY17, we made nearly $11.9 billion in long-term investments in 342 projects. In addition, we mobilized nearly $7.5 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 financing in 73 local currencies.

In FY17, we made commitments for $9.6 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 FY17, equity investments accounted for about $1.6 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 286 banks across 86 countries.

In FY17, IFC had an average outstanding balance of nearly $3.2 billion in trade finance.

Syndications

IFC's Syndicated Loan Program is the oldest and largest among multilateral development banks. In FY17, it accounted for 47 percent of the funds mobilized by IFC.

In FY17, IFC syndicated $3.5 billion in B-loans, parallel loans, MCPP loans, structured A-loan participations, and unfunded risk participations provided by 60 financial institutions. These included commercial banks, institutional investors, development finance institutions, and an emerging-markets central bank. Emerging-market financial institutions provided $1.4 billion in new syndicated loans. The syndicated loan portfolio totaled $16 billion at the end of FY17.

Borrowers in the infrastructure sector received 37 percent of the total volume. Nearly one-third of the financing we provided through syndications—$1.1 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 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 emerging markets. IFC also provides structured-finance products for clients seeking to raise funds on global and local capital markets and manage financial risk. IFC has assisted first-time client issuers in accessing the markets through partial credit guarantees. We also assist clients in structuring and placing securitizations with capital-markets investors.

Blended Finance

IFC uses several tools to crowd in private financing that would otherwise not be available for high-impact development projects. We blend concessional funds—typically from development partners—with our own financing and that of our co-investors. Blended finance can help mitigate early-entrant costs or project risks, enabling pioneering investments and creating a track record that paves the way for commercial investments. IFC applies this approach in climate change, agribusiness and food security, and SME financing. Our approach to blended finance is principled and judicious—designed to address market failures, avoid market distortions, uphold transparency, and enhance development impact. In FY17, we committed more than $188 million of concessional donor funds, catalyzing more than $405 million in IFC financing and $321 million from other private sector sources.

ADVICE

Providing advice is now more than ever a critical part of IFC's strategy to create markets and mobilize private investment. Through this work, we help establish the necessary conditions that will attract the most private capital, enabling the private sector to grow.

That's why we are shifting to a more strategic approach, systematically linking our advisory programs to the greatest needs identified in World Bank Group country and sector strategies. We will increasingly focus on developing high-impact projects that can help our clients attract the financing they need—particularly in the poorest and most conflict-affected areas of the world.

- We help companies attract private investors and partners, enter new markets, and increase their impact. We provide tailored market insights as well as advice on how to improve companies' operational performance and sustainability.
- We help industries adopt good practices and standards to increase competitiveness and productivity.
- We help governments structure public-private partnerships to improve people's access to high-quality infrastructure and basic services. We help governments implement reforms that encourage private investment.

IFC's advisory platform consists of seasoned experts, and 80 percent of our advisory staff are based in the field. In FY17, we increased our advisory portfolio by 10 percent to $1.5 billion, encompassing more than 700 advisory projects in about 100 countries. More than 60 percent of IFC's advisory program was in IDA countries, and 20 percent was in fragile and conflict-affected areas. More than a quarter of our advisory program was climate-related.

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.

Infrastructure and Natural Resources: We help companies increase benefits to local communities and mitigate local risks in projects.

Corporate Finance Services: We help companies enter new markets, attract investors, and structure complex projects, offering advice on the design and execution of mergers, acquisitions, and partnerships.

Energy and Water Advisory: We help companies use energy and water more efficiently to enhance performance and environmental sustainability. We also accelerate the development of renewable-energy markets and improve people's access to modern energy services.

Green Buildings: We help companies construct buildings that use energy, water, and materials more efficiently by offering tools and training. We also help governments establish related policy frameworks and work with banks to launch green-finance products.

Small and Medium Enterprises and Value Chains: We help SMEs strengthen their skills and performance, improving their ability to participate in the supply and distribution networks of larger firms. We advise companies and governments on how to improve working conditions and boost the competitiveness of the textile sector's supply chain.

Gender Equality: We work with companies to enhance the recruitment, retention, and promotion of women. We also help them increase women's access to financial services, technology, information, and markets.

Strategic Business Solutions: We help companies resolve complex business challenges, structure innovative programs, and create new market opportunities.

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

Environmental and Social Risk Management: 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, gender, 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.

HOW WE WORK WITH GOVERNMENTS

Public-Private Partnerships: We help governments design and implement PPPs that are tailored to local needs, help solve infrastructure bottlenecks, and achieve national development goals.

Financial Sector: We work with governments and the private sector to build resilient, transparent, and smooth-functioning financial systems and capital markets.

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 to address water scarcity.

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, 2017, AMC had raised approximately $9.8 billion, including $2.3 billion from IFC. It manages 13 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 Funds

The $3 billion IFC Capitalization Funds consist 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, 2017, 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, 2017, the fund had made 37 investment commitments totaling $879 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, 2017, 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, 2017, 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, 2017, the fund had made 13 fund commitments totaling $306 million.

IFC Global Infrastructure Fund

The $1.2 billion IFC Global Infrastructure Fund was launched in 2013 and invests in equity and equity-related investments in the infrastructure sector in emerging markets. As of June 30, 2017, the fund had made 20 investment commitments totaling $639 million.

China-Mexico Fund

The $1.2 billion China-Mexico Fund is a country-specific fund that makes equity, equity-like, and mezzanine investments in Mexico. It focuses on infrastructure, oil and gas, and other sectors, including manufacturing, agribusiness, services, and banking. As of June 30, 2017, the fund had made two investment commitments totaling $320 million.

IFC Financial Institutions Growth Fund

The $505 million 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, 2017, the fund had made four investment commitments totaling $133 million.

IFC Global Emerging Markets Fund of Funds

The $800 million IFC Global Emerging Markets Fund of Funds 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. As of June 30, 2017, the fund had made 11 investment commitments totaling $207 million.

IFC Middle East and North Africa Fund

The $162 million IFC Middle East and North Africa Fund makes equity and equity-related investments in the MENA region. As of June 30, 2017, the fund had made two investment commitments totaling $27 million.

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. As of June 30, 2017, the fund had raised $110 million and made investment commitments to six banks amounting to $70 million.

IFC Emerging Asia Fund

The IFC Emerging Asia Fund makes equity and equity-like investments across all sectors in emerging markets in Asia. As of June 30, 2017, the fund had raised $440 million and made two investment commitments of $70 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 FY17, 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 FY17, our new long-term commitments for our own account in financial markets totaled about $5.9 billion.

HEALTH AND EDUCATION

Health and education are basic human needs—but they remain beyond the reach of many people in developing countries.

Expanding access to health and education is a central element for any strategy to end poverty and boost prosperity. IFC supports health care and life-sciences companies—by providing financing, sharing industry knowledge, raising management and clinical standards, helping shape government policy, and supporting public-private collaboration. In education, we help private enterprises complement the work of the public sector and create more opportunities for children, youth, and working adults.

IFC is the world's largest multilateral investor in private health care and education. In FY17, our new long-term commitments for our own account in health and education totaled $692 million.

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 FY17, our new long-term commitments for our own account in this sector totaled about $1.7 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 transportation machinery. We invest in and advise 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 FY17, our new long-term commitments for our own account in the manufacturing sector totaled $989 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 FY17, our new long-term commitments for our own account in the sector totaled $435 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 FY17, our new commitments for our own account in this sector totaled $232 million.

TOURISM, RETAIL, AND PROPERTY

The tourism, retail, and property sectors contribute significantly to job creation, tax revenues, and economic growth for developing countries.

IFC works to strengthen all three in developing countries. Our investments promote the development of critical infrastructure—in places where there is often a shortage of high-quality hotels for tourists and business visitors. We work with our retail clients to create jobs, contribute to the tax base, build local banking capacity, improve infrastructure, and raise labor standards. We also invest in property companies to expand affordable housing and commercial real estate.

In FY17, our new long-term commitments for our own account in tourism, retail, and property totaled $429 million.

Our People & Practices

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

Understanding our Development Impact

Measuring the results of our work is critical to understanding how well our strategy is working—and whether IFC and our clients are reaching people and markets that most need our help.

IFC has been at the forefront of results measurement among multilateral development banks and development finance institutions for private sector operations. We are one of the few international financial institutions that set corporate targets—not only for investment volume but also for direct development impact.

IFC'S RESULTS-MEASUREMENT SYSTEM

IFC constantly refines and upgrades our results-measurement framework to support our strategy and better articulate the impact of our work. We continue to develop new tools to assess the full range of our impact—going far beyond the direct impact of our projects.

IFC's results-measurement system features three mutually reinforcing components:

- The IFC Development Goals (IDGs), which provide corporate-level targets to reflect IFC's strategy and areas of greatest development need.
- A monitoring system tracking project performance and development impact of IFC interventions.
- Sector, program, and country-level results measurements.

IFC's strategy firmly places development impact at the heart of what we do. We are now introducing a new framework that will enable us to design and select projects with the greatest potential for development impact. The new Anticipated Impact Measurement and Monitoring (AIMM) framework, is designed to assess the anticipated—or "ex ante"—impact of our work at two levels: what the specific project is expected to achieve and how it is expected to contribute to the creation or development of markets. At the project level, the AIMM framework will help IFC staff articulate—systematically and comprehensively—how projects promote development. The AIMM approach will be integrated with IFC's existing results-measurement framework and monitoring system. It will help IFC apply a stronger portfolio approach to our interventions.

THE IFC DEVELOPMENT GOALS: SUPPORTING THE IFC STRATEGY

The IFC Development Goals identify what we expect our development work to accomplish over cycles of three years. They help us communicate with our shareholders and the public about how IFC's work is expected to contribute to the World Bank Group's goals of ending poverty and boosting shared prosperity. 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. At the start of the current three-year cycle (FY17–19), substantial gains were made towards the IDGs in FY17. We exceeded the target for increasing or improving infrastructure services, mostly because of a broadband investment project in Mexico that is expected to benefit 9 million people by 2021.

IFC Development Goals

GOAL	FY17–19 TARGETS	FY17 TARGETS	FY17 COMMITMENTS	PERCENT OF FY17 TARGET ACHIEVED
Increase or improve sustainable farming opportunities	Benefit **3.32** million people	Benefit **1.05** million people	**0.72** million people	68%
Improve health and education services	Benefit **26.14** million people	Benefit **8.54** million people	**8.60** million people	101%
Increase access to financial services for microfinance clients	Benefit **98.28** million clients	Benefit **30.89** million clients	**28.99** million clients	94%
Increase access to financial services for SME clients	Benefit **2.87** million clients	Benefit **0.88** million clients	**0.61** million clients	69%
Increase or improve infrastructure services	Benefit **68.08** million people	Benefit **23.86** million people	**33.01** million people	138%
Reduce greenhouse-gas emissions	Reduce by **21.79** million metric tons of CO_2 equivalent per year	Reduce by **6.91** million metric tons of CO_2 equivalent per year	**6.68** million metric tons	97%

THE MONITORING SYSTEM: TRACKING THE PERFORMANCE AND DIRECT RESULTS OF IFC OPERATIONS

The Development Outcome Tracking System (DOTS) provides a framework to monitor the performance and track the direct development outcomes of IFC's client companies. DOTS ratings, in the case of investment operations, is a synthesis of four performance areas: financial, economic, environmental and social, and broader private sector development impacts.

The FY17 DOTS rating scores are based on a cohort of 828 investments approved between 2008 and 2013 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.

Results measurement of advisory services has been integrated into the project's life cycle—from conception to completion. The overall DOTS score for advisory services, also known as the development effectiveness rating, is a synthesis assessment of the project's strategic relevance, effectiveness, and efficiency performances, and is rated at project completion. In FY17, the advisory DOTS score represented the performance of 88 completed advisory projects.

EVALUATING DEVELOPMENT IMPACT AT THE PROGRAM, SECTORAL, AND COUNTRY LEVEL

IFC has been conducting evaluations to understand the impact of IFC investments on the World Bank Group's twin goals. These evaluations also estimate IFC's contribution to job creation.

In FY17, IFC adopted a more strategic approach to evaluations—designed to fill critical knowledge gaps. We undertook six economic-impact assessments at the sectoral level and four large impact-evaluation programs. These efforts provide evidence of IFC impact beyond the individual projects at the sector level. They also generate useful lessons that inform industry strategies.

For example, in Jamaica, we conducted an economic-impact assessment of IFC investments related to the expansion of an airport. Our assessment showed that by enabling an increased capacity, IFC investments helped contribute about $288 million to the economy and supported about 29,000 jobs—directly and indirectly.

To inform our work in fragile and conflict-affected countries, we also conducted a systematic review of 56 published evaluations of private sector development projects carried out between 2005 and 2014 in 23 such countries. Our findings showed that investments supporting large infrastructure projects or the development of small and medium enterprises tend to yield the strongest development results.

The review also identified key lessons:

- It is wise to work with local partners, investors, or donors who have a stake in the project.
- It is best to start with small projects that can demonstrate to local entrepreneurs the potential of new approaches to business.
- It is essential to factor in the time it takes to build the necessary capacity to ensure the success of projects. In addition, the specific local context of conflict should be factored into project design and implementation.

IFC works closely with the World Bank and the Multilateral Investment Guarantee Agency to develop common results frameworks for the World Bank Group's country engagements. In FY17, IFC contributed to the design of results frameworks for 14 country-partnership frameworks, or country strategies, as well as provided input for 15 performance and learning reviews.

In addition, IFC worked on reporting on results for 18 World Bank and IFC joint implementation plans for key areas such as cities, power, agribusiness, and health.

ALIGNING IFC'S RESULTS MEASUREMENT TO THE SUSTAINABLE DEVELOPMENT GOALS

Since the approval of the United Nations' Sustainable Development Goals (SDGs) in September 2015, IFC has mapped how our strategies and operations are aligned with these goals. In parallel, IFC has also taken the lead among international finance institutions in reporting how we and our clients contribute to achieving the SDGs.

MAINTAINING THOUGHT LEADERSHIP IN PRIVATE SECTOR DEVELOPMENT RESULTS MEASUREMENT

In March 2017, IFC held the first annual Evaluating Private Sector Development Impact Conference, which featured 24 donor partners, multilateral development banks, and international finance institutions. The conference highlighted the importance of evaluations, specifically in the areas of economic growth and jobs. It also underlined the need to refine and share methodologies, and work together to find innovative ways to evaluate development impact.

MONITORING DEVELOPMENT OUTCOMES

In FY17, 55 percent of our investments were positively rated—down three percentage points from FY16. The decline largely reflected slower economic growth, depressed commodity prices, market volatility, and political turmoil in many countries. At the same time, IFC has increasingly ventured into some of the world's most challenging areas, where financial and other risks tend to be higher.

Larger IFC investments tended to perform better. When weighted for investment volume, 69 percent of our investments were rated positively.

Among industry groups, investments in health and education, and in funds performed the best—with 60 percent of investments rated positively. Investments in the manufacturing sector registered the biggest performance increase—showing a 54 percent DOTS score, up seven points from FY16. The improvement was driven principally by investments in the industrial and commercial products sector.

DOTS scores of investments in most other industry sectors declined. The lowest ratings were for investments in the tourism, retail, construction, and real-estate sectors and in the telecommunications, media, and technology sectors. Many of these projects were primarily early-stage investments that experienced delays in planned expansion.

DOTS scores declined in all regions except Europe and Central Asia, where the score rose five points to 56 percent. The performance of investments in Latin America and the Caribbean declined nine points to 54 percent, largely because of the unsatisfactory performance of investments in financial markets, funds, and infrastructure. Investments in Sub-Saharan Africa and in the Middle East and North Africa regions were partly affected by the political instability and the fragile status of many countries in which IFC operated.

Among advisory projects, 70 percent of projects that closed during the year and could be assessed for development effectiveness were rated positively—above our target of 65 percent. South Asia was the strongest performer, with 92 percent of projects rated positively on development effectiveness. Projects in East Asia and the Pacific demonstrated the largest improvement from the last year—a gain of 28 points. Projects in the Middle East and North Africa experienced a performance decline, 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 81). Here are a few highlights:

Improving Access to Finance:

- IFC provides investment and advice to financial institutions that serve individuals and micro, small, and medium enterprises. These institutions provided about 53.7 million micro and 8.3 million small and medium loans totaling $412 billion. They also provided 1 million housing finance loans totaling $29 billion.
- We supported our partners in digital financial services to facilitate 572 million non-cash retail transactions, totaling over $3.7 billion.
- We helped strengthen country financial markets by working with collateral registries and credit bureaus that facilitated more than $250.6 billion in financing. More than 679,900 micro, small and medium enterprises were able to receive loans secured with movable property. In addition, we helped create or enhance eight credit-bureau operators.

Providing Solutions and Services:

- Nearly 20 million people have benefited from using *Lighting Global* quality-verified solar lighting products, mostly in Sub-Saharan Africa and in IDA countries.
- Our clients generated and distributed power to 104.2 million people, many of them in Sub-Saharan Africa and South Asia. They provided phone connections to 345 million people, mostly in South Asia. They distributed gas to 60 million people, mostly in East Asia and the Pacific.
- Our clients helped educate 4.9 million students. Our agribusiness clients supported 3 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 $1.7 billion, including $1.4 billion through corporate-governance-reform projects and $300 million through projects involving resource-efficient technologies.
- IFC helped governments sign six contracts with private operators. These transactions are expected to create or improve access to infrastructure and health services for 1.5 million people and facilitate $341 million in private investment in infrastructure.

Improving the Business Environment:

- In collaboration with the World Bank, IFC supported 50 national and local governments to implement 116 reforms that helped improve the regulatory and policy environment for private sector development and foster competitive markets and job creation. Ninety-six reforms were in IDA countries, including 26 in fragile and conflict-affected areas.
- These reforms led to $22 million in private sector savings and contributed to an estimated $168 million in new investments.

Development reach by IFC's clients

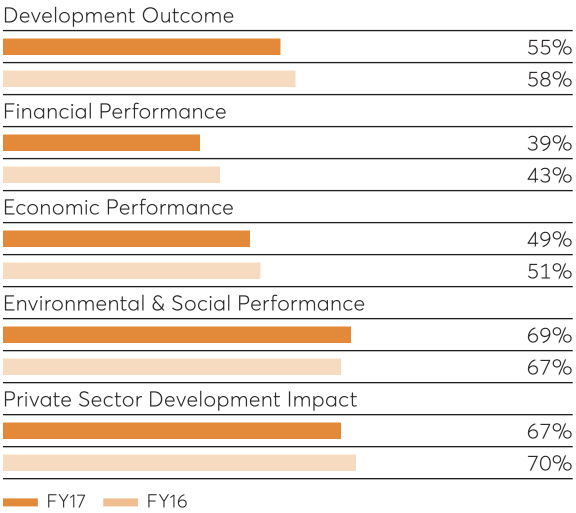
Jobs	PORTFOLIO CY15	PORTFOLIO CY16
Employment (millions of jobs)[1]	2.4	2.4
Microfinance loans[2]		
Number (million)	51.2	53.7
Amount ($ billions)	59.5	60.7
SME loans[2]		
Number (million)	7.6	8.3
Amount ($ billions)	343.7	351.1
Trade finance[3]		
Number (million)	1.8	1.8
Amount ($ billions)	255	270
People reached with services		
Power generation (millions of people)	48.0	79.4
Power distribution (millions of people)	50.1	24.8
Water distribution (millions of people)	21.8	14.3
Gas distribution (millions of people)[4]	51.2	59.9
Phone connections (millions of people)	262.8	345.3
Patients served (millions)[5]	31.7	34.0
Students reached (millions)	4.6	4.9
Farmers reached (millions)	3.5	3.0
Payments to suppliers and governments		
Domestic purchases of goods and services ($ billions)[6]	46.8	36.6
Contribution to government revenues or savings ($ billions)	16.6	14.6

These figures represent the total reach of IFC clients as of the end of CY15 and CY16. CY15 and CY16 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 CY15 and CY16, for MSME-oriented financial institutions/projects. CY16 includes the data from 304 MSME clients, including nine clients for which the data were extrapolated.
3. 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 68% (number) and 72% (dollar volume) of the network's active banks in CY16. 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. CY15 data has been updated to reflect prior-year data corrections from survey participants.
4. One client in East Asia and the Pacific accounted for 56.6 million people reached through gas distribution in CY16.
5. CY15 total patients served revised due to the restatement of one client value in South Asia.
6. CY15 total domestic purchases of goods and services revised due to the restatement of one client in Sub-Saharan Africa.

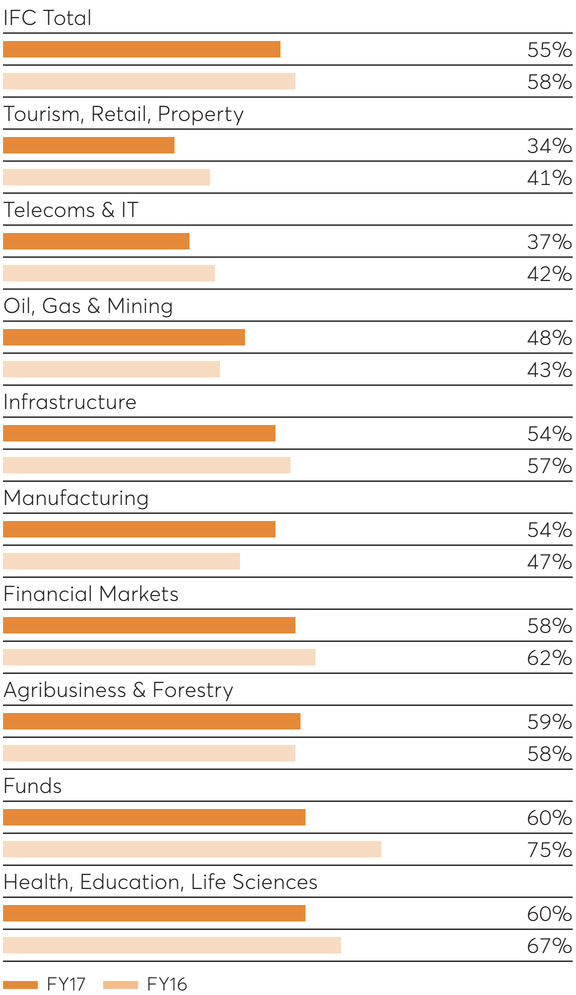
Investment services DOTS score by performance area, FY16 vs. FY17

% Rated Positively



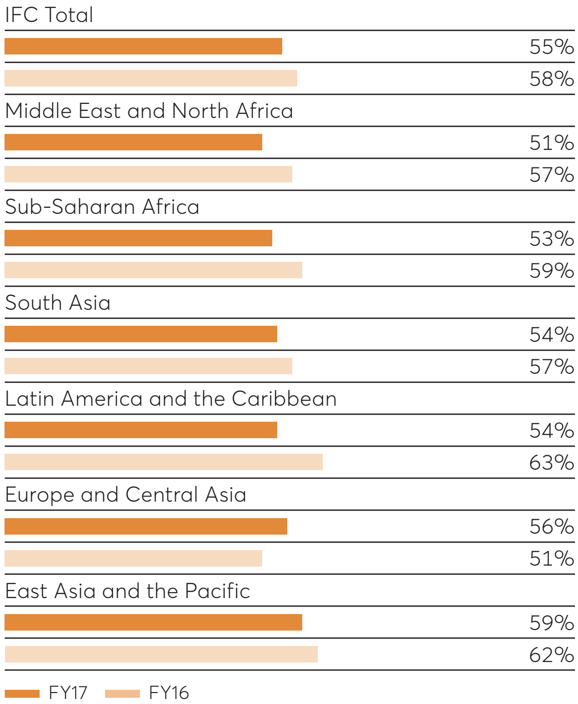
Investment services DOTS score by industry, FY16 vs. FY17

% Rated Positively



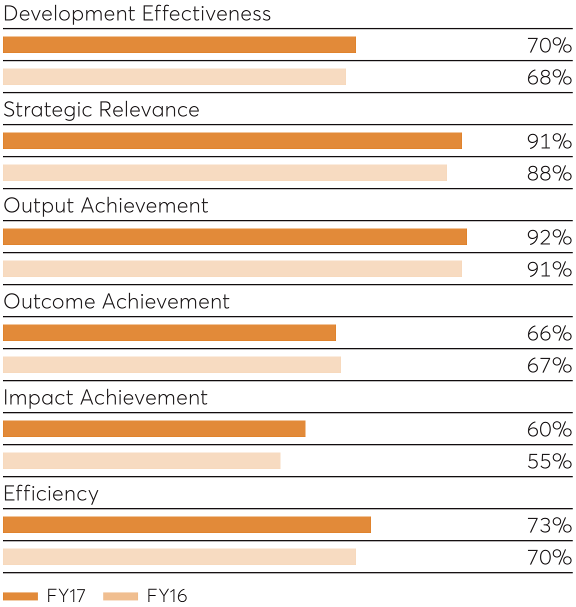
Investment services DOTS score by region, FY16 vs. FY17

% Rated Positively



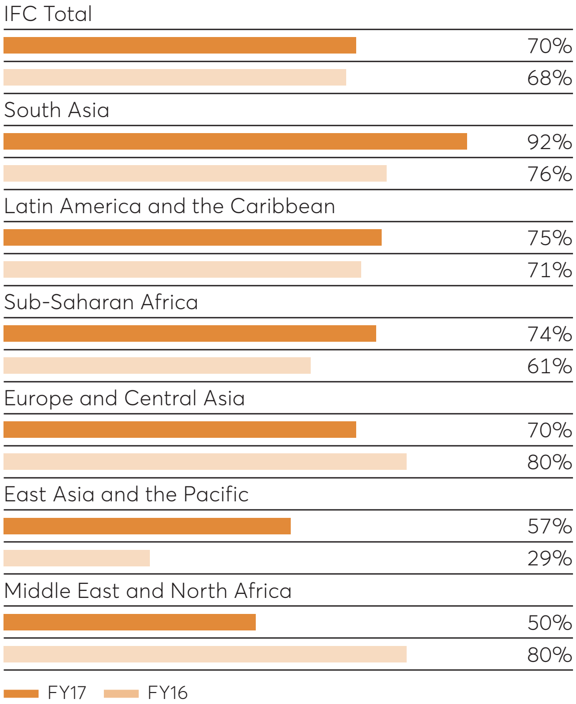
Advisory services DOTS score by performance area, FY16 vs. FY17

% Rated Positively



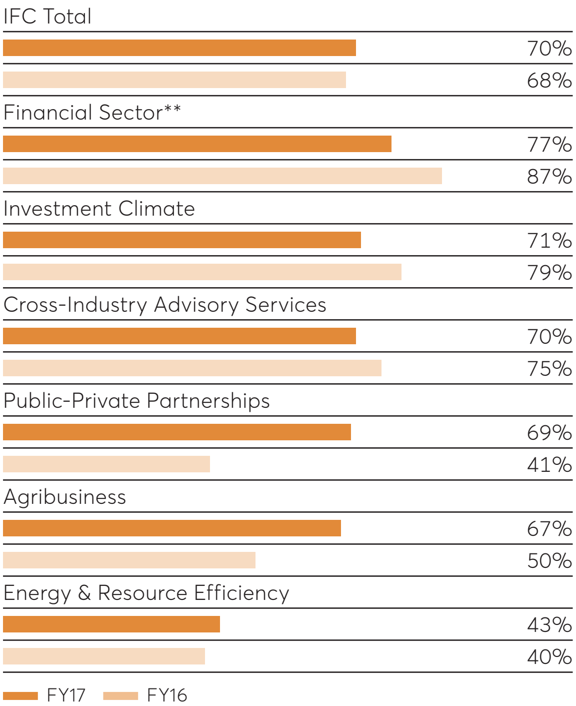
Advisory services DOTS score by region, FY16 vs. FY17

% Rated Positively



Advisory services DOTS score by business area, FY16 vs. FY17*

% Rated Positively



* In FY17, IFC reporting on development-effectiveness ratings switched from calendar year to fiscal year. The FY16 development-effectiveness ratings presented in the 2016 annual report are therefore not comparable to the FY16 development-effectiveness rating shown here.

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

Our Staff

IFC's employees are diverse. They are our most important asset. Representing more than 140 countries, they bring innovative solutions and global best practices to our clients. Fifty-six percent of our staff are stationed in 98 field locations, reflecting our commitment to decentralization.

Where we work

	STAFF AT ALL GRADE LEVELS
United States	1,703 (44%)
Other Countries	2,157 (56%)
Total IFC Staff	**3,860**

National origin

	STAFF AT OFFICER LEVEL AND HIGHER	MANAGERIAL CADRE
Part 1 Countries[1]	1,155 (44%)	130 (61%)
Part 2 Countries[2]	1,477 (56%)	82 (39%)
Total	**2,632**	**212**

Gender

	STAFF AT OFFICER LEVEL AND HIGHER	MANAGERIAL CADRE
Female	1,194 (45%)	75 (35%)
Male	1,438 (55%)	137 (65%)
Total	**2,632**	**212**

1. Staff with primary nationality from countries that declared themselves as IDA donors at the time of joining the World Bank Group.
2. Staff of all other nationalities.

COMPENSATION

IFC applies the World Bank Group's compensation framework. Competitive compensation is essential to attract and retain highly qualified, diverse staff. The salary structure for staff recruited in Washington, D.C., is based on the U.S. market. Salaries for staff hired outside the United States are based upon local competitiveness, determined by independent local market surveys. Given 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 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. Variable pay is available to all staff at the grades GA through GI. There is no variable pay for senior executives at the GJ and GK levels.

BENEFITS PROGRAMS

IFC provides a competitive package of benefits, including a retirement plan, medical, life, accidental death, workers' compensation, and disability insurance. 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, and includes two 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 5 percent of salary plus an optional staff contribution of up to 6 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, 2017, the salary structure (net of tax) and annual average net salaries/benefits for World Bank Group staff were as follows:

GRADE	REPRESENTATIVE JOB TITLE	MINIMUM (US$)	MARKET REFERENCE (US$)	MAXIMUM (US$)	STAFF AT GRADE LEVEL (%)	AVERAGE SALARY/ GRADE (US$)	AVERAGE BENEFIT[a] (US$)
GA	Office Assistant	26,300	37,600	48,900	0.03	38,000	21,078
GB	Team Assistant, Information Technician	32,200	46,000	59,800	0.31	45,738	25,370
GC	Program Assistant, Information Assistant	39,300	56,100	72,900	8.03	58,206	32,286
GD	Senior Program Assistant, Information Specialist, Budget Assistant	46,500	66,400	86,300	7.06	71,825	39,840
GE	Analyst	63,000	90,000	117,000	12.19	82,566	45,798
GF	Professional	83,200	118,900	154,600	23.19	108,117	59,971
GG	Senior Professional	110,700	158,200	205,700	30.59	149,923	83,160
GH	Manager, Lead Professional	151,200	216,000	280,800	15.89	212,482	117,860
GI	Director, Senior Advisor	229,900	287,400	344,900	2.17	281,686	156,246
GJ	Vice President	276,900	325,800	374,700	0.42	349,688	193,965
GK	Managing Director, Executive Vice President	307,900	362,200	416,500	0.10	396,574	286,607

Note: Because World Bank Group staff, other than U.S. citizens, usually are not required to pay income taxes on their World Bank Group 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 World Bank Group salaries are derived. Only a relatively small minority of staff will reach the upper third of the salary range.

a. 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, 2017, 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 $215 billion of our own funds for private sector investments in developing countries, and we have mobilized nearly $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.

Standing (left to right): Andrei Lushin, Russian Federation; Hervé de Villeroché, France; Omar Bougara, Algeria; Frank Heemskerk, The Netherlands; Subhash Chandra Garg, India; Daniel Pierini, Argentina (Alternate); Otaviano Canuto, Brazil; Jean-Claude Tchatchouang, Cameroon (Alternate); Andin Hadiyanto, Indonesia; Werner Gruber, Switzerland; Fernando Jimenez Latorre, Spain; Juergen Zattler, Germany; David Kinder, United Kingdom (Alternate); Christine Hogan, Canada; Patrizio Pagano, Italy.

Seated (left to right): Bongi Kunene, South Africa; Jason Allford, Australia; Andrew N. Bvumbe, Zimbabwe; Khalid Alkhudairy, Saudi Arabia; Merza Hasan, Kuwait (Dean); Susan Ulbaek, Denmark; Kazuhiko Koguchi, Japan; Yingming Yang, China; Karen Mathiasen, United States; Franciscus Godts, Belgium.

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 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 CEO, Philippe Le Houérou, receives an annual salary of $411,000, net of taxes.

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 (IEG) is an independent unit that reports directly to IFC's Board of Directors. IEG's mission is to strengthen the development effectiveness of World Bank Group institutions through evaluations that inform strategies and future work.

IEG assesses the results of IFC operations and offers recommendations for improvement. Through its recommendations, IEG also contributes to internal learning and improvements by informing new directions, policies and procedures, and country and sector strategies for IFC work.

IEG's most recent annual review of World Bank Group results and performance assesses development outcome trends for IFC at a corporate level, and by region and industry sector. This and other major reports are available on IEG's website, http://ieg.worldbankgroup.org.

OFFICE OF THE COMPLIANCE ADVISOR OMBUDSMAN

Affected communities have unrestricted access to the Compliance Advisor Ombudsman (CAO), the independent accountability mechanism for IFC. CAO is mandated to address complaints from people affected by IFC-supported business activities in a manner that is fair, objective, and constructive—with the goal of improving environmental and social project outcomes and fostering greater public accountability of IFC.

Independent of IFC and MIGA management and reporting directly to the President of the World Bank Group, CAO works to resolve complaints using a flexible, problem-solving approach through its dispute-resolution arm and oversees investigations of IFC's environmental and social performance through its compliance arm. CAO's advisory arm provides independent advice on broader environmental and social concerns with the goal of systemic improvements in IFC performance.

During FY17, CAO addressed 51 cases related to IFC projects in 28 countries. More information about how IFC is engaging with CAO's work is available at www.cao-ombudsman.org.

Partnerships

IFC develops innovative and multifaceted partnerships that allow us to scale up our work in priority areas and focus on markets with the greatest development needs. Our partners provide instrumental support—by making financial contributions, providing co-financing, and creating solutions alongside us. Together, we share our global knowledge and experience by convening the development community and the private sector.

WORKING WITH DEVELOPMENT PARTNERS

IFC collaborates with more than 30 governments, 20 foundations and corporations, and a variety of multilateral and institutional partners. In FY17, our development partners committed more than $268 million to support IFC's work, demonstrating their strong belief in the importance of the private sector in development.

IFC and the World Bank held joint consultations with a variety of partners to deepen our engagement. Our cornerstone event was the Development Finance Forum, which was held this year in Accra, alongside pre-events in Freetown and Abidjan. These events showcased IFC's thought leadership on unlocking private sector investment to achieve strong development.

We work closely with our partners to stimulate investment in the most challenging markets. In FY17, we spearheaded several substantial engagements—including the *Transforming Investment Risk* conference, a first-of-its-kind event organized jointly by the World Bank Group and the U.K. Department for International Development. The event focused on unlocking investment opportunities in high-potential markets—particularly in Africa—by bringing together U.K. business leaders and development specialists.

Through trust funds, IFC and our partners continued to provide financing and knowledge for private sector development. In FY17 the following initiatives highlighted the concerted efforts of IFC and our partners to collaborate in innovative ways:

Australia

Australia committed $63 million—a record high—to IFC's advisory programs in Asia. A longtime supporter of IFC's activities in the Pacific, Australia is an increasingly important partner in South Asia through its support of the Sustainable Development Investment Portfolio, which aims to address issues of water, food, and energy security. Focusing on gender, Australia contributed $11 million to a program in Sri Lanka to increase the share and retention of women employees in participating companies.

BHP Billiton Foundation

IFC and the World Bank signed an agreement with BHP Billiton Foundation for the first time, committing nearly $2.6 million to enhance information disclosure and improve development outcomes in the extractives sector. The World Bank Group has identified governance in this sector as a key development issue. The new partnership will work to improve transparency, analysis, and dialogue to deliver benefits for broader communities.

Denmark

Denmark pledged its largest commitment to date, providing $9 million for a global partnership to scale up new technological solutions and potentially game-changing business models to address climate change. Through this partnership, IFC aims to support first-of-their-kind projects—with a focus on energy, manufacturing, agriculture, and small and medium enterprises. At least half the projects supported by the partnership will be in IDA countries and in fragile and conflict-affected areas.

Japan

Japan committed $15 million for the new Partnership for Quality Infrastructure—a global initiative that will provide vital support for infrastructure activities, including for public-private-partnership transactions. With Japan's support, IFC will promote specific objectives in infrastructure—including improving economic efficiency, reducing lifecycle costs, strengthening safety and resilience, addressing social and environmental impacts, and ensuring local economic development and knowledge transfer.

Switzerland

Switzerland committed $45 million to the Multi-Country Investment Climate Program to enhance trade and competitiveness and improve investment climate reforms in 20 priority countries over the next eight years. Switzerland also committed an additional $11 million to the EDGE Green Building Market Transformation program, focusing on projects in Latin America and the Caribbean, Sub-Saharan Africa, and East Asia and the Pacific.

Development partner commitments

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

Summary	FY16	FY 17
Governments	201.69	256.76
Institutional/Multilateral Partners	12.25	8.32
Corporations, Foundations, and NGOs	5.19	3.07
Total	**219.13**	**268.15**

Governments	FY16	FY17
Australia	7.74	62.92
Austria	11.06	6.47
Canada	36.99	0.00
Denmark	2.86	9.17
France	0.00	2.12
Germany	0.22	2.62
Ireland	1.01	0.96
Israel	1.00	0.00
Italy	15.00	5.09
Japan	4.78	21.17
Luxembourg	3.90	3.98
The Netherlands	11.00	11.00
New Zealand	3.56	4.82
Norway	5.68	0.94
Slovak Republic	1.09	0.00
Sweden	5.66	0.00
Switzerland	45.28	68.68
United Kingdom	38.17	38.74
United States	6.69	18.08
Total	**201.69**	**256.76**

Institutional/Multilateral Partners	FY16	FY17
Climate Investment Funds	1.39	4.70
European Commission	10.61	3.08
MENA Transition Fund	0.00	0.54
SG Hambros Trust Co. Ltd. (for and on behalf of the PIDG Trust)	0.25	0.00
Total	**12.25**	**8.32**

Corporations, Foundations, and NGOs	FY16	FY17
Bill & Melinda Gates Foundation	2.30	0.00
BHP Billiton Foundation	0.00	2.57
Dow Chemical Company*	0.50	0.00
Grundfos Holding A/S*	1.00	0.00
Marie Stopes International	0.89	0.00
The William and Flora Hewlett Foundation	0.50	0.50
Total	**5.19**	**3.07**

*Contributor to the 2030 Water Resource Group.

Portfolio Management

At the core of IFC's approach to portfolio management is the aim to build and manage a portfolio that produces strong financial and development performance. We achieve this through our strong presence on the ground—a network of offices in 101 cities—that enables us to stay close to our clients and markets, and anticipate and monitor trends. As a result, we are able to engage with clients and manage our assets proactively.

Twice a year, Management reviews the entire portfolio of $55 billion for IFC's own account, looking both at broad trends as well as select individual assets, and provides an in-depth review of portfolio results to the Board semi-annually. Our investment teams, largely based in field offices, complement global reviews with asset-by-asset quarterly assessments, for both debt and equity investments.

At the corporate level, IFC combines the analysis of our portfolio performance with local market intelligence, and projections of global macroeconomic and market trends to inform decisions about future investments. We also regularly conduct stress tests to assess the performance of the portfolio against possible macroeconomic developments, and to identify and address risks. In FY17, in light of substantial volatility in emerging markets, IFC's senior management convened in-depth reviews for each of our industry sectors and regions.

At the project level, our multidisciplinary teams, including investment and sector specialists with deep industry expertise, closely monitor investment performance and compliance with investment agreements. We do this, among other things, through site visits to evaluate project implementation and through active engagement with sponsors to identify potential problems early on and formulate appropriate solutions. In addition, we systematically and timely track environmental and social performance, and measure financial and development results.

Our equity portfolio has grown significantly over the last few years. To rebalance our asset allocation, we are implementing a new approach that calls for more moderate growth and greater selectivity for our equity investments. This rebalancing is the result of an analysis that takes into account market conditions, opportunities, expected returns, and risks—and will be adjusted periodically as required. This new approach further acknowledges the greater resource needs for equity relative to debt, and, therefore, we are forming specialized equity teams.

For projects in financial distress, our Special Operations Department determines the appropriate remedial actions. It seeks to keep the project operational to achieve the development impact intended at its onset. It also negotiates agreements with creditors and shareholders to share the burden of restructuring.

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 portfolio management is the need to have timely and accurate information to drive business decisions. IFC continues to invest in information-technology systems to better support the management of our portfolio.

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 nonfinancial 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 our performance with our strategic direction.

IFC has developed risk-appetite statements that set the direction for our 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.

In FY17, IFC continued the transition to the Investment Risk Platform, our new 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 allows for easier comparison between outside ratings and IFC's internal ratings. More granular ratings lead to better differentiation and a better understanding of client credit standing, which allows for more focus on those credits that most warrant additional scrutiny. The improved predictive power for probability of default and loss-given default 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 FY17, new core and short-term borrowings totaled the equivalent of about $16.2 billion.

FY17 borrowing in international markets

CURRENCY		AMOUNT (US$ EQUIVALENT)	PERCENT
U.S. dollar	USD	10,736,886,766.00	66.4%
Australian dollar	AUD	1,338,424,500.00	8.3%
Japanese yen	JPY	787,304,000.00	4.9%
Russian ruble	RUB	647,034,012.90	4.0%
Brazilian real	BRL	640,375,075.70	4.0%
Turkish lira	TRY	499,593,694.20	3.1%
Indian rupee	INR	477,162,653.40	3.0%
Other		1,047,283,816.22	6.5%
Total		**16,174,064,518.42**	**100.0%**

LIQUIDITY MANAGEMENT

Liquid assets on IFC's balance sheet totaled $39.2 billion as of June 30, 2017, compared with $41.4 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 FY17, 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 FY17. 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 (such as 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 2017, total resources available stood at $23.6 billion, while the minimum capital requirement totaled $19.4 billion.

Our Sustainability Framework

Sustainability is critical to companies' business success. It's critical, too, for their customers, surrounding communities, and broader stakeholders.

IFC research shows that companies perform better financially—on returns on equity as well as returns on assets—when their environmental and social performance is strong. Nearly 90 percent of our clients believe that our work is key in helping them reach their long-term business goals, improve their relations with stakeholders and local communities, and boost their brand value and recognition. IFC's Sustainability Framework and our Corporate Governance methodology are designed to help our clients achieve those objectives.

IFC helps clients understand and manage the risks they face, partnering with industry and other stakeholders to find innovative solutions that open up opportunities for economically, socially, and environmentally sustainable private investment—which contribute in turn to jobs and inclusive growth. This may include leveraging the capacity of other institutions 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.

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.

IFC PERFORMANCE STANDARDS

At the core of our Sustainability Framework are IFC Performance Standards—which 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 91 financial institutions in 37 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. We supervise our projects throughout the life of our investment.

INTEGRATED GOVERNANCE

Corporate governance is a paramount consideration in investors' decision making. But investors are increasingly paying equal attention to the way companies behave on a variety of environmental and social indicators. Investors see businesses' management of environmental and social issues as a test of how they would handle all strategic and operational challenges.

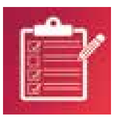
It's essential, therefore, to assess environmental, social and governance practices in an integrated fashion.

The IFC Performance Standards

1

RISK MANAGEMENT

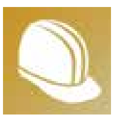
Anticipate risks, avoid, minimize and compensate for any impacts.



2

LABOR

Treat workers fairly and provide safe and healthy working conditions.



3

RESOURCE EFFICIENCY

Promote energy efficiency, use resources sustainably, and cut greenhouse emissions.

4

COMMUNITY

Protect local communities from worksite accidents and other project-related dangers.

In FY17, IFC developed comprehensive market guidance and practical tools to do this in the context of emerging markets, drawing on our track record in applying our Performance Standards and Corporate Governance Methodology.

One tool—our ESG Progression Matrix—guides companies, investors, regulators, corporate-governance evaluators, and other stakeholders in assessing and improving a company's environmental, social, and governance framework. It emphasizes the importance of continuing progress—rather than static minimum standards—in the governance practices of a company.

The matrix focuses the assessment along six corporate-governance parameters—key environmental and social policies and practices, the structure and functioning of the board of directors, the control environment, disclosure and transparency, treatment of minority shareholders, and stakeholder engagement (which includes civil society and communities affected by a company's operations).

Another tool is the IFC Transparency and Disclosure Toolkit and Guidance—which helps companies in emerging markets prepare comprehensive and best-in-class annual reports that are appropriate for their size and organizational complexity and adapted to the context of operation. The objective is to provide useful information for investors and other stakeholders.

We apply this integrated approach beyond the companies we invest in. We also use it in our advisory work with regulators and stock exchanges—to help them apply higher disclosure standards to corporate listings, reporting requirements, and other disclosure obligations.

OUR FOOTPRINT COMMITMENT

IFC's Footprint Commitment is to make sustainability an integral part of our internal business operations.

We continue to make energy-efficiency improvements to our headquarters building, which accounts for 43 percent of IFC's facility-related carbon emissions (emissions from electricity, stationary combustion, refrigerants, water-chiller electricity, and purchased steam) and 12 percent of IFC's total carbon footprint. In addition, emissions just from headquarters electricity consumption account for 51 percent of IFC's electricity-related emissions.

Projects included raising the chilled-water set point for the heating season, raising the data-center cooling set points, and converting compact fluorescent lighting to LED lighting in several locations in the building. In total, these efforts are expected to conserve about 545,000 kilowatt hours of energy and save IFC more than $64,000 each year. They also contributed to a continuing reduction of IFC's headquarters electricity consumption, which fell by 18 percent between FY08 and FY16.

IFC continues to be carbon-neutral for global business operations. In FY16, the latest year for which data are available, carbon emissions from our global business operations totaled about 48,279 metric tons of carbon-dioxide equivalent. We purchased carbon credits from a portfolio of six projects, including wind power and small hydropower in India, clean cookstoves in Uganda, household biodigester energy in Cambodia, and clean stoves and water treatment in Rwanda. IFC chose projects that bring tangible development benefits to the communities in which they take place.

FY16 carbon emissions inventory for IFC's global operations

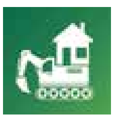
METRIC TONS OF CARBON-DIOXIDE EQUIVALENT

Business Travel	34,555
HQ Office Electricity	5,545
Country Office Electricity	4,972
Other	3,207
TOTAL EMISSIONS	**48,279**

5

LAND RESETTLEMENT

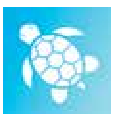
Avoid involuntary resettlement and minimize the impact on those displaced.



6

BIODIVERSITY

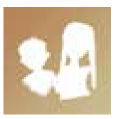
Protect biodiversity and ecosystems.



7

INDIGENOUS PEOPLES

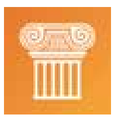
Protect the rights, dignity, and culture of indigenous populations.



8

CULTURAL HERITAGE

Protect cultural heritage and promote equitable sharing of related benefits.



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, 2017, 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:

MATERIAL AREAS	STATEMENTS	INDICATORS
IFC Policy	"Our Staff" (p. 84)	
Development effectiveness of investments and advisory services	"Understanding our Development Impact" (p. 77)	Investments rated positively (DOTS score): 55% (p. 82); overall investment services DOTS score by industry (p. 82), by region (p. 82), and by performance area (p. 82); and weighted and unweighted Investment Services DOTS scores (p. 59)
		Advisory Projects Rated Positively: 70% (p. 83); and Advisory Services DOTS score by Performance area (p. 83), by business area (p. 83) and by region (p. 83)
Reach	"Sub-Saharan Africa—Bringing Progress to Half the World's Poor" (pp. 50–51)	Employment (millions of jobs) : 2.4 (p. 81)
		Patients served (millions): 34.0 (p. 81)
	"Gender—Expanding Women's Economic Potential" (pp. 44–45)	Students reached (millions): 4.9 (p. 81)
		Farmers reached (millions): 3.0 (p. 81)
		Gas distribution (millions of people reached): 59.9 (p. 81)
		Water distribution (millions of people reached): 14.3 (p. 81)
		Power distribution (millions of people reached): 24.8 (p. 81)
		Power generation (millions of people reached): 79.4 (p. 81)
		Phone connections (millions of people reached): 345.3 (p. 81)
		Trade Finance – Number of transactions (millions): 1.8 (p. 81)
		Trade Finance – Amount ($ billions): 270.0 (p. 81)
		Number and amounts of microfinance loans and SME loans for CY16 (p. 81)

Type of loans	Number of loans (millions)	Amount ($ billions)
Microfinance loans	53.7	60.7
Small and medium loans	8.3	351.1

MATERIAL AREAS	STATEMENTS	INDICATORS
Environmental and social risk management system	"The IFC Performance Standards" (pp. 94–95)	**FY17 Long-term commitments by environmental and social category (p. 58)**

Category	Commitments ($ millions)	Number of projects
A	1,393	22
B	3,792	126
C	245	40
FI	48	5
FI-1	614	7
FI-2	4,262	100
FI-3	1,500	42
Total	11,854	342

Sustainable business	"Sustainability—A Decade of IFC Leadership" (pp. 40–41) "Our Sustainability Framework" (p. 94) "Our Footprint Commitment" (p. 95)	FY17 Climate-Related Investment Commitments (p. 67): $4,776 million FY16 carbon emissions inventory for IFC's global operations (p. 95): 48,279 mtCO_2 equivalent
Influence on Private Sector Development and creating opportunities to fight against poverty	"Sub-Saharan Africa—Bringing Progress to Half the World's Poor" (pp. 50–51) "South Asia—Bridging the Economic Divide" (pp. 52–53) "Middle East and North Africa—Ramping Up Growth and Job Creation" (pp. 54–55) "Access to Finance—Helping Entrepreneurs Reshape Economies" (pp. 32–33)	
Working with others	"Mobilization—Creating Platforms to Accelerate Development" (pp. 22–23) "Partnerships—Working with Development Partners" (p. 89)	

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

1. the Indicators were prepared in accordance with the reporting criteria applicable during fiscal year 2017 (the "Reporting Criteria"), consisting of 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. 58) and Development effectiveness of investments and advisory services (The Monitoring System: Tracking the Performance and Direct Results of IFC Operations, p. 79) 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.

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.

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.

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, as some of the reach indicators in the Economic Performance area of DOTS may be useful to track PSD performance. IFC is currently developing a new Anticipated Impact Measurement and Monitoring (AIMM) framework, which will be integrated with IFC's existing results-measurement framework and monitoring system. The AIMM framework should enable IFC to better reflect how projects promote Private Sector Development.

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, some 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. While enhancing the focus on impact through AIMM, IFC should better reflect the positive environmental impact of its projects by looking not only at E&S risk management but also at sector-specific E&S development outcome indicators.

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.

Investment's 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.

Moreover, IFC is strongly committed to reaching the climate-related target of 28% of climate investments. IFC periodically updates its definition of climate-related projects to include project categories that have a positive impact on climate. Climate-smart agriculture projects have thus been added to climate-related projects, and now represent 18% of the reported figure. While expanding its climate-related definition, IFC must continue to ensure that the impact of climate investments is significant in terms of avoided GHG emissions and should develop—wherever possible—additional methodologies to capture ex-ante or ex-post avoided emissions. This is of particular importance for Special Climate projects and climate-related projects financed through financial intermediaries that account for a significant part of climate-related investments.

Reliability

Reach indicators are directly collected from clients and data received can correspond to data that differ from IFC indicators definitions. IFC enhanced its 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.

In addition, IFC is still using extrapolations for micro-loans and SME-loans indicators where data from clients is not available. Nevertheless, significant reduction in the number of extrapolations has been observed.

Eventually, in order to assess the final number of beneficiaries, some country averages are used—such as average people per households, which are of four for non-IDA countries and five for IDA countries. These averages should be refined in order to better reflect the evolution of demography at country level.

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, 2017

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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 (loss) and comprehensive income (loss) 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 have been volatile in recent years but there was an overall improved operating environment in FY17, particularly in the second half of the fiscal year. In FY16, such markets were generally lower with significant deterioration in the first three months of FY16 (FY16 Q1), followed by partial recovery by the end of FY16. FY17 saw IFC's major investment currencies remain relatively stable against IFC's reporting currency, the US$, compared to the significant depreciation experienced throughout much of FY16. Commodity prices fluctuated during the fiscal year and fell during the second half of FY17, decoupling from the strength in emerging market assets overall.

The generally stronger market conditions in FY17 contributed to IFC recording robust realized gains on equity investments, although lower than FY16, and lower impairments on equity investments along with lower provisions for loan losses. Income from liquid asset trading activities was also significantly higher in FY17, with the majority of the increase occurring in the first three months of FY17 (FY17 Q1), principally due to the narrowing of credit spreads across the portfolio. IFC experienced higher interest income on loans and debt securities and borrowing charges in FY17 driven by higher LIBOR rates.

IFC has reported 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 of $1,129 million in FY17, $629 million higher than FY16 ($500 million) and $274 million higher than FY15 ($855 million). The $629 million increase in FY17 when compared to FY16 was principally a result of the following:

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 FY17 vs FY16 (US$ millions)

	INCREASE (DECREASE) FY17 VS FY16
Higher income from liquid asset trading activities	$ 413
Lower provisions for losses on loans, guarantees and other receivables	273
Higher income from loans and guarantees, realized gains and losses on loans and associated derivatives	172
Lower unrealized losses on equity investments and associated derivatives, net	171
Higher debt securities income (excluding impairments)	162
Lower other-than-temporary impairments on equity investments and debt securities	154
Higher expenses from pension and other postretirement benefit plans	(108)
Higher foreign currency transaction losses on non-trading activities	(142)
Lower realized gains on equity investments and associated derivatives, net	(144)
Higher charges on borrowings	(303)
Other, net	(19)
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	**$ 629**

IFC's net income (loss) for each of the past five fiscal years ended June 30, 2017 is presented below (US$ millions):

IFC's net income (loss), fiscal years 2013–2017

Fiscal year ended June 30 (US$ millions)

Income Available for Designations (a non-GAAP measure)[1] was $1,233 million, 60% higher than in FY16 ($770 million) and 7% lower than in FY15 ($1,327 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 (US$ millions)

	FY17	FY16	FY15
Net income (loss) attributable to IFC	**$1,418**	**$ (33)**	**$ 445**
Add: Net gains (losses) attributable to non-controlling interests	4	(1)	(36)
Net income (loss)	**$1,422**	**$ (34)**	**$ 409**
Adjustments to reconcile Net Income to Income Available for Designations			
Grants to IDA	101	330	340
Advisory Services Expenses from prior year designations	64	57	59
Unrealized (gains) losses on borrowings	(74)	(62)	52
Unrealized (gains) losses on investments	(287)	470	456
Other	7	9	11
Income Available for Designations	**$1,233**	**$770**	**$1,327**

Based on the new Board-approved distribution policy, the maximum amount available for designation was $205 million. On August 3, 2017, the Board of Directors approved a designation of $85 million of IFC's retained earnings for IFC's Creating Markets Advisory Window (CMAW), $40 million of IFC's retained earnings for Advisory Services, a reallocation of $49 million of the unutilized balances of prior year designations related to Advisory Services to CMAW, and, subject to the conditions detailed above, a designation of up to $80 million of IFC's retained earnings for grants to IDA. These designations are expected to be noted with approval by the Board of Governors, and, subject to the above conditions, concluded, in FY18.

Selected financial data as of and for the last five fiscal years (US$ millions)

AS OF AND FOR THE YEARS ENDED JUNE 30	2017	2016	2015	2014	2013
Consolidated income highlights:					
Income from loans and guarantees, including realized gains and losses on loans and associated derivatives	**$1,298**	$1,126	$1,123	$1,065	$ 996
Provision for losses on loans, guarantees and other receivables	**(86)**	(359)	(171)	(88)	(243)
Income from equity investments and associated derivatives	**707**	518	427	1,289	732
Income from debt securities, including realized gains and losses on debt securities and associated derivatives	**282**	129	132	89	69
Income from liquid asset trading activities	**917**	504	467	599	500
Charges on borrowings	**(712)**	(409)	(258)	(196)	(220)
Other income	**528**	501	505	461	441
Other expenses	**(1,617)**	(1,464)	(1,423)	(1,418)	(1,401)
Foreign currency transaction gains and losses on non-trading activities	**(188)**	(46)	53	(19)	35
Income before net unrealized gains and losses on non-trading financial instruments accounted for at fair value and grants to IDA	**1,129**	500	855	1,782	909
Net unrealized gains and losses on non-trading financial instruments accounted for at fair value	**394**	(204)	(106)	(43)	441
Income before grants to IDA	**1,523**	296	749	1,739	1,350
Grants to IDA	**(101)**	(330)	(340)	(251)	(340)
Net income (loss)	**1,422**	(34)	409	1,488	1,010
Less: Net (gains) losses attributable to non-controlling interests	**(4)**	1	36	(5)	8
Net income (loss) attributable to IFC	**$1,418**	$ (33)	$ 445	$1,483	$1,018

AS OF AND FOR THE YEARS ENDED JUNE 30	2017	2016	2015	2014	2013
Consolidated balance sheet highlights:					
Total assets	**$92,254**	$90,434	$87,548	$84,130	$77,525
Liquid assets, net of associated derivatives	**39,192**	41,373	39,475	33,738	31,237
Investments	**40,519**	37,356	37,578	38,176	34,677
Borrowings outstanding, including fair value adjustments	**54,103**	55,142	51,265	49,481	44,869
Total capital	**$25,053**	$22,766	$24,426	$23,990	$22,275
of which					
Undesignated retained earnings	**$21,901**	$20,475	$20,457	$20,002	$18,435
Designated retained earnings	**125**	133	184	194	278
Capital stock	**2,566**	2,566	2,566	2,502	2,403
Accumulated other comprehensive income (loss) (AOCI)	**458**	(431)	1,197	1,239	1,121
Non-controlling interests	**3**	23	22	53	38

KEY FINANCIAL RATIOS	2017	2016	2015	2014	2013
Financial ratios[a]:					
Return on average assets (GAAP basis)[b]	**1.6%**	0.0%	0.5%	1.8%	1.3%
Return on average assets (non-GAAP basis)[c]	**1.3%**	0.5%	1.3%	1.8%	0.9%
Return on average capital (GAAP basis)[d]	**5.9%**	(0.1)%	1.8%	6.4%	4.8%
Return on average capital (non-GAAP basis)[e]	**4.9%**	1.8%	4.6%	6.5%	3.1%
Overall liquidity ratio[f]	**82%**	85%	81%	78%	77%
External funding liquidity level[g]	**N/A**	504%	494%	359%	309%
Debt to equity ratio[h]	**2.7:1**	2.8:1	2.6:1	2.7:1	2.6:1
Total reserves against losses on loans to total disbursed portfolio[i]	**6.1%**	7.4%	7.5%	6.9%	7.2%
Capital measures:					
Total Resources Required ($ billions)[j]	**19.4**	19.2	19.2	18.0	16.8
Total Resources Available ($ billions)[k]	**23.6**	22.5	22.6	21.6	20.5
Strategic Capital[l]	**4.2**	3.3	3.4	3.6	3.8
Deployable Strategic Capital[m]	**1.8**	1.0	1.1	1.4	1.7
Deployable Strategic Capital as a percentage of Total Resources Available	**8%**	4%	5%	7%	8%

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 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. This ratio was discontinued at the end of FY17 since it was no longer considered a key ratio for IFC.

h. 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).

i. 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.

j. 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.

k. 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.

l. Total resources available less total resources required.

m. 90% of total resources available less total resources required.

COMMITMENTS

In FY17, the Long-Term Finance program was $11,854 million, as compared to $11,117 million in FY16 and Core Mobilization was $7,462 million, as compared to $7,739 million for FY16, a total increase of 2%.

In addition, the average outstanding balance for Short-Term Finance was $3,185 million at June 30, 2017, as compared to $2,807 million at June 30, 2016.

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%, of the cost of any project. All IFC-financed projects, therefore, require other financial partners.

FY17 and FY16 long-term finance and core mobilization (US$ millions)

	FY17	FY16
Total Long-Term Finance and Core Mobilization	**$19,316**	**$18,856**
Total Long-Term Finance	$11,854	$11,117
Total Core Mobilization	$ 7,462	$ 7,739

Funds managed by AMC and their activities FY17 vs FY16 (US$ millions unless otherwise indicated)

	AS OF JUNE 30, 2017				FOR THE YEAR ENDED JUNE 30, 2017	
	TOTAL FUNDS RAISED					
	TOTAL	FROM IFC	FROM OTHER INVESTORS	TOTAL COMMITTED BALANCE	INVESTMENT COMMITMENTS MADE BY FUND	INVESTMENT DISBURSEMENTS MADE BY FUND
IFC Capitalization (Equity) Fund, L.P. (Equity Capitalization Fund)	$1,275	$ 775	$ 500	$ 885	$ –	$ –
IFC Capitalization (Subordinated Debt) Fund, L.P. (Sub-Debt Capitalization Fund)	1,725	225	1,500	1,562	–	–
IFC African, Latin American and Caribbean Fund, LP (ALAC Fund)	1,000	200	800	646	24	14
Africa Capitalization Fund, Ltd. (Africa Capitalization Fund)	182	–	182	108	–	–
IFC Russian Bank Capitalization Fund, LP (Russian Bank Cap Fund)*	550	250	300	–	–	–
IFC Catalyst Fund, LP, IFC Catalyst Fund (UK), LP and IFC Catalyst Fund (Japan), LP (collectively, Catalyst Funds)	418	75	343	304	49	48
IFC Global Infrastructure Fund, LP (Global Infrastructure Fund)**	1,430	200	1,230	600	189	151
China-Mexico Fund, LP (China-Mexico Fund)	1,200	–	1,200	320	180	43
IFC Financial Institutions Growth Fund, LP (FIG Fund)	505	150	355	133	–	37
IFC Global Emerging Markets Fund of Funds, LP and IFC Global Emerging Markets Fund of Funds (Japan Parallel), LP (collectively, GEM Funds)	800	150	650	202	99	44
IFC Middle East and North Africa Fund, LP (MENA Fund)	162	60	102	15	15	15
Women Entrepreneurs Debt Fund, LP (WED Fund)	110	30	80	66	40	45
IFC Emerging Asia Fund, LP (Asia Fund)	440	150	290	70	70	70
Total	**$9,797**	**$2,265**	**$7,532**	**$4,911**	**$666**	**$467**

	AS OF JUNE 30, 2016				FOR THE YEAR ENDED JUNE 30, 2016	
	TOTAL FUNDS RAISED					
	TOTAL	FROM IFC	FROM OTHER INVESTORS	TOTAL COMMITTED BALANCE	INVESTMENT COMMITMENTS MADE BY FUND	INVESTMENT DISBURSEMENTS MADE BY FUND
IFC Capitalization (Equity) Fund, L.P. (Equity Capitalization Fund)	$1,275	$ 775	$ 500	$1,013	$ –	$ –
IFC Capitalization (Subordinated Debt) Fund, L.P. (Sub-Debt Capitalization Fund)	1,725	225	1,500	1,609	–	–
IFC African, Latin American and Caribbean Fund, LP (ALAC Fund)	1,000	200	800	764	63	81
Africa Capitalization Fund, Ltd. (Africa Capitalization Fund)	182	–	182	130	23	29
IFC Russian Bank Capitalization Fund, LP (Russian Bank Cap Fund)*	550	250	300	59	–	–
IFC Catalyst Fund, LP, IFC Catalyst Fund (UK), LP and IFC Catalyst Fund (Japan), LP (collectively, Catalyst Funds)	418	75	343	258	83	48
IFC Global Infrastructure Fund, LP (Global Infrastructure Fund)**	1,430	200	1,230	433	5	102
China-Mexico Fund, LP (China-Mexico Fund)	1,200	–	1,200	140	140	4
IFC Financial Institutions Growth Fund, LP (FIG Fund)	464	150	314	133	133	96
IFC Global Emerging Markets Fund of Funds, LP and IFC Global Emerging Markets Fund of Funds (Japan Parallel), LP (collectively, GEM Funds)	406	81	325	108	108	25
IFC Middle East and North Africa Fund, LP (MENA Fund)	162	60	102	12	12	12
Women Entrepreneurs Debt Fund, LP (WED Fund)	90	30	60	30	30	10
Total	**$8,902**	**$2,046**	**$6,856**	**$4,689**	**$597**	**$407**

* The Russian Bank Cap Fund has completed the exit from all its investments and has initiated the termination and dissolution of the 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, 2017, IFC expanded its sustainable development impact through private sector investments and advice.

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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 2017 Annual Report, www.ifc.org/annualreport, provides downloadable PDFs of all materials in this volume and translations as they become available. Follow the report on social media: #ifcar17

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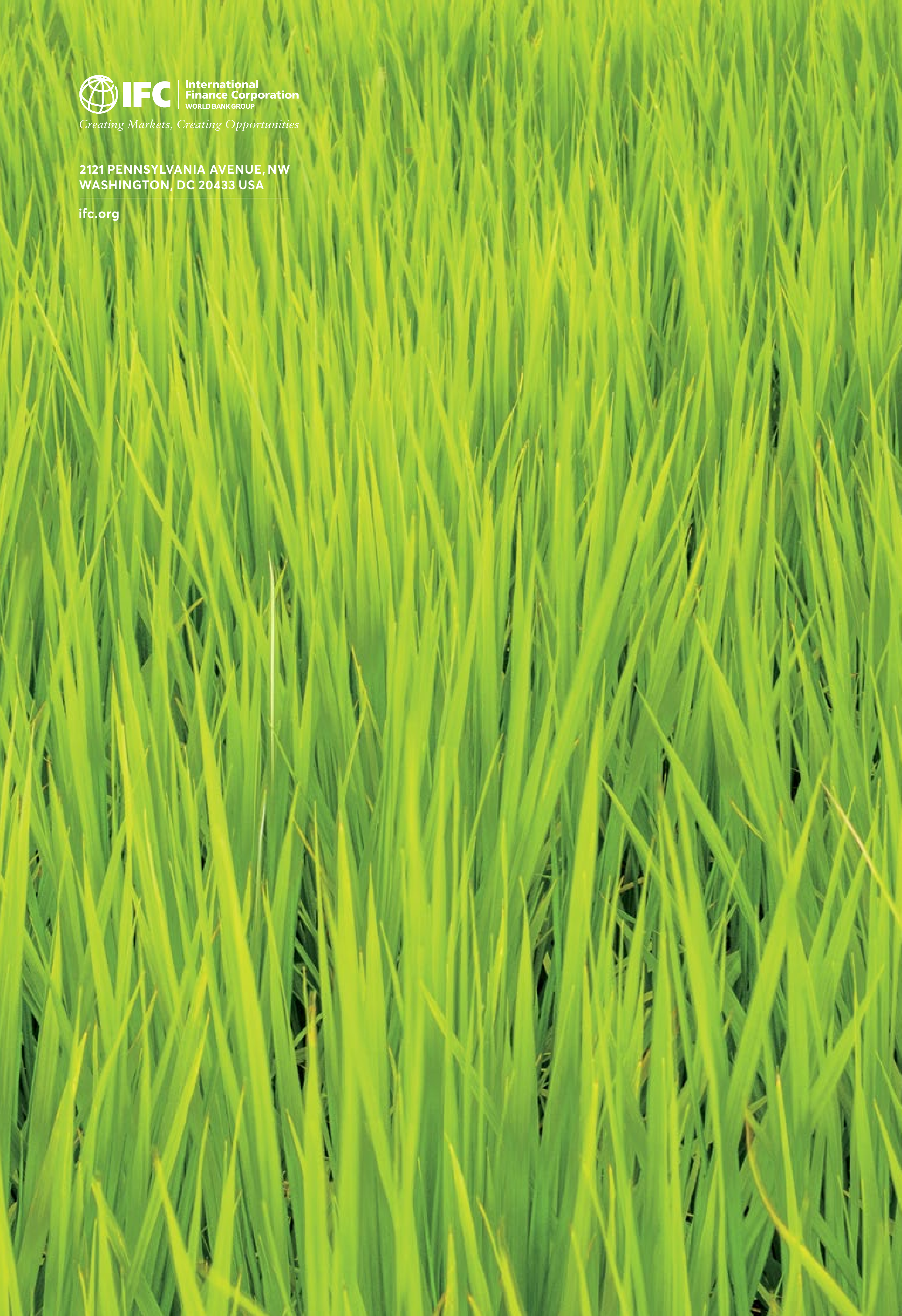

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