

**HIGHLIGHTS FROM THE
IFC ANNUAL REPORT 2017**

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.

\$2.9

BILLION

EAST ASIA &
THE PACIFIC

\$3.3

BILLION

EUROPE &
CENTRAL ASIA

\$5.3

BILLION

LATIN AMERICA &
THE CARIBBEAN

\$1.4

BILLION

MIDDLE EAST &
NORTH AFRICA

\$2.8

BILLION

SOUTH ASIA

\$3.5

BILLION

SUB-SAHARAN
AFRICA

IFC Operational Highlights

Dollars in millions, for the years ended June 30

	2017	2016	2015	2014	2013
Long-Term Investment Commitments					
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					
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					
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					
Average Outstanding Balance	\$ 3,185	\$ 2,807	\$ 2,837	\$ 3,019	\$ 2,739
Advisory Services					
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.

Letter from
Philippe Le Houérou
IFC Chief
Executive Officer

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

DEVELOPMENT RESULTS

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

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>

Development Reach by IFC's Clients

Jobs	PORTFOLIO CY15	PORTFOLIO CY16
Employment (millions of jobs) ¹	2.4	2.4
Microfinance loans²		
Number (million)	51.2	53.7
Amount (\$ billions)	59.5	60.7
SME loans²		
Number (million)	7.6	8.3
Amount (\$ billions)	343.7	351.1
Trade finance³		
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.

FY17 Long-Term Commitments

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

Total	\$11,854	100.00%	
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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%	
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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 Advisory Services Program Expenditures

Dollar amounts in millions

Total	245.7	100.0%	
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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%	

“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.”

Philippe Le Houérou

IFC Chief Executive Officer

ABOUT IFC

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

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

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

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

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**2121 PENNSYLVANIA AVENUE, NW
WASHINGTON, DC 20433 USA**

ifc.org