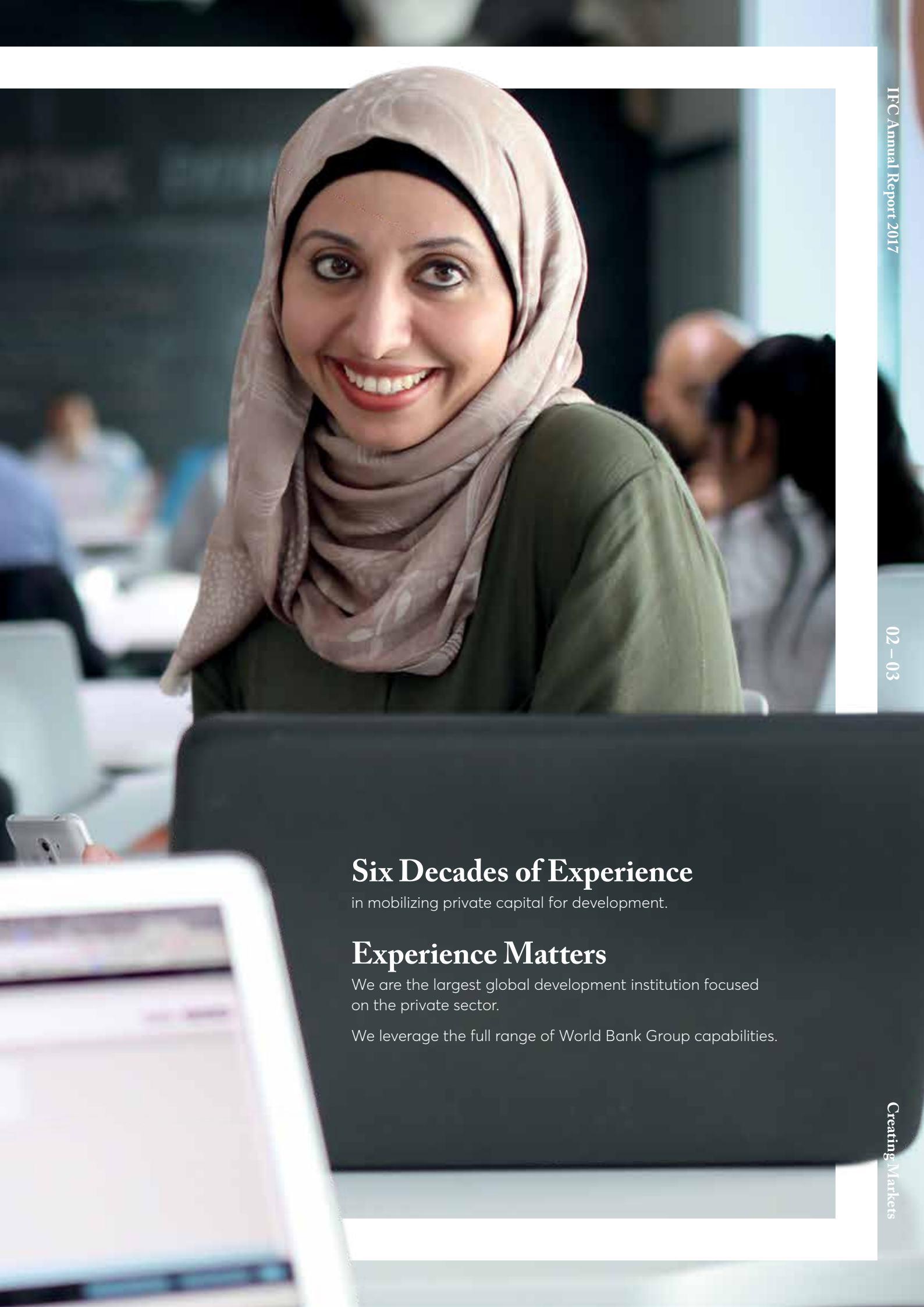


There are **Big**
Opportunities
in Development
Finance...

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

IFC 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.

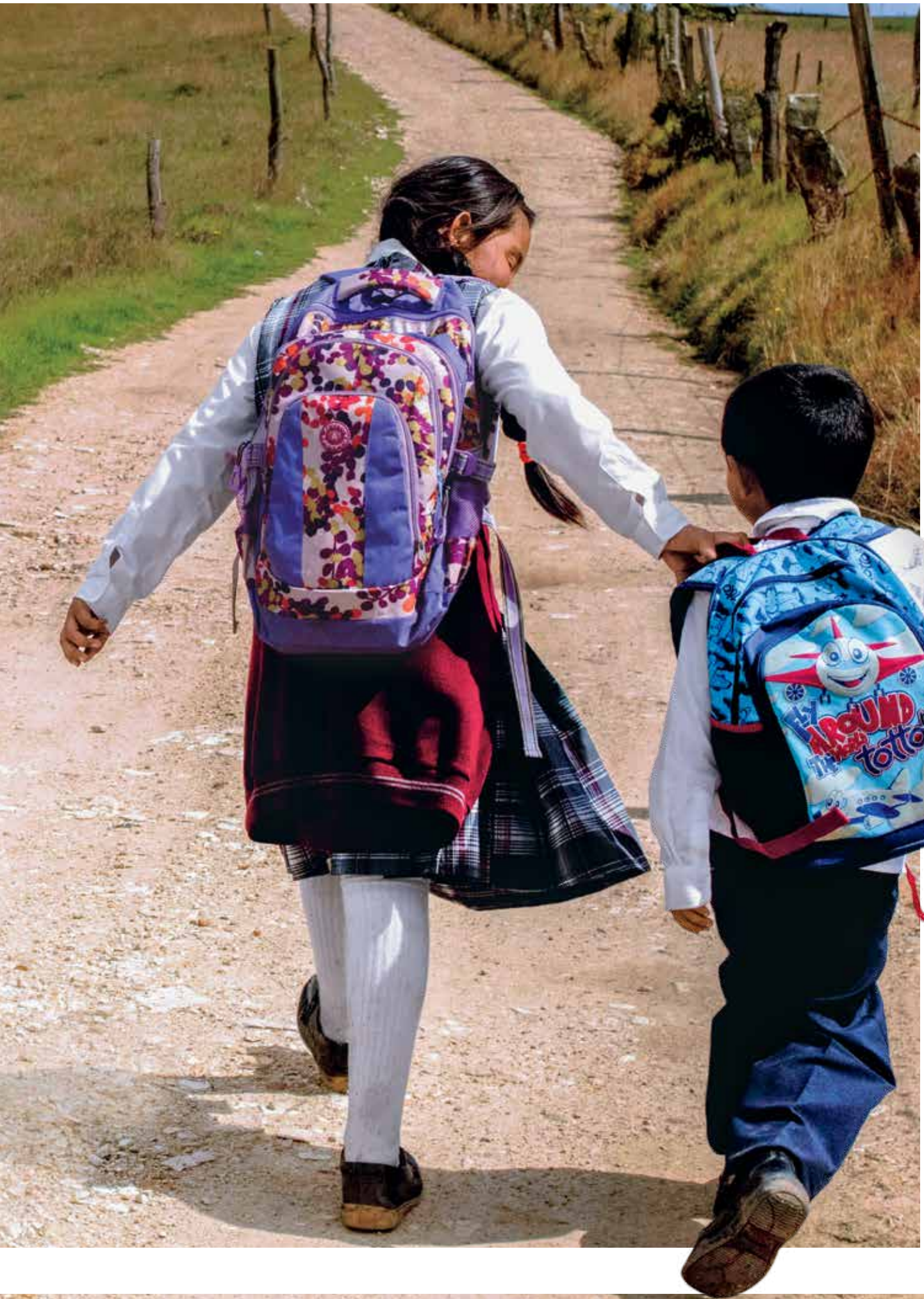
Digital Finance: IFC and China's Ant Financial Services Group are helping 100 million people access financial services by 2020.

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





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

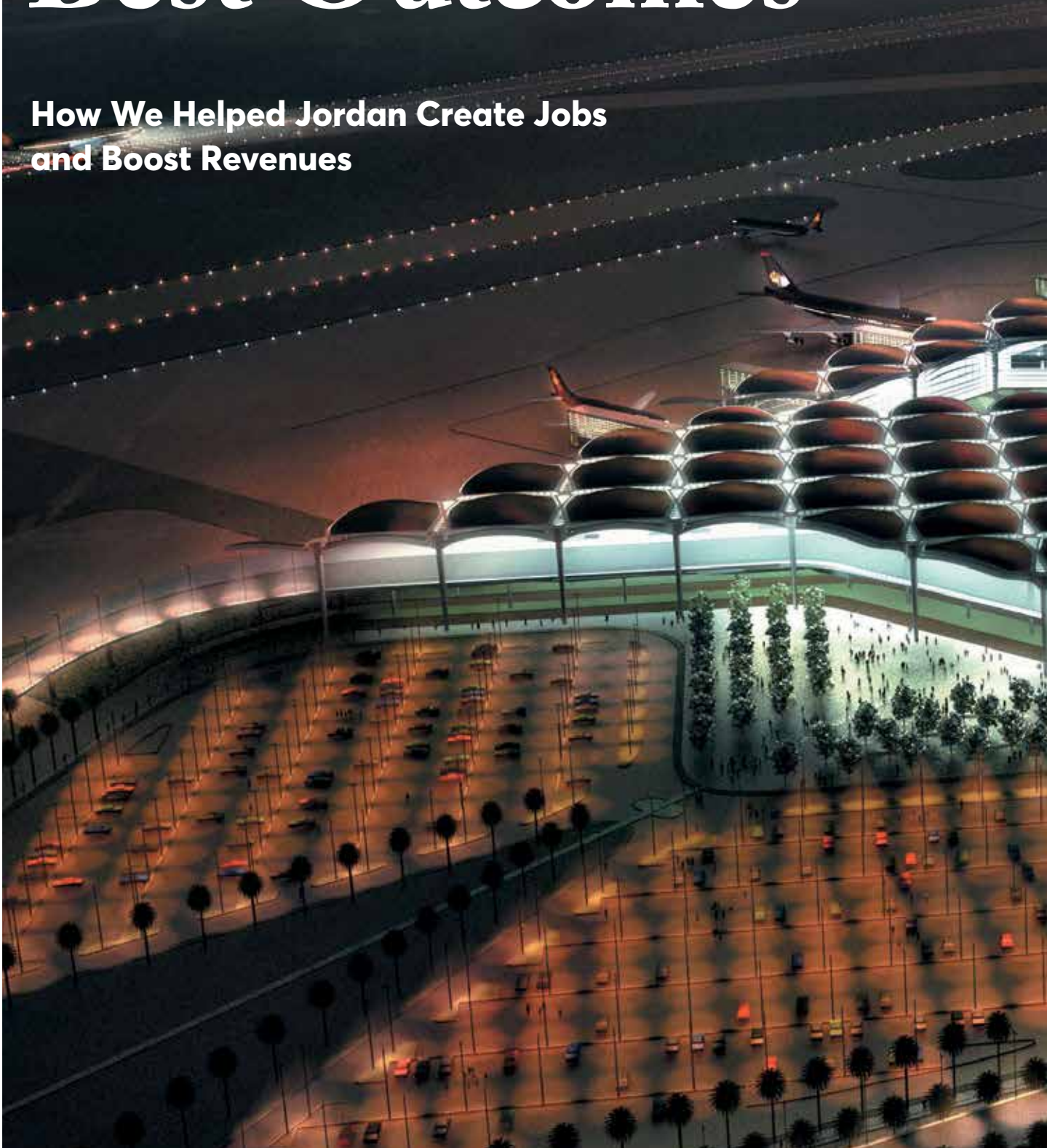
Uses small amounts of concessional donor funds to mitigate risks, opening the door to much larger amounts of private investment.

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

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

Putting IFC at the Heart of Development Finance

Growth = Jobs = Stability





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.

A handwritten signature in black ink, appearing to read 'Jim Yong Kim'. The signature is stylized and fluid, written over a light-colored background.

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



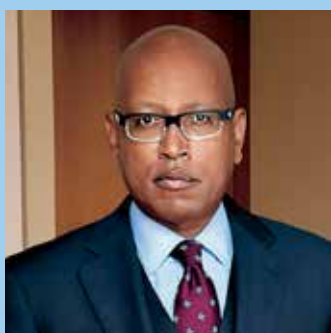
Bernard Lauwers

Vice President and World Bank Group Controller



Nena Stoilkovic

Vice President, Blended Finance and Partnerships



Ethiopis Tafara

General Counsel and Vice President, ESG Sustainability and Compliance Risk



Dimitris Tsitsiragos

Vice President, New Business



Stephanie von Friedeburg

Vice President, Corporate Strategy and Resources



Gavin E.R. Wilson

CEO, IFC Asset Management Company