

REDEFINING DEVELOPMENT FINANCE

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Across the world, debt has reached historic proportions. In the wealthiest countries, it is at levels unseen since World War II. In developing countries, it is at thresholds untested since the 1980s debt crisis. That poses a formidable challenge to the global effort to end extreme poverty by 2030 and boost shared prosperity. Overcoming this challenge requires a new mind-set.

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Putting Private
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IFC WORKS TO
MAXIMIZE FINANCING
FOR DEVELOPMENT.

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LOCAL CAPITAL MARKETS:

Building Private
Sector Growth
and Stability




Photo: In the least-developed countries, IFC helps reduce investment risks to attract private finance that will benefit the poor.

DE-RISKING TOOLS

REMOVING A BARRIER TO PROGRESS IN TOUGH MARKETS

Each year, more than \$1.5 trillion moves across international borders — as foreign direct investment that helps businesses and economies innovate and grow. Most of it goes to just 10 countries. Barely 1 percent trickles into areas with the greatest need for investment: countries affected by conflict and instability.

A key reason is risk — or investors' perceptions of it. In choosing where to put their money, investors make complex judgments about an array of risks and uncertainties — financial, regulatory, legal, and political, among others. These tend to be greatest in the smallest, poorest, and most fragile economies. Reducing these risks — or enabling investors to share them more widely — can unlock significant private capital.

IFC and the World Bank Group have introduced several innovations to do exactly that. In FY18, we teamed up with the World Bank's International Development Association to create the \$2.5 billion *IDA18 IFC-MIGA Private Sector Window*, a facility to accelerate private sector investment in IDA countries — with a special emphasis on fragile and conflict-affected areas. The facility enables IFC and other investors in these countries to share investment risks with development institutions.

We used the window for the first time to unlock \$500 million for housing finance in West Africa, where fewer than 7 percent of households can afford to buy their own home. Using the window, IFC bought \$9 million in long-term local-currency bonds issued by Caisse Régionale de Refinancement Hypothécaire de l'UEMOA, a leading mortgage-refinancing company. Our investment will enable the company to expand its portfolio of housing loans by \$500 million while deepening the local bond market.

In the riskiest markets, IFC also works with a variety of development partners (see page 98) to help private investors transfer some of their risks. We do so, in part, through blended finance (see page 79) — which involves using concessional donor funds to mitigate specific investment risks. In FY18, IFC used \$218 million of donor funds to catalyze \$1.5 billion in private investment.

IFC also plays a prominent role in facilitating public-private partnerships (PPPs). Since 2004, IFC-structured PPPs have facilitated at least \$27.5 billion in private investment.

FY18 marked a milestone for an IFC-led PPP project in Brazil that is modernizing infrastructure in the state of São Paulo: concessions for three of four roads in a 1,500-kilometer project were auctioned, setting records for concession fees to the government and establishing the foundation for about \$4 billion in new investment to complete the project. Our innovative work prompted the national government to ask IFC to structure similar PPPs at the national level.



\$500M
**UNLOCKED FOR
HOUSING FINANCE
IN WEST AFRICA**

MOBILIZATION

PUTTING PRIVATE CAPITAL TO WORK FOR DEVELOPMENT

Across the world, at least \$100 trillion in financing is available from institutional investors — such as insurance companies, sovereign funds, and pension funds.

That's more than enough to cover the \$4.5 trillion in financing that developing countries need each year to achieve the Sustainable Development Goals by 2030. But tapping the world's vast pool of private capital requires a new mind-set. Private investors can be mobilized to help address the most urgent development challenges — provided investment risks and returns are balanced appropriately.

IFC is a global leader in mobilizing private capital. We do it through two major channels. The first is our loan-syndications program, which since 1959 has mobilized \$69 billion from over 500 financing partners for around 1,000 projects in 115 countries. The second, IFC Asset Management Company, has raised \$10.1 billion in assets from institutional investors — including \$2.3 billion from IFC.

The *Managed Co-Lending Portfolio Program* is our main loan-syndication platform. IFC created MCPP in 2013, when the People's Bank of China pledged \$3 billion for investment in IFC projects. Since then, the platform has more than doubled in size by including a variety of global institutional investors. In 2017, the Hong Kong Monetary Authority committed \$1 billion to MCPP. This will support financing of projects in over 100 countries.

We continue to introduce fresh innovations, including credit-mobilization transactions. These transactions enable us to provide more financing to our clients by leveraging the risk-bearing capacity of insurance companies. Two recent examples are our *MCPP Financial Institutions* and *MCPP Unfunded Risk Participation* initiatives, which will tap \$500 million apiece in unfunded credit insurance from Munich Re, Liberty Specialty Markets, and Swiss Re Corporate Solutions.

Credit mobilization helped IFC provide \$185 million to Vietnam International Commercial Joint Stock Bank, enabling the bank to expand its portfolio of affordable mortgages and loans to small and medium enterprises. Two global insurers, Liberty Mutual and Munich Re, provided credit insurance to benefit the project. Overall, in FY18, credit-mobilization transactions supported \$325 million of investments made for IFC's own account.

In 2018, the IFC Emerging Asia Fund — managed by IFC Asset Management Company — reached final close, having raised \$693 million to make growth-capital investments in 26 Asian countries. In Mozambique, we helped mobilize nearly \$2.7 billion from a variety of lenders to support the Nacala Corridor railway project. The newly built 912-kilometer line will connect two land-locked countries — Zambia and Malawi — to the deepest port in southern Africa. It is expected to result in significant job creation in the region — up to 1 million jobs by 2040.





Photo: IFC financing is helping Vietnam International Commercial Joint Stock Bank widen its portfolio of affordable SME loans.



LOCAL CAPITAL MARKETS

BUILDING PRIVATE SECTOR GROWTH AND STABILITY

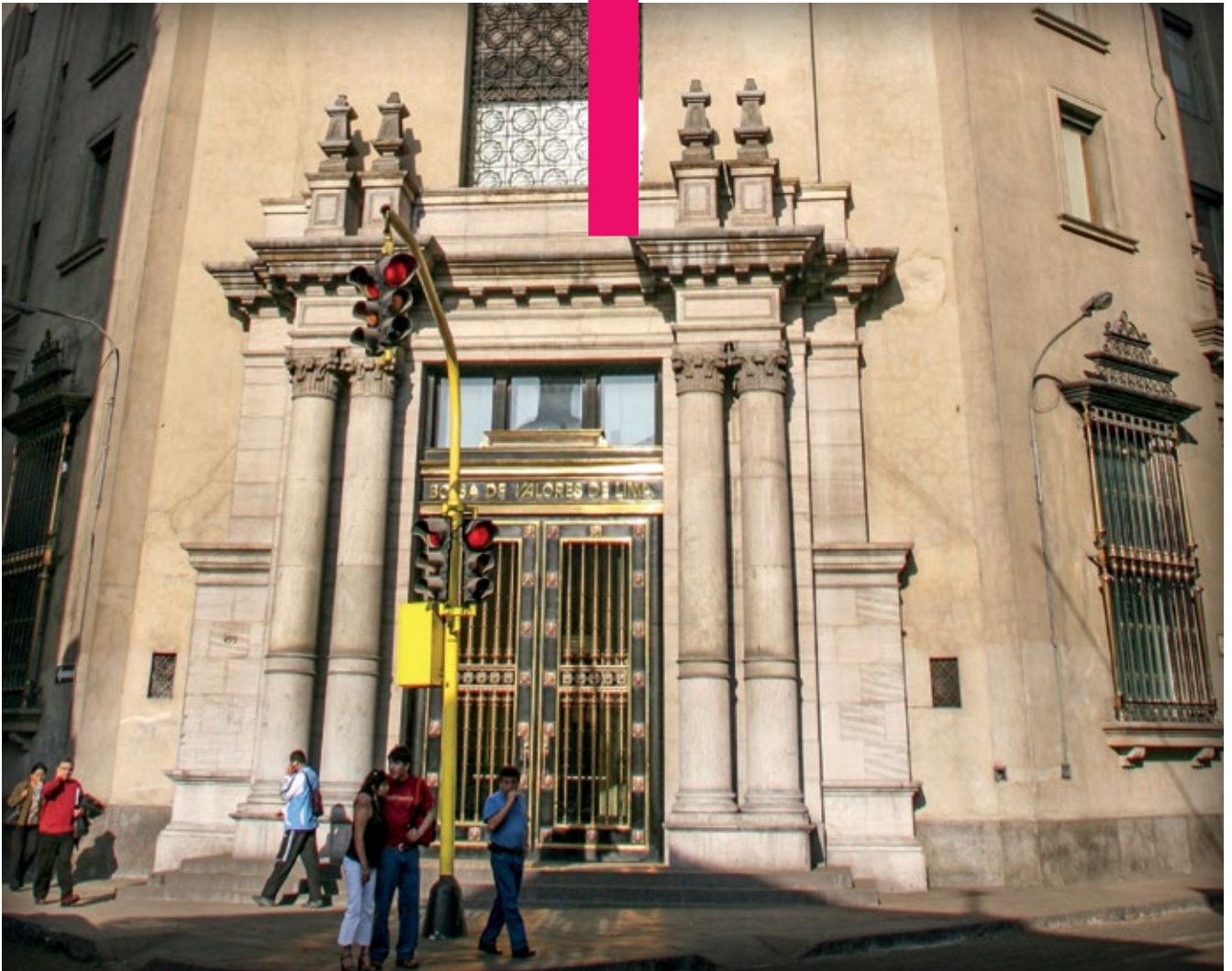
Deep and efficient local capital markets are essential for lasting prosperity.

They drive growth, helping companies to expand and create more jobs. They help people buy homes, pay for college, and save for retirement. They help governments secure financing for roads, schools, and hospitals. They shield local economies against an array of financial hazards that can emerge from abroad.

Such markets, however, remain small in developing countries. Although they account for more than a third of the world's economic output, developing countries represent just 10 percent of the capitalization of stock markets worldwide. These countries also constitute a disproportionately small share of the global market for corporate bonds.

Photo (above): In Uzbekistan, IFC's sum-denominated bond raised \$10 million to expand lending to micro, small, and medium enterprises.

Photo (below): Peru is one of many countries that could benefit from the World Bank Group's Joint Capital Markets Program to strengthen local capital markets.



IFC plays a vital role in strengthening local capital markets in developing countries. We do so by issuing local-currency bonds, which can protect companies from the dangers of foreign-currency fluctuations. We encourage a variety of global investors to participate in the bond offerings. We help developing countries draft policies and regulations for stronger capital markets. Often, we are the first international issuer of bonds in these countries.

Since 2013, our local-currency bond issuances have more than quadrupled, climbing from \$183 million to close to \$806 million issued in FY18. During this period, we provided more than \$13 billion in local-currency financing in 74 different currencies — through loans, swaps, guarantees, risk-sharing facilities, and securitized products.

In Ukraine, we issued our first hryvnia-denominated loan, providing the equivalent of \$15 million to Auchan Retail — one of the largest food retailers in the world — to finance its long-term investments in the country. Our investment will help create jobs while enabling low- and middle-income households to obtain better-quality foods and goods at affordable

prices. In Uzbekistan, we launched the first sum-denominated bond to be issued in international markets, raising \$10 million to expand lending for micro, small, and medium enterprises in the country.

We take a systematic and coordinated approach to developing capital markets. The Joint Capital Markets Program, launched in 2017 by IFC and the World Bank, leverages the collective expertise of World Bank Group institutions to accelerate capital markets development wherever it is needed most — beginning with Bangladesh, Kenya, Morocco, Peru, Vietnam, and the countries of the West African Economic and Monetary Union. The first joint capital markets diagnostic mission to Bangladesh took place in December 2017.

IFC's Social Bond Program, launched in March 2017, continues to expand. IFC has issued 18 social bonds in public and private markets across six currencies, raising \$980 million for more than 30 IFC projects that benefit women-owned enterprises and businesses that create opportunities for smallholder farmers and low-income people.

CREATING MARKETS

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Smart, Sustainable
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WE FOCUS ON SECTORS THAT HAVE
THE GREATEST POTENTIAL TO CREATE
JOBS AND IMPROVE PEOPLE'S LIVES.



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INFRASTRUCTURE

ACCELERATING SMART, SUSTAINABLE DEVELOPMENT

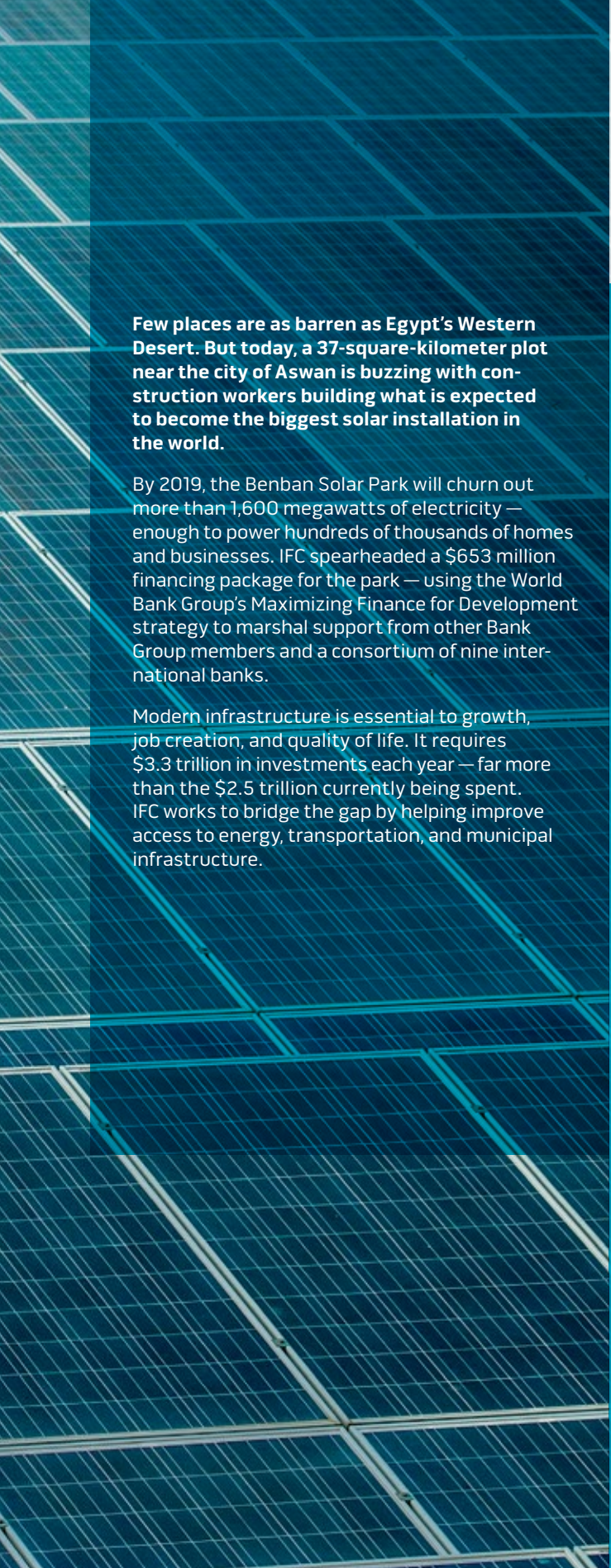
\$7.4B

INVESTED
IN FY18

79M

PEOPLE BENEFITED
FROM POWER
GENERATION

Photo: The IFC-funded Rewa Ultra Mega Solar Park in India will provide Delhi's Metro Rail Corporation with 80 percent of its daytime energy.



Few places are as barren as Egypt's Western Desert. But today, a 37-square-kilometer plot near the city of Aswan is buzzing with construction workers building what is expected to become the biggest solar installation in the world.

By 2019, the Benban Solar Park will churn out more than 1,600 megawatts of electricity — enough to power hundreds of thousands of homes and businesses. IFC spearheaded a \$653 million financing package for the park — using the World Bank Group's Maximizing Finance for Development strategy to marshal support from other Bank Group members and a consortium of nine international banks.

Modern infrastructure is essential to growth, job creation, and quality of life. It requires \$3.3 trillion in investments each year — far more than the \$2.5 trillion currently being spent. IFC works to bridge the gap by helping improve access to energy, transportation, and municipal infrastructure.

In fiscal year 2018, IFC invested nearly \$7.4 billion in core infrastructure projects, 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.

In India, the IFC-funded Rewa Ultra Mega Solar Park is expected to become operational in late 2018, providing the Delhi Metro Rail Corporation with 80 percent of its daytime energy. IFC provided a financing package totaling \$289 million — including funds mobilized from other investors — to develop the 750-megawatt plant.

Over the past decade, IFC has provided more than \$12 billion in financing for 350 urban infrastructure projects in emerging markets. In Argentina, we provided a \$300 million package to finance the construction of 17 kilometers of new roads, underpasses, and bridges to complete the ring road surrounding the city of Cordoba. The project will help promote economic growth and create job opportunities.

In Turkey, we agreed to finance a new tram line in the city of Antalya. IFC will provide a €140 million financing package to the city, enabling it to add 18 kilometers of track and 29 stations to its urban rail transit system. The new tram line will carry an additional 25 million passengers every year. In Kazakhstan, we helped put together a landmark public-private partnership to build and operate the city of Almaty's ring road, which will shorten commutes by up to an hour.

In Vietnam, we agreed to lend \$15.3 million to DNP Water to help it increase access to clean water for urban households and residents in smaller cities across the country.



Rice. Eggs. Tomatoes. They top the grocery lists of many Bangladeshis. But for people in crowded cities like Dhaka, slogging through traffic to get to the store is often more time-consuming than the shopping itself.

That's why Waseem Alim started his successful e-grocery delivery company, Chaldal, in 2013. Chaldal leads a new wave of technology start-ups in Bangladesh, and has received venture capital from several investors, including IFC.

As Bangladesh and other emerging-market economies develop a start-up investment culture, IFC is committed to their active participation in the global e-marketplace. Modern information and communication technologies make it easier for the poor to obtain access to services and resources. These technologies create opportunities and make markets more efficient.

IFC expands the availability of such technologies by channeling investments toward private companies that build modern communications infrastructure and information-technology businesses. In FY18, we invested \$376 million in initiatives related to technology, including funds mobilized from other investors — expanding our portfolio in this sector to more than \$2.4 billion.

In Mexico, Red Compartida, the largest telecommunications project in the country's history, went live in 2018 — well ahead of schedule. By 2024, the IFC-backed 4G-LTE voice and data platform is expected to provide access to online banking, health, communications, and education services to more than 92 percent of Mexicans.

Technology is also transforming Africa. In 2018, IFC helped Partech Ventures launch a €100 million fund that is expected to become the largest venture-capital fund focused on digital-technology start-ups in sub-Saharan Africa. IFC's €15 million equity investment is our first in a mainstream venture-capital fund in the region. We also invested \$6 million in Africa's Talking, a mobile-tech company that creates critical digital-infrastructure software for entrepreneurs across the continent.

Large-scale changes are underway in China, too. Truck drivers and freight shippers across the country have improved their logistics operations by connecting through Full Truck Alliance, an online marketplace also known as "Uber for trucks." The platform connects long-haul drivers with shippers throughout the country — which means these drivers no longer have to share up to half of their earnings with intermediaries. IFC invested \$15 million for our own account. IFC Asset Management Company mobilized an additional \$32 million through the IFC Catalyst Fund and the IFC Global Emerging Markets Fund of Funds.

TECHNOLOGY

DELIVERING HIGH-TECH SOLUTIONS



Photo (left): Employees of IFC-backed Chaldal in Bangladesh use technology to deliver more than 1,500 grocery orders a day.

Photo (right): An IFC fund helped Santiago Zavala set up 500 Luchadores, a Mexico City company that finances and coaches technology start-ups.



ACCESS TO FINANCE

TURNING ENTREPRENEURS' IDEAS INTO OPPORTUNITIES



\$365B
**IN SME LOANS
PROVIDED BY IFC
CLIENTS**

Zeina Khoury Daoud started selling artisanal olive oil in Lebanon at age 22. Eager to make her mark as an entrepreneur, she later launched a produce delivery service and opened a franchise of organic grocery stores.

With each venture, she faced the biggest obstacle confronting small and medium enterprises: access to finance. But BLC Bank, an IFC client known for backing Lebanon's SMEs, stood by Khoury Daoud's ideas, providing loans and advice at every step. Her businesses have grown and she continues to hire more employees.

Access to finance turns ideas into opportunities for entrepreneurs everywhere — it's essential to economic growth. In developing countries, however, 2.5 billion adults lack a bank account and 200 million businesses go without much-needed credit.

IFC works through financial institutions to provide access to finance to far more SMEs than we would be able to reach on our own. In FY18, our clients provided nearly \$365 billion in SME loans. In addition, since 2005, we have invested over \$18 billion and worked with over 550 inclusive businesses in more than 90 countries. These businesses serve low-income and underserved populations.

In Lao PDR, IFC and Thailand's TMB Bank teamed up in 2017 to provide \$9.1 million in financing to ACLEDA Bank Lao. The funding will help the bank bolster access to finance for the country's SMEs, especially those owned by women.

To reach even more people across emerging markets, IFC worked with Crédit Agricole CIB on an innovative transaction that will enable the bank to boost its trade-finance activities and lend an additional \$510 million to support health, education, and other key services. Through the Synthetic Risk Transfer transaction, we provided \$85 million in credit-risk protection on Crédit Agricole CIB's \$2 billion portfolio of emerging-market trade finance and corporate loans, enabling it to expand lending.

IFC's \$200 million investment through offshore local-currency bonds in India's Housing Development Finance Corporation is also helping to expand affordable housing. HDFC will allocate \$600 million from its own resources to create a fund that will finance the construction of 80,000 homes by 2022 — helping to fulfill the country's ambitious "Housing for All" plan.

In Turkey, where women entrepreneurs face a credit gap of \$5 billion, IFC invested \$75 million in the first private sector gender bond in emerging markets. The bond, issued by Garanti Bank, is expected to triple the number of loans to the bank's women clients over the next five years.

Photo: Lebanese organic farmer Zeina Daoud launched a successful organic-grocery franchise and delivery service, backed by financing from an IFC client.

AGRIBUSINESS

BOOSTING FARMERS' PRODUCTIVITY AND INCOMES

Kakuy Ouanko's family has relied — for generations — on the sale of cotton and cereals to earn a living. The size of the crop determines how much food his family will have for the year — and whether he can afford to send his children to school.

Without access to proper inputs or technology, there's little Kakuy can do to reduce his vulnerability to bad weather.

But a project being implemented by the Société Burkinabè des Fibres Textiles (SOFITEX) — with support from IFC and the World Bank — aims to address this challenge in west Burkina Faso, where Kakuy lives. The project provides farmers with financing and training for soil and water management, rainwater capture, and irrigation to stabilize and increase cotton yields, boosting their incomes. The goal is to reach 1,000 farmers in four years — Kakuy being one of them.

Making smallholder farmers more productive and resilient is an important step in the effort to end global poverty. About three-quarters of the world's poor live in rural areas, toiling on tiny plots of land that yield barely enough to support basic family needs.

IFC supports programs that link smallholder farmers to modern supply chains, enabling them to adopt farming practices that will increase productivity and profitability. This is one element of our comprehensive approach to agribusiness. In FY18, our overall investments in agribusiness and forestry totaled nearly \$1.6 billion, including funds mobilized from other investors. Our clients created opportunities for about 3.7 million farmers.

We work with the entire supply chain to build sustainable food-production systems. To help clients finance inventories, seeds, and farm chemicals, we offer working-capital facilities. To facilitate trade and reduce cost, we invest in infrastructure, including ports and warehouses.

In India, we worked with the state of Odisha on a public-private partnership to develop, finance, and maintain facilities for rice storage. The reserves will provide food security to the poor in remote areas of the state, which is often hit by cyclones and other natural disasters. The project is now being replicated in other locations in Odisha, potentially benefiting more than 300,000 people.

We also help agribusiness companies in developing countries become more competitive. In Argentina, we partnered with Rabobank to arrange a \$410 million finance package to help Renova build a new grain port and boost its soy-processing capacity.

Photo: Ousmane Sie helps his company — IFC client SOFITEX — change the lives of cotton farmers through financing and better training.

OUR CLIENTS
CREATED OPPORTUNITIES
FOR ABOUT

3.7M
FARMERS



HUMAN CAPITAL

PROMOTING ACCESS TO BETTER EDUCATION AND HEALTH

Byju Raveendran is among the few to score 100 percent on India's famously difficult Common Admission Test, a post-graduate entrance exam.

Having spent a few years teaching others how to ace the test, he became determined to solve a more basic problem — how to offer Indian students a world-class math education to prepare them for 21st-century jobs. Now, 900,000 users across India pay for subscriptions to Byju's, the interactive app Raveendran created. Bolstered by financing from IFC and other investors, the app is expected to help narrow India's education gap.

India is hardly the only country whose citizens crave high-quality services that can help their families thrive. Worldwide, IFC finances health and education companies that move societies forward. In FY18, we provided \$769 million in financing to such companies, including funds mobilized from other investors. Our clients helped provide education for 5.7 million students and delivered health care to 41.2 million patients.

IFC's efforts in education reached Jordan — where our \$8.8 million investment in Luminus is helping students gain skills tailored to economic needs — and Africa, where our client Andela helps train and place students in technology jobs across the globe. Market-responsive education is a focus of IFC's work in China, where we arranged a syndicated local-currency loan of about \$200 million for the micro-loan unit of the technology company Baidu. This unit finances tuition fees for women enrolled in vocational training and business-focused institutions.

To assure the best match between a student's education and her career prospects, we introduced an Employability Assessment Tool that allows institutions to evaluate the effectiveness of professional placement services. The tool goes beyond indicators like graduation and placement rates to assess the quality and relevance of learning — guiding educators to tailor their offerings to better suit employers' needs.

We are working equally hard to improve people's access to quality health care. In the Kyrgyz Republic, an IFC public-private partnership is building six dialysis centers that will serve more than 70 percent of the population. It is making possible at-home dialysis, which citizens never had access to before — easing hospitals' load and reducing patients' time, travel, and expense. A similar PPP in Bangladesh resulted in an eightfold increase in the country's capacity to provide dialysis services. This addresses a significant social need in a nation where fewer than 10 percent of people with end-stage renal disease receive dialysis treatment.

In Kenya, expanding access to quality retail pharmacies is helping to transform health care. IFC's investment of \$3 million in Goodlife Pharmacy helped the chain add over 70 new outlets. Goodlife has become East Africa's largest pharmaceutical retail company — operating over 100 licensed pharmacies with cutting-edge technology systems in high-traffic retail centers, gas stations, and health clinics.



Photo (left): IFC investee Goodlife Pharmacies is helping Kenyans access genuine high-quality drugs through more than 100 outlets across the country.

Photo (below): In Nairobi, Mbarak Mbigo trains software developers at Andela, an IFC client.



PROMOTING SUSTAINABILITY



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SUSTAINABILITY:
A \$12 Trillion
Opportunity for
Businesses



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CLIMATE BUSINESS:
Driving a
Greener Path
to Growth



SUSTAINABILITY IS AT
THE HEART OF EVERYTHING WE DO —
BECAUSE THE WORLD'S FUTURE
DEPENDS ON IT.

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GENDER:

Investing in
Women to Boost
Prosperity

SUSTAINABILITY

A \$12 TRILLION OPPORTUNITY FOR BUSINESSES

It's a formidable undertaking: Globally, as much as \$7 trillion a year in investments will be needed to achieve the Sustainable Development Goals by 2030 — including up to \$4.5 trillion in developing countries. But along with the massive costs come massive opportunities.

Businesses stand to gain at least \$12 trillion a year in market opportunities by adopting sustainable practices and contributing in other ways to achieving the goals, according to the Business & Sustainable Development Commission. Surveys show businesses see many compelling reasons to boost their performance on sustainability — customers and employees expect it, regulators and investors demand it.

Emerging markets have joined the push toward sustainability as well. The first Global Progress Report of the IFC-supported Sustainable Banking Network shows that emerging markets have become a major force in driving development and fighting climate change: Thirty-four emerging-market countries have initiated banking reforms to expand sustainable lending.

Those 34 countries account for \$42.6 trillion in bank assets — more than 85 percent of total bank assets in emerging markets — and all have made progress in advancing sustainable finance. Reforms implemented require banks to assess and report on environmental and social risks in their lending operations and put market incentives in place for banks to lend to green projects.

For more than six decades, IFC has led the way in helping businesses become more sustainable. The IFC Performance Standards (see page 102) have become a global benchmark for sustainability practices. With these as a guide, our clients can craft business solutions that are as good for communities and the environment as they are for the bottom line.

Fifteen years ago, IFC's environmental and social safeguards inspired the Equator Principles — the beginning of rigorous environmental and social standards for investment projects in the international banking industry. Today, 94 financial institutions in 37 countries have adopted the principles. Other leading development institutions — including the European Bank for Reconstruction and Development and the Asian Development Bank — have adopted practices rooted in our standards. In addition, our Corporate Governance Methodology (see page 103) has been adopted by 35 development finance institutions.

Our push for green buildings continues. In Indonesia — a leading emitter of greenhouse gases — we joined with local architects and construction companies to promote green initiatives in new housing projects. This will help cut annual greenhouse emissions by 1.2 million metric tons, avoid 500 megawatt-hours of energy use, and save almost \$200 million per year by 2021.

This year, we launched the Disclosure and Transparency Toolkit, an ambitious effort to create environmental, social, and governance principles for capital markets. Global stock exchanges, regulators, investors, and development and donor organizations see the toolkit as important guidance for developing countries to use in advancing transparency in their capital markets.





Photo (top): Across the world, projects in which IFC invests must follow the IFC Performance Standards — a global benchmark for sustainability practices.

Photo (bottom): The Ciputra Residence — a green-buildings project in Indonesia — illustrates how IFC helps clients create business solutions that are good for the environment.

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DEVELOPMENT INSTITUTIONS
ADOPTED IFC'S CORPORATE
GOVERNANCE METHODOLOGY



An aerial photograph of a tropical island. The water is a vibrant turquoise color, transitioning to a deeper blue further out. The island is densely packed with palm trees and other lush greenery. Several small, thatched-roof huts are visible among the trees. A small sandy beach is visible on the left side of the island, with a few small boats anchored nearby. The sky is a clear, bright blue with a few scattered white clouds.

CLIMATE BUSINESS

DRIVING A GREENER PATH TO GROWTH



\$8.4B

PROVIDED IN
CLIMATE-SMART
FINANCING

Photo: IFC helped the island nation of Fiji raise \$50 million through a sovereign green bond.



Private investors increasingly have the appetite and capacity to invest in climate-smart projects in emerging markets. Yet they often lack the proper tools to make investments happen.

That leaves a significant gap in financing available to tackle climate change. Shifting to a greener path of growth could help countries accelerate job creation while cutting fuel costs and saving lives. By 2030, it could also open up at least \$23 trillion in investment opportunities for businesses in some of the largest emerging-market economies.

IFC plays a key role in advancing private sector solutions to address climate change. In FY18, we provided \$8.4 billion in climate-smart financing, including a record \$4.5 billion mobilized from others. This accounted for 36 percent of our total commitments for the year — including funds mobilized from others — and exceeded our target for 2020. Our investments are expected to help our clients reduce greenhouse emissions by an estimated 10.4 million metric tons annually.

Our investment decisions increasingly are driven by climate-related considerations. In three industry sectors where greenhouse emissions tend to be high — thermal power generation, chemical and fertilizers, and cement — we now assign carbon prices to encourage the adoption of technologies and processes that will help lower emissions. This approach reflects the recommendations of the *Report of the High-Level Commission on Carbon Prices*.

Green bonds are an especially attractive financing tool for infrastructure projects as they provide a potentially low-cost and long-term source of capital. At the end of FY18, IFC had issued a total of \$7.6 billion in green bonds over the years. In 2018, we — along with Amundi, Europe's largest asset manager — launched the world's largest targeted green-bond fund focused on emerging markets, the Amundi Planet Emerging Green One. The fund, which closed at \$1.42 billion, is expected to deploy \$2 billion into emerging markets green bonds over its lifetime as returns are reinvested.

In 2017, IFC led World Bank Group efforts, with support from Australia, to help the Pacific Island nation of Fiji raise \$50 million through a sovereign green bond — the first to be issued by a developing nation, and the first of its kind to be listed on the London Stock Exchange. Fiji needs investment of more than \$4 billion in the next 10 years to reduce its vulnerability to climate change.

Sustainable power generation is a priority area. In Serbia, we are helping the city of Belgrade turn its waste-disposal problem into energy. The city generates 500,000 tons of waste each year — and the current landfill constitutes a significant environmental threat. In September 2017, we helped the city create a public-private partnership to build and operate a complex that will transform waste into energy and heat for the city.

In the Dominican Republic, IFC and Canada completed an \$80 million financing package — including \$17 million in blended-finance support — for the construction and operation of a new, grid-connected, 50-megawatt wind farm. The Pecasa wind farm will be one of the country's largest and will reduce greenhouse gases by a volume equivalent to taking 20,000 cars off the road.

INVESTING IN WOMEN TO BOOST PROSPERITY

For years, Mansa Devi's family struggled to pay her children's school fees and buy their textbooks.

That changed in 2016, when she became an entrepreneur with Dharma Life, a distribution partner of IFC's Lighting Asia/India program. Devi, who lives in one of India's poorest states, now goes door-to-door selling solar-powered lamps. Her income meets her family's needs, and the training has sharpened her sales acumen. When she pitches the solar lamps, she reminds potential customers: "You can use them to charge your mobile phones."

Women like Devi constitute a powerful force for economic growth and opportunity across the world. In developing countries, they account for about a third of small and medium enterprises — the engine of job creation. They make up 41 percent of the formal workforce worldwide. Yet they remain significantly underrepresented in most economic activities. Research shows that increasing their participation could boost economic output by trillions of dollars a year.

IFC works to expand that participation — by providing investment and advice that enables our clients to create opportunities for women, by conducting research that highlights the business case for gender inclusion, and by developing global and country-specific partnerships that support women as employees, entrepreneurs, consumers, and business leaders. In FY18, our clients provided more than 800,000 jobs to women in emerging economies, and delivered \$11.4 billion in loans to small and medium enterprises owned by women.

For women entrepreneurs, access to finance is key to their success. But they also need linkages to markets and advice to overcome policy and legal barriers. To address their needs, IFC and the World Bank helped set up the Women Entrepreneurs Finance Initiative, or We-Fi, with financial support from 14 governments. Under the initiative, several multilateral development banks will offer finance and advice to public and private institutions. We-Fi's first round of financing is expected to drive \$1.6 billion in investments.

Through the Women Entrepreneurs Opportunity Facility (WEOF), launched in 2014 by IFC's Banking on Women program and Goldman Sachs' 10,000 Women initiative, IFC has made over \$1.1 billion in investments in 41 financial intermediaries in 29 countries — surpassing its original target size of \$600 million. It has also funded 9 advisory projects in 9 countries with total project value of \$4.2 million.

IFC also publishes research that underscores the business case for reducing the gender gap. Our *Tackling Childcare* report, for example, was designed to help companies identify the type of childcare support they can offer to their employees — while reaping gains through improved productivity. Another report, *Driving toward Equality*, explored how new technologies like ride-hailing apps can enable women's equal participation in the economy.

We also promote diversity in corporate leadership. Our *Women on Boards* program, and our collaborations with regional women's networks, encourage corporations to retain diverse talent, cultures, and perspectives.



Photo (left): IFC's *Lighting Asia/India* program turned housewives like Mansa Devi into successful earners. She sells solar lamps.

Photo (right): Ung Sopheap, who runs a weaving center in Phnom Penh, Cambodia, grew her business with a loan from IFC client ACLEDA Bank.





ENDING POVERTY



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IDA AND CONFLICT-
AFFECTED AREAS:
Combating
Poverty in the
Toughest Areas



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SUB-SAHARAN AFRICA:
A Continent of
Opportunity
for Businesses



BY 2030, ABOUT HALF THE
WORLD'S POOR WILL LIVE IN AREAS
TORN BY CONFLICT AND VIOLENCE —
PARTICULARLY IN AFRICA, SOUTH
ASIA, AND THE MIDDLE EAST.

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SOUTH ASIA:
Helping 250 Million
People Escape
Extreme Poverty

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**MIDDLE EAST
AND NORTH AFRICA:**
Accelerating
Growth and Job
Creation

IDA AND CONFLICT-
AFFECTED AREAS

COMBATING POVERTY IN THE TOUGHEST AREAS



KENYA

KAKUMA REFUGEE
CAMP REPRESENTS A
\$56M/YR MARKET

Poverty increasingly is concentrated in areas where it's hardest to eradicate.

About 1.3 billion people live in 75 of the world's poorest countries — those eligible to borrow from the World Bank's International Development Association. By 2030, nearly half of the world's extremely poor will live in fragile and strife-torn areas.

IFC is taking a comprehensive approach to eradicate poverty in these countries. We are helping to create or strengthen institutions, mobilize investment, and promote private entrepreneurship. By 2030, we expect 40 percent of IFC's annual investment commitments to be in IDA countries and in fragile and conflict-affected areas.



IFC's long-term investment commitments in IDA countries climbed to \$6.8 billion in FY18, including funds mobilized from other investors. Fifty-seven percent of our advisory program is in these countries. In FY18, our investments in fragile and conflict-affected areas totaled \$3.7 billion, including funds mobilized from other investors. Nearly 20 percent of IFC advisory programs was in such areas.

In 2018, the World Bank Group used a new tool — the *IDA18 IFC-MIGA Private Sector Window* — to help Afghanistan's Rikweda Fruit Processing Company build a state-of-the-art raisin-processing plant. Once operational, the plant will double the country's production of raisins and support 3,000 smallholder farmers by buying their produce.



Photo (above): The IFC-funded Rikweda raisin-processing plant is helping 3,000 smallholder farmers in Afghanistan — by buying their produce at higher prices.

Photo (left): Refugees learn new skills at the Kakuma camp in Kenya. An IFC report found that the refugee camp represents a \$56 million-a-year market.

We began implementing the *Creating Markets Advisory Window*, which addresses the growing need for advisory solutions. Funding from the window is helping increase access to affordable housing, promote clean electricity, and boost the value of agriculture around industrial parks in Haiti's northeast corridor. It is supporting key agribusiness initiatives in Nicaragua and strengthening environmental and social standards in the Honduran financial sector.

In addition, IFC and the United Nations High Commissioner for Refugees published a report that identified how private investment can improve the lives of people in refugee camps. More than 160,000 refugees and displaced people live in a refugee camp near the town of Kakuma, Kenya. The refugees and the town depend on each other for business and employment and represent a market of at least \$56 million a year, the report found.

In Myanmar, we are helping remote communities connect to the outside world by supporting Yoma Micropower, which is using blended finance to set up hundreds of solar-based micro power plants across the country. By 2022, about 2,000 of these plants will power communications towers and supply power to remote off-grid communities.

In Cambodia, we helped strengthen the local furniture industry and integrate it with international markets. IFC lent the equivalent of \$26 million to Morris Holdings, a China-based manufacturer of affordable furniture, to help the company build a modern production facility in Sihanoukville.



SUB-SAHARAN AFRICA

A CONTINENT OF OPPORTUNITY FOR BUSINESSES

Sub-Saharan Africa is home to the largest number of people in extreme poverty — about 400 million, more than the rest of the world combined. The region also has more conflict-affected countries than any other.

Yet it is a continent of vast opportunity for businesses, according to *Shaping the Future of Africa*, a new IFC report. By 2030, 100 million people are expected to join Africa's middle- and high-income groups, boosting the total to more than 160 million. Household consumption and business spending are growing rapidly — and could total \$5.6 trillion by 2025.

That means the private sector has a crucial interest in addressing the region's most urgent development challenges — its inadequate infrastructure, its rapid urbanization, and its need for jobs that can lift people out of poverty. IFC plays a comprehensive role here — by helping businesses improve productivity and establish links to broader markets, by expanding financial and social inclusion, and by boosting prosperity in ways that help limit conflict.

In FY18, our long-term investments in sub-Saharan Africa totaled \$6.2 billion, including \$4.6 billion mobilized from other investors. Our clients supported more than 278,000 jobs, created opportunities for more than 1 million farmers, and treated more than 1.4 million patients. One-third of our global advisory program was in the region.

Sub-Saharan Africa needs to create a large number of jobs to keep up with its rapid population growth — a challenge small and medium enterprises are best suited to address. In South Africa, we designed the SME Push Program, which is creating partnerships with the country's largest banks to channel up to \$3 billion in investment into SMEs over the next seven years. Under the program, we agreed to lend up to \$200 million to FirstRand to be used to support small and medium enterprises.

In Zambia, we finalized financing — including \$25.3 million in blended-finance support — for the construction of the country's first large-scale solar power plants under the World Bank Group's *Scaling Solar* program. Low-cost renewable power from the two plants will help offset a drought-induced decline in hydropower. We also expanded the program to Senegal, where we are helping the government add 60 megawatts to the country's power-generation capacity — at tariffs 60 percent lower than those that prevailed in the past.

IFC provided \$7 million in financing — half of it blended finance — to Bonne Viande de Madagascar, or BoViMa, to revitalize the country's dwindling population of Zebu cattle. The company is building a modern feedlot and slaughterhouse that will create an export market for Zebu beef and goat meat, helping rebuild the country's cattle industry and creating jobs. Meanwhile, a World Bank initiative will train veterinarians, rehabilitate laboratories, and help provide better animal care, allowing Madagascar to issue internationally recognized animal health certificates. Zebu meat will be shipped overseas through a modern port at Tolonaro, partly funded by the World Bank.



Photo: Jackie Adriano is a construction manager at BoViMa, an IFC client that is building a world-class feedlot and slaughterhouse.






Photo: A fisherwoman in the Ganga River in India. IFC is helping the government clean up one of the world's most polluted rivers.

SOUTH ASIA

HELPING 250 MILLION PEOPLE ESCAPE EXTREME POVERTY

In a busy textile factory in Bangladesh, Krisno Kumar Das carefully guides fabric into a dyeing machine, secure in the knowledge that precious resources and money are no longer swirling down the drain.

Not long ago, his employer, Textown, joined forces with the IFC-led Partnership for Cleaner Textile (PaCT) to switch to more sustainable production methods. This slashed the amounts of energy, dye, and chemicals the company used, and cut water consumption by 11 million liters per year — equal to more than four Olympic-size swimming pools.

PaCT — which is funded by Australia, Canada, Denmark, and the Netherlands — has provided on-site assessments to more than 200 factories over the past five years. Its advice has helped reduce water use by 21 billion liters per year in Bangladesh. These factories also cut energy consumption and reduced greenhouse emissions by 460,000 tons annually — equivalent to taking 100,000 cars off the road.

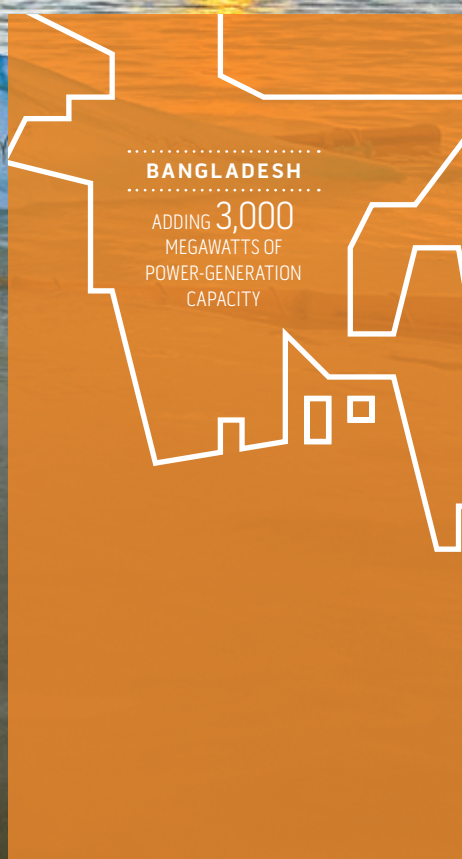
South Asia's GDP growth rate of 6.5 percent is driven mainly by India and Bangladesh. Private consumption is strong and investment is buoyed by infrastructure projects and reforms. Yet, despite the region's recent economic progress, more than 250 million South Asians still live in extreme poverty.

That is why the region is a strategic priority for IFC. In FY18, we provided \$3.4 billion in financing for businesses in South Asia, including \$1.3 billion mobilized from other investors. Our clients distributed gas to about 1.1 million customers, provided more than 590,000 jobs, and created opportunities for more than 1.6 million farmers.

In 2017, we arranged a \$125.7 million financing package for Bangladesh's first liquefied natural-gas import terminal. When complete, the terminal will enable the state-owned Petrobangla to increase the country's natural-gas supply by up to 20 percent, enough to support 3,000 megawatts of power-generation capacity.

In India, we are supporting the country's ambitious program to clean up the Ganga River. In FY18, we helped structure the first public-private partnership to enable private companies to build sewage treatment plants in Haridwar, Mathura, and Varanasi — cities that discharge millions of liters of untreated sewage into the river. The three plants will process more than 200 million liters of sewage per day, improving water quality for millions of people.

In Nepal, which depends heavily on tourism, we invested \$1.7 million in Himalayan Chain Resorts. IFC's investment will help the company to expand its current chain of three lodges to 10 along the Gokyo Lakes Trail and Everest Base Camp Trail in the Khumbu/Everest region of Nepal. The expansion is expected to create 120 jobs.





MIDDLE EAST AND NORTH AFRICA

ACCELERATING GROWTH AND JOB CREATION

Ibrahim Hassouna isn't surprised when electricity fails at the Gaza plastics company where he works.

On most days, up to dozens of blackouts halt assembly lines and render the company's 130 employees idle. "Every time the current goes out, it delays production for up to 30 minutes," says Hassouna, a 41-year-old manager.

Hassouna's frustration is felt across Gaza, which is facing one of its worst power crises. Gaza's only power plant suffers from lack of fuel, aging feeding lines, and damage caused by wars. Blackouts have devastated the territory's manufacturing sector, which has shriveled by 60 percent since the late 1990s.

IFC is helping reverse that decline. In 2018, we launched a Maximizing Finance for Development initiative — working with other members of the World Bank Group — to finance a \$12 million solar project in Gaza to ease the energy shortage. The 7-megawatt rooftop solar-power plant will provide critical energy to 32 factories in the Gaza Industrial Estate — much more cheaply than before. The project will create around 800 jobs.

Across the Middle East and North Africa, economic growth rates have halved since 2011. Youth unemployment is high, and conflict has displaced vast numbers of people. That's why the region is a priority for IFC. In FY18, we invested more than \$2 billion in the region, including \$1 billion mobilized from other investors. Our clients provided jobs for more

than 119,000 people, health care for more than 2.9 million people, and phone connections for about 1 million customers.

In Jordan, we helped IrisGuard improve the lives of Syrian refugees. IrisGuard's e-payment solutions — using iris-scanning technology — help refugees access cash or goods quickly and easily. The company's point-of-sale devices throughout Jordan and the region will allow 2.3 million Syrian refugees to withdraw cash at ATMs or pay for goods.

IFC is also helping to transform Iraq's Salahaddin Holding — a leading player in banking, construction, and manufacturing — by bringing more internal discipline and control to management decision-making, clarifying responsibility, authority and roles, and improving the training of leaders.

In Egypt, IFC made a \$75 million equity investment in Apex International Energy, which aims to be the country's largest oil-and-gas production platform. IFC Asset Management Company mobilized an additional \$25 million for the project. The project is expected to increase Egypt's oil-and-gas reserves by the equivalent of 100 million barrels of oil by 2023.

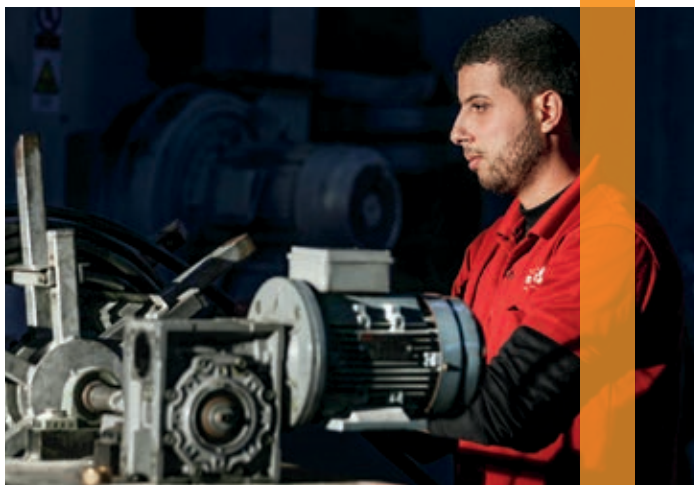


Photo (above): A worker making plastic parts in a Gaza industrial park, where IFC financed a 7-megawatt solar plant that helped create 800 jobs.

Photo (left): Nancy El Asmar, co-owner of Madera Creation in Beirut, launched a thriving furniture business with financing from an IFC client.



JORDAN

2.3M
SYRIAN REFUGEES
ABLE TO WITHDRAW
CASH



IRAQ

IFC IS HELPING
TO TRANSFORM
SALAHADDIN
HOLDING —
A LEADING PLAYER
IN BANKING,
CONSTRUCTION, AND
MANUFACTURING



EGYPT

\$75M
EQUITY INVESTMENT
IN APEX
INTERNATIONAL
ENERGY