HIGHLIGHTS FROM THE
2020 IFC ANNUAL REPORT

In FY20, IFC invested $22 billion, including $10.8 billion mobilized from other investors. Our comprehensive approach **helped businesses innovate, build internationally competitive industrial sectors, and create better jobs.**

LONG-TERM INVESTMENT COMMITMENTS

$4.0 BILLION
EAST ASIA & THE PACIFIC

$2.5 BILLION
EUROPE & CENTRAL ASIA

$7.1 BILLION
LATIN AMERICA AND THE CARIBBEAN

$1.0 BILLION
MIDDLE EAST & NORTH AFRICA

$2.7 BILLION
SOUTH ASIA

$4.6 BILLION
SUB-SAHARAN AFRICA

Operational Highlights

Dollars in millions, for the years ended June 30

	2020	2019	2018	2017	2016
Long-Term Investment Commitments					
FOR IFC'S OWN ACCOUNT	$11,135	$ 8,920	$11,629	$11,854	$11,117
Number of projects	282	269	366	342	344
Number of countries	67	65	74	75	78
MOBILIZATION[1]	$10,826	$10,206	$11,671	$ 7,461	$ 7,739
Syndicated loans	$ 4,989	$ 5,824	$ 7,745	$ 3,475	$ 5,416
IFC initiatives & other	$ 3,370	$ 2,857	$ 2,619	$ 2,207	$ 1,054
Asset Management Company (AMC) Funds	$ 50	$ 388	$ 263	$ 531	$ 476
Advisory Mobilization[2]	$ 2,417	$ 1,137	$ 1,044	$ 1,248	$ 793
TOTAL INVESTMENT COMMITMENTS	$21,961	$19,126	$23,301	$19,316	$18,856
Investment Disbursements					
For IFC's account	$10,518	$ 9,074	$11,149	$10,355	$ 9,953
Syndicated loans	$ 2,231	$ 2,510	$ 1,984	$ 2,248	$ 4,429
TOTAL INVESTMENT DISBURSEMENTS	$12,749	$11,584	$13,133	$12,602	$14,382
Portfolio Exposure[3]					
Number of firms	1,880	1,930	1,977	2,005	2,006
For IFC's account	$58,650	$58,847	$57,173	$55,015	$51,994
Syndicated loans	$16,161	$15,787	$16,210	$16,047	$16,550
TOTAL PORTFOLIO EXPOSURE	$74,811	$74,635	$73,383	$71,062	$68,544
Short-Term Finance					
Annual Commitments[4]	$ 6,473	$ 3,256	$ 3,435	$ 3,185	$ 2,807
Advisory Services					
Advisory Services program expenditures	$ 274.4	$ 295.1	$ 273.4	$ 245.7	$ 220.6
Share of program in IDA countries[5]	57%	59%	57%	63%	62%

1. Defined as "core mobilization" — Non-IFC financing or risk sharing arranged on commercial terms due to the active and direct involvement of IFC for the benefit of a client. Excludes $1,163 million of unfunded risk transfers that are accounted for under IFC's own account.
2. Advisory Mobilization includes third-party private financing that has been mobilized for Public Private Partnerships, as a result of IFC's role as lead transaction advisor. It also includes Corporate Finance Services, a newly approved mobilization type, for projects in which IFC has provided transaction advisory services to help private sector clients expand into new markets, diversify and restructure operations, and bring in new equity investors.
3. Portfolio exposure is defined as the sum of the (i) committed exposure for IFC's debt investments, (ii) fair market value of IFC's equity investments, and (iii) total undisbursed equity commitments. Effective July 1, 2018, to accommodate change in accounting standards impacting how IFC reports its equity holdings, IFC has introduced the new term "Portfolio Exposure," which, instead of disbursed and outstanding balance, uses the fair market value of IFC's equity investments. Therefore, FY19 onwards Portfolio Exposure For IFC's account and prior years are not directly comparable.
4. As of FY20, IFC tracks Annual Commitments instead of Average Outstanding Balance. Figures for FY16–FY19 are the Average Outstanding Balance. Short-Term Finance includes Global Trade Finance Program (GTFP) and Global Trade Supplier Finance Program (GTSF).
5. All references in this report to percentages of advisory program expenditures in IDA countries and fragile and conflict-affected areas exclude global projects.

This year's annual report is entitled *Transformation*.

In 2020, the COVID-19 pandemic affected millions of people and triggered what is likely to be the deepest global recession since the Second World War. The crisis is exacting a massive toll on the poor and threatening to wipe out decades of work to improve living standards in the developing world.

While the health response continues, scores of companies are being tipped into insolvency. Saving viable firms will help protect jobs and livelihoods, prevent further financial turmoil, and resume long-term growth. By extension, putting development back on track will require a sustained effort to develop investment opportunities, restructure and recapitalize firms, and invest in growing businesses and startups. In the process, we must lay the seeds of a resilient, inclusive, and sustainable recovery. This entails strengthening value chains, accelerating the transition to green energy and responsible consumption and production patterns, and promoting more equitable access to jobs and finance. For developing countries, such an outcome could be truly transformative.

I am retiring after an intense four-and-a-half years as IFC CEO, and thirty-three years after joining the World Bank Group Young Professionals Program. I am proud to have led an organization that — after four-and-a-half years of far-reaching internal reforms — is now well equipped to help developing countries recover from the pandemic and improve the lives of people in the most difficult and fragile environments. By transforming itself, IFC is better positioned than ever to bring private capital to the toughest markets and in the most difficult circumstances.

Building the pillars of transformation

For the last four years, IFC has been on a challenging journey to shift our institutions and mindsets, with the ultimate goal of achieving greater development impact. In 2016, we embarked on our new IFC 3.0 strategy to proactively create markets and opportunities and mobilize capital on a greater scale. It was grounded in the understanding that private investment needs to be at the center of efforts to achieve the world's development goals. Since then, we have put in place a series of reforms, making IFC fit for this purpose. Along the way, we reinforced the support of our shareholders, culminating in a historic $5.5 billion capital increase. As part of the capital increase compact, IFC will have to more than double its annual investments by 2030 and more than triple its own-account investments in the poorest and most fragile countries. Our focus remains on Sub-Saharan Africa and South Asia, which account for most of the world's poor.

Through these reforms, we have sharpened our understanding of countries' unique development needs and priority issues, revamped the way we do our business to address those needs, established methods to measure the development impact of private sector investments, and vowed to work more closely and transparently with communities and stakeholders on the ground.

We introduced Country Private Sector Diagnostics, which assess opportunities for private sector-led growth in any given country. The diagnostics feed into broader Country Strategies that lay out clearly where decision-makers can focus their reform efforts to attract investment. Building on this, we initiated a more proactive way of doing business by getting involved much earlier in the sector and project development process, including conceiving opportunities for unlocking critical sectors of the economy and conducting our own feasibility studies to generate investment-ready opportunities. We call this approach working Upstream. This fiscal year, we recruited 233 staff who are now working full time to imagine and put together new projects to propose to potential clients.

In addition, we developed groundbreaking tools to guide investments in the developing world. Our internal framework for impact measurement enables us to articulate the development impact of each project. We took inspiration from that methodology to develop the Operating Principles for Impact Management, launched in April 2019, which are being used as a roadmap for credible impact investing by a growing number of institutions (from 60 in FY19 to 101 in FY20), which collectively manage over $300 billion in impact assets.

We began to more systematically join efforts with our World Bank and MIGA colleagues through the Cascade. With this approach, World Bank Group staff, working with our clients, 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 private solutions are not possible. Further, we started to work more closely together with our World Bank colleagues to promote country and sector reforms through the Bank's development policy lending instruments.

We established the IDA Private Sector Window (PSW) to catalyze private investment in countries eligible for assistance from the International Development Association (IDA), the Bank Group's fund for the poorest countries. With the four facilities under the PSW — Risk Mitigation, Blended Finance, Local Currency, and MIGA Guarantee — we now have tools to de-risk projects and overcome the lack of local currency financing.

Along the way, we sought to systematically improve our transparency and accountability, including through the creation of a new Environmental and Social Policy and Risk Department, embarking on a more proactive and systematic engagement with affected communities and civil society organizations, and more frequent and comprehensive reporting to our Board and stakeholders.

Delivering in turbulent times

IFC had a strong year in spite of the pandemic. We committed $22 billion in long-term finance — an almost 15 percent year-on-year increase — including $11.1 billion invested for our own account. In addition, short-term financing commitments, including trade finance, totaled $6.5 billion: a 12 percent increase compared with the previous fiscal year. IDA-eligible and fragile countries accounted for 25 percent of IFC's own-account long-term finance commitments, while climate business accounted for 30 percent. IFC also committed $1.8 billion in long-term finance for financial institutions specifically targeting women.

At the same time, we stepped up to help the world fight the pandemic. We rolled out an $8 billion fast-track COVID-19 financing facility to help keep companies in business and preserve jobs. Through the facility, we provided direct lending to existing clients who demonstrated a clear impact on their business by the pandemic, as well as support to client financial institutions so they could continue lending to small and medium businesses affected by the COVID-19 outbreak.

As of September 2020, $3.9 billion of the facility had been committed, including the entire $2 billion allocated under the trade-finance envelope, helping to keep liquidity flowing to businesses that depend on trade, especially micro, small, and medium enterprises. We also laid the groundwork to deploy the innovative Global Health Platform, aimed at increasing access for developing countries to critical health-care supplies such as face masks, ventilators, and potential vaccines, and helping those countries boost their own manufacturing capacity.

Importantly, the crisis encouraged IFC to transform the way we do business. We learned to work virtually, such as by conducting virtual appraisals and portfolio supervisions. For the fast-track COVID-19 facility, IFC put in place a revamped decision-making framework that maximizes speed while screening for key risks, with the fastest transaction signed in a record 29 days. We also introduced streamlined portfolio management processes, helping us respond to client requests for standstills in an agile fashion.

In FY20, we started implementation of our new approach to equity investing, improving our handling of equity investments "from cradle to grave" and bringing a much sharper focus on macro-economic issues in new business analysis and portfolio decision-making. Together with this, we integrated the Asset Management Company (AMC) into IFC and realigned its role as the mobilization platform for IFC in relation to equity. We have also made progress on operationalizing our Green Equity in Financial Intermediaries (FIs) strategy — a proactive approach to help FIs green their portfolios and significantly reduce their exposure to coal assets.

A pivotal moment in IFC's Upstream work

During the restructuring and recovery phase of the pandemic, the key to implementing the IFC 3.0 strategy, and to being effective in our crisis response, is to scale up our Upstream capacity. The full implementation of the Upstream agenda is the last and perhaps most critical building block of the internal reforms we have implemented over the past four years.

Working Upstream implies the creation, deepening, and expansion of markets through the design and implementation of targeted sector and project-level interventions to attract private investment. It requires a systematic approach to understand the regulatory bottlenecks preventing the flow of private capital into productive investment and addressing these constraints through World Bank Group-wide engagement on policy reforms at the country and sector level. It also requires imagination and proactively developing a pipeline of our own bankable and impactful projects in line with our Country Strategies.

FY20 saw our Upstream work taking off. In January, IFC signed a project to transform Casablanca's public transportation system and connect marginalized neighborhoods to the city. In May, IFC financially closed a groundbreaking project to turn Belgrade's largest landfill into a new waste processing and disposal complex. In June, we signed a historic new project in Afghanistan, financing a power plant that will increase the country's electricity generation by as much as 30 percent. All these investments resulted from the earlier Upstream efforts.

In parallel, IFC greatly scaled up the number of staff dedicated to Upstream activities, from three in June 2019 to 233 as of FY20-end, including 170 as external hires. This enabled us to attract the necessary skills and industry expertise required to develop project ideas, conduct feasibility studies, and design projects, thereby complementing our well-established and recognized financing and structuring expertise. As of FY20-end, the IFC Upstream pipeline — that is, the projected investment that will be enabled by our Upstream work over the next five years, stood at nearly $4.9 billion. We are redeploying a significant share of resources toward our Upstream work. In FY21, $215 million — approximately 22 percent of the IFC Operations total budget — will be designated for Upstream activities. We are also deploying new incentives for staff, including performance awards, professional development opportunities, and corporate recognition.

Furthering diversity

During FY20, we maintained our focus on building a diverse workforce, knowing that diversity strengthens our organization. Women and staff from Sub-Saharan Africa and the Caribbean accounted for 54 percent and 16 percent of new recruits, respectively. Moreover, 32 percent of new recruits at IFC were from under-represented nationalities.

The protests against racism and the violence across the United States and other parts of the world shed light on the persistent racial inequities our world is facing. We remain committed to inclusion, tolerance, dignity, and opportunity for all. These core values reflect our mission to create opportunities and better jobs for the poor. But we must also judge our work with clients and our own organization by whether it stays true to these values. And we must do more in this respect. IFC is stepping up its efforts to promote diversity and equal opportunity, fight unconscious biases, and create a safe space for staff to talk about racism and any other form of discrimination.

At the end of FY20, we also announced that IFC's Gender Business Group would become the Gender and Economic Inclusion Group, with an expansion of the group's focus to include underserved groups such as "base of the pyramid" populations, persons with disabilities, and sexual and gender minorities. Among other activities, the group will develop further research and thought leadership on the business case for inclusion and support mobilization through the Impact Investing and Social Bond Principles.

Looking ahead

As per Article 1 of our Articles of Agreement, IFC's mission is to *"further economic development by encouraging the growth of productive private enterprise in member countries, particularly in the less developed areas."* We live in an unprecedented time when the relevance of IFC as the premier agent of private sector-led development has never been greater. Over the past four years, we have transformed our organizational setup and the way we operate. Most importantly, we have shifted mindsets. As we continue to fight COVID-19 and push forward with the implementation of IFC 3.0, innovation, perseverance, focus, and hard work will be critical. As I depart, I have full confidence that IFC has the financial capital, talent, ingenuity, and resolve to deliver on its ambitions and the commitments we made to our shareholders. Development is firmly at the heart of IFC and, together with the rest of the World Bank Group, we are redefining global development finance.

Philippe Le Houérou
IFC Chief Executive Officer

Financial Highlights

Dollars in millions, as of and for the years ended June 30[1]

	2020	2019	2018	2017	2016
Net (loss) income attributable to IFC	(1,672)	93	1,280	1,418	(33)
Grants to IDA	—	—	80	101	330
(Loss) income before grants to IDA	(1,672)	93	1,360	1,523	296
Total assets	95,800	99,257	94,272	92,254	90,434
Loans, equity investments, and debt securities, net	41,138	43,462	42,264	40,519	37,356
Estimated fair value of equity investments	10,366	13,113	14,573	14,658	13,664
Key Ratios					
Return on average assets (GAAP basis)	(1.7)%	0.1%	1.4%	1.6%	0.0%
Return on average capital (GAAP basis)	(6.3)%	0.3%	5.0%	5.9%	(0.1)%
Cash and liquid investments as a percentage of next three years' estimated net cash requirements	96%	104%	100%	82%	85%
Debt-to-equity ratio	2.2:1	2.2:1	2.5:1	2.7:1	2.8:1
Total resources required ($ billions)	20.3	21.8	20.1	19.4	19.2
Total resources available ($ billions)	28.2	27.8	24.7	23.6	22.5
Total reserve against losses on loans to total disbursed portfolio	6.3%	4.7%	5.1%	6.1%	7.4%

1. Financial results in 2020 and 2019 are not directly comparable to the prior periods due to the adoption of a new accounting standard. A full explanation of the change and its implications is available in Management's Discussion and Analysis and Consolidated Financial Statements. The document can be found at http://www.ifc.org/FinancialReporting.

For more information, see the Financial Performance Summary on page 120 of the IFC 2020 Annual Report.

FY20 Advisory Services Program Expenditures

Dollar amounts in millions

Total	$ 274.4	100%
By Region		
Sub-Saharan Africa	$ 93.2	34%
East Asia and the Pacific	$ 43.2	16%
Europe and Central Asia	$ 35.1	13%
Latin America and the Caribbean	$ 31.4	11%
South Asia	$ 26.0	9%
Global	$ 24.9	9%
Middle East and North Africa	$ 20.5	7%
By Business Area		
Advisory by IFC Industry	$ 155.3	57%
Financial Institutions Group	$ 51.5	19%
Transaction Advisory	$ 45.3	17%
Manufacturing, Agribusiness & Services	$ 35.4	13%
Infrastructure & Natural Resources	$ 18.9	7%
Disruptive Technologies and Funds	$ 4.2	2%
Advisory via Equitable Growth, Finance, and Institutions (GPs)	$ 91.0	33%
Other Advisory, including Environment, Social & Governance	$ 28.1	10%

FY20 Long-Term Commitments

Dollar amounts in millions, for IFC's own account as of June 30, 2020

Total	$11,135	100.00%
By Industry		
Financial Markets	$ 5,801	52.10%
Infrastructure	$ 1,415	12.71%
Agribusiness & Forestry	$ 1,054	9.46%
Funds	$ 816	7.33%
Health & Education	$ 667	5.99%
Manufacturing	$ 664	5.96%
Tourism, Retail & Property	$ 635	5.70%
Natural Resources[1]	$ 62	0.56%
Telecommunications & Information Technology	$ 21	0.19%
By Region[2]		
Latin America and the Caribbean	$ 3,165	28.42%
East Asia and the Pacific	$ 2,490	22.36%
Sub-Saharan Africa	$ 2,188	19.65%
Europe and Central Asia	$ 1,345	12.08%
South Asia	$ 1,314	11.80%
Middle East and North Africa	$ 617	5.54%
Global	$ 17	0.15%
By Product		
Loans[3]	$ 9,509	85.40%
Equity[4]	$ 992	8.91%
Guarantees	$ 550	4.94%
Risk–management products	$ 85	0.76%

FY20 Portfolio Exposure[5]

Dollar amounts in millions, for IFC's own account as of June 30, 2020

Total	$58,650	100%
By Industry		
Financial Markets	$22,824	39%
Infrastructure	$10,689	18%
Funds	$ 5,069	9%
Manufacturing	$ 4,215	7%
Agribusiness & Forestry	$ 3,969	7%
Tourism, Retail & Property	$ 2,950	5%
Trade Finance	$ 2,866	5%
Health & Education	$ 2,785	5%
Telecommunications & Information Technology	$ 1,653	3%
Natural Resources[1]	$ 1,631	3%
By Region[6]		
Latin America and the Caribbean	$12,085	21%
East Asia and the Pacific	$ 9,932	17%
South Asia	$ 9,876	17%
Sub-Saharan Africa	$ 9,736	17%
Europe and Central Asia	$ 7,769	13%
Global	$ 5,401	9%
Middle East and North Africa	$ 3,852	7%

1. Includes IFC's activities in oil, gas, and mining.
2. Amounts include regional shares of investments that are officially classified as global projects.
3. Includes loan-type, quasi-loan products.
4. Includes equity-type, quasi-equity products.
5. Portfolio exposure is defined as the sum of the (i) committed exposure for IFC's debt investments, (ii) fair market value of IFC's equity investments, and (iii) total undisbursed equity commitments.
6. Excludes individual country shares of regional and global projects.

ABOUT IFC

IFC — a member of the World Bank Group — is the largest global development institution focused on the private sector in emerging markets.

We work in more than 100 countries, using our capital, expertise, and influence to create markets and opportunities in developing countries.

In fiscal year 2020, we invested $22 billion in private companies and financial institutions in developing countries, leveraging the power of the private sector to end extreme poverty and boost shared prosperity.

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