

IFC BOARD

We are facing one of the most challenging times for development since the creation of the World Bank in 1944. The COVID-19 pandemic has spared no country or segment of society; it has gravely impacted the lives of millions, small and large businesses across the world, and the modern global economy as we know it. Through combined efforts to address this pandemic, the World Bank Group has taken swift and comprehensive action. We express our heartfelt thanks to the staff, who have worked tirelessly to mobilize resources in fighting these unprecedented global health, social, and economic crises. Guided by our twin goals of ending poverty and promoting shared prosperity, and the *COVID-19 Crisis Response Approach Paper: Saving Lives, Scaling-up Impact and Getting Back on Track*, the Bank Group has committed to provide as much as \$160 billion over 15 months to help countries respond to the crisis — as of the end of fiscal 2020, we were already providing support in over 100 countries. We envisage this funding will help improve resilience and inclusion, as well as foster transformative investments that will in turn help countries build back better. We believe our continued cooperation with governments, private and public sector partners, and a wide range of stakeholders is key to returning to a sustainable path of recovery and development.

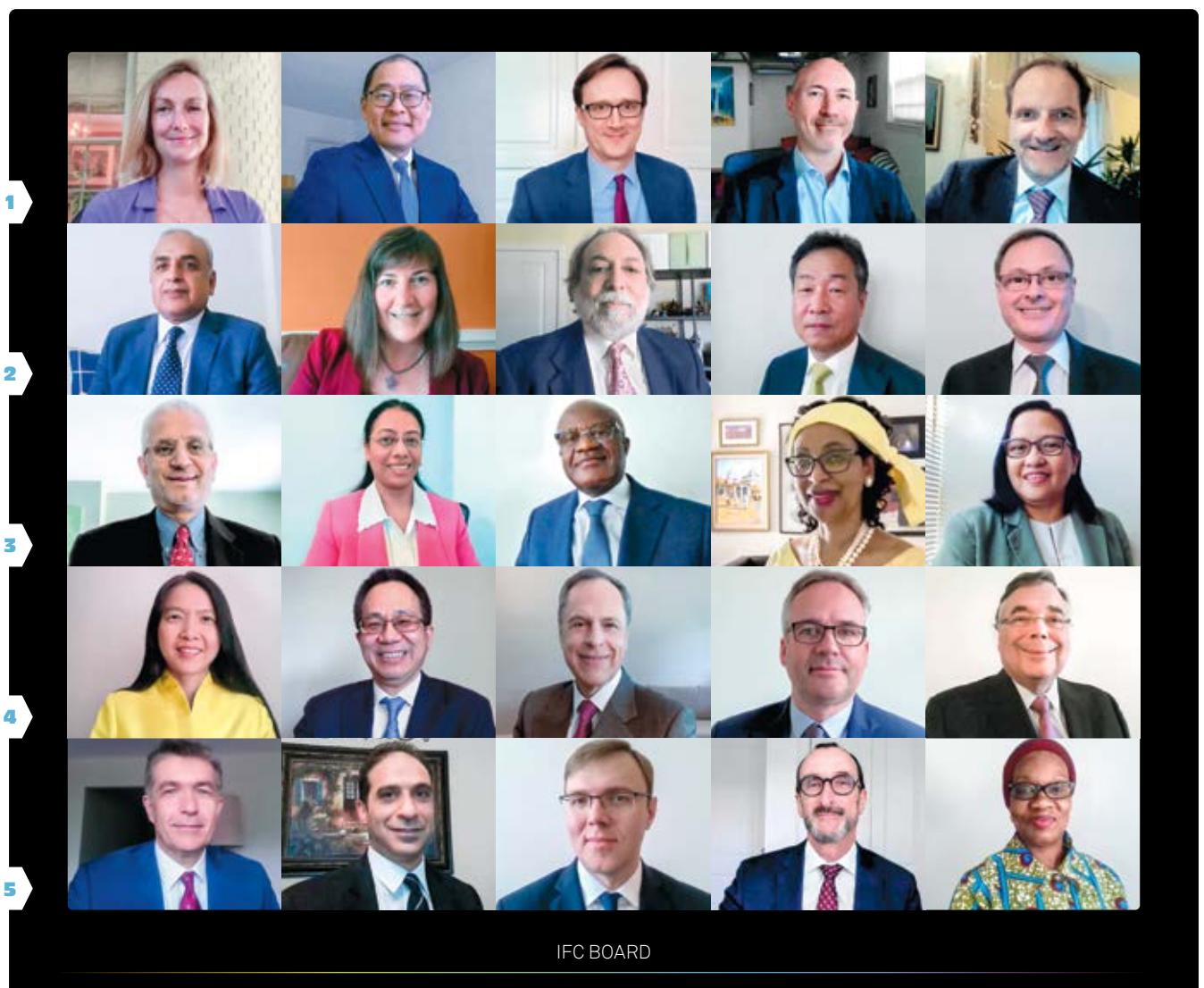
To support further progress toward the twin goals and the Sustainable Development Goals, we endorsed the World Bank Group's Fragility, Conflict, and Violence (FCV) Strategy. Building on the ongoing, successful implementation of the 2016 Forward Look and the 2018 capital package, the strategy aims to enhance effectiveness in helping countries

address the drivers and impacts of FCV and in strengthening resilience, with a focus on the most vulnerable and marginalized populations.

Earlier in fiscal 2020 we discussed strategic and operational issues related to jobs and economic transformation, migration, global value chains, and digital transformation. We discussed trade and trade finance, manufacturing, equity and portfolio approaches, IFC's financial capacity, state-owned enterprises, and equity investing.

We discussed critical matters to our *organization*, such as having staff located closer to our clients and how we measure development results, our independent *accountability* mechanisms, and the *governance* framework and the 2020 Shareholding review. In addition, we discussed and endorsed the strategy and business outlook for IFC for fiscal 2021–23 and budget for fiscal 2021 that help shape the Bank Group's direction over the coming year.

The Board strongly supports racial justice and equality within the Bank Group and in our work. We will continue prioritizing diversity and inclusion across the institution and in our support to clients and communities. We believe that it is critical to embed concern for race and ethnicity in our development work and programs around the world, and that promoting diversity and inclusion in the workplace reflects our institution's core values. These efforts will remain an important focus in the year ahead.



Left to right by rows:

1	DJ Nordquist United States	Masanori Yoshida Japan	Richard Hugh Montgomery United Kingdom	Arnaud Buissé France	Juergen Karl Zattler Germany
2	Shahid Ashraf Tarar Pakistan	Louise Levonian Canada	Adrián Fernández Uruguay	Kunil Hwang Korea	Guenther Schoenleitner Austria
3	Merza Hussain Hasan Kuwait <i>(Dean)</i>	Aparna Subramani India	Jean-Claude Tchatchouang Cameroon	Anne Kabagambe Uganda	Elsa Agustin Philippines <i>(Alternate)</i>
4	Kulaya Tantitemit Thailand	Yingming Yang China	Jorge Alejandro Chávez Presa Mexico	Koen Davidse The Netherlands	Geir H. Haarde Iceland
5	Patrizio Pagano Italy <i>(Co-Dean)</i>	Hesham Alogeel Saudi Arabia	Roman Marshavin Russian Federation	Werner Gruber Switzerland	Larai Shuaibu Nigeria

LETTER FROM DAVID MALPASS

World Bank Group President

The COVID-19 pandemic presented countries with unprecedented challenges this year, requiring them to respond quickly to major disruptions in health care, economic activity, and livelihoods. The World Bank Group has been at the forefront of that response, mobilizing rapidly to deliver much-needed support to countries to provide critical supplies, reduce loss of life and economic hardship, protect hard-earned development gains, and deliver on our mission of reducing poverty and boosting shared prosperity. Our goal in all these efforts is to improve conditions, both immediate and long-term, for the poorest and most vulnerable populations.

At the onset of COVID-19, the Bank Group took broad, decisive action in delivering a fast-track facility to help countries respond quickly to this crisis. We expect to deploy up to \$160 billion in the 15 months ending June 30, 2021, through new operations and the restructuring of existing ones to help countries address the wide range of needs arising from the pandemic. This will include over \$50 billion of IDA resources on grant and highly concessional terms.

By May, we reached the milestone of emergency health operations in 100 countries. Our initial projects focused on limiting the pandemic's spread and boosting the capacity of health services. We helped countries access essential medical supplies and equipment through support for procurement and logistics, including negotiations with suppliers on their behalf. Many developing countries are dependent on imports for supplies, making them highly exposed to price fluctuations and trade restrictions. Through IFC and MIGA, we provided vital working capital and trade finance for the private sector in developing countries, particularly firms in core industries, and helped financial sectors continue lending to viable local businesses.

In March, the World Bank and IMF called for official bilateral creditors to suspend debt payments from IDA countries. In April, G20 leaders issued

a historic agreement suspending official bilateral debt service payments from May 1 through the end of 2020 and called for comparable treatment by commercial creditors — a powerful example of international cooperation to help the poorest countries.

Beyond immediate health concerns, the Bank Group is supporting countries as they reopen their economies, restore jobs and services, and pave the pathway to a sustainable recovery. Many of our client countries have enhanced their transparency and attractiveness to new investment with fuller disclosure of their public sector's financial commitments. The Bank is helping the most vulnerable countries evaluate their debt sustainability and transparency, which are both essential to good development outcomes.

The Bank Group is supporting countries' efforts to scale up their social safety nets. This includes cash transfer operations through both in-person and digital options so that governments can efficiently deliver this critical support to their most vulnerable people. We are also engaging with governments to eliminate or redirect costly and environmentally harmful fuel subsidies and reduce trade barriers for food and medical supplies.

In fiscal 2020, IBRD's net commitments rose to \$28 billion, while disbursements remained strong. IDA's net commitments were \$30.4 billion,



39 percent higher than the previous year. The 19th replenishment of IDA was approved in March, securing a three-year \$82 billion financing package for the world's 76 poorest countries. This will increase our support to countries affected by fragility, conflict, and violence (FCV) and strengthen debt transparency and sustainable borrowing practices.

Over the last year, we realigned the Bank's staff and management to drive coordinated country programs and put high-quality knowledge at the center of our operations and development policy. We are increasing our global footprint to be closer to our operations on the ground. We also strengthened our focus on Africa by creating two Bank vice presidencies, one focusing on Western and Central Africa and the other on Eastern and Southern Africa, to take effect in fiscal 2021. I appointed four new senior leaders: Anshula Kant as Managing Director and Chief Financial Officer, Mari Pangestu as Managing Director of Development Policy and Partnerships, Hiroshi Matano as Executive Vice President of MIGA, and Axel van Trotsenburg as Managing Director of Operations on the departure of Kristalina Georgieva to head the IMF. In addition to these appointments, there were 12 vice-presidential appointments or reassignments over the last year. Together, the strong leadership team and a highly dedicated and motivated staff are striving to build the world's most effective development institution, with a resilient and responsive business model that can help each country and region achieve better development outcomes.

At our Annual Meetings in October, we presented a new index to track *learning poverty* — the percentage of 10-year-olds who cannot read and understand a basic story. Reducing learning poverty will require comprehensive reforms, but the payoff — equipping children with the skills they need to succeed and achieve their potential as adults — is vital for development.

By helping countries leverage new digital technologies, we are expanding access to low-cost financial transactions, particularly for women and other vulnerable groups. Digital connectivity is one of many key steps in helping women unleash their full economic potential. The Women Entrepreneurs Finance Initiative (We-Fi), hosted by the Bank Group, works to remove regulatory and legal barriers that women face and help them gain access to the financing, markets, and networks they need to succeed. Bank operations also focus on providing women with greater agency and voice in their communities, working to ensure that girls can learn effectively and safely in schools, and promoting quality health care for mothers and children.

We help countries strengthen their private sectors, which are central to creating jobs and boosting economic growth. In fiscal 2020, IFC's long-term finance commitments increased to \$22 billion, which includes \$11 billion of its own commitments and \$11 billion in mobilization, commitments from private investors, and others. In addition, IFC extended \$6.5 billion in short-term finance. MIGA's commitments totaled \$4 billion, with an average project size of \$84 million. Looking forward, MIGA's product line, staffing, and upstream efforts are well suited to help in the Bank Group's COVID-19 response, including a focus on smaller projects in IDA-eligible countries and countries affected by FCV.

None of these achievements would have been possible without our staff's hard work and successful adjustment to home-based work during the pandemic. Working around the world and at all levels, staff continued to deliver solutions to address countries' most urgent needs. I am deeply grateful for their dedication and flexibility, especially amid these difficult circumstances.

As people in developing countries worldwide grapple with the pandemic and deep recessions, the World Bank Group remains committed to their future, providing the support and assistance they need to overcome this crisis, and achieve a sustainable and inclusive recovery.

David Malpass
President of the World Bank Group
and Chairman of the
Board of Executive Directors

World Bank Group Response to the COVID-19 Pandemic

In early 2020, the coronavirus pandemic (COVID-19) struck countries around the world, presenting enormous challenges to health systems and spurring widespread shutdowns, school and business closures, and job losses. Nearly all countries are facing an unprecedented economic downturn.

The World Bank Group has been at the forefront of the global response. In March, the Board of Executive Directors approved a new fast-track facility to help countries address their immediate health needs and bolster economic recovery. The World Bank deployed the first set of projects under this facility in April, aimed at strengthening health systems, disease surveillance, and public health interventions. To soften the economic blow, IFC and MIGA moved quickly to provide financing and increase access to capital to help companies continue operating and paying their workers.

The Bank Group expects to deploy up to \$160 billion over 15 months through June 2021 to support countries' responses to COVID-19 through a series of new operations, the restructuring of existing ones, the triggering of catastrophe drawdown options, and support for sustainable private sector solutions that promote restructuring and recovery. The pandemic could push about 100 million more people into extreme poverty in 2020. Countries impacted by FCV challenges are particularly vulnerable to the health, social, and economic impacts of the pandemic. Our support in these settings focuses on investing in prevention, remaining engaged in crisis situations, protecting human capital, and supporting the most vulnerable and marginalized groups, including forcibly displaced populations. The poorest and most vulnerable countries also face food insecurity, as supply chain disruptions and export restrictions threaten the food supply. To address this, we urged countries to ensure that food supply chains continued to flow and function safely and helped them monitor the impact of the pandemic on people's ability to buy food. We advocated for strong social protection programs for the poorest and most vulnerable to ensure that people can afford to eat and access basic food supplies, while helping protect livelihoods.

Our research and knowledge products looked at the widespread impact of the pandemic—including economic updates, a report on declining

global remittance flows, and a policy note on the shock to education and children's futures. But long after the immediate crisis subsides, countries will need support in mitigating its impacts and boosting long-term growth. Our policy recommendations offered countries ways to achieve this, including by improving governance and business environments, countering disruptions in financial markets, investing in education and health for better human capital outcomes, facilitating new investments through greater debt transparency, expanding cash safety nets for the poor, reviewing energy pricing policies, and implementing reforms that allow for capital and labor to adjust quickly to post-pandemic structures.

Engaging with the private sector is critical to the emergency response, and IFC expects to provide \$47 billion in financial support through June 2021 as its part of the Bank Group's response. In its initial package, IFC is providing \$8 billion to help companies continue operating and sustain jobs during the crisis. This package will support existing clients in vulnerable industries, including infrastructure, manufacturing, agriculture, and services, and provide liquidity to financial institutions so they can provide trade financing to companies that import and export goods and extend credit to help businesses shore up their working capital.

IFC is also preparing the second phase of its response, during which it will support existing and new clients. This includes the Global Health Platform, which aims to increase access to critical health-care supplies, including masks, ventilators, test kits, and, eventually, vaccines. It will provide financing to manufacturers, suppliers of critical raw materials, and service providers to expand capacity for delivering products and services to developing countries. IFC will contribute \$2 billion for its own account and mobilize an additional \$2 billion from private sector partners. It will also help restructure and recapitalize companies and financial institutions on their path to recovery.

MIGA also launched a \$6.5 billion fast-track facility to help private sector investors and lenders tackle the pandemic in low- and middle-income countries. The facility allows for the issuance of guarantees using streamlined and expedited procedures. It offers credit enhancement for governments and their agencies to purchase urgent medical equipment, protective gear, medicines, and services, and to fund economic recovery efforts. It also includes de-risking solutions for commercial banks and financial institutions, as well as support for trade financing for local banks.



Nigeria

\$50 Million

loan from IFC to a domestic bank to help expand lending to small and medium enterprises so that they can continue operating and sustain jobs, as part of ongoing efforts to support resilient recovery.



Mongolia

\$27 Million

in World Bank financing to help provide training for emergency care doctors, nurses, and paramedics; purchase medical and laboratory equipment and supplies; rehabilitate health-care facilities; and strengthen the country's capacity to respond to health crises.



Kyrgyz Republic

\$12 Million

in World Bank financing to help boost the capacity of rapid-response teams, hospitals, and laboratories by providing medical and laboratory supplies, ICU equipment, and preparedness funds for hospitals.



Bangladesh

\$25 Million

loan from IFC to help a local agribusiness firm meet its long-term working capital and additional capital expenditure needs.



Colombia

\$385 Million

in MIGA guarantees to support short-term financing for micro, small, and medium enterprises facing constraints to accessing credit as a result of the pandemic.



Yemen

\$27 Million

in World Bank financing to help the country limit the spread of and mitigate risks associated with COVID-19, in partnership with the World Health Organization (WHO).

By supporting trade financing, both IFC and MIGA are complementing broader Bank Group efforts to ensure that global supply chains are preserved, particularly for the production and distribution of vital medical supplies. We mobilized quickly to help countries access these supplies by reaching out to suppliers on behalf of governments. We also cautioned governments against protectionist measures, which can reduce global supply, lead to higher prices, and prevent developing countries from getting the supplies they need.

The Bank, along with the International Monetary Fund (IMF), called for the suspension of bilateral debt payments from IDA countries to ensure that countries have the liquidity needed to grapple with the challenges posed by the outbreak and allow for an assessment of their financing needs. On April 15, leaders of the G20 nations heeded this call and issued a debt relief agreement suspending bilateral debt service payments by poor countries beginning May 1. In remarks to the Development Committee at the virtual Spring Meetings of the Bank Group and IMF, President David Malpass commended this historic achievement: "Debt relief is a powerful, fast-acting measure that can bring real benefits to the people in poor countries."

In June 2020, the Board of Executive Directors approved an approach paper detailing our response to the COVID-19 pandemic. The paper *Saving Lives, Scaling-up Impact, and Getting Back on Track* explains how we're organizing our crisis

response across the three stages of relief, restructuring, and resilient recovery. The first involves emergency response to the immediate health, social, and economic impacts of COVID-19. Then, as countries bring the pandemic under control and start reopening their economies, the restructuring stage focuses on strengthening health systems for future crises; restoring people's lives and livelihoods through education, jobs, and access to health care; and helping firms and financial institutions regain a solid footing. The resilient recovery stage entails helping countries build a more sustainable, inclusive, and resilient future in a world transformed by the pandemic.

We will continue to deliver support with unparalleled scale and speed, while concentrating our efforts for the greatest impact and maintaining our financial capacity for a robust response. Working across all the Bank Group institutions, we will continue seeking the right mix of public and private sector solutions and working with clients and partners to fight the pandemic.

Despite the unprecedented scale of the crisis and the ways we've repositioned our support to countries, our long-term mission remains unchanged. We remain committed to our goals of ending extreme poverty and boosting shared prosperity in a sustainable manner. To get there, we will focus our efforts on helping countries work toward a resilient recovery from the pandemic and ultimately build back stronger.

LETTER FROM PHILIPPE LE HOUÉROU

IFC Chief Executive Officer

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.



Philippe Le Houérou

IFC Chief Executive Officer

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



2016



2017



2018



2019



2020

IFC ANNUAL REPORTS 2016–2020

These five covers from our Annual Reports during CEO Philippe Le Houérou’s tenure at IFC reflect the trajectory of the organization’s transformation over the past five years — its work based on more than 60 years of experience; the start of the IFC 3.0, or Creating Markets, strategy; the emphasis on measurement and economic analysis as new drivers for private sector development; the endorsement of a historic \$5.5 billion capital increase; and COVID-19’s impact and the response by IFC and others to help countries and companies recover.

The colors of the covers are intentional. The yellow, green, blue, and purple covers of the first four years come together with red to create the rainbow on this year’s cover.

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.

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