

OUR PURPOSE

IFC applies our financial resources, technical expertise, global experience, and innovative thinking to create markets and opportunities that help countries mobilize private solutions and finance to solve development challenges.

Where We Work

As the largest global development institution focused on the private sector in developing countries, IFC operates in more than 100 countries. We bring over 60 years of institutional knowledge to the countries in which we work, applying lessons learned in one region to solve problems in another.



What We Do

The World Bank Group has set two goals for the world to achieve by 2030: end extreme poverty and boost shared prosperity in every country. IFC contributes to these goals by supporting the private sector in developing countries to create markets that open up opportunities for all. IFC focuses on investing, providing advice, and mobilizing finance for private financial institutions and companies in developing countries. Our products and services are tailored to meet the specific needs of clients while our ability to attract other investors brings added benefits: we introduce our clients to new sources of capital and better ways of doing business.

During a difficult time in which global economies are struggling to cope with the shock of the COVID-19 crisis, IFC is taking action to accelerate recovery and promote resilience.

INVESTMENT

Our financial products enable companies to manage risk and expand their access to foreign and domestic capital markets. Since IFC operates on a commercial basis, we invest exclusively in for-profit projects in developing countries and charge market rates for our products and services.

Our offerings are designed to meet the specific needs of member countries across different industry sectors — with a special focus on infrastructure, manufacturing, agribusiness, services, and financial markets. In FY20, we made \$22 billion in long-term investments in 282 projects to support the private sector in developing countries. This includes \$10.8 billion mobilized from other investors.

PRODUCT LINES

Loans

IFC finances projects and companies through loans for our own account, typically for seven to 12 years. We also make loans to intermediary banks, leasing companies, and other financial institutions for on-lending.

While IFC loans traditionally have been denominated in the currencies of major industrial nations, we have made it a priority to structure local-currency products. IFC has provided financing in more than 50 local currencies.

In FY20, we made commitments for \$9.5 billion in new loans for our own account.

Equity

Equity investments provide developmental support and long-term growth capital that private enterprises need. We invest directly in companies' and financial institutions' equity and also through private-equity funds. In FY20, equity investments accounted for about \$1 billion of commitments we made for our own account.

IFC generally invests between 5 percent and 20 percent of a company's equity. We encourage the companies we invest in to broaden share ownership through public listings, thereby deepening local capital markets. We also invest through profit-participating loans, convertible loans, and preferred shares.

Trade and Commodity Finance

The IFC Global Trade Finance Program guarantees trade-related payment obligations of approved financial institutions. The program extends and complements the capacity of banks to deliver trade finance by providing risk mitigation on a per-transaction basis for more than 218 banks across 71 countries.

In FY20, IFC had a commitment of \$6.5 billion in trade and supply chain finance, more than half of which was committed in International Development Association (IDA)* countries and fragile and conflict-affected situations (FCS).

Syndications

IFC's Syndications Program is the oldest and largest among multilateral development banks. It works to enable IFC's public and private partners — commercial banks, institutional investors, insurance companies, sovereign funds, and other development institutions — to participate alongside us as we provide loans to companies in emerging markets.

By mobilizing our partners' capital, we forge new connections that can help increase foreign investment in the world's poorest countries and provide a fundraising path for other growing local enterprises to follow. In FY20, IFC syndicated a total of \$5.8 billion to 88 partners through B loans, parallel loans, credit insurance, local currency syndications, green loan syndications, and the MCPP, which creates customized portfolios of emerging-market loans for investors.

Syndications accounted for 46 percent of the total third-party funds mobilized by IFC for our clients in FY20, and 39 percent of these funds went to borrowers in IDA and FCS countries. At year-end, Syndications managed a total portfolio of \$16 billion on behalf of its investment partners.

Risk Management and Structured Solutions

IFC makes derivatives products available to our clients, solely for hedging purposes. By allowing these companies to access international derivatives markets to hedge currency, interest-rate, or commodity-price risks, we enable them to enhance their creditworthiness and improve their profitability. In offering risk-management products, IFC acts generally as an intermediary between the market and private companies in emerging markets. IFC also provides structured-finance products for clients seeking to raise funds on global and local capital markets and manage financial risk, including through Risk Sharing Facilities. IFC has assisted first-time client issuers in accessing the markets through partial credit guarantees and anchor investments. We also assist clients in structuring and placing securitizations with capital-markets investors.

Blended Concessional Finance

Blended concessional finance, where concessional funds are combined with our own financing, has been helping IFC extend its reach into more challenging markets and sectors for more than 15 years.

Blended finance can help de-risk and address market challenges in transactions, making them more attractive to private sector investors. As pioneering projects, when successful, blended finance investments can help pave the way for other investors and help create markets.

IFC's blended concessional finance facilities focus on mobilizing investment in areas of strategic importance to IFC including climate and gender. In December 2019, IDA partners authorized an additional \$2.5 billion for the IDA Private Sector Window, which, since 2017, has supported private sector investment in the poorest and most fragile countries.

In FY20, we committed \$489 million of concessional donor funds, catalyzing \$1.7 billion in investments for IFC's own account. IFC also continued its leadership in implementing the Development Finance Institutions' Blended Concessional Finance Principles, which call for disciplined and transparent use of concessional resources. Beginning in October 2019, IFC began publicly disclosing the estimated subsidy for each proposed IFC transaction seeking the support of blended concessional finance. IFC is the first — and to date only — institution to disclose the estimated subsidy at the transaction-level, an important step in ensuring greater transparency and accountability with the use of public funds.

ADVISORY

Providing advice is a critical part of IFC's strategy to create markets — an effort coordinated with governments and the World Bank. Through our advisory programs, we work with clients — including companies, financial institutions, industries, and governments — to transform ideas into bankable projects. We help establish the necessary conditions that will attract capital, enabling the private sector to grow.

Our advisory work is informed by the IFC-World Bank Country Private Sector Diagnostics, the World Bank Group's multiyear Country Partnership Frameworks, and IFC's Country Strategies and Sector Deep Dives.

- We help companies attract private investors and partners, enter new markets, and increase their impact. We provide tailored market insights as well as advice on how to improve companies' operational performance and sustainability.

*This refers to the list of countries eligible for financing from IDA under the IDA-17 cycle.

- We help industries adopt good practices and standards to increase competitiveness and productivity.
- We help governments structure public-private partnerships to improve people's access to high-quality infrastructure and basic services. We also advise on improving the business environment through reforms that promote investment, spur growth, and create jobs — while providing support for the implementation of these reforms.
- We work in collaboration with the World Bank to provide upstream policy advice and develop activities that help create markets and support future transactions in multiple industries, especially in IDA countries and Fragile and Conflict Affected States (FCS).

Particularly in the poorest and conflict-affected areas of the world, we work with clients to improve their environmental, governance, and social practices — including those related to gender. We also help potential investment clients improve their operational performance and management practices to attract the financing they need.

In FY20, our advisory portfolio grew to \$1.5 billion, encompassing almost 800 advisory projects in more than 100 countries. Fifty-seven percent of IFC's advisory program was in IDA countries, 22 percent was in FCS areas, and 25 percent of our advisory program was climate-related. Thirty-seven percent included efforts to improve gender-related issues. Fourteen percent of advisory projects were tagged as Upstream. Our advisory staff members remain close to clients, with almost 80 percent based in the field.

HOW WE WORK WITH COMPANIES

Agribusiness: We help companies improve productivity and standards by creating efficient value chains, ensuring food security, enabling strong links with smaller farming enterprises and rural communities, and improving the focus on positive economic, social, and environmental outcomes across the food supply chain.

Global Infrastructure: Working in partnership with companies, government, and local leaders, we deliver sustainable infrastructure solutions that benefit local communities. Dialogue and engagement with multiple stakeholders, complemented by capacity building for municipal and local leaders, improves transparency and good governance in our infrastructure projects. We also help companies use resources more efficiently and support the development of renewable energy markets.

Corporate Finance Services: We help companies enter new markets, attract investors, and structure complex projects, offering advice on the design and execution of mergers, acquisitions, and partnerships.

Green Buildings: We offer tools and training to help companies construct buildings that use energy, water, and materials more efficiently. We also help governments establish related policy frameworks and work with banks to launch green-finance products.

Small and Medium Enterprises (SMEs): We help SMEs strengthen their skills and performance, improving their ability to participate in the supply and distribution networks of larger firms. We advise companies and governments on how to improve working conditions and boost the competitiveness of the textile sector's supply chain.

Gender Equality: We work with companies to enhance the recruitment, retention, and promotion of women. We also help companies increase women's access to financial services, technology, information, and markets.

Corporate Governance: We help companies improve access to capital, mitigate risk, and safeguard against mismanagement by improving their corporate governance.

Environmental and Social Risk Management: We help integrate environmental and social risk-management considerations into companies' operations to achieve long-term success. We provide timely advice (including through knowledge products) for clients on environmental and social elements to support decision-making in response to the impacts of COVID-19.

In response to COVID-19 and in consideration of its potential environmental, social, and governance impacts, IFC developed and published interim advice for IFC clients and communities on:

- Preventing and Managing Health Risks of COVID-19 in the Workplace
- Supporting Workers in the Context of COVID-19 (covering job protection and health and safety)
- Developing a COVID-19 Emergency Preparedness and Response Plan
- Stakeholder Engagement in the Context of COVID-19
- Addressing Increased Reprisals Risk During COVID-19
- Company Leadership on Crisis Response

This information supports decision-making in response to the impacts of COVID-19.

HOW WE WORK WITH FINANCIAL INSTITUTIONS AND FUNDS

Financial Institutions: We help clients strengthen risk management and diversify product offerings in categories such as SME finance, gender, housing finance, and renewable energy. We also promote universal access to finance, strengthen capital markets, and establish credit bureaus and collateral registries.

Fund Managers: We help develop the private equity industry in frontier markets and provide non-investment-related advice to fund managers.

HOW WE WORK WITH GOVERNMENTS

IFC's work with governments, the World Bank, and other partners, including on Upstream, focuses on implementing recommendations highlighted in our Country Private Sector Diagnostics and reforms prioritized in our Country Strategies to increase the private sector's role in development. Specific areas of emphasis include:

Public-Private Partnerships (PPPs): We help governments design and implement PPPs that are tailored to local needs, help solve infrastructure bottlenecks, and achieve national development goals.

Financial Sector: We work with governments and the private sector to build resilient, transparent, and smooth-functioning financial systems and capital markets. We work closely with the World Bank and leverage its expertise alongside IFC investment resources to jointly develop local capital markets in selected focus countries.

Enabling Investment Climate: We help improve the business environment through economy-wide and increasingly more sector-specific reforms that promote investment, spur growth, and create jobs. We are leveraging World Bank expertise where necessary to complement IFC's upstream work on enabling environments for private sector investment.

Cities Initiative: We help local governments, municipalities, and provinces prioritize and develop sustainable, resilient infrastructure services for their citizens.

IFC ASSET MANAGEMENT COMPANY

Impactful and profitable equity investments are crucial to achieving IFC's development objectives and securing our long-term financial sustainability.

IFC Asset Management Company (AMC) mobilizes and manages capital for businesses in developing countries and frontier markets. Created in 2009, AMC provides investors with unique access to IFC's emerging-markets investment pipeline, while also expanding the supply of long-term capital to these markets. AMC enhances IFC's development impact and generates profits for investors by leveraging IFC's global platform and investment standards.

Initially established as a wholly owned subsidiary of IFC, as of February 1, 2020, AMC merged into IFC as a Vice Presidency Unit, maintaining its independent decision-making and fiduciary duty to its investors. AMC now has a realigned role, supporting the implementation of our new approach to equity investing. This new approach includes strengthening staff skill sets in order to source and manage key assets and create value, improving our handling of equity investments from inception to divestment/exit, and sharpening our focus on macro-economic issues in new business analysis and portfolio decision-making.

As of June 30, 2020, AMC had raised approximately \$10.1 billion, including about \$2.3 billion from IFC. It manages 12 investment funds covering equity, debt, and fund-of-fund products on behalf of a wide variety of institutional investors, including sovereign wealth funds, pension funds, and development-finance institutions. In FY20, AMC funds committed \$63 million to 5 investee companies and exited 14 investments with a combined cost basis of \$657 million.

AMC FUNDS

IFC Capitalization Fund: The \$3 billion IFC Capitalization Fund consists of two subfunds — an equity fund of \$1.3 billion and a subordinated debt fund of \$1.7 billion. Launched in 2009, the fund helped systemically strengthen systemic banks in emerging markets, bolstering their ability to cope with financial and economic downturns. As of June 30, 2020, the fund had made 41 investment commitments totaling \$2.8 billion.

IFC African, Latin American, and Caribbean Fund: The \$1 billion IFC African, Latin American, and Caribbean Fund was launched in 2010. The fund makes equity and equity-related investments across a range of sectors in Sub-Saharan Africa and in Latin America and the Caribbean. As of June 30, 2020, the fund had made 39 investment commitments totaling \$879 million.

Africa Capitalization Fund: The \$182 million Africa Capitalization Fund was launched in 2010 to invest in systemic commercial-banking institutions in Africa. As of June 30, 2020, the fund had made eight investment commitments totaling \$130 million.

IFC Catalyst Fund: The \$418 million IFC Catalyst Fund was launched in 2012 and invests in funds that provide growth capital to companies developing innovative ways to address climate change in emerging markets. It also may invest directly in those companies. As of June 30, 2020, the fund had made 22 commitments totaling \$386 million.

IFC Global Infrastructure Fund: The \$1.2 billion IFC Global Infrastructure Fund was launched in 2013 and makes equity and equity-related investments in the infrastructure sector in emerging markets. As of June 30, 2020, the fund had made 22 investment commitments totaling \$702 million.

China-Mexico Fund: Launched in 2014, the \$1.2 billion China-Mexico Fund is a country-specific fund that makes equity, equity-like, and mezzanine investments along with IFC in Mexico. It focuses on infrastructure alongside other sectors, including manufacturing, agribusiness, services, and banking. As of June 30, 2020, the fund had made three investment commitments totaling \$320 million.

IFC Financial Institutions Growth Fund: The \$505 million IFC Financial Institutions Growth Fund is a follow-on fund to the IFC Capitalization Fund and makes equity and equity-related investments in financial institutions in emerging markets. As of June 30, 2020, the fund had made eight investment commitments totaling \$178 million.

IFC Global Emerging Markets Fund of Funds: Launched in 2015, the \$800 million IFC Global Emerging Markets Fund of Funds invests mainly in private equity funds that are focused on growth companies in various sectors across emerging and frontier markets. The fund also invests directly in such companies. As of June 30, 2020, the fund had made 30 investment commitments totaling \$756 million.

IFC Middle East and North Africa Fund: Launched in 2015, the \$162 million IFC Middle East and North Africa Fund makes equity and equity-related investments in the MENA region. As of June 30, 2020, the fund had made four investment commitments totaling \$66 million.

Women Entrepreneurs Debt Fund: The \$115 million Women Entrepreneurs Debt Fund, launched in 2016, extends senior loans to commercial banks for on-lending to women-owned small and medium enterprises in emerging markets. This is a component of the \$600 million Women Entrepreneurs Opportunity Facility, a partnership established in March 2014 between IFC and the Goldman Sachs *10,000 Women* initiative. As of June 30, 2020, the fund had made investment commitments to 10 banks amounting to \$110 million.

IFC Emerging Asia Fund: The \$693 million IFC Emerging Asia Fund, launched in 2016, makes equity and equity-like investments across all sectors in emerging markets in Asia. As of June 30, 2020, the fund had made eight investment commitments of \$171 million.

Our Industry Expertise

IFC's leadership role in sustainable private sector development reflects the depth and breadth of expertise we have acquired over 60 years of helping emerging-market firms succeed and grow. This is a unique advantage in the marketplace.

We leverage our global industry knowledge to tackle the biggest development challenges of our era — including unemployment, climate change, and food and water security.

AGRIBUSINESS AND FORESTRY

Agribusiness plays an important role in poverty reduction. The agricultural sector accounts for at least half of gross domestic product and employment in many developing countries — making it a priority for IFC.

We provide financing and advisory support for the private sector to address the demand for food in an environmentally sustainable and socially inclusive way.

IFC offers long-term financing and working-capital solutions to help clients finance inputs, including seeds, fertilizers, and crop-care chemicals for farmers.

We pursue investments in logistics and infrastructure such as warehouses and cold chains to improve the efficiency of supply chains and reduce food waste. To improve agricultural productivity, we work to expand the adoption of efficient operational techniques and technologies that allow the best use of inputs and resources and help mitigate climate-change impacts. IFC also provides advisory support to strengthen client operations, increase operational capacity of smallholder farmers, address climate-change impacts, improve food safety, and unlock new

markets. Along with the Disruptive Technologies and Venture Capital team, we invest in AgTech solutions that positively impact farm yields and farmer incomes while improving efficiencies and reducing waste.

In FY20, our new long-term commitments for our own account in agribusiness and forestry totaled about \$1.1 million.

DISRUPTIVE TECHNOLOGIES AND FUNDS (CDF)

The rise of digital technologies in emerging markets has enormous potential to accelerate economic growth, social inclusion, innovation, job creation, and access to high-quality services that would have been unimaginable even a decade ago.

Disruptive Technologies and Funds supports promising startups along the entire entrepreneurship ecosystem from seed stage to growth equity, leading to mainstream business debt financing, equity, and lending opportunities. We invest in early stage to growth-stage companies and funds that offer innovative technologies or business models geared at emerging markets in areas including health care, education, agriculture, e-commerce, logistics, mobility, and clean technology.

IFC is one of the world's largest investors in emerging markets funds, with a portfolio of \$8.9 billion in total commitments in 356 funds. The CDF portfolio amounts to \$5.2 billion in total commitments, including \$4.7 billion in 271 growth equity, venture capital, and seed funds* and \$502 million in 50 direct and co-investments.

In FY20, our new commitments for our own account totaled \$608 million, with a total of \$15 million mobilized.

FINANCIAL INSTITUTIONS

Well-functioning, inclusive, and sustainable financial markets ensure efficient resource allocation and are essential for achieving the World Bank Group's twin goals to end extreme poverty and boost shared prosperity, as well as meeting the United Nations' Sustainable Development Goals.

IFC is committed to developing the financial sector in emerging markets through institution building, the use of innovative financial products, and mobilization, with a special focus on medium and small enterprises. IFC's work in this space helps strengthen financial institutions and overall financial systems, expanding existing capital markets and creating new ones, which includes bolstering their environmental and social risk management practices. This allows IFC to support indirectly a broad

*Does not include AMC and Sector funds.

spectrum of enterprises and enables the growth of digital financial services delivery channels to a far greater extent than we would be able to support on our own.

As IFC operates through financial intermediaries, we support them to become more involved in priority sectors — such as women-owned businesses, affordable housing, or climate-smart projects — and in fragile and conflict-affected states, as well as in insurance and social services.

In FY20, our new long-term commitments for our own account in financial markets totaled about \$5.8 billion.

HEALTH AND EDUCATION

Health care and education are basic human needs — but they remain beyond the reach of many people in developing countries.

Expanding access to health care and education is a central element of any strategy to end poverty and boost prosperity. The COVID-19 health crisis has shown key vulnerabilities in health systems, and IFC is focused on improving access to essential medical products and health-care services. IFC supports health-care providers and life-sciences companies by providing financing and advisory support, sharing industry knowledge, raising management and clinical standards, improving adherence to global quality standards for medicines, and encouraging public-private sector collaboration.

In education, we support private tertiary education and technology-based solutions to complement the work of the public sector and to create more opportunities for people in rapidly changing economies. IFC also supports collaboration between the public and private sectors to improve education access and quality.

IFC is the world's largest multilateral investor in private health care and education. In FY20, our new long-term commitments for our own account in health and education totaled about \$667 million.

INFRASTRUCTURE

Sustainable infrastructure is critical for addressing developmental challenges in emerging markets. IFC offers long-term financing and industry-leading expertise to develop infrastructure projects that

provide essential services — including electricity, telecommunications, transportation, water and sanitation — in partnership with the private sector.

Energy

IFC finances electricity generation, transmission, and distribution projects across a range of technologies, with an emphasis on low-cost renewable energy. We are also the leading financier of low-cost renewable energy, such as hydropower, wind, and solar. IFC also finances transmission, distribution, storage, and other energy infrastructure.

In FY20, our new long-term commitments for our own account in this sector totaled about \$746 million.

Environmental and Municipal Infrastructure

IFC is committed to expanding access to clean water and improved sanitation in developing countries. We ensure municipal authorities provide reliable services in a sustainable and affordable way. We provide financing, advisory services, and project development support for municipal and regional governments and private companies to enhance opportunities for improving growth and efficiency.

In FY20, our new long-term commitments for our own account in this sector, which includes our Cities engagements, totaled about \$414 million.

Cities: IFC forms strategic partnerships with cities around the world to offer solutions in areas such as urban transport, street lighting, affordable housing, energy efficiency, and climate resilience. IFC mobilizes commercial financing for priority projects, connects cities with capital markets, and leverages World Bank and private sector expertise to facilitate infrastructure projects.

Mining

IFC has decades of experience providing finance and sustainable business solutions in the mining sector. Our contributions include mitigating environmental and social risk, providing advice on community engagement, and implementing shared-use infrastructure. We finance mining projects across the development stage, including construction, production, and expansion, with a focus on impact investing for sustainable economic growth.

In FY20, our new long-term commitments for our own account in this sector totaled about \$62 million.

Telecommunications, Media & Technology

IFC is a leader in the Telecommunications, Media, and Technology sector in emerging markets globally, building critical infrastructure, financing companies, and helping close the digital divide. We focus on supporting mobile network operators — mainly in challenging and less developed markets where the digital divide hinders development. We also finance digital infrastructure — broadband networks, telecommunications towers, and data centers — that are critical enablers of the digital economy.

In FY20, our new long-term commitments for our own account in this sector totaled about \$21 million.

Transportation

IFC investments help modernize ports, airports, roads, railways, and other transportation infrastructure that can bolster international trade, create jobs, and reduce urban congestion. We focus on projects that reduce transportation costs, relieve bottlenecks, facilitate international trade, mitigate climate effects, and create jobs through efficiency upgrades and modernization, which are critical for economic development and growth.

In FY20, our new long-term commitments for our own account in this sector totaled about \$254 million.

Sustainable Infrastructure Advisory

In addition to financing, IFC offers advisory services to help companies increase benefits to the communities where they operate, including through supply chains and royalty payments. Our work enables communities and companies to share value and sustain good relationships.

MANUFACTURING

The manufacturing sector plays a vital role in creating opportunity and reducing poverty in developing countries. We work with our clients to increase production scale and complexity — introducing more value-added manufactured products and using more advanced industrial-process technologies. Fostering the production of basic materials such as cement, chemicals, and metals can have a ripple effect across value chains — with the potential to create formal jobs in manufacturing as well as in associated services.

We have maintained our focus on manufacturing, including in construction materials, textiles and garments, industrial equipment, and transportation machinery. We invest in and advise companies that seek a more complex model of production. We promote best practice standards in areas such as energy efficiency, carbon emissions, human resources, and gender. We also provide advisory support on improving workforce and operational productivity for mid-size manufacturing clients.

In FY20, our new long-term commitments for our own account in the manufacturing sector totaled about \$664 million.

TOURISM, RETAIL, AND PROPERTY

The tourism, retail, and property sectors contribute significantly to job creation, tax revenues, and economic growth for developing countries.

Our investments promote the development of business-enabling infrastructure — including business hotels, warehousing, and commercial property. We work with our retail and hotel clients to create jobs, increase tax revenues, improve business and trading conditions along their value chains, and raise labor standards. We also invest in property companies to expand affordable housing. In each of these areas, green buildings play a key role in our investment and advisory work.

In FY20, our new long-term commitments for our own account in tourism, retail, and property totaled about \$635 million.