

STRATEGY IN ACTION

In a year unlike any other, IFC produced remarkable results despite challenging conditions, delivering record levels of financing for our clients. More importantly, IFC found opportunity within crisis, repositioning itself to make a bigger impact in the years ahead. Now, more than ever, we are focused on creating jobs, building skills, and developing new markets. We are engaging earlier — and more proactively — to create investment opportunities and solve development challenges in priority sectors such as healthcare, affordable housing, and climate business, among others. (See more on our Upstream work on page 34.)

It is clear that the private sector is a key driver of recovery from the COVID-19 pandemic. IFC is finding new creative ways to unlock more private investment in this moment of need. We are responding with speed and purpose, helping clients to weather the devastating impact of the pandemic, rebuilding markets, preserving jobs, and leading efforts to enable a post-pandemic recovery that is green, inclusive, and resilient.

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CLIENT VOICES

WORKING TOGETHER TO AMPLIFY IMPACT

Working closely with us, our clients around the world delivered business results with development impact.

Here are a few of their thoughts.

Sustained Credit for Local Entrepreneurs

"IFC's innovative financing will allow us to expand our support to Mongolian micro and small enterprises while contributing to the nation's effort to rebound from the COVID-19 crisis."

– Altanzul Zorigt, CEO of Transcapital, a non-bank financial institution, Mongolia.

[Read more](#)

Local Production of COVID-19 Vaccines

"We are grateful for the opportunity to access a funding package arranged by IFC. Aspen's teams are working tirelessly to optimize production of the Johnson & Johnson COVID-19 vaccine for Africa at our manufacturing site in Gqeberha, South Africa."

– Stephen Saad of Aspen, Africa's largest pharmaceutical company, South Africa.

[Read more](#)

Opening Doors to Digital Medicine

"The COVID-19 crisis allowed us to transform a traditional strategy based on linear growth to a digital model that could grow exponentially."

– Carlos Orellana, CEO of eye care clinic salauno, Mexico.

[Read more](#)

The Power of Partnerships

"The best partnerships are informed by a common goal and an experience of learning together. By combining the expertise and resources of the Rockefeller Foundation with the global footprint of the IFC, we are demonstrating the power of partnerships to deliver real impact."

– Dr. Rajiv J. Shah, Rockefeller Foundation President and IFC's partner in a new initiative to mobilize up to \$2 billion of private sector investment in climate-smart distributed renewable energy solutions, Global.

[Read more](#)



Supply Chain Solutions for Small Shops

"[TradeDepot] made it much easier for me to stock my store without leaving my location. They would supply me at least once a week, and sometimes two or three times in a week. There was no need for me to go to the market, and their prices are good."

– Blessing Chibueze, a shop operator in Lagos, Nigeria.
[Read more](#)

Building a Business in Sustainable Banking

"Green banking offered us a unique opportunity to be a pioneer in a market that was largely undeveloped, that lacked green finance expertise."

– Andrii Kravets, Chairman of the Board, Ukrgasbank, Ukraine.
[Read more](#)

Ride-Hailing Services that Support Women

"We realized the impact that safe transport has on women's empowerment and financial independence. Our company and our investments in technology enable women passengers to make safe trips while providing flexible and lucrative employment for women drivers."

– Jiffry Zulfer, CEO of PickMe, Sri Lanka.
[Read more](#)

STAFF VOICES

RESILIENCE AND OPPORTUNITY

Our staff combine a remarkable diversity of skills, experiences, and backgrounds. But this year, they all shared a common challenge: the personal need to cope with the pandemic while delivering on IFC's mission.

Looking ahead, IFC's staff are finding new ways to support a resilient recovery. Here are some of their reflections.



Shalabh Tandon | DELHI

In India, 65 staff members and more than 400 family members tested positive for COVID-19. With the national health system under severe stress as new cases reached as many as 400,000 per day at the peak of the second wave, our India team set up a 24/7 helpline to support one another. Volunteer case managers advised colleagues and families on how to get tested and seek medical attention. They even facilitated hospital admission and lifesaving support — until well after staff were safely home and recovered.

Amid it all, our India staff continued delivering on IFC's mission. "Working together, the team overcame immense grief and loss only to redouble its efforts to support clients at a truly critical time," said Shalabh Tandon, IFC's acting South Asia Regional Director at the time. "Our work has taken on new meaning — not only in helping clients keep the lights on and preserve jobs, but also rebuilding for truly sustainable development."



Zeynep Kantur Ozenci | WASHINGTON, DC

Zeynep Kantur Ozenci, a principal investment officer based in Washington, DC, tirelessly led the development of IFC's Global Health Platform (see page 27) and Upstream initiatives focused on building healthcare resilience in developing countries. Like many of her colleagues, she closely monitored what was happening with loved ones in Turkey, her home country, some of whom tested positive for COVID-19 at the onset of the pandemic. Despite long working days and unsettling news from home, she maintained a positive outlook. "I am extremely fortunate to have had this opportunity," she said. "Not many people have the chance to work on something so meaningful as a new global health initiative to increase access to products and services that can literally make the difference between life and death during a pandemic."



Ahmed Okasha

CAIRO

In Cairo, Ahmed Okasha, an operations officer, became a father for the first time in a city in complete lockdown. "Surviving with a newborn during a pandemic was extremely tough. Going out with him for his vaccinations felt like going out during a war, with all the precautions we had to take."

He continued to work to help financial institutions in the Middle East increase their lending to small businesses. He stayed motivated by the business owners who told him how the resulting growth had led to increased incomes and provided an opportunity to send their children to better schools. "This is the impact I was looking for when I came to IFC," he said.



Thais Mello

SÃO PAULO

Thais Mello joined IFC's Upstream Infrastructure team in Brazil in July 2020, just as the pandemic was having severe effects. She spent her entire first year working from her home in São Paulo, never once seeing her new co-workers in person. But by making the most of online meetings and other technology tools, she and her colleagues collaborated day in and day out. They were able to help roll out a new IFC initiative for municipal water utilities. This experience showed her the essence of IFC's working culture: "We are not alone. We are part of a team."



Lorentz Nwachuku

DAKAR

"The pandemic really brought to life what roughly half the world's population who lack internet connections must endure, being confined with their children at home with schools closed and no opportunities for online learning," said Lorentz Nwachuku, a principal investment officer in Dakar.

Working remotely, he spent much of the year working to address the issue in Togo, planning financing for increased 4G connections and broadband access in support of the country's goal of becoming West Africa's regional digital hub. At the same time he went even farther afield, conducting virtual scoping missions to identify potential connectivity-building opportunities in Niger and Chad. The obstacles involved are significant, but do not sway him. "I feel strongly about IFC's role in improving Africa's infrastructure, especially in digital," he said. "These are the kinds of things that excite me about being here."



Margarete Biallas

WASHINGTON, DC

The same was true for Margarete Biallas, a senior operations officer who found herself grounded in Washington, DC for 18 months, unable to travel. She and her teammates soon adapted, working online to help banks in Ethiopia, Iraq, Sudan, and other challenging markets identify new digital finance opportunities. Before the end of FY21, she had helped launch a €21 million access to finance program addressing food security in Africa. Making the most of the new virtual operating environment, the program was developed in partnership with BMZ, the German Federal Ministry for Economic Cooperation and Development, in a year in which no in-person gatherings were possible. "When we looked at the issue of African food security, doing everything online allowed us to integrate IFC's agribusiness and financial sector expertise into a more holistic response than would have been possible before," she said.



RELIEF, RESTRUCTURING, AND RESILIENT RECOVERY

IFC is helping countries to weather the devastating economic impacts of COVID-19 and to prepare for a more inclusive, sustainable future. Our response package focuses on **Relief, Restructuring, and Resilient Recovery**, with the goal of enabling the private sector to maintain operations, preserve jobs, and plan for better days ahead.

These initiatives build on the strengths of IFC 1.0 and 2.0, the traditional approaches to our business, and also involves rapidly accelerating the implementation of IFC 3.0, which proactively seeks to create markets and build a pipeline of impactful investments in a post-COVID world.

This year, we have taken our 3.0 strategy to new heights. The pandemic has changed how we look at the world and our investments. **We are now reaching farther than ever to find solutions to tough development challenges — to take urgent and bold actions to meet the moment.**

RELIEF

As the global pandemic emerged in full force in March 2020, IFC launched an \$8 billion **Fast-Track COVID-19 Facility**, providing much-needed liquidity, working capital, and trade financing to keep companies in business, especially in the industries most affected. Our effort contributed to the World Bank Group's larger crisis response to save lives and livelihoods in client countries and prevent the rollback of development gains lost owing to the pandemic.

Trade finance is the single largest component of the Fast-Track COVID-19 Facility to date. IFC's work in **trade finance** mitigates banks' risks amid difficult conditions so that imports of critical goods can keep coming in and local firms can keep exporting into global markets. Our trade finance support came at an especially critical time in Yemen, a country that was already experiencing the world's worst humanitarian crisis before COVID-19. The pandemic disrupted global supply chains and production in ways that further dampened business activity. IFC's trade finance facility for Al Kuraimi Islamic Bank is increasing imports of vital commodities that help alleviate poverty and stimulate economic growth in the country.

This year we expanded the Fast-Track COVID-19 Facility by adding a \$400 million **Base of the Pyramid Program**. This offers additional support to financial service providers serving some of the segments of the economy hardest hit by the pandemic, such as small businesses, women-owned businesses, informal enterprises, and low-income households.

Complementing these relief efforts is IFC's \$4 billion **Global Health Platform**. Its investments take many forms but all focus on increasing local companies' supply of critical medical equipment and services such as face masks, ventilators, testing kits, and vaccines. One initiative funded through the platform is the African Medical Equipment Facility. Working closely with IFC's partner banks, the platform helps smaller African healthcare providers import the latest medical technology needed to improve their quality of care.

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RELIEF, RESTRUCTURING, AND RESILIENT RECOVERY

Recognizing that vaccines and their equitable access are absolutely critical to relief and resilient recovery efforts, IFC's Global Health Platform also committed \$1.2 billion to scale up vaccine manufacturing capacity, including in Africa. To support the development of vaccines for African countries, IFC, the French Development institution Proparco, DEG — the German development finance institution, and the U.S. International Development Finance Corporation (DFC) jointly provided a €600 million long-term financing package for Aspen Pharmacare Holdings Limited, a leading pharmaceutical company in South Africa that is playing a major role producing COVID-19 treatment therapies and vaccines on the African continent. It's the largest healthcare investment and mobilization IFC has led globally to date.

RESTRUCTURING

Our pandemic response package also focuses on preserving markets so the private sector can continue to play its essential role in development.

This requires a two-part focus: on one hand, strengthening financial institutions' balance sheets for efficient non-performing loan resolution and helping them revive their lending; on the other, providing specialized long-term finance to protect and restructure viable firms facing liquidity constraints.

On the financial institutions side, we are helping to create large, well-functioning markets for distressed asset resolution in several countries — a response to an increase in non-performing loans that threaten financial stability and undermine the availability and pricing of credit. In India, where government authorities anticipate that non-performing loans could reach \$200 billion dollars this year, this approach sparked a new partnership called the **J.C. Flowers India Opportunities Fund**, between J.C. Flowers, a global investment firm, and Eight Capital Management, a local partner. An IFC investment of up to \$100 million helped to create the fund, which serves as the country's first dedicated platform for mid-size distressed assets — a market segment that has been underserved until now.

Specialized restructuring investments also keep markets moving in difficult times. IFC anchored a \$620 million bond issue of **Liquid Telecommunications Holdings Ltd.**, a leading African broadband provider that needed to refinance its existing debt. Our \$100 million investment mobilized another \$520 million from other investors, freeing the company's capital for further

investment in expanding broadband access and laying a solid foundation for a faster, more resilient recovery in Africa.

We also led a \$250 million investment at a critical time for **Cebu Pacific Air**, one of the largest domestic airlines in the Philippines. IFC, IFC Emerging Asia Fund, and Indigo Partners, a specialized private equity firm, jointly invested in the low-cost carrier's convertible bonds, helping maintain affordable flights in an island nation where maritime transport alone cannot address the connectivity needs of people, goods, and services. The investment will ensure sustainable operations for the airline after the pandemic. The transaction is an example of IFC's role as a provider of patient capital and its ability to consider larger equity investments when combined with mobilized third-party capital.

Focusing on inclusion

The world's poor have felt the harshest economic impact of COVID-19.

Many microenterprises and low-income households were credit constrained before the pandemic. They now face far greater pressures, uncertainty, and risks. This has increased the relevance of the specialized financial institutions that serve them, like Nigeria's **LAPO Microfinance Bank (LAPO MFB)**.

A longtime IFC client, LAPO MFB is its country's largest microlender with 800,000 borrowers, mostly women entrepreneurs focused on the informal sector who take out loans of US \$300 or less. Many of these businesses fell into crisis amid the recent lockdown. In response, LAPO MFB had to temporarily close many of its more than 500 branches nationwide and suspend repayments for most of its borrowers for 60 days.

Through our Base of the Pyramid Program, we made an \$8 million-equivalent local currency loan to help LAPO MFB borrowers bounce back. With all branches now fully operational, LAPO MFB is focusing on social and economic empowerment of the poor and vulnerable who are underserved by larger banks.

Focus on Human Capital: Green, Resilient, Inclusive Development

Despite their heavy toll, the unparalleled health, economic and climate global challenges we faced this year have given countries a unique chance to re-imagine the future within the context of these challenges — and with greater intentionality — to ensure long-term sustainable economic growth.

At the heart of this approach is **Green, Resilient, and Inclusive Development (GRID)** — a new World Bank Group strategy addressing risks to people, the planet, and the economy in an integrated manner, tailored to the specific needs of each country. A recovery that neglects these interlinkages will not enable countries and private sector players to build the foundations needed to adequately address the complex challenges they face today. Through the GRID strategy, IFC is an anchor of the World Bank Group's approach to bring these many strands together, increasing the private sector's role in solving the very real development challenges that have been exacerbated by the global pandemic.

By viewing our engagements through GRID, IFC can leverage private capital to seize the opportunities for recovery and spark job creation. Bringing together the range of tools that encompass the IFC 3.0 strategy, such as Upstream, advisory, as well as our de-risking and mobilization platforms, we are changing the way we engage in key sectors. We are now working more proactively to help countries to create markets and encourage stronger private sector participation.

IFC's approach includes a major emphasis on **human capital**, where the pandemic threatens to reverse decades of hard-won gains, especially for women, girls, and other vulnerable people. Among our areas of focus:

- *Healthcare*, where we have created innovative new financing models like the Global Health Platform and streamlined processes to ensure quick response, while also mobilizing partners to work together to solve health demands from today's pandemic and prepare for future ones by building stronger and more resilient health systems.
- *Housing*, where we are taking an integrated, catalytic approach to addressing lower-income groups' demand for affordable homes and accelerating the shift to green mortgages/buildings.
- *Education*, where we are helping universities accelerate their digital transformation, reaching students online in ways that help build their skills needed for the workforce of tomorrow.



VIETNAM

STRATEGY IN ACTION

RELIEF, RESTRUCTURING,
AND RESILIENT RECOVERY

RESILIENT RECOVERY

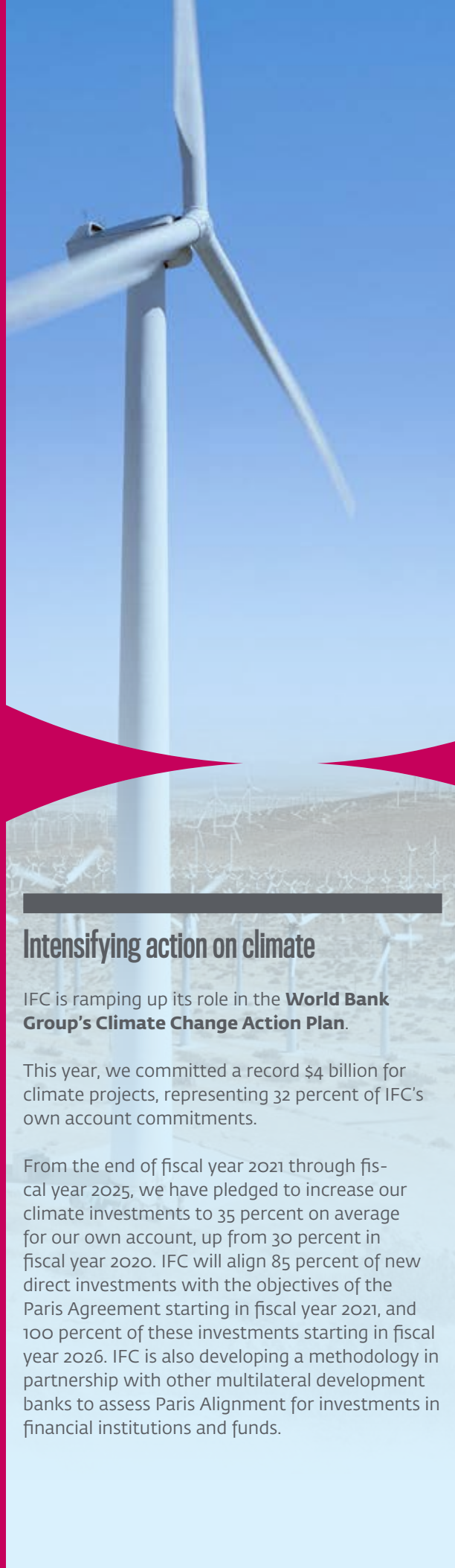
As our crisis response efforts continue, it is essential to look to the post-pandemic future — to imagine the kind of world we all wish to live in and to take action to support this vision. For IFC, this means a strong focus on climate and a stronger role for the private sector in a recovery marked by green, resilient, and inclusive development.

IFC's approach recognizes the need to create links between sustainability, inclusion, and economic growth. Climate change, healthcare, gender equality, affordable housing, renewable energy, and our work in fragile and conflict-affected situations top our list of priorities. Looking ahead, we will continue to put our full force into achievements in these areas.

The pandemic has made us view our investments in the **healthcare** industry differently. We have rethought our approach and become bolder and more focused on the future. This has involved moving beyond merely increasing access to critical health supplies and services: we seek to build capacity. We are bringing together different players and finding solutions to build more resilient health systems that will withstand COVID-19 and beyond.

Before the pandemic, IFC's work in the healthcare industry centered on the treatment of chronic diseases and related products and services. Now we increasingly focus on critical products and services related to the pandemic, such as vaccines, pharmaceuticals, diagnostic equipment, oxygen equipment, distribution networks, and digital health. Larger market gaps must be addressed to build the long-term resilience of health systems, including improving local production and distribution capacity and creating stronger public-private cooperation. **APIs Everywhere**, one of our Upstream initiatives, supports opportunities for the creation of active pharmaceutical ingredient manufacturing capacity in six pilot countries: Bangladesh, Brazil, Kenya, Mexico, Philippines, and South Africa. (See more information on Upstream on page 34.)

Our work draws on our ability to mobilize strong partnerships. IFC, along with Proparco — the private sector financing arm of Agence Française de Dével-



Intensifying action on climate

IFC is ramping up its role in the **World Bank Group's Climate Change Action Plan**.

This year, we committed a record \$4 billion for climate projects, representing 32 percent of IFC's own account commitments.

From the end of fiscal year 2021 through fiscal year 2025, we have pledged to increase our climate investments to 35 percent on average for our own account, up from 30 percent in fiscal year 2020. IFC will align 85 percent of new direct investments with the objectives of the Paris Agreement starting in fiscal year 2021, and 100 percent of these investments starting in fiscal year 2026. IFC is also developing a methodology in partnership with other multilateral development banks to assess Paris Alignment for investments in financial institutions and funds.

IDA-IFC-MIGA Private Sector Window: de-risking projects, crowding in commercial financing

The **IDA-IFC-MIGA Private Sector Window (PSW)** was launched in 2017 to support private sector development and job creation in the poorest and most fragile countries. The window helps to mitigate risk. It also enables the World Bank Group to draw on expertise and instruments across member institutions: the World Bank and its business environment and sectoral reforms, IFC investments, and MIGA guarantees.

The IDA PSW is deployed through four facilities, three of which are managed by IFC:

- A **Risk Mitigation Facility**, to provide project-based guarantees without sovereign indemnity to crowd-in private investment in large infrastructure projects and public private partnerships (PPPs) supported by IFC;
- A **Local Currency Facility**, to provide long-term local currency investments through IFC in countries where capital markets are not developed and market solutions are not sufficiently available;
- A **Blended Finance Facility**, to blend IDA PSW support with pioneering IFC investments across sectors with high development impact, including small and medium enterprises (SMEs), agribusiness, health, education, affordable housing, infrastructure, climate change mitigation and adaptation, among others.
- The **MIGA Guarantee Facility**, to expand the coverage of MIGA guarantees through shared first-loss and risk participation akin to reinsurance. This facility is managed by MIGA.

Since its inception, just over \$1.6 billion from the PSW has been approved to support high-impact projects, paving the way for investments of more than \$3 billion. Approximately 50 percent of these resources have been deployed in fragile or conflict-affected states. In the countries of the Sahel, for example, the PSW has facilitated promotion of regional value chains and access to finance for SMEs.

The strong pipeline and demand demonstrate its important role in enabling impactful projects that might otherwise not happen. In response to the COVID-19 crisis, for example, IFC worked with partners in Africa to strengthen healthcare systems, support diagnostic capacity, and provide financing for medical equipment and quality care in the region, leveraging the Blended Finance Facility. In Nepal, IFC invested through IDA PSW in the **Dolma Impact Fund II** to help provide financing to SMEs — an engine of growth that provides more than 60 percent of the country's jobs. The IDA PSW is also supporting IFC's Base of the Pyramid program in the area of microfinance institutions, providing up to \$80 million through first-loss guarantees from the Blended Finance Facility.

IDA support remains critical to help meet financing needs, which were elevated even before the COVID-19 crisis. IDA20 will focus on the theme "Building Back Better from the Crisis: Towards a Green, Resilient and Inclusive Future."

opement Group, DEG — the German development finance institution, and the U.S. International Development Finance Corporation (DFC), made an investment commitment to provide a €600 million financing package to help **Aspen Pharmacare Holdings Limited** refinance existing debt, strengthen the company's balance sheet, and support operations including production of vaccines, and other therapies in African and emerging markets. Aspen is playing a major role producing COVID-19 treatments, therapeutics, and vaccines on the African continent.

The pandemic has had a disproportionate effect on women and girls. Inclusive recovery will require creating private sector opportunities that provide equal economic access for all, across regions and industries. IFC is working with clients to address pandemic-related inequalities in areas like financial inclusion, care for children, employment, gender-based violence, digital solutions, and entrepreneurship. We are defining the agenda for the future with research such as *Women and E-commerce in Africa*, a study that found Africa's emerging e-commerce sector could

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grow by nearly \$15 billion by 2030 if women can reach online sales parity with men. Our investments also support prioritizing the needs of women and girls. We, along with **Banco La Hipotecaria** in Panama and its subsidiary in El Salvador, provided US\$50 million to expand mortgage financing to Panamanians and Salvadorians who have limited access to commercial lending institutions. Almost half of the investment will be aimed at women, supporting female-headed households.

Increased investments in **climate-smart business** solutions and emerging technologies form the foundation of a resilient recovery. This includes a focus on renewable energy, which supports energy transitions in countries that still rely heavily on coal, such as Vietnam, which currently gets less than one percent of its installed power capacity from wind despite having vast potential for more. This year, IFC provided **Thuan Binh Wind Power**, a local sponsor, with a 12-year dollar-denominated financing package of \$57 million for two new plants with combined capacity of 54.2 megawatts. The new wind projects will help Vietnam meet its targets of reducing greenhouse gas emissions by 9 percent by 2030 and of shifting to a lower-carbon economy that is both sustainable and inclusive.

With a broader scope, IFC is also partnering with **The Engine**, a venture capital firm founded by the Massachusetts Institute of Technology (MIT) to identify and scale up innovative technology solutions to some of today's most pressing challenges across emerging markets. The firm focuses on "deep tech" start-ups — ones that aim to develop and commercialize complex discoveries with great potential in healthcare, climate, energy, and other areas. IFC is investing \$20 million in The Engine's new fund targeting global tech solutions that prevent disease, bring clean energy to off-grid communities, and reduce carbon emissions, among others. These build on earlier investments that are enabling the introduction of new technologies to decarbonize steel production, screen municipal wastewater for early signs of disease outbreak, and quickly diagnose patients for malaria and other dangerous infectious diseases without laboratory equipment, using a mobile application to track disease data in real time.

Equity Investment: Essential to Development

Equity capital is the cornerstone of a firm's capital structure, forming the strong base needed to bring products to market, generate revenues, and create jobs. However, the pandemic has sharply reduced foreign and domestic investment flows and equity investments in emerging economies.

Equity investment has been a key component of IFC's investment toolkit for many years — but its relevance has grown in the current context, to provide risk capital to support sustainable businesses, and help them in their recovery and future growth.

Always emphasizing development impact as well as financial returns, our equity investment approach takes two forms:

- **Direct investments to take minority stakes in companies and financial institutions.** One example is this year's \$16.5 million investment in India's leading genetic diagnostics and research firm, **MedGenome**, which is increasing access to COVID-19 testing and supporting research to better help understand the virus and manage future outbreaks.
- **Indirect investments via private equity and venture capital funds.** This year's \$3 million commitment to the **Savannah Fund**, a leading technology seed fund in Africa, will finance start-ups across the region, with a focus on supporting women entrepreneurs and disruptive companies in high-growth sectors such as fintech, education, logistics and e-commerce, healthcare, and agtech.



To meet growing needs, we have increased our staffing of equity specialists to expand our execution capabilities and are supporting our investee companies through their life cycle with a diverse set of board directors and various forms of advice and engagement to enhance their business performance. With offices in nearly 100 countries, deep country and industry knowledge, and strong mobilization capacity, IFC is well positioned to help increase equity investment flows in a broad range of markets, including many that are perceived to be especially challenging.

GHANA

The Power of Mobilization

Mobilization is a critical component of IFC's strategy and our annual delivery for clients. It is an area in which we have high ambition: in the future, we seek to mobilize \$2 from others for every \$1 we invest for our own account.

In FY21, IFC attracted more than \$10.8 billion from other financial institutions to provide additional financing to borrowers alongside investments for our own account. These mobilization efforts deepen our impact by connecting underserved firms and markets with new sources of finance and directing a greater share of global capital to key development priorities.

For even greater mobilization in the future, we are developing innovative co-investment platforms to reach new partners. These will draw on the lessons of existing vehicles such as the **Managed Co-Lending Portfolio Program (MCP)** and **Asset Management Company** that have collectively raised more than \$20 billion in recent years, primarily from institutional investors. Over the years, we have included commercial banks, fund managers, impact investors, and insurance companies to our platforms.

Hikma Pharmaceuticals, a multinational pharmaceutical company and existing IFC client, approached us in 2020 to request rapid support to continue timely deliveries of medicines across the Middle East and North Africa. In response, IFC and its partners delivered a \$200 million financing package in record time.

To meet Hikma's urgent needs, IFC leveraged two sets of mobilization partners: institutional investors and insurance companies. We used institutional investors' funds already available under the MCP and also introduced insurance companies to the client. Insurers were able to quickly respond and underwrite some of IFC's exposure, enabling us to make a larger investment from our own balance sheet.

IFC also mobilized funds to scale up **KCB Bank Kenya's** lending activity to climate-smart businesses and support to smaller businesses, especially those owned by women. Our \$150 million financing package will strengthen KCB Bank Kenya's capital base and allow it to finance eligible projects and businesses, many of which are facing COVID-19-related challenges. Of the \$150 million, IFC contributed \$101.8 million itself and mobilized \$22 million from BIO of Belgium, \$15 million from SANAD Fund, and \$11.3 million from Symbiotics, an impact investing market access platform.

CREATING OPPORTUNITIES FOR NEW PRIVATE SECTOR INVESTMENT

For IFC, one of our most important responses to the pandemic was to accelerate the implementation of our 3.0 strategy to create opportunities and markets that will attract capital investment at greater scale. A key component of this strategy is the continued and rapid expansion of our **Upstream** resourcing and work to unlock new investment opportunities.

Our Upstream work is straightforward if challenging: We are laser-focused on finding imaginative and replicable solutions to some of the world's toughest development problems. We are developing a pipeline of private sector opportunities and projects with a clear line of sight to investment, which can then be supported by IFC's and our partners' financing, risk-mitigation, and mobilization services to crystalize these opportunities into impact.

The expansion and formalization of IFC's Upstream approach began in late 2019, and by June 2020, our pipeline of Upstream projects — the potential investment that we aim to enable over the next five years — was an estimated \$5 billion. In the last year, the pipeline tripled — creating a potential for \$16.4 billion own account investment from over 300 separate initiatives. At the end of FY21, almost 50 percent of our pipeline was in IDA and FCS countries and 20 percent was in LIC-IDA/FCS. The pipeline also reflects IFC's climate goals, with 29 percent having a climate component.

These achievements were made possible due to the efforts of the more than 280 dedicated Upstream staff hired and onboarded virtually over the past 18 months. Equally important were the contributions of other staff from across the corporation — as well as essential collaboration with the World Bank. Together they applied the diverse Upstream toolkit, which includes regulatory and policy change, standard setting, client advice, project preparation and development, and transaction advice, in a range of combinations and contexts.

Upstream is resource intensive. It requires innovation, risk taking, and ever greater collaboration and coordination across the World Bank Group. We expect that some of our interventions will not work out. But those that do will be important and incremental additions to private sector development. Importantly, IFC's Anticipated Impact Measurement and Monitoring (AIMM) system, which measures our development impact, shows that the scores for Upstream are about 18 percent higher than the average score for IFC projects. (See more information on AIMM on page 43)

We are already seeing early signs of success with the conversion of Upstream projects into committed investments. Over the course of FY21, \$2.4 billion of the long-term finance committed by IFC was enabled by previous Upstream work, of which \$1.6 billion was for IFC's own account and \$833 million was from mobilization.

In the coming years, our focus will be on continued innovation to building a robust and credible pipeline and disciplined execution to optimize conversion of that pipeline into investment: Examples of early successes from our Upstream pipeline include:



Creating markets for affordable housing

With roughly 60 percent of its urban households living in slums, Kenya has a large gap in affordable housing. The country urgently needs more private investment to fill it. A top government priority, housing became a key policy reform objective of 2019.

The **World Bank Group Joint Capital Market Program (J-CAP)** helped design and operationalize the **Kenya Mortgage Refinance Company (KMRC)**, a new entity that provides financial institutions with long-term funds so they can offer clients long-term mortgages and make loans more affordable. A \$750 million World Bank Development Policy Operation in 2019 supported new mortgage refinance regulations to allow the emergence of KMRC as a regulated commercial entity. As a result, IFC was able to make an equity investment in KMRC alongside 20 local banks and financial cooperatives. A \$250 million World Bank Kenya Affordable Housing Finance project is also providing KMRC with funding to refinance affordable mortgages, and KMRC is preparing its debut bond issuance in the capital markets, mobilizing private finance from institutional investors. KMRC expects to refinance 30,000 mortgages over the next five years.

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CREATING OPPORTUNITIES FOR NEW PRIVATE SECTOR INVESTMENT



Investing in new sources of water

Rapid urbanization is putting pressure on dwindling water resources in many countries — a situation that is worsening over time as drought and other effects of climate change restrict freshwater supply. This opens new opportunities for innovative solutions such as recycling municipal wastewater for reuse by industries and homes, which can create affordable, reliable and sustainable new local sources of water.

To help catalyze private sector investment in this space, IFC has developed, together with the World Bank and MIGA, a new initiative called **Scaling ReWater**. This Upstream engagement brings together transaction advice, standardized tender documents, balanced project documents, and competitive financing products for municipalities across emerging markets to scale up investment in water recycling in a rapid, cost-competitive, and sustainable way. As a pilot, IFC is currently advising the city of Durban, in South Africa on the development of two greenfield wastewater treatment plants to be structured as public-private partnerships.



Digitizing higher education

The digital transformation of the higher education sector has become urgent in the context of the COVID-19 pandemic. Many universities in developing countries were unprepared for this sudden change and recognized that transforming their businesses is not a choice but a must. They now need to entirely re-think their business models to expand their reach in a commercially viable, sustainable way.

IFC gathered global knowledge, experience, and expert opinions on digital transformation and then created the **Digital for Tertiary Education Program (“D4TEP”)**, a global, replicable product to assist higher education institutions in developing, implementing, and funding their digital transformation strategies and roadmaps. Developed, piloted and launched all within FY21, this has already led to several Upstream engagements with multiple institutions across all IFC regions of operation, deepening IFC’s value proposition and catalyzing targeted investment in the sector.

ENABLING RECOVERY THROUGH RAPID DIGITAL TRANSFORMATION

As the pandemic interrupted conventional ways of doing business and depressed economic activity, it also led to a skyrocketing demand for online solutions. Solid digital infrastructure provides the foundation for today's fast-emerging technology tools — and paves the way for recovery. As we look to the future, investments in this area will be an increasing priority.

The pandemic led to record demand for IFC financing of efficient, reliable digital systems that ensure internet affordability and expanded access to online services. For the first time in one fiscal year, we invested more than \$1 billion in the technology, media and telecom sector.

Providing connectivity to enable everything from business continuity to schooling to social engagement and more, these investments supported communities and hospitals with critical digital infrastructure. New networks, towers, and data centers were needed and built, along with other new technologies that required more extensive and sophisticated digital infrastructure and smarter operating models. A global sampling of our work includes the following:

Brazil

\$30M

loan to **OData**, a data center operator, enabling the use and productivity of digital services across the economy

Kyrgyz Republic

\$3M

loan to help **ElCat LLC**, the nation's largest private wholesale broadband operator, increase fiber coverage in underserved areas

Mongolia

\$130M

loan to **MCS Group**, one of the country's largest business conglomerates and employers, operating more than 20 subsidiaries across several sectors

Senegal

FINANCING PACKAGE

involving a €65 million IFC loan and €45 million commercial debt, including €30 million mobilized by IFC to support a newly-established **subsidiary of Helios Towers**, a leading African telecom tower infrastructure company

In addition to working with these large firms, IFC helps entrepreneurs establish and build high-growth tech companies — startups that bring innovative solutions to challenging issues, creating highly-skilled jobs and new products that can have impact beyond geographical boundaries. We support these entrepreneurs and their larger ecosystems by filling key gaps, such as insufficient access to early-stage capital and business know-how. We invest both in startups directly, and in commercially-oriented incubators, accelerators, seed funds, and similar vehicles that help emerging tech firms reach their potential.

Taking online learning to the next level

Tech innovators — and the energetic entrepreneurs who spark them — bring new solutions to development challenges. IFC's early-stage venture capital investments help them grow.

We back game-changers in sectors like educational technology, a fast-moving field rethinking the way learning is delivered. This support makes it possible to reach more students in more places than conventional classrooms, making education systems more resilient in difficult times.

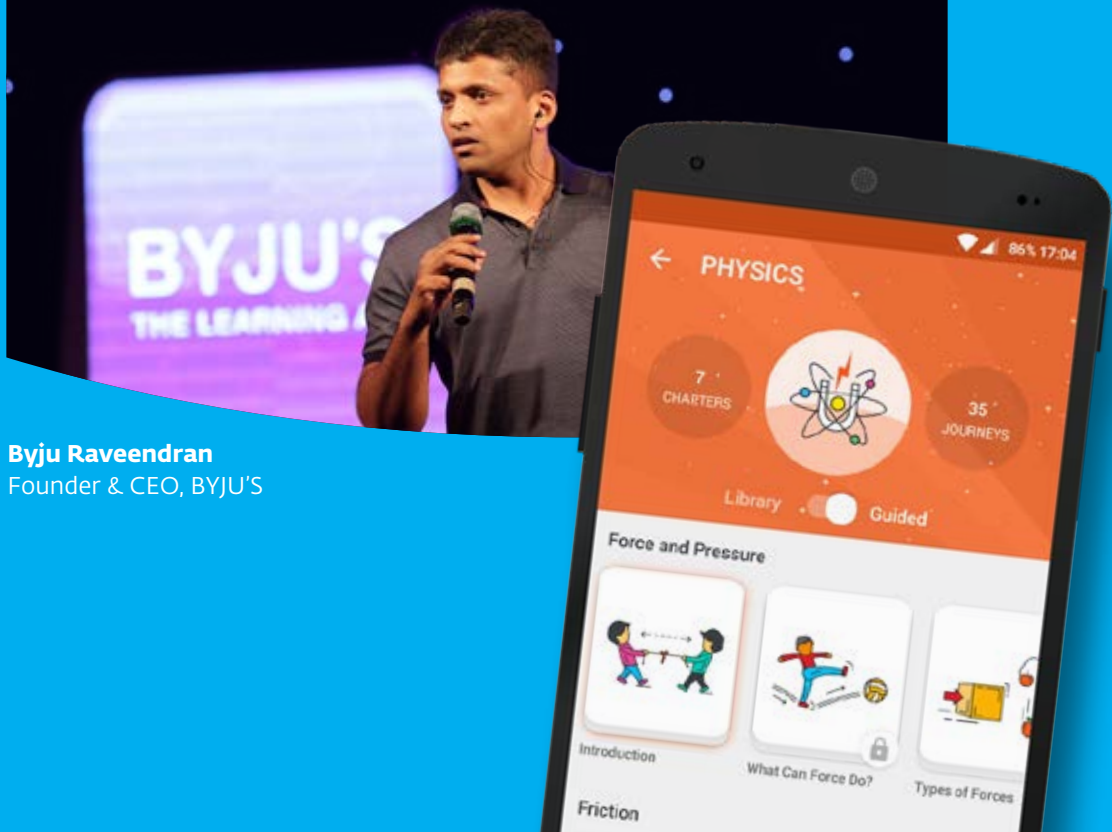
In 2016, IFC took a \$8.5 million equity stake in **Byju's**, an Indian online education platform founded five years earlier as an in-person training institute by former teacher Byju Raveendran. Byju's offers unique creative content that is extensive, engaging, and immersive. Mapped to India's K-12 curriculum, it provides supplemental guidance to public school students, especially in smaller cities. This helps improve their understanding of core concepts. Its special focus on math, science, and coding education helps students prepare for a technology-led future.

The platform had just gone mobile, introducing a learning app for grades 4–12 that was downloaded by more than 4.5 million users in its first 10 months. The firm sought to deliver world-class learning to all by emphasizing context and visuals and personalizing content to each student's unique learning style and pace.

Growth has been explosive. Byju's was valued at more than \$1 billion in 2018. Today, it is far larger — valued at \$16.5 billion and standing as the leading education technology company in the world. It now has 144 million cumulative downloads on its flagship learning app, more than 68 million of them in the last 12 months.

Byju's Future School, a one-on-one learning platform, takes the content global, launching this year in Brazil, Indonesia, and Mexico.

To the founder, impact and business results go hand-in-hand. "For us, it's not about making billions, but about impacting the way billions of students across the world learn," Raveendran told *Forbes India*.



Byju Raveendran
Founder & CEO, BYJU'S

THOUGHT LEADERSHIP

Driving progress on impact investing

IFC is more than an investor and adviser. We also help shape the thinking on private sector development, bringing key players together around shared goals to set standards, share knowledge, and promote common approaches.

One key focus is impact investing — defined as investing with an intent to contribute to measurable environmental and social impact while generating financial returns. It is an important, growing market, with \$2.3 trillion currently invested (of which \$636 billion is clearly measured for impact). It is also one that can be a major force in helping low- and middle-income countries rebuild from the COVID-19 crisis, tackle climate change, and achieve the Sustainable Development Goals.

To mobilize more capital, impact investors must embrace rigorous standards for impact management, ensuring they select investments that live up to their claims. This is why IFC helped launch the **Operating Principles for Impact Management** in 2019, which set clear standards for investments to deliver positive social and environmental impact alongside financial returns. The Principles now have 133 signatories from 33 different countries across six continents, managing approximately \$403 billion for impact.

IFC has also worked with other impact investors and the Global Impact Investing Network to bring together the two leading impact indicator sets — the Harmonized Indicators for Private Sector Operations (HIPSO) and IRIS+ — into a set of **Joint Impact Indicators** that can provide a common basis for measuring and reporting impact. The joint indicators for climate, gender, and jobs were published in March 2021, with 50 impact investors committing to using them.

Through the Impact Principles, the Joint Impact Indicators, and other work to harmonize practices, IFC is helping to create stronger standards and to bring

transparency to the marketplace, drawing in a wider range of investors, from retail investors to the largest institutional investors.

Shaping best practices for sustainable bonds

IFC is the Chair of the Executive Committee of the Green, Social and Sustainability-Linked Bond Principles, the world's most referenced framework for the issuance and evaluation of sustainable bonds benchmarked against international best practices. Hosted by the International Capital Markets Association, the principles provide guidelines for transparency and disclosure in using proceeds raised by sustainable bonds, a vast asset class including the following:

- **Green bonds**, enabling capital-raising and investment for new and existing projects with environmental benefits
- **Social bonds**, raising funds for new and existing projects with positive social outcomes in health, education, gender, affordable housing, food security, and other areas
- **Sustainability bonds**, raising financing for both green and social projects

In June 2021 the executive committee also released principles for sustainability-linked bonds, a newer structure that creates incentives for bond issuers to achieve key environmental and social performance targets across their businesses.

Sustainable bond issuance reached a cumulative \$1.7 trillion by the end of 2020, with more than \$600 billion issued that year alone. Referenced by an estimated 97 percent of all global sustainable bond issuances in 2020, the principles bring much-needed alignment and transparency to these increasingly important instruments for tapping capital markets to finance sustainable development outcomes. Further recognizing the financing gap required to meet the 2030 Paris Agreement goals, the *Climate Finance Transition Handbook* was published in 2020 under IFC's leadership of the principles as guidelines for high carbon-emitting sector issuers to credibly access sustainable bond financing to enable a transition to lower carbon strategies.

Using Blended Concessional Finance to Invest in Challenging Markets

Blended concessional finance holds unique potential to mobilize development finance and de-risk projects in the most challenging environments, including fragile and conflict-affected situations where private sector resources are often scarce.

Drawing on IFC's two-decade long experience in blended finance, the report, *Using Blended Concessional Finance to Invest in Challenging Markets*, articulates a framework for using blended finance based on rigorous evaluation and the adoption, along with other DFIs, of the DFI Enhanced Principles for Blended Concessional Finance for Private Sector Projects. The report goes beyond the Principles and codifies the modalities, examining how to make blended concessional finance work. Looking at the different instruments, examining implementation issues, and providing guidance to practitioners on how to mobilize private investment where it is needed most are also explored.

