



# MEETING THE MOMENT

2021 ANNUAL REPORT

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**Cover:** *Meeting the Moment* tells  
the story of IFC stepping forward  
to take bold, transformative  
action at a time of unprecedented  
global need.

# ABOUT IFC

International Finance Corporation (IFC), a member of the World Bank Group, is the largest global development institution focused on the private sector in emerging markets and developing economies. We work in more than 100 countries, using our capital, expertise, and influence to create markets and opportunities for better lives. In fiscal year 2021, we invested \$31.5 billion in total commitments, including \$23.3 billion in long-term finance and \$8.2 billion in short-term finance, to private companies and financial institutions in emerging and developing economies, leveraging the power of the private sector to end extreme poverty and boost shared prosperity. For more information, visit [www.ifc.org](http://www.ifc.org).

## **OUR PURPOSE**

We apply our financial resources, technical expertise, global experience, and innovative thinking to create markets and opportunities that help countries mobilize private sector solutions to address the most pressing development challenges.

## **WHERE WE WORK**

As the largest global development institution focused on the private sector, IFC operates in more than 100 developing 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 and open up opportunities for all. IFC focuses on investing, providing advice, and mobilizing finance for private financial institutions and companies. 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 better ways of doing business and new sources of capital.

## **IMPACT**

Measuring the results of our work lies at the heart of everything we do. We set corporate targets for development impact. This ensures that IFC and our clients are reaching the people and markets that most need our help. The Anticipated Impact Measurement and Monitoring (AIMM) system, launched in 2017, is now fully integrated into IFC's operations.

Highlighting our impact in FY21, IFC's investment clients:

- Supported nearly 2.6 million jobs
- Reached nearly 13.7 million customers in power, water and gas distributions
- Reached nearly 45 million patients, over 7.9 million students and nearly 3.6 million farmers

Additional results are available on our website: [www.ifc.org/AnnualReport](http://www.ifc.org/AnnualReport)

## **ACCOUNTABILITY**

We are accountable to our partners, clients, and communities we serve as we aim to achieve our development objectives in an environmentally and socially responsible manner. IFC has been working hard to deliver on a series of accountability and transparency reforms we committed to in the last few years, including in response to an independent external review of IFC's environmental and social (E&S) accountability.

We have also taken important steps to improve transparency around our use of blended finance and our investments in financial intermediaries (FIs). We believe that continuous evolution toward more transparency is one of the most important things we can do as a development institution to maintain the trust of our stakeholders and gain crucial feedback as we develop new solutions to the biggest development challenges.

## **PARTNERSHIPS**

Today's development challenges are too vast for any one institution to solve on its own. They require collaboration and coordination. IFC brings together a variety of players to address these challenges collectively, partnering with more than 30 government development agencies, as well as with several foundations, corporations, and other multilateral organizations.

These partnerships complement the funding for IFC's work, helping incubate new ideas, and allow proven solutions to be scaled up. They facilitate knowledge transfer and build business and institutional capacity, strengthening IFC's own impact. They are integral to our strategy and a growing, evolving pillar of our work.

# IFC BOARD

The past year has been immensely challenging around the world — especially for developing countries — as the COVID-19 pandemic reversed decades of progress in ending extreme poverty, achieving shared prosperity, and reducing inequality. The World Bank Group responded swiftly and extensively to the health, economic, and social impacts of the crisis to help spur recovery. But more needs to be done to address the needs of the marginalized and those who live in the poorest areas. The Board discussed and approved several important initiatives and programs in support both of countries' immediate needs and of long-term development goals.

**Vaccines.** We have made key and timely decisions on proposals by Bank Group management to respond to the pandemic and finance vaccination efforts, including mechanisms for prompt delivery. The Bank Group is partnering with WHO, COVAX, UNICEF, and others, including private manufacturers, to help facilitate transparent, affordable, and fair access to vaccines for developing countries and to continue strengthening global preparedness for future pandemics.

**Assisting the poor.** To help start the process of recovery, the Bank Group registered a historic increase in the delivery of lending for projects and initiatives to assist low- and middle-income countries, including small states, in tackling multifaceted challenges, safeguarding human capital, and providing social safety nets to target their most vulnerable people.

Given the immense financing needs, we agreed to bring forward the IDA20 replenishment process, which we expect will be completed by December 2021. At the 2021 Spring Meetings, the Development Committee also asked the Bank to scale up its work to address rising levels of food insecurity and to support countries in achieving SDG 2, and nutrition for all, along with other partners.

**Green, resilient, and inclusive development.** The Bank Group continues to support countries in achieving the twin goals of ending extreme poverty and boosting shared prosperity. In responding to the COVID-19 crisis, the Bank Group has an opportunity to help low- and middle-income countries build the foundations for a strong and durable recovery based on a framework that we discussed, which supports green, resilient, and inclusive development. We believe that this, in turn, can help address the longer-term challenge of climate change.

**Climate.** We hope that the ambitious new targets for climate financing outlined in the Climate Change Action Plan 2021–25 and the alignment of the Bank Group's financing with the Paris agreement — complemented by the approach to green, resilient, and inclusive development and efforts to build long-term resilience for food security — will help deliver on the twin goals and the Sustainable Development Goals.

**Knowledge framework.** We welcomed the discussion of the new Strategic Framework for Knowledge, which strives to better integrate knowledge into solutions for clients and the global community. We look forward to implementation of this framework, which will strengthen the Bank Group's role as a source of solutions.



IFC BOARD

**Evangelia Bouzis**  
United States

**Takashi Miyahara**  
Japan

**Richard Hugh Montgomery**  
United Kingdom

**Arnaud Buissé**  
France

**Gunther Beger**  
Germany

**Abdelhak Bedjaoui**  
Algeria

**Louise Levonian**  
Canada

**Monica E. Medina**  
Peru

**Nigel Ray**  
Australia

**Hayrettin Demircan**  
Turkey

**Merza Hussain Hasan**  
Kuwait  
(Dean)

**Rajesh Khullar**  
India

**Alphonse Ibi Kouagou**  
Benin

**Taufila Nyamadzabo**  
Botswana

**Abraham Weintraub**  
Brazil

**Mohd Hassan Ahmad**  
Malaysia

**Junhong Chang**  
China

**Eva Valle Maestro**  
Spain

**Koen Davidse**  
The Netherlands  
(Co-Dean)

**Geir H. Haarde**  
Iceland

**Matteo Bugamelli**  
Italy

**Abdulmuhsen Saad Alkhalaf**  
Saudi Arabia

**Roman Marshavin**  
Russian Federation

**Katarzyna Zajdel-Kurowska**  
Poland

**Armando Manuel**  
Angola

# *The World Bank Group remains ready to help our clients on the path to recovery.*

**Debt.** As countries face increasing debt burdens, our Governors, together with the IMF, have given the Bank Group a mandate to address fiscal and debt distress in IDA countries in a way that supports green, resilient, and inclusive development and poverty reduction. We are hopeful that the G20 Common Framework, along with extension of the Debt Service Suspension Initiative to the end of 2021, will allow beneficiary countries to dedicate more resources to tackling the crisis, investing in healthcare and education, promoting growth, and improving their long-term approaches on debt.

**Private sector.** Recognizing growing credit constraints, the private sector is a critical player in helping client countries attain their development goals, create and develop markets, mobilize resources, and respond to COVID-19, including through IFC's Global Health Platform and MIGA's response programs. We expect the Bank Group to keep building partnerships across a common strategic framework to help generate private sector solutions that address development challenges.

**Racial justice.** There were important efforts this year to address racial injustice within the Bank Group and with our clients, including a set of recommendations put forth by the End Racism Task Force to fight racism and racial discrimination. We look forward to implementation of these recommendations through an action plan that will reaffirm this institutional value, which is embedded in the Bank Group's Code of Ethics.

**Accountability mechanisms.** We also reaffirmed the importance of accountability mechanisms for people and communities who believe that they have been, or are likely to be, adversely affected by Bank Group projects and investments. We have approved enhancements to the Bank Group's social and environmental accountability framework, including changes to the World Bank Inspection Panel's toolkit and to the reporting line of the Compliance Advisor Ombudsman for IFC and MIGA.

**Leadership, staff, and return to office.** November 2020 marked the transition to a new Board of Executive Directors, and in February we welcomed Makhtar Diop as IFC Managing Director and Executive Vice President.

We look forward to the widespread availability of COVID-19 vaccines across the globe, the safe return of the Bank Group's staff to the office, and the overall return to a new normal. Our utmost appreciation goes to the staff for their ongoing dedication to the Bank Group's mission and their perseverance and hard work over the past year, despite the immense and sudden change in their working environments.

The World Bank Group remains ready to help our clients on the path to recovery. We hope that the new fiscal year brings good health and strong development outcomes for all.

## LETTER FROM DAVID MALPASS

President of the World Bank Group

### Message from the President

Since the start of the COVID-19 pandemic, the World Bank Group has worked hard to help countries fight the pandemic's health, economic, and social impacts. From April 2020 through the end of fiscal 2021, the Bank Group committed over \$157 billion — the largest crisis response in any such period of our history. We have helped countries address the health emergency, procure billions of dollars of medical supplies, deploy COVID-19 vaccines, strengthen health systems and pandemic preparedness, protect the poor and vulnerable, support businesses, create jobs, promote growth, and expand social protection.

Despite this unprecedented global effort, the pandemic has reversed gains in global poverty reduction for the first time in a generation, pushing nearly 100 million people into extreme poverty in 2020. I remain deeply concerned about fragile states, which have been particularly hard-hit by unsustainable debt burdens, climate change, conflict, and weak governance. And though I am hopeful for the global economy to rebound, many of the world's poorest countries are being left behind, with inequality widening both within and between countries. We are committed to working with our partners to find solutions to these urgent challenges — including by promoting transparency, human rights, and a rule of law that extends accountability to all institutions. We are working to save lives, protect the poor and vulnerable, support business growth and job creation, and rebuild in better ways toward a green, resilient, and inclusive recovery.

Ensuring safe, fair, and widespread immunization will be key to curb the pandemic and advance recovery: we are supporting countries' access to COVID-19 vaccines, including through COVAX and directly from manufacturers. The World Bank has expanded its financing available for COVID-19 vaccines to \$20 billion over two years — in fiscal 2021 alone, we committed \$4.4 billion for 53 countries. Working with WHO, Gavi, and UNICEF, we developed mechanisms for safe distribution in 140 low- and middle-income countries. We are partnering with the African Union and the Africa Centers for Disease Control to support the Africa Vaccine Acquisition Trust (AVAT) in order to help countries purchase and deploy COVID-19 vaccines for up to 400 million people across Africa. And we are working with the IMF, WHO, WTO, and other partners to track, coordinate, and advance delivery of vaccines to developing countries.

IFC is doing vital work to build resilient health systems and expand the manufacturing and supply chains for COVID-19 vaccines. Through its Global Health Platform, IFC committed \$1.2 billion to support vaccine



manufacturing capacity, including in Africa, and the production of essential services and medical equipment, including test kits and personal protective equipment. IFC-led investments include the mobilization of a €600 million financing package to boost COVID-19 vaccine production in South Africa, support to vaccine manufacturers in Asia, and investments in medical equipment manufacturers and suppliers.

To address many countries' risk of debt distress, we've played a key role in the G20's Debt Service Suspension Initiative, alongside the IMF. The effort has helped more than 40 countries to suspend debt service payments in excess of \$5 billion, freeing up fiscal space as countries combat the crisis. While I am pleased the

## LETTER FROM DAVID MALPASS

President of the World Bank Group

initiative has been extended to the end of 2021, more needs to be done, particularly to reduce the stock of debt in the poorest countries. With the IMF, we are helping implement the G20 Common Framework for Debt Treatments, which aims to reduce countries' debt burdens for the long term.

As the world emerges from the pandemic, climate change will remain a central challenge. The World Bank Group is the largest multilateral provider of climate finance for developing countries. Over the past five years, we have delivered over \$83 billion — in fiscal 2021 alone, our climate finance totaled over \$26 billion. Our new Climate Change Action Plan, launched in June, seeks to integrate climate throughout development efforts, with a focus on greenhouse gas reduction and successful adaptation. The plan commits us to 35 percent of Bank Group financing having climate co-benefits over the next five years; 50 percent of IBRD and IDA climate financing will support adaptation and resilience. We will align all World Bank financing with the goals of the Paris Agreement starting on July 1, 2023. For IFC and MIGA, 85 percent of Board-approved real sector operations will be aligned starting July 1, 2023, and 100 percent starting July 1, 2025. We will support countries' preparation and implementation of Nationally Determined Contributions and long-term strategies; these, in turn, will inform our Country Partnership Frameworks. And we will support countries' transition away from coal to affordable, reliable, and cleaner alternatives for electricity. Our efforts will help countries grow their economies while reducing emissions, adapting to climate change, building resilience, and protecting natural resources, including biodiversity.

In fiscal 2021, IBRD committed \$30.5 billion to middle-income countries, and IDA committed \$36.0 billion on grant and highly concessional terms to the poorest countries. I welcomed the G20's endorsement of advancing IDA's 20th replenishment cycle to 2021, which will provide the poorest countries with more resources to overcome the crisis and work toward recovery. I am also pleased that, after nearly three decades, Sudan cleared its arrears to IDA in March, enabling full reengagement with the Bank Group and paving the way for the country to access nearly \$2 billion in IDA financing.

IFC delivered a strong fiscal performance, reaching a record high of \$31.5 billion in financing, including \$23.3 billion in long-term finance and \$8.2 billion in short-term finance. IFC also scaled up its short-term financing offerings and kept trade flowing. With COVID-19 severely impacting private enterprises across emerging markets, IFC provided critical support through liquidity and trade financing, allowing companies to remain in operation, preserving jobs, and enabling long-term private sector intervention once pandemic impacts subside. We are accelerating the execution of the IFC 3.0 strategy to create more

investible projects in places where they are needed most, particularly in IDA and FCS markets, and build a pipeline of investments in a post-pandemic world.

In February, I was pleased to announce the appointment of Makhtar Diop as IFC's Managing Director and Executive Vice President. His leadership and experience will enable the World Bank Group to build on the unprecedented speed and scale of our response to the global crisis and support vital recovery efforts through the private sector.

MIGA issued \$5.2 billion in guarantees to help countries achieve their development goals. These efforts are expected to provide 784,000 people with new or better electricity service, support about 14,600 jobs, generate over \$362 million in taxes for countries, and enable about \$1.3 billion in loans, including to local businesses. MIGA continued to make progress across its strategic priority areas, with 85 percent of its projects in fiscal 2021 dedicated to climate mitigation and adaptation, projects in fragile and conflict-affected settings, and IDA countries.

As part of our ongoing commitment to fight racism and racial discrimination in our workplaces and our work, our senior management and I welcomed 80 recommendations submitted in fiscal 2021 by the Bank Group's Task Force on Racism. The first set of 10 foundational recommendations are already being implemented, and more are under review. I am grateful to all those who have come forward to engage on this important topic as we continue to work for tangible, meaningful, and long-lasting change.

Over the past year, our staff have gone above and beyond to support our clients, even as we transitioned to home-based work and coped with the pandemic's impact on our own lives, families, and communities. They have ensured the highest quality standards even as we stepped up our support to clients. I am grateful for this commitment to our mission, and I look forward to welcoming staff back to our offices as circumstances permit.

There is no path to sustainable, long-term growth without continuous progress in reducing poverty and inequality. With the dedication of our staff, the support of our partners, and our relationships with countries, I am confident that we will help countries overcome this crisis and return to the path of inclusive, sustainable growth.



**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

The World Bank Group has mounted a broad and decisive response to the pandemic — the largest in our history. From April 2020 through the end of fiscal 2021 (June 30, 2021), Bank Group financing totaled over \$157 billion. The scale of this response reflects the Bank Group's strong financial position, underpinned by the 2018 IBRD and IFC General Capital Increases and the IDA19 Replenishment. It includes:

**\$45.6B**

in financing from IBRD for middle-income countries.

**\$53.3B**

of IDA resources on grant and highly concessional terms for the poorest countries, with built-in debt relief for countries at risk of debt distress.

**\$42.7B\***

from IFC to private companies and financial institutions.

**\$7.6B**

in guarantees from MIGA to support private sector investors and lenders.

**\$7.9B**

from recipient-executed trust funds.

\*Includes long-term commitments from IFC's own account, short-term finance commitments, and core mobilization.

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# MEETING THE MOMENT

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“At a time when so many others had to step back, IFC stepped forward: helping developing countries weather the worst of the health crisis, preserve jobs, and scale up climate solutions.”

**Makhtar Diop**, IFC Managing Director

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## HISTORIC GLOBAL CHALLENGES

- COVID-19 and its economic impact
- Climate change
- Fragility and conflict

## OUR RESPONSE WITH THE PRIVATE SECTOR

- Largest-ever investment volume
- Expanded climate financing
- Developing investment pipeline for fragile countries



## HOW WE DELIVERED

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**Collaborating for greater impact with clients, partners, co-investors**

**Resilient staff committed to flexibility and innovation**

**Using de-risking tools and creating mobilization platforms**



## **Makhtar Diop**

IFC Managing Director

Much can be learned in times of crisis. They hold up a mirror, forcing us to reckon with what we see. What did COVID-19 reveal? A world more interconnected than ever before, where health and economic outcomes are intertwined, conflict is on the rise, and progress against inequality is fragile. But perhaps the most important revelation is this: when a moment arrives that requires urgency and action, extraordinary things are possible.

I joined IFC in the midst of a global pandemic and in a world defined by uncertainty. It was a humbling experience that gave me a front row seat for this organization's extraordinary capabilities in the most challenging of circumstances. At a time when so many others had to step back, IFC stepped forward: helping developing countries weather the worst of the health crisis, preserve jobs, and scale up climate solutions while ensuring countries facing fragility, conflict, and violence are not left behind.

The pages that follow tell a more complete story, but a few facts are worth highlighting. In Fiscal Year 2021, IFC made \$31.5 billion in total commitments around the world, including \$11.9 billion in fragile, conflict-affected, and poverty-stricken countries.

We launched a \$4 billion financing initiative to help developing countries access healthcare supplies needed to fight the pandemic. We mobilized \$8 billion in liquidity financing to keep businesses in affected industries open, including \$400 million to reach small and women-owned businesses. We delivered a record \$4 billion in climate financing for our own account.

These numbers represent lives saved.  
Businesses lifted. Communities protected.  
Opportunities created.

Our accomplishments this year are a testament to the strength and resilience of IFC's teams around the globe. They stayed laser-focused on our mission even as they dealt with their own personal hardships related to the pandemic. Their dedication inspires me every day and gives me confidence that we are prepared for what the future demands of us.

The future demands that we be bold enough to venture into the world's most difficult places. That we be persuasive enough to convince our private sector partners to work with us to redefine impact investing. In short, the future demands our fearlessness. And we intend to deliver by setting our most audacious goal yet: doubling IFC's impact and mobilizing two dollars for every dollar we invest.

## Tackling challenges, maximizing opportunities

We will begin by tackling the twin challenges that threaten our planet and our people.

First, we must act on one of our generation's most urgent tasks: addressing climate change. Time is running out to head off the worst-case scenarios predicted by scientists, and it is the world's most vulnerable — those who have contributed the least to climate change — who will suffer for it.

IFC recognizes that if we don't do our part to limit global warming, we will never accomplish our mission. In the face of such stakes, there is only one option: to meet this moment head on and fundamentally change how we operate. We have committed to aligning 100 percent of our direct investments with the objectives of the Paris Agreement by Fiscal Year 2026.

These same investments in climate solutions will also help us address the second major challenge facing the world: ensuring the current health pandemic does not allow a pandemic of inequality to take root.

COVID-19 dealt a devastating blow to emerging markets, reversing years of economic progress in a few short months. As many as 150 million people are expected to slip into extreme poverty by the end of 2021. There is no question that the private sector will be the primary driver of recovery. With IFC's leadership and expertise, we can and will ensure that recovery is green, inclusive, and resilient.

Our efforts must focus on several fronts concurrently — first among them the systemic healthcare vulnerabilities the pandemic exposed. Developing countries need equitable access to vaccines and medical supplies to fight COVID-19 and other diseases. IFC is helping to facilitate this by rethinking its approach to investing in the healthcare industry. We will be focused on addressing market gaps, improving local manufacturing and distribution capacity, and supporting public-private partnerships to strengthen health system resilience. The best time to prepare for the next global health crisis is right now, and we intend to do our part.

We must also shore up the micro, small and medium enterprises who are still struggling in the wake of the pandemic. Access to capital has always been the biggest constraint on business growth in developing countries, with pre-pandemic data pointing to a nearly \$8 trillion financing deficit. That gap is almost certainly larger now, with enterprises that were already credit constrained having little buffer to help weather the disruptions caused by COVID-19.

IFC's recent commitment of \$2 billion in new financing for micro-, small-, and medium-sized enterprises in Africa is only the beginning of our support efforts. These businesses are the economic foundation for countries around the world — delivering essential services, creating jobs, and lifting families out of poverty — and we must ensure their long-term survival.

We are particularly focused on using our investments to regain ground on gender equity. The pandemic forced countless women out of the labor market and into unpaid care work. If we don't want to lose an entire generation of female entrepreneurs, we must support women-owned businesses — and IFC's Banking on Women initiative has already invested more than \$3 billion in 104 financial institutions in 56 countries to support sustainable financial services for women.

Investing in climate solutions, health, and small businesses will go a long way toward ensuring a green, inclusive, and resilient recovery from the pandemic. But addressing challenges will only get us so far. We also must be relentless about maximizing opportunity — and there is perhaps no greater opportunity than bridging the digital divide.

The pandemic made plain what we have known to be true for some time: the digital economy is the economy of the future. There is practically unlimited potential in developing countries if we give young people the skills, tools, and resources they need to become the next generation of coders, digital creators, and tech entrepreneurs. But while the pace of digital adoption around the world has increased in the past 18 months, emerging markets still lack the universal digital connectivity that could spur further growth.

**\$31.5B**

**TOTAL  
COMMITMENTS**  
AROUND THE WORLD

**LONG-TERM FINANCE**

LONG-TERM INVESTMENT  
COMMITMENTS

**\$23.3  
BILLION**

**SHORT-TERM FINANCE**

**\$8.2B**

IN SHORT-TERM  
FINANCE



outpacing the previous annual high  
of **\$7.4** billion in FY18

**KEY THEMES**

**\$4B**

IN **CLIMATE**  
FINANCING FOR OUR  
OWN ACCOUNT

**25%**

IDA-17-eligible and fragile countries  
accounted for 25 percent of IFC's own  
account long-term finance commit-  
ments; climate business for 32 percent.

**\$1.58B**

committed in new long-term  
finance for financial institutions  
specifically targeting women.



IFC's commitments to the telecom, media, and technology sector in emerging markets topped \$1 billion for the first time this year, with almost three-quarters going to Africa. But this is only the beginning of our efforts. A resilient recovery must include bringing digital connectivity to the entire developing world, allowing the poorest and most marginalized among us to access online learning and work opportunities.

## Raising the bar

In order to achieve our ambitious goals, IFC must take the high bar we've set for ourselves and raise it even higher.

Our first duty is to lead from within. Accountability within our institution has never been stronger after the recent internal reforms and the new Independent Accountability Mechanism (CAO) Policy that came into effect on July 1, 2021. We now have new processes in place that give stronger voice to those who are negatively affected by IFC-supported projects, promote people's access to the CAO, and provide more opportunities for IFC and our clients to resolve concerns of local communities early and proactively. This holds us accountable, allows us to better assess our impact, and ultimately supports our goal of ensuring the benefits of development are felt by all.

We have also doubled down on our commitment to diversity within our ranks. The wide range of backgrounds, experiences, and viewpoints within IFC is undoubtedly our biggest asset, and this year's appointment of our first dedicated Diversity, Equity & Inclusion Program Manager will ensure it stays that way.

Taking these steps to strengthen IFC internally will leave us well positioned to continue showing bold leadership externally in a post-pandemic world. We must have the same clarity of vision and bias toward action outside of a crisis that we do during one. This will mean increasing our own appetite for risk, especially when it comes to creating

markets in the places that need them most. Our Upstream initiative — which continued to build out our long-term pipeline even at the height of the pandemic — will be our primary vehicle for creating early project development opportunities and represents perhaps our brightest hope for the future.

We also must find bold and creative ways to bring even more private capital into the developing world. Despite the challenges of the pandemic, we still managed to mobilize our second highest amount of capital in IFC's history. But even this is not enough to achieve the ambitions we have set for ourselves.

Nurturing partnerships new and old will be essential to our success. We will create innovative funding platforms that allow us to broaden and diversify the ranks of our investors. And at every turn, we will proactively address the factors that are holding private sector entities back from investing in emerging markets — including through regulatory reforms and standard setting.

The pandemic showed there is no moment IFC cannot meet. I am so grateful for the incredible team that brought us to this moment, and that is so prepared to carry us into a brighter future. I hope you will join me in looking toward the months and years ahead with optimism — for our organization, our clients, people and communities we serve and the green, inclusive, and resilient future we will build together.



**Makhtar Diop**  
IFC Managing Director

# OUR MANAGEMENT TEAM

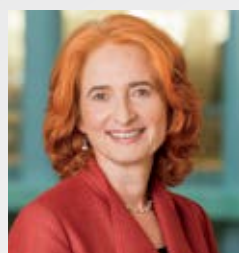
Our leadership shapes IFC's strategies and policies and oversees the effective deployment of our resources, with a focus on maximizing development impact and meeting the needs of our clients. IFC's Management Team brings together years of development experience, a broad array of expertise, and complementary cultural perspectives.



**Makhtar Diop**  
IFC Managing Director



**Stephanie von Friedeburg**  
Senior Vice President, Operations



**Georgina Baker**  
Vice President, Latin America and the Caribbean, and Europe and Central Asia



**Elena Bourghanskaia**  
Chief of Staff



**Karin Finkelston**  
Vice President, Partnerships, Communication, and Outreach



**John Gandolfo**  
Vice President and Treasurer



**Mohamed Gouled**  
Vice President, Risk and Finance



**Ruth Horowitz**  
Vice President, Equity Mobilization Division (AMC)



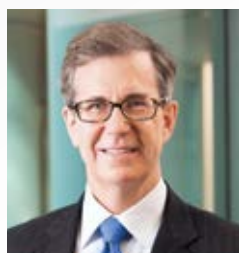
**Monish Mahurkar**  
Vice President, Corporate Strategy and Resources



**Alfonso Garcia Mora**  
Vice President, Asia and Pacific



**Sérgio Pimenta**  
Vice President, Middle East and Africa



**Christopher Stephens**  
Vice President and General Counsel, Legal and Compliance Risk

As of June 30, 2021

# WORLD BANK GROUP 2021 SUMMARY RESULTS

## WORLD BANK GROUP GLOBAL COMMITMENTS

In fiscal 2021, the World Bank Group delivered record levels of financing at an unprecedented pace; conducted in-depth analysis and research; and partnered with governments, the private sector, and other institutions to help developing countries address the wide-ranging impacts of the COVID-19 pandemic and work toward a green, resilient, and inclusive recovery.

**\$98.8B**  
(BILLION)

in loans, grants, equity investments, and guarantees to partner countries and private businesses.

Total includes multiregional and global projects. Regional breakdowns reflect World Bank country classifications.

EAST ASIA AND THE PACIFIC	EUROPE AND CENTRAL ASIA	LATIN AMERICA AND THE CARIBBEAN	MIDDLE EAST AND NORTH AFRICA	SOUTH ASIA	SUB-SAHARAN AFRICA
<b>\$13.5B</b> (BILLION)	<b>\$10.9B</b> (BILLION)	<b>\$17.5B</b> (BILLION)	<b>\$6.2B</b> (BILLION)	<b>\$15.6B</b> (BILLION)	<b>\$35.2B</b> (BILLION)



## The Institutions of the World Bank Group

The World Bank Group is one of the world's largest sources of financing and knowledge for developing countries. It consists of five institutions that share a commitment to reducing poverty, increasing shared prosperity, and promoting sustainable growth and development.

### INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (IBRD)

Lends to governments of middle-income and creditworthy low-income countries.

### INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA)

Provides financing on highly concessional terms to governments of the poorest countries.

### INTERNATIONAL FINANCE CORPORATION (IFC)

Provides loans, equity, and advisory services, and mobilizes additional capital from other sources to stimulate private sector investment in developing countries.

### MULTILATERAL INVESTMENT GUARANTEE AGENCY (MIGA)

Provides political risk insurance and credit enhancement to investors and lenders to facilitate foreign direct investment in emerging economies.

### INTERNATIONAL CENTRE FOR SETTLEMENT OF INVESTMENT DISPUTES (ICSID)

Provides international facilities for conciliation and arbitration of investment disputes.

## World Bank Group Financing for Partner Countries

By fiscal year, millions of dollars

World Bank Group	2021	2020	2019	2018	2017
Commitments <sup>a</sup>	98,830	83,547	68,105	74,265	68,274
Disbursements <sup>b</sup>	60,596	54,367	49,395	45,724	43,853
<b>IBRD</b>					
Commitments <sup>c</sup>	30,523	27,976	23,191	23,002	22,611
Disbursements	23,691	20,238	20,182	17,389	17,861
<b>IDA</b>					
Commitments <sup>c</sup>	36,028	30,365 <sup>e</sup>	21,932 <sup>e</sup>	24,010 <sup>e</sup>	19,513 <sup>d</sup>
Disbursements	22,921	21,179 <sup>e</sup>	17,549	14,383	12,718 <sup>d</sup>
<b>IFC</b>					
Commitments <sup>f</sup>	20,669	17,604	14,684	19,027	18,345
Disbursements	11,438	10,518	9,074	11,149	10,355
<b>MIGA</b>					
Gross issuance	5,199	3,961	5,548	5,251	4,842
<b>Recipient-Executed Trust Funds</b>					
Commitments	6,411	3,641	2,749	2,976	2,962
Disbursements	2,546	2,433	2,590	2,803	2,919

a. Includes IBRD, IDA, IFC, Recipient-Executed Trust Fund (RETF) commitments, and MIGA gross issuance. RETF commitments include all recipient executed grants, and therefore total WBG commitments differ from the amount reported in the WBG Corporate Scorecard, which includes only a subset of trust funded activities.

b. Includes IBRD, IDA, IFC, and RETF disbursements.

c. Amounts are net of full terminations and cancellations approved in the same fiscal year.

d. Figures include the commitment and disbursement of a \$50 million grant for the Pandemic Emergency Financing Facility.

e. Commitments and disbursements exclude IFC-MIGA Private Sector Window (PSW) activities.

f. Includes long-term commitments for IFC's own account and short-term finance commitments. Does not include funds mobilized from other investors.

# IFC 2021 YEAR IN REVIEW

IFC operates in accordance with our Board-approved IFC 3.0 strategy and the IFC Strategy and Business Outlook Update FY22-24.

## Financial Highlights

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

	2021	2020	2019	2018	2017
Net income (loss) attributable to IFC <sup>1</sup>	\$ 4,209	\$(1,672)	\$ 93	\$ 1,280	\$ 1,418
Grants to IDA	213	–	–	80	101
Income (loss) before grants to IDA	4,422	(1,672)	93	1,360	1,523
Total assets	\$105,264	\$95,800	\$99,257	\$94,272	\$92,254
Loans, equity investments, and debt securities, net	44,991	41,138	43,462	42,264	40,519
Estimated fair value of equity investments	12,024	10,366	13,113	14,573	14,658

### Key Ratios

Return on average assets (U.S. GAAP basis) <sup>1</sup>	4.2%	(1.7)%	0.1%	1.4%	1.6%
Return on average capital (U.S. GAAP basis) <sup>1</sup>	14.9%	(6.3)%	0.3%	5.0%	5.9%
Cash and liquid investments as a percentage of next three years' estimated net requirements	114%	96%	104%	100%	82%
Debt-to-equity ratio	2.1	2.2	2.2	2.5	2.7
Total resources available (\$ in billions)	30.7	28.2	27.8	24.7	23.6
Total resources required (\$ in billions)	20.5	20.3	21.8	20.1	19.4
Total reserve against losses on loans to total disbursed portfolio	4.9%	6.3%	4.7%	5.1%	6.1%

1. Financial results are not directly comparable due to the adoption of ASU 2016-01 on July 1, 2019, which resulted in all unrealized gains and losses on equity investments being reported in Net Income since the fiscal year 2019.

# Operational Highlights

Dollars in millions, for the years ended June 30

	2021	2020	2019	2018	2017
<b>Investment Commitments<sup>1</sup></b>	\$31,500	\$28,430	\$24,890	\$30,699	\$25,807
<b>Long-Term Investment Commitments</b>					
<b>FOR IFC'S OWN ACCOUNT</b>	\$12,474	\$11,135	\$ 8,920	\$11,629	\$11,854
Number of projects	313	282	269	366	342
Number of countries	71	67	65	74	75
<b>MOBILIZATION<sup>2</sup></b>	\$10,831	\$10,826	\$10,206	\$11,671	\$ 7,461
Syndicated loans	\$ 3,647	\$ 4,989	\$ 5,824	\$ 7,745	\$ 3,475
IFC initiatives & other	\$ 3,693	\$ 3,370	\$ 2,857	\$ 2,619	\$ 2,207
Asset Management Company (AMC) Funds	\$ 244	\$ 50	\$ 388	\$ 263	\$ 531
Advisory Mobilization <sup>3</sup>	\$ 3,246	\$ 2,417	\$ 1,137	\$ 1,044	\$ 1,248
<b>TOTAL LONG-TERM INVESTMENT COMMITMENTS</b>	\$23,305	\$21,961	\$19,126	\$23,301	\$19,316
<b>Short-Term Investment Commitments</b>					
Annual Commitments <sup>4</sup>	\$ 8,195	\$ 6,469	\$ 5,764	\$ 7,398	\$ 6,491
<b>Investment Disbursements</b>					
For IFC's account	\$11,438	\$10,518	\$ 9,074	\$11,149	\$10,355
Syndicated loans	\$ 1,309	\$ 2,231	\$ 2,510	\$ 1,984	\$ 2,248
<b>TOTAL INVESTMENT DISBURSEMENTS</b>	\$12,747	\$12,749	\$11,584	\$13,133	\$12,602
<b>Portfolio Exposure<sup>5</sup></b>					
Number of firms	1,822	1,880	1,930	1,977	2,005
For IFC's account	\$64,092	\$58,650	\$58,847	\$57,173	\$55,015
Syndicated loans	\$15,658	\$16,161	\$15,787	\$16,210	\$16,047
<b>TOTAL PORTFOLIO EXPOSURE</b>	\$79,750	\$74,811	\$74,635	\$73,383	\$71,062
<b>Advisory Services</b>					
Advisory Services program expenditures	\$ 244.0	\$ 274.4	\$ 295.1	\$ 273.4	\$ 245.7
Share of program in IDA countries <sup>6</sup>	54%	57%	59%	57%	63%

1. Investment Commitments include Long-Term Investment Commitments and Short-Term Investment Commitments.

2. Defined as "core mobilization" — Non-IFC financing or risk sharing arranged on commercial terms due to the active and direct involvement of IFC for the benefit of a client. Excludes \$1,300 million of unfunded risk transfers that are accounted for under IFC's own account.

3. Advisory Mobilization includes third-party private financing that has been mobilized for Public Private Partnerships, as a result of IFC's role as lead transaction advisor. It also includes Corporate Finance Services, for projects in which IFC has provided transaction advisory services to help private sector clients expand into new markets, diversify and restructure operations or bring in new equity investors.

4. FY20 Annual Report reflected Short Term Finance ("STF") Average Outstanding Balance for FY17-FY19. FY21 Annual Report is using Short-Term Investment commitment for FY17-FY21. In FY20 Annual Report, Short-Term Investment commitment was reported as US\$6,473 million, the figure has been revised to US\$6,469 million. Short-Term Finance includes Global Trade Finance Program (GTFP) and Global Trade Supplier Finance Program (GTSF).

5. Portfolio exposure is defined as the sum of the (i) committed exposure for IFC's debt investments, (ii) fair market value of IFC's equity investments, and (iii) total undisbursed equity commitments. Effective July 1, 2018, to accommodate change in accounting standards impacting how IFC reports its equity holdings, IFC has introduced the new term "Portfolio Exposure," which, instead of disbursed and outstanding balance, uses the fair market value of IFC's equity investments. Therefore, FY19 onwards Portfolio Exposure For IFC's account and prior years are not directly comparable.

6. All references in this report to percentages of advisory program expenditures in IDA countries and fragile and conflict-affected areas exclude global projects.

## FY21 Long-Term Commitments

Dollar amounts in millions, for IFC's own account as of June 30, 2021

Total	\$12,474	100.00%	
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### By Industry

Financial Markets	\$ 5,899	47.29%	
Health & Education	\$ 1,321	10.59%	
Infrastructure	\$ 1,045	8.38%	
Agribusiness & Forestry	\$ 1,009	8.09%	
Tourism, Retail & Property	\$ 992	7.95%	
Manufacturing	\$ 833	6.68%	
Funds	\$ 636	5.10%	
Telecommunications & Information Technology	\$ 601	4.82%	
Natural Resources <sup>1</sup>	\$ 138	1.10%	

### By Region

East Asia and the Pacific	\$ 2,830	22.69%	
Latin America and the Caribbean	\$ 2,792	22.39%	
Sub-Saharan Africa	\$ 2,435	19.52%	
Europe and Central Asia	\$ 1,962	15.73%	
South Asia	\$ 1,516	12.15%	
Middle East and North Africa	\$ 928	7.44%	
Global	\$ 12	0.10%	

### By Product

Loans <sup>2</sup>	\$10,802	86.60%	
Equity <sup>3</sup>	\$ 1,157	9.28%	
Guarantees	\$ 475	3.81%	
Risk-management products	\$ 40	0.32%	

## FY21 Portfolio Exposure<sup>4</sup>

Dollar amounts in millions, for IFC's own account as of June 30, 2021

Total	\$ 64,092	100%	
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### By Industry

Financial Markets	\$24,418	38%	
Infrastructure	\$ 9,981	16%	
Funds	\$ 6,246	10%	
Manufacturing	\$ 4,341	7%	
Agribusiness & Forestry	\$ 4,082	6%	
Health & Education	\$ 3,848	6%	
Tourism, Retail & Property	\$ 3,767	6%	
Trade Finance	\$ 3,098	5%	
Telecommunications & Information Technology	\$ 2,720	4%	
Natural Resources <sup>1</sup>	\$ 1,591	2%	

### By Region<sup>5</sup>

Latin America and the Caribbean	\$12,490	19%	
East Asia and the Pacific	\$11,786	18%	
Sub-Saharan Africa	\$11,221	18%	
South Asia	\$10,004	16%	
Europe and Central Asia	\$ 8,997	14%	
Global	\$ 5,752	9%	
Middle East and North Africa	\$ 3,840	6%	

1. Includes IFC's activities in oil, gas, and mining.

2. Includes loan-type, quasi-loan products.

3. Includes equity-type, quasi-equity products.

4. Portfolio exposure is defined as the sum of the (i) committed exposure for IFC's debt investments, (ii) fair market value of IFC's equity investments, and (iii) total undisbursed equity commitments.

5. Excludes individual country shares of regional and global projects.

## IFC's Largest Country Exposures<sup>6</sup>

As of June 30, 2021 (Based on IFC's account)

GLOBAL COUNTRY RANK		PORTFOLIO EXPOSURE (\$ MILLIONS)	% OF GLOBAL PORTFOLIO
1	India	\$ 6,905	10.77%
2	China	\$ 4,745	7.40%
3	Turkey	\$ 4,436	6.92%
4	Brazil	\$ 3,684	5.75%
5	South Africa	\$ 2,491	3.89%
6	Nigeria	\$ 2,000	3.12%
7	Colombia	\$ 1,762	2.75%
8	Vietnam	\$ 1,665	2.60%
9	Mexico	\$ 1,590	2.48%
10	Indonesia	\$ 1,527	2.38%

6. Excludes individual country shares of regional and global projects.


## FY21 Long-Term Commitments by Environmental and Social Category

CATEGORY	COMMITMENTS (\$ MILLIONS)	NUMBER OF NEW PROJECTS
A	\$ 215	7
B	\$ 5,421	130
C	\$ 153	24
FI <sup>7</sup>	\$ 14	0
FI-1	\$ 134	3
FI-2	\$ 4,673	102
FI-3	\$ 1,866	46
<b>Total</b>	<b>\$12,474</b>	<b>312</b>








7. FI category applies to new commitments on previously existing projects. Visit [www.ifc.org/escategories](http://www.ifc.org/escategories) for information on category definitions.

## FY21 Advisory Services Program Expenditures

Dollar amounts in millions

Total	\$ 244.0	100%	
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### By Region

Sub-Saharan Africa	\$ 77.4	32%	
East Asia and the Pacific	\$ 34.3	14%	
Europe and Central Asia	\$ 33.1	14%	
Global	\$ 30.4	12%	
South Asia	\$ 23.5	10%	
Middle East and North Africa	\$ 23.4	10%	
Latin America and the Caribbean	\$ 21.8	9%	

### By Business Area

Advisory by IFC Industry	\$ 156.2	64%	
Financial Institutions Group	56.4	23%	
Manufacturing, Agribusiness & Services	37.3	15%	
Transaction Advisory	36.0	15%	
Infrastructure & Natural Resources	21.3	9%	
Disruptive Technologies and Funds	5.2	2%	
Creating Markets Regional Advisory	\$ 59.4	24%	
Other Advisory, including Environment, Social & Governance	\$ 28.4	12%	

## 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.

# MEETING THE MOMENT

INDIA



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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.



**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."



**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."



**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.



## STRATEGY IN ACTION

### 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



## 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."

de Développement 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

## STRATEGY IN ACTION

### RELIEF, RESTRUCTURING, AND RESILIENT RECOVERY

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" startups — 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 startups 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.

## STRATEGY IN ACTION

### 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.



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## 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 (HIPS0) 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.



# CRITICAL FUNCTIONS

Measuring Up

Sustainability

Accountability and Oversight

# Measuring Up

For more explanation and examples, please refer to the online IFC annual report.

## ASSESSING EXPECTED DEVELOPMENT IMPACT AND MEASURING RESULTS

IFC launched a new impact rating system: the Anticipated Impact Measurement and Monitoring (AIMM) system in 2017.<sup>1</sup> Potential projects are rated ex-ante and selected based on their expected development outcomes. This approach enables us to set ambitious yet achievable targets, identify projects with the greatest potential for development impact, and optimize project design.

To date, IFC has rated over 1,700 investment projects for their expected development impact. Notable updates in the AIMM framework's development for FY21 include:

- In response to feedback from FY20, IFC continued to expand the AIMM system's capacity to measure impact and better articulate the development results for its Advisory Services (AS) portfolio.
- IFC tested several approaches to assigning AIMM scores for platform investments, which involve the clustering of investment projects to address a systemic development challenge, such as the FIGE and RSE programs, and the Global Health and Base of the Pyramid programs, where IFC developed more streamlined rating approaches.
- IFC updated the way it assesses development gaps and project intensities to recognize the unique economic consequences arising from the COVID-19 pandemic. This work, which overlaps with the testing of platform ratings described above, also included further refinement of IFC's development impact assessments for debt restructurings and secondary share purchases.
- IFC is strengthening our capacity to better monitor our impact in creating markets with AIMM assessments. This multi-year effort involves collecting data to facilitate the evaluation of market claims made by IFC projects.

**Estimated Job Creation:** Based on a conservative estimate using IFC's economic impact estimation framework, IFC expects to contribute to the creation of 1.4 million to 1.6 million jobs globally over the lifetime of the projects it financed in FY21. These

estimates include direct and indirect jobs created and are derived from projects accounting for about 60 percent of IFC's FY21 investment commitments.<sup>2</sup>

These latest estimates suggest that IFC's investments during FY21 will lead to a lower job creation effect than investments in previous years. This can be attributed to the global COVID-19 pandemic and economic crisis as the focus of investment partly shifted from creating new jobs to saving existing ones. More than 30 percent of the long-term investment volume was channeled into projects geared at helping clients maintain their businesses rather than grow them. Specifically, the FIGE and RSE COVID-19 envelopes accounted for 1.2 billion and 0.7 billion of IFC's own account commitments, respectively.

IFC's contribution to global job creation is particularly noteworthy in the poorest and most vulnerable countries. Roughly 29 percent of IFC's total contribution to job creation through projects committed in FY21 is expected in IDA countries alone and about 11 percent will be created in FCS countries. The concessional finance that the IDA Private Sector Window (PSW) provides contributes substantially to these effects: around 9 percent of IFC's global job creation contribution is accounted for by projects that received IDA PSW funds.<sup>3</sup>

**IFC Contribution to Climate Change:** IFC and the World Bank Group recognize climate change as an acute threat to global development that increases instability and contributes to poverty, fragility, and migration. Climate action is also an investment opportunity for the private sector. IFC has been in the climate business space since the 1980s, when it began supporting simple project finance of renewables, and has since diversified into green buildings, green finance, climate-smart agribusiness, and other sectors. In FY21, committed own account climate-related investment projects, totaling \$4 billion, are expected to help our clients reduce annual greenhouse gas emissions by 12 million tons of carbon dioxide equivalent.

**IFC Contribution to SDGs:** For the IFC 3.0 strategy, the AIMM system provides a line of sight from IFC's mandate, through intermediate corporate objectives, to the SDGs. It allows IFC to monitor results using project-level indicators, including the Harmonized Indicators for Private Sector Operations (HIPS), and aligns its reporting at the portfolio level to various SDGs. The AIMM framework also enables monitoring and reporting of the contribution of market-creation effects that support achievement of the SDGs.

1. Detailed introductions about the AIMM system can be found in FY18 and FY19 IFC annual reports: [ifc.org/AnnualReport](http://ifc.org/AnnualReport).

2. Employment estimates are computed for individual projects using IFC's economic impact estimation framework. The framework comprises sector-specific models and a variety of assumptions across countries and sectors. For financial intermediaries, the estimate includes on-lending of IFC funds only. Client banks' portfolios grow more than the IFC funding alone, partly because IFC's contribution catalyzes additional funding and partly because the growth is contractually agreed with IFC. This additional expansion, which is hard to attribute precisely, could represent the creation of several million jobs.

3. About 19% of the volume of IFC's long-term investments are committed in IDA countries, 7% in FCS countries, 20% in the Sub-Saharan Africa region, and about 5% in IDA PSW-supported projects.

IFC operations contribute to several Sustainable Development Goals (SDGs) through direct investments and advisory services. Integral to IFC's mandate and aligned with the World Bank Group's twin goals are SDGs 1 and 10: "No Poverty" and "Reduced Inequality." At the strategic sector level, IFC promotes projects in infrastructure, agriculture, financial inclusion, health, and education — aligned with SDGs 2, 3, 4, 6, 7, and 9.

Across sectors and regions, IFC seeks to promote employment creation and economic growth, gender equality, cities development, environmental and social sustainability, and climate-change adaptation and mitigation — aligned with SDGs 8, 5, 11, 12, and 13, respectively. Furthermore, IFC actively partners with private investors to mobilize new sources of finance — aligned with SDG 17.

This past year, IFC, together with other Multilateral Development Banks (MDBs) and the International Monetary Fund, collaborated to produce a joint report on the SDGs — *Financing the Sustainable Development Goals: The Contributions of the Multilateral Development Banks*.<sup>4</sup> The report highlights efforts to support countries in achieving the SDGs, by providing finance, technical assistance, policy support, and knowledge, especially in the wake of the unprecedented COVID-19 pandemic. MDBs acted fast to tailor their financing to help address critical needs, thereby developing a global response package of \$230 billion.

#### WHAT EX-ANTE AIMM SCORES SAY ABOUT IFC'S DEVELOPMENT IMPACT

At the start of FY21, IFC maintained the FY20 development impact targets for its projects: (1) an average ex-ante AIMM score of at least 50 across the portfolio of committed projects; and (2) at least 15 percent of committed projects rated "Very Strong" for market creation potential. This is the third year in which IFC has defined in quantitative terms our development impact ambitions for new projects at the start of a fiscal year.<sup>5</sup>

In FY21, IFC committed 262 projects that were AIMM-scored. The average AIMM score for projects committed during FY21 was 53, versus 51 in FY20. Of the 262 projects, only 14 were rated "Very Strong" for market creation potential, corresponding to a 5 percent share of all AIMM-scored projects, well below the 15 percent target and the 8 percent share achieved in FY20. A contributing factor for

this drop-off was the emergence of the COVID-19 crisis. COVID-19 prompted IFC to invest heavily in supporting existing clients' operations and strongly affected its ability to commit longer-term, capital-intensive projects typically found in transformational interventions with "Very Strong" market creation potential. As the crisis abates and Upstream activities take hold, IFC expects the re-emergence of a more robust pipeline of market creation projects.

Of the AIMM-scored projects committed in FY21, 203 (77 percent) received an AIMM rating of "Good" compared to 74 percent in FY20. Strong commitment performance for COVID-19 response projects throughout FY21 likely contributed to this increase in the share of projects rated "Good".<sup>6</sup> The rising share of "Good" projects also likely reflects improved understanding of the AIMM framework among IFC staff, prompting improved project design.

During FY21, a range of situations shaped the landscape in which IFC pursued its development impact ambitions. Most notably, and as outlined above, the pandemic prompted IFC to invest heavily in helping its clients sustain operations. Some clients played a key role in global health supply chains while others, including some new clients, offered opportunities for private investors to deploy capital at a time of heightened uncertainty in debt and equity markets. In addition, IFC also made important contributions to attenuating the negative effects from the COVID-19 pandemic.

#### WHAT PORTFOLIO RESULTS SAY ABOUT IFC'S IMPACT DELIVERY

##### Portfolio AIMM score for Investment Projects:

At the end of FY21, IFC had 884 active AIMM-rated investment projects in its portfolio.<sup>7</sup> The average portfolio AIMM score was 45. In comparison, the average ex-ante AIMM score assigned to these same projects was 46, suggesting that at the portfolio level, the development outcomes IFC expected to generate have been mostly delivered during project implementation. Between FY20 and FY21, the portfolio AIMM score average increased from 44 to 45. Projects committed in FY20 that entered the portfolio in FY21 contributed to this slight increase given the carryover of their higher ex-ante AIMM scores.<sup>8</sup>

4. *Financing the Sustainable Development Goals: The Contributions of the Multilateral Development Banks*, <https://www.isdb.org/financing-the-sustainable-development-goals-the-contributions-of-the-multilateral-development-banks>.

5. IFC provides its Board with a strategy and business outlook every three years detailing the Corporation's strategic direction. The FY21 corporate scorecard contains program targets for the current year (FY21) and two future years. Annual scorecard targets are revisited annually to confirm targets continue to enable staff to focus on prevailing priorities. The maintenance of a stable AIMM score target over the past three years reflects these considerations.

6. Projects under the FIGE and RSE COVID-19 response packages received a uniform AIMM score of 53 (Good).

7. Roughly half of IFC's active, AIMM-rated projects pre-date AIMM scoring. In 2020, IFC backfilled AIMM scores on this representative sample of IFC's investment portfolio.

8. Committed projects that were assigned an ex-ante AIMM score during FY20 enter the monitoring portfolio the following fiscal year. Because early operating maturity has not been reached and monitoring has not started for these projects, their ex-ante AIMM scores carry over and become portfolio AIMM scores in FY21.

**It is too early to assess the effects of the COVID-19 pandemic on the development impact performance of IFC's portfolio.** In general, impact performance reflected the challenges and opportunities faced by industries during the COVID-19 pandemic. Other changes in portfolio AIMM scores reflected country-specific conditions.

**Ratings of Advisory Projects:** Development effectiveness of advisory projects is assessed at project completion. In FY21, 117 advisory projects qualified for ex-post evaluation were completed during the period and were self-assessed for development-effectiveness ratings. Seventy-one (71) percent of the projects were rated mostly successful or better, above the IFC target of 65 percent.

While the FY21 overall success rates for the advisory services portfolio have remained stable in comparison with FY20, it is too early to fully assess the effect of the COVID-19 pandemic on advisory projects, as a large portion of them are still ongoing. Several of these projects are being restructured to take into account COVID-19 impacts.

### **OPERATIONALIZING THE IMPACT PRINCIPLES FOR IMPACT INVESTING**

In FY21, DFIs and the private sector impact investment community took a significant step toward harmonizing approaches to monitor and report on development impact. Clear impact metrics are essential to making the economic and social contributions of investments measurable, which allow investors to improve their transparency, effectiveness, and accountability. These benefits significantly increase when investors' impact metrics are adopted in common by different institutions, thereby reducing the reporting burden on clients and facilitating comparability and learning.

Beyond the earlier mentioned Joint Impact Indicators (JII) (see page 40), the Harmonized Indicators for Private Sector Operations (HIPSO) partnership continues to develop metrics at the sector and sub-sector levels that could be leveraged by the signatories to the Operating Principles for Impact Management and the broader impact investing community. For example, the HIPSO partnership has recently revised metrics for infrastructure services and financial intermediation. The revision of metrics for information and communications technology, agribusiness, and health and education is in progress.

By leveraging the HIPSO and the JII indicators, IFC is leading the development of a position paper, in coordination with the Operating Principles for

Impact Management signatories, on a uniform set of standards, which provides guidance on the selection of impact metrics that would create a basis for accountability, comparability, and consistency. This effort will facilitate a roadmap for meaningful impact performance comparison, appropriate benchmarking, and better decision-making, which has so far been limited in the impact investing market.

### **WHAT IFC LEARNED FROM ITS RESEARCH, ANALYTICS AND SELF-EVALUATION PROGRAM**

IFC uses a combination of research, data analytics, and self-evaluations to fill knowledge gaps and provide real-time solutions to clients and operational colleagues. These insights generate important lessons that inform new client engagements. In FY21, IFC expanded its research and analytical agenda to strengthen the implementation of the IFC 3.0 strategy and support IFC operations in addressing challenges arising from the COVID-19 pandemic. IFC developed 28 separate COVID-specific analytical pieces since the outbreak of the pandemic, including two surveys of its portfolio clients in financial institutions and trade finance sectors. The analyses developed possible recovery scenarios for specific sectors or economies, identified the roles that selected sectors could play in supporting COVID-19 responses, and changed the ways IFC assesses projects under the AIMM framework.

In the last three years, IFC has also undertaken in-depth research and analytics, including 33 ongoing studies and 15 completed ones that cover most sectors in which IFC operates. Some publications presented case studies of IFC engagements, while others used sector deep-dives, country or regional analyses, sector analysis, and empirical studies. IFC also conducted research with leading private sector players to analyze strategic priority themes such as the digital economy, capital market deepening, housing finance, etc. These products explored solutions for creating private sector markets, complementing IFC's sector knowledge.

Self-evaluations of mature or completed projects provide another important link in IFC's impact-assessment framework. Even as IFC expanded its research and analytical products, the evaluation agenda was focused on performance evaluations and rapid assessments. In all, IFC completed 13 evaluations in FY21. Outcomes from these evaluations helped IFC better understand the impact of our investments beyond individual projects and capture valuable lessons learned that inform industry strategies and operations.

# Sustainability

Sustainability is a critical component of IFC's operations and fundamental to good development impact. We help our clients do business in a sustainable way, promoting sound Environmental, Social, and Governance (ESG) practices, encouraging transparency and accountability, and enhancing benefits to local communities and the environment. Strong ESG performance correlates with clients' long-term business performance and interests: it also yields positive development outcomes, which are critical as our institution moves to invest more in Fragile and Conflict-Affected Situations (FCS).

Our ESG approach is anchored in our [Sustainability Framework](#) and [Corporate Governance Methodology](#), which are the cornerstone of our strategic commitment to sustainable development and an integral part of our approach to ESG management. Our ESG approach acts as a catalyst for our sustainability investments, climate and gender work, green and sustainability bond issuance, and impact investing.



## STRENGTHENING OUR INTERNAL ESG RESOURCES AND CAPACITY

In the last year, we have also completed and operationalized new institutional arrangements to strengthen our ESG processes and approach.

The Environmental and Social (E&S) Policy and Risk department, established in FY20, reports directly to the Managing Director and is the custodian of the Sustainability Framework, serving as the second line of defense for and an independent regulator of IFC's E&S risk management. The department has built out its dedicated Stakeholder Grievance Response team to work for early resolution of and prevention of complaints, as well as solidified its risk, policy, and learning functions to strengthen IFC's E&S risk management efforts.

In FY21, the Gender and Economic Inclusion Group joined the ESG Advice and Solutions department to form the Sustainability and Gender Solutions department. This enables better collaboration cross-cutting gender and ESG issues with the Investment, Advisory, and Upstream teams to implement the Sustainability Framework across all IFC activities. In FY21, the department continued to decentralize its more than 100 dedicated environmental and social specialists and corporate governance specialists with 70 percent of this staff now based in country offices, where they can best support our clients.

## ESG AND COVID-19

Over the past year, we moved swiftly to support our clients in managing and mitigating ESG risks heightened because of COVID-19. We continued to carry out our usual ESG support of pipeline and portfolio. In FY21, our ESG teams appraised 215 projects, including 42 projects that were classified as high risk, across IFC's sectors and regions. IFC's ESG knowledge management teams also worked to develop ESG resources to help clients through relief and recovery efforts in addition to 19 publications on broader ESG topics.

## CAPACITY BUILDING

We prioritized building internal and external capacity to respond to growing ESG risks, such as labor and occupational health and safety, climate, involuntary resettlement, reprisals, and gender-based violence. We hosted 32 web-based trainings on addressing gender-based violence and developed 18 new knowledge products, training modules, and tip sheets over the past year. We also sought to systematically track reprisal allegations as part of enhanced E&S complaints response and, in collaboration with IDB-Invest, developed the first comprehensive private sector guidance on screening, prevention, and response to reprisals. We piloted a contextual risk framework to enhance due diligence and supervision. This framework takes a systemic approach to screen ESG risks at the project location that are outside of client control but that can negatively impact a project's ability to meet our E&S requirements.



In FY21, we worked with regulators and stock exchanges in emerging markets to support the preparation of 20 codes, laws, and regulations that incorporate sustainability. We leveraged public-private partnerships and networks, such as the Sustainable Banking Network, Equator Principles Association, United Nations Sustainable Stock Exchange Initiative, and Women on Boards and in Business Leadership network to expand our influence. For example, we supported the Sustainable Banking Network in developing nine Sustainable Finance policies and guidelines.

**Example:** In collaboration with the government of the Netherlands, IFC partnered with the Central Bank of Iraq, which is a member of the Sustainable Banking Network, to launch an online integrated ESG scorecard for its banking sector, the first-of-its-kind in the region. This tool will play a key role in improving ESG disclosure and transparency in Iraq's banking sector.

One of our assets is our ability to convene, which helps us create stronger ESG standards, frameworks, and practices. Although COVID-19 prevented us from gathering in person, in April 2021, we hosted our first-ever Virtual Community of Learning. The virtual format allowed us to expand our reach, bringing together nearly 600 participants — a record number — from more than 70 countries. Attendees, which included our clients, network of partners from the Equator Principles Association finance institutions, export credit agencies, development finance institutions, and other multilateral finance institutions, shared best practices and ways to innovate.

As we help our clients rebuild from the pandemic, IFC's ESG approach remains critical to a recovery that promotes sustainable and inclusive development outcomes, effectively manages ESG risks, and implements ESG solutions.

## **ESG AND FCS**

As IFC expands its business to FCS contexts, addressing ESG challenges will be critical to finding bankable projects and supporting clients in managing risks. We are improving the implementation of our ESG approach through improvements to our own ESG systems, clarifications of our client requirements, and capacity building of our staff and clients. We are taking actions according to commitments as part of the external review of IFC and MIGA's Environmental and Social Accountability, including the Compliance Advisor Ombudsman's (CAO) Role and Effectiveness. These include improving our E&S systems and procedures, enhancing project-level grievance mechanisms, clarifying IFC's application of E&S requirements

for financial intermediaries, strengthening E&S complaints responsiveness, clarifying criteria for supply chains, and mainstreaming contextual risk assessment in due diligence and supervision.

## **LEVERAGING TECHNOLOGY AND INNOVATION**

In FY21, we used innovative technology, such as flyover drones and 360° cameras, to conduct ESG appraisals and monitor projects where on-site visits were restricted due to COVID-19. We also piloted an ESG artificial intelligence tool, Machine Learning Environment Analyst (MALENA), which we use to enhance our operations. MALENA uses natural language processing, machine learning, and prediction analytics to help inform our ESG due diligence. We also continued to test and calibrate our new Sustainability Rating Tool, a strategic initiative that will provide a dynamic ESG rating to improve our internal risk management processes and operational efficiency.

# Accountability and Oversight

We are accountable to our partners, clients, and communities as we aim to achieve our development objectives in an environmentally and socially responsible manner. IFC has been working hard to deliver on a series of accountability and transparency reforms we committed to in the last few years, including in response to an independent external review on IFC's environmental and social (E&S) accountability. Most notably, this past year included the development of a new policy for the Compliance Advisor Ombudsman (CAO) — IFC's independent accountability mechanism. The new CAO Policy provides more opportunities for IFC and clients to resolve complaints early and proactively while protecting the access, choice, and confidentiality of complainants.

We have also taken several steps to improve transparency around our use of blended finance and our investments in financial intermediaries (FIs). We believe that continuous evolution toward more transparency is one of the most important things we can do as a development institution to maintain the trust of our stakeholders and gain crucial feedback as we develop new solutions to the biggest development challenges.

## ACCOUNTABILITY

### INDEPENDENT EXTERNAL REVIEW

In August 2020, the IFC Board of Directors released a [report](#) of an independent External Review Panel on the [External Review of IFC's Environmental and Social \(E&S\) Social Accountability, including the Compliance Advisor Ombudsman \(CAO\)](#) for public comments. The report included extensive consultations with external stakeholders and provided recommendations to strengthen IFC's accountability in the following areas: i) development of a new IFC/MIGA Independent Accountability Mechanism (CAO) Policy; ii) actions

IFC can take to strengthen E&S accountability; and iii) a potential approach to enabling remedial solutions for stakeholders negatively impacted by IFC-supported projects.

### CAO POLICY AND STRENGTHENING E&S ACCOUNTABILITY

In late June 2021, the Boards of IFC and MIGA approved a new Policy for the CAO, ensuring people's access to a predictable and transparent complaints process, with an increased focus on outcomes for communities, IFC/MIGA clients, and other stakeholders. The CAO Policy responds to the recommendations of the External Review and was developed with input from global, regional, and local stakeholders through a [public consultation](#). It puts greater emphasis on resolving complaints early and proactively and includes timebound remedial management action plans developed in consultation with complainants and clients. The CAO Policy also provides clear eligibility requirements for complaints related to FI clients and supply chains and includes a provision for considering complaints under exceptional circumstances for projects where IFC and MIGA have exited (for up to 15 months). The CAO Policy became operational on July 1, 2021.

The CAO Policy complements [additional efforts](#) underway to strengthen IFC's overall approach to accountability E&S risk management, including improving systems and procedures for E&S due diligence and supervision; and strengthening grievance responsiveness both at the institutional and project levels. A separate process is ongoing to study a [potential approach to enabling remedial solutions](#) for stakeholders negatively impacted by projects.

### OFFICE OF THE COMPLIANCE ADVISOR OMBUDSMAN (CAO)

People affected by adverse environmental and social impacts of IFC projects may voice their concerns to CAO, the independent accountability mechanism for IFC. As of July 1, 2021, with the implementation of the new IFC/MIGA Independent Accountability Mechanism (CAO) Policy, CAO reports to the Boards of IFC and MIGA, strengthening the Board's role in the accountability process and enhancing CAO's independence.

CAO is mandated to facilitate the resolution of complaints from people affected by IFC projects in a fair, objective, and constructive manner; enhance environmental and social project outcomes; and foster public accountability and learning to improve IFC performance and reduce the risk of harm to people and the environment.

CAO helps resolve issues between affected people and IFC project operators using a neutral, collaborative problem-solving approach through its dispute resolution function. CAO's compliance function carries out reviews of IFC's compliance with environmental and social policies, assesses related

harm, and recommends remedial actions where appropriate. Through its advisory function, CAO provides advice with the purpose of improving IFC's systemic performance on environmental and social sustainability.

In FY21, CAO's caseload comprised 53 cases related to IFC and MIGA projects in 31 countries. Of these, 5 were new eligible complaints and 1 case is a compliance review initiated by CAO. CAO closed 2 cases during the year. More information about CAO is available at [www.cao-ombudsman.org](http://www.cao-ombudsman.org).

### **INDEPENDENT EVALUATION GROUP**

The Independent Evaluation Group (IEG) is an independent unit that reports directly to the World Bank Group's Board of Directors. IEG's mission is to strengthen World Bank Group institutions through evaluations that inform strategies and future work — and lead to greater development effectiveness.

IEG assesses the results of IFC operations and offers recommendations for improvement. IEG also contributes to internal learning by informing new directions, policies and procedures, and country and sector strategies. This year, IEG evaluated IFC's contributions to creating markets and mobilizing private capital under its new strategy — IFC 3.0. IEG recommended enhancing understanding of market-creating opportunities, increasing access to markets for underserved groups, and regularly assessing IFC's risk-taking capabilities to carry out activities in economies that are structurally weak.

IEG's annual reviews of World Bank Group results and performance and of other major reports are available on IEG's website at <http://ieg.worldbankgroup.org>.

## **OVERSIGHT**

### **GROUP INTERNAL AUDIT VICE PRESIDENCY**

Group Internal Audit (GIA) provides independent and objective risk-based assurance, insight, and advice to protect and enhance the value of the World Bank Group. GIA gives management and the Board of Directors reasonable assurance that processes for managing and controlling risks — as well as their overall governance — are adequately designed and functioning effectively. GIA reports to the President and is under the oversight of the Audit Committee.

For more information on GIA, visit: [www.worldbank.org/internalaudit](http://www.worldbank.org/internalaudit).

### **INTEGRITY VICE PRESIDENCY**

Reflecting the World Bank Group's commitment to fight and prevent corruption, the Integrity Vice Presidency (INT) detects, deters, and prevents fraud and corruption in Bank Group-financed projects and against Bank Group staff and corporate vendors. As an independent unit within the institution, INT plays a fundamental role in supporting the Bank Group's fiduciary responsibility over the development resources it manages, by investigating allegations and pursuing sanctions against outside firms and individuals, and discipline against Bank Group staff, found to have engaged in fraud, corruption, collusion, coercion, or obstruction. Following sanctioning decisions, the Integrity Compliance Office (ICO) engages with sanctioned firms and individuals in working toward meeting their conditions for release from sanction. In addition, preventive efforts by INT this year helped to identify, monitor, and mitigate integrity risks.

In FY21, the Bank Group sanctioned 57 firms and individuals. Based on ICO determinations, the Bank Group also removed 30 entities from sanction and converted the debarments with conditional release of two entities to conditional non-debarments. The Bank Group recognized 92 cross-debarments from other multilateral development banks (MDBs). Forty-five (45) Bank Group debarments were eligible for recognition by other MDBs.

For more information and the World Bank Group Sanctions System Annual Report, visit [www.worldbank.org/integrity](http://www.worldbank.org/integrity).

To report suspected fraud or corruption in World Bank Group-financed projects, visit [www.worldbank.org/fraudandcorruption](http://www.worldbank.org/fraudandcorruption).

## **LETTER TO THE BOARD OF GOVERNORS**

The Board of Directors of IFC has had this annual report prepared in accordance with the Corporation's by-laws. The President of IFC and Chairman of the Board of Directors has submitted this report with the audited financial statements to the Board of Governors.

## **INDEPENDENT AUDITOR'S LIMITED ASSURANCE**

IFC has requested EY to perform a limited assurance engagement on a selection of sustainable development information disclosed in the Annual Report. The nature, scope and conclusion of this engagement are described in EY's limited assurance report, available in the online IFC annual report.





### **Web & Social Media Resources**

IFC's website, [www.ifc.org](http://www.ifc.org), provides comprehensive information on every aspect of our activities. It includes contact information for offices worldwide, news releases and feature stories, data on results measurement, disclosure documents for proposed investments, and key policies and guidelines.

The online version of IFC's 2021 Annual Report, **[www.ifc.org/annualreport](http://www.ifc.org/annualreport)**, provides downloadable PDFs of all materials in this volume and translations as they become available.

## IFC ONLINE

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**IFC website**

[ifc.org](http://ifc.org)

**Annual Report**

[ifc.org/AnnualReport](http://ifc.org/AnnualReport)

**Social Media Index**

[ifc.org/SocialMediaIndex](http://ifc.org/SocialMediaIndex)

**Facebook**

[facebook.com/IFCwbg](https://facebook.com/IFCwbg)

**Twitter**

[twitter.com/IFC\\_org](https://twitter.com/IFC_org)

**LinkedIn**

[linkedin.com/company/ifclinkedin/](https://linkedin.com/company/ifclinkedin/)

**YouTube**

[youtube.com/IFCvideocasts](https://youtube.com/IFCvideocasts)

**Instagram**

[instagram.com/IFC\\_org/](https://instagram.com/IFC_org/)

**Medium**

[ifc-org.medium.com](https://ifc-org.medium.com)

**SoundCloud**

[soundcloud.com/IFC\\_org](https://soundcloud.com/IFC_org)

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# ANNEX

2021 ANNUAL REPORT

# Annex

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# OUR WORK

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.

# ■ What We Do

## INVESTMENT

In FY21, we made \$23 billion in long-term investments in 313 projects to support the private sector in developing countries. This includes \$10.8 billion mobilized from other investors.

PRODUCT LINES		
	<p><b>Loans</b></p> <ul style="list-style-type: none"> <li>• Project and corporate financing</li> <li>• On-lending through intermediary institutions</li> <li>• 73 local currencies</li> </ul>	<p>In FY21, we made commitments for \$10.8 billion in new loans for our own account.</p>
	<p><b>Equity</b></p> <ul style="list-style-type: none"> <li>• Direct equity investments</li> <li>• Private-equity funds</li> <li>• Profit-participating loans, convertible loans, and preferred shares</li> </ul>	<p>In FY21, equity investments accounted for about \$1.2 billion of commitments we made for our own account.</p>
	<p><b>Trade and Commodity Finance</b></p> <ul style="list-style-type: none"> <li>• Guarantee of trade-related payment obligations of approved financial institutions</li> <li>• Risk mitigation on a per-transaction basis for more than 123 banks across 44 countries.</li> </ul>	<p>In FY21, IFC had a commitment of \$6 billion in trade finance more than half of which was committed in International Development Association (IDA)* countries and fragile and conflict-affected situations (FCS).</p>
	<p><b>Syndications</b></p> <ul style="list-style-type: none"> <li>• Mobilize our partners' capital to forge new connections that can help increase foreign investment in the world's poorest countries.</li> <li>• Syndications accounted for 34 percent of the total Core Mobilization funds by IFC for our clients in FY21.</li> <li>• At year-end, Syndications managed a total portfolio of \$15.6 billion on behalf of its investment partners.</li> </ul>	<p>In FY21, IFC syndicated a total of \$4.6 billion to 83 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.</p>
	<p><b>Risk Management and Structured Solutions</b></p> <ul style="list-style-type: none"> <li>• Derivatives products to help clients hedge their market risks (currency risks, interest rate, and commodity price, etc.)</li> <li>• Wide range of bespoke structured finance products. These include unfunded instruments covering either single credit exposures or portfolios of assets. Through these products, IFC can leverage its AAA rating to provide financing to end-borrowers by assuming all or a portion of their credit risk while utilizing other funding sources.</li> <li>• Other structured credit instruments such as securitizations, covered bonds, and DPRs that help clients access capital markets and benefit from credit enhancement from predictable cash flows of underlying portfolios.</li> </ul>	

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

### Blended Concessional Finance

- Concessional funds combined with our own financing
- Mobilizing investment in areas of strategic importance to IFC including climate and gender
- Helps to de-risk and address market failures in transactions

In FY21, we committed more than \$717 million of concessional donor funds, catalyzing \$2.1 billion in investments for IFC's own account.

## ADVISORY

Providing advice is a critical part of the IFC 3.0 strategy to create markets and mobilize private capital. Through our advisory programs, we work with clients, including companies, financial institutions, industries, and governments, to transform ideas into increased private sector investment, green growth, inclusive job creation, and bankable projects. We help to establish the necessary conditions that will attract capital and sustainable investments and mobilize private capital through our public-private partnership (PPP) transaction advisory work, which enables the private sector to grow. We work in a hands-on manner with IFC investment clients to improve their operations and enhance development impact on local supply chains and communities.

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

Through IFC Advisory Services:

- We help companies attract and retain private investors and partners, enter new markets, and increase their impact. We provide tailored market insights as well as technical advice on how to improve companies' operational performance and sustainability.
- We help industries and industry sectors adopt good practices and standards to increase competitiveness, productivity, and sustainability to weather the impacts of COVID-19.
- We help governments structure PPPs 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, which aims to develop activities that help create markets and support future transactions in multiple industries, especially in IDA countries and Fragile and Conflict-Affected Situations.
- We play a key role in a seamless continuum of activity beginning with enabling environment

advisory, extending to Upstream advisory to help create new investment opportunities, and culminating in firm-level advisory in support of new IFC and private sector investment.

- We work with global experts to generate ideas and analyses to address the most urgent challenges in private sector development. We foster peer-to-peer learning at a global scale through our networks convening policymakers and influencers, which we effectively leveraged to help support our clients during the pandemic.

Particularly in countries beset by extreme poverty, conflict, and fragility, we work with clients to improve their environmental, social, and governance practices, including those related to gender. We help developing economies realize the economic potential of clean energy and green building. We help lagging private sectors transform into the digital age. And we help potential investment clients improve their operational performance and management practices to attract the financing they need.

The economic impact of COVID-19 on developing economies generated unprecedented demand for IFC Advisory Services in FY21. Project teams responded rapidly to urgent demand from clients for tactics and strategies to cope with the fallout from the pandemic. We are committed to helping our clients and governments, and more broadly, the private and financial sectors of our client countries, emerge from the crisis stronger. We are assisting businesses to weather the crisis and advising governments to make the necessary reforms to enable their private sectors to retain investment, preserve jobs, rebuild markets, and enable long-term private sector investment opportunities.

In FY21, our advisory portfolio stood at \$1.4 billion, encompassing just over 800 advisory projects in more than 100 countries. Our PPP transaction advisory work mobilized \$3.2 billion of private capital, which directly contributes to IFC Long Term Finance. Fifty-four (54) percent of IFC's advisory program was in IDA countries, 21 percent was in FCS areas, and 24 percent on climate. Forty-two (42) percent included efforts to close economic gaps between men and women, such as jobs, finance, and markets. Thirty (30) percent of our Advisory project support Upstream interventions. Our advisory staff members remain close to clients, with almost 80 percent based in the field.

## HOW WE WORK WITH COMPANIES

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**Agribusiness:** We help companies improve productivity and sustainability by focusing on operational efficiency, food safety and standards, adoption of technology to the agribusiness value chain, good soil and water management, and professionalization of smallholder farmer supply chains, while applying climate-smart and gender-smart practices.

**Corporate Finance Services:** We support clients to identify and enter new markets and structure entry strategies. We help companies attract international investors and bring in new skills, expertise, and capital. We support the structuring of complex projects and offer advice on the design and execution of partnerships, joint ventures, and acquisitions.

**Disruptive Technologies:** We work across the entrepreneurial and venture capital ecosystem supporting accelerators, seed funds, and new fund managers in frontier geographies. We connect high-impact proven tech solutions globally with corporate customers to de-risk tech adoption, increase capital flow to women entrepreneurs and promote adoption of digital training platforms for improving digital skills for employment.

**Education:** Through IFC's new initiative, Vitae, we support higher education institutions in improving employability outcomes for their graduates, thereby minimizing the skills gap for the changing job realities of the 21st century.

**Environment, Social & Governance (ESG):** We provide integrated ESG advice to help companies improve access to capital, achieve long-term success and implement crisis management and pandemic response, by adopting corporate governance structures, in line with the IFC Corporate Governance Methodology, as well as environmental and social risk management systems in line with the IFC Performance Standards. Our guidance addresses holistically the management of potential or actual changes to the environment, including pollution, biodiversity impacts, carbon emissions, climate change, and natural resource use. It also considers potential or actual changes on surrounding communities and workers, including the incidence of gender-based violence. And it seeks to improve governance structures and processes, such as board functioning, gender diversity in corporate leadership, ethical conduct, controls, disclosure, and transparency. We build the capacity of industry associations and ESG service providers to influence ESG practices market-wide.

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

**Global Infrastructure:** We support private and sub-sovereign public sector clients to become

attractive destinations for infrastructure investments and help close the infrastructure gaps. We work with subnational governments to strengthen institutions and regulations; improve critical infrastructure and environmental sustainability; foster skills and innovation; expand access to finance; and build capacity to manage tax and royalty payments to improve community welfare and local content. We also work closely with private sector clients to acquire a social license to operate in tough environments by increasing benefits to local communities; mitigating social risks; and addressing obstacles to gender equality and inclusion in the workplace, across the supply chain.

**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.

**Health:** We support healthcare providers in improving the quality of healthcare outcomes through deploying the new IFC IQ-Healthcare assessment tool and accompanying advisory services. We also run a community of practice to support Women's Leadership in Healthcare, focusing on the unique challenges to women leaders in the sector.

**Manufacturing:** We work with our clients in the manufacturing sector to develop and finance their decarbonization strategies, as well as improve the productivity of their direct operations and supply chains. This includes bringing a gender-smart lens to companies' employment challenges and supporting the deployment of supply chain finance tied to improved sustainability performance.

**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.

**Tourism:** We help businesses modernize their tourism offerings and maximize the potential of their natural and cultural assets. Tourism has been one of the hardest hit business sectors during COVID-19. We work with clients to assess the impact and devise strategies to restore their tourism sectors as quickly as possible.

## HOW WE WORK WITH FINANCIAL INTERMEDIARIES (FIs) AND FUNDS

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**Financial Institutions:** We help clients strengthen risk management and diversify product offerings to key priority areas such as SME finance, gender, housing finance, and renewable energy. Through knowledge sharing of best SME-banking practices and solutions, we help build financial institutions' capacity to expand access to credit; expand their financial and non-financial services, including to women-led/owned businesses; support sustainable supply chains; and catalyze investment opportunities

in emerging- and developing-market economies. IFC supports financial institutions in defining and implementing digitization strategy roadmaps and accelerating their digital transformation.

**Fund Managers:** We help develop the private equity industry in frontier markets and provide non-investment-related advice to fund managers. We help increase ESG investment into emerging markets by providing asset managers with ESG data and artificial intelligence-powered analytics.

## HOW WE WORK WITH GOVERNMENTS

IFC's work with governments, the World Bank, and other partners 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:

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

**Financial Sector:** We work with governments and the private sector to promote universal access to finance, build resilient, transparent, and smooth-functioning financial systems and capital markets. This includes supporting governments to establish the key building blocks, both regulations and institutions, to increase access to finance, such as

credit information, use of moveable assets to secure lending, and debt resolution. 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 address regulatory barriers and promote investment, spur growth through increased competitiveness and access to markets, and create jobs. This work serves as an entry point for IFC's Upstream agenda. We work closely with the World Bank to leverage their expertise for private sector development.

**ESG Landscape Initiative:** We help governments, private companies, and stakeholders, assess, and mitigate risks and cumulative impacts at a multi-project level, across specific geographic areas (landscapes). Landscape initiatives enable governments to consider E&S impacts in broader sectoral planning, achieve significant efficiencies with companies implementing joint assessments and management strategies and address environmental and social bottlenecks Upstream of investment and project development.

**Public-Private Partnerships:** We help governments design and implement PPPs that are tailored to local needs, help solve infrastructure bottlenecks, and achieve national development goals by mobilizing private technical and managerial expertise and capital.

## Critical Advisory support during COVID-19

- **Supporting PPE manufacturing in developing countries:** Production of face masks and other personal protective equipment (PPE) helps developing countries supply their healthcare providers with the equipment they need to care for COVID-19 patients and creates the potential for new export markets. IFC's **Global PPE Advisory Program**, launched in 2021, provides hands-on support to manufacturers in emerging markets (Ethiopia, Jordan, Kenya, Mauritius, Nigeria, Sri Lanka, and Vietnam) that are pivoting to produce PPE. IFC offers technical advice on issues, such as how to repurpose existing production lines to PPE manufacturing; sourcing raw materials; and ensuring testing and quality. With IFC's advice, some clients have been able to meet international standards in PPE manufacturing, obtain relevant certifications, and reduce production costs through improved product design. In addition, IFC is partnering with global standards organizations such as ASTM International and British Standards Institute to develop a Global Benchmarking Guide on PPE standards as well as a modular training program on PPE technical standards for medical laboratories in India, Jordan, and Vietnam.
- **Helping the private sector weather the effects of COVID-19:** Faced with both the

immediate and long-term consequences of COVID-19, private sector companies often need support to ensure their recovery and post-pandemic survival. In September 2020, IFC joined forces in Conakry, Guinea with the **Supplier and Partnership Marketplace** digital platform, known by its French acronym, BSTP, to launch a COVID-19 private sector response. Aimed at helping small firms that drew spillover business from Guinea's critical mining sector, the response plan includes a financial assistance fund for SMEs facing reduced cash flow and financial difficulties. It also provides a capacity building program that offers virtual training in digital marketing, and technical support in the preparation and implementation of recovery plans.

- **Seizing market opportunities that have emerged during the pandemic:** COVID-19 created a global market opportunity around technical textiles, including medical textiles and personal protective equipment. IFC's **Textile Value Chain** initiative in the Arab Republic of Egypt supports the General Authority for Investment and Free Zones (GAFI) in attracting potential new investors and foreign direct investment in the technical textiles sector through a targeted and proactive investment promotion approach. IFC is working with the Ministry of Trade and Industry to integrate local firms into the domestic and regional technical textiles value chain by designing and implementing a pilot supplier development program.

## IFC ASSET MANAGEMENT COMPANY

IFC Asset Management Company (AMC) serves as a platform through which IFC mobilizes equity capital from third-party investors to invest side-by-side with IFC in investments in emerging 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.

Equity forms the cornerstone of the capital structure. This was true before COVID-19, but in the current environment, equity is especially important. IFC and AMC will continue to explore ways to mobilize third party capital so as to provide investors with opportunities to invest alongside IFC and to support the recovery phase from the crisis through investments with impact.

As of June 30, 2021, AMC had raised approximately \$10.1 billion, including about \$2.3 billion from IFC. It manages 11 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 FY21, AMC funds committed \$325 million to 12 investee companies and exited 15 investments with a combined cost basis of \$462 million.

### AMC FUNDS

**IFC Capitalization Fund:** The \$3 billion IFC Capitalization Fund consists of two sub funds — an equity fund of \$1.3 billion and a subordinated debt fund of \$1.7 billion. Launched in 2009, the fund helped strengthen systemic banks in emerging markets, bolstering their ability to cope with financial and economic downturns. As of June 30, 2021, 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 manages 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, 2021, 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, 2021, the fund had made eight investment commitments totaling \$130 million.

**IFC Catalyst Fund:** The \$418 million IFC Catalyst Fund was launched in 2012 and manages investments in private equity funds, platforms and a co-investment

that provide capital to renewable energy projects and companies that develop resource efficient, low-carbon products and services across the global emerging markets. As of June 30, 2021, 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 manages equity and equity-related investments in the infrastructure sector in emerging markets. As of June 30, 2021, 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 manages equity and equity-like investments in Mexico. As of June 30, 2021, 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, 2021, the fund had made 12 investment commitments totaling \$258 million.

**IFC Global Emerging Markets Fund of Funds:** Launched in 2015, the \$800 million IFC Global Emerging Markets Fund of Funds manages investments in private equity funds that are focused on growth companies in various sectors across emerging and frontier markets in addition to co-investments in such companies. As of June 30, 2021, 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, 2021, the fund had made five investment commitments totaling \$78 million.

**Women Entrepreneurs Debt Fund:** The \$115 million Women Entrepreneurs Debt Fund, launched in 2016, provides senior loans to commercial banks for on-lending to women-owned small and medium enterprises in emerging markets. This is a component of the Women Entrepreneurs Opportunity Facility, a partnership established in March 2014 between IFC and the Goldman Sachs 10,000 Women initiative, which as of the end of 2021 will have deployed \$2 billion to financial institutions across emerging markets for financing women-owned/led SMEs.

**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, 2021, the fund had made 17 investment commitments of \$375 million.

# Our Industry Expertise

IFC leverages our global industry knowledge, acquired over six decades, to tackle the biggest development challenges of our era — including COVID-19, unemployment, climate change, and food and water security.

<p><b>AGRIBUSINESS AND FORESTRY</b></p>	<ul style="list-style-type: none"> <li>• Promote sustainable, inclusive, and efficient food systems through the private sector via investments, advisory services, and partnerships to create development impact</li> <li>• Focus on helping farmers reduce the impact of their activities on the climate and build resilience against climate change</li> <li>• Invest across the agribusiness supply chain — from farm to retail — to boost production, increase liquidity, improve logistics and distribution, and expand access to credit for small farmers</li> </ul>	<p>In FY21, our new long-term commitments for our own account in agribusiness and forestry totaled about \$1.0 billion.</p>
<p><b>DISRUPTIVE TECHNOLOGIES AND FUNDS (CDF)</b></p>	<ul style="list-style-type: none"> <li>• Invests in and supports startups that offer innovative technologies or business models</li> <li>• Invests in and co-invests with seed funds, venture capital, and growth equity funds</li> <li>• Focus on healthcare, education, agriculture, e-commerce, logistics, mobility, climate technology, and other innovative sandboxes</li> </ul> <p><b>IFC is one of the world's largest investors in emerging markets funds</b>, with a portfolio of \$7.9 billion in total commitments in 384 growth equity, venture capital, and seed/accelerator funds* and approximately \$1 billion in direct and co-investments.</p>	<p>In FY21, new commitments for CDF own account totaled \$546 million, with a total of \$12 million mobilized, net of \$161 million in joint ventures and \$12 million mobilized with IFC's mainstream sectors.</p>
<p><b>FINANCIAL INSTITUTIONS</b></p>	<ul style="list-style-type: none"> <li>• Investment and advisory services to develop financial sector in emerging markets</li> <li>• Use innovative financial products and mobilization</li> <li>• Focus on medium and small enterprises and supporting local capital markets</li> <li>• Operates through financial intermediaries to help them become more involved in priority sectors and in fragile and conflict-affected states</li> </ul>	<p>In FY21, our new long-term commitments for our own account in financial institutions totaled about \$5.9 billion.</p>
<p><b>HEALTH AND EDUCATION</b></p>	<p><b>Health</b></p> <ul style="list-style-type: none"> <li>• Investment and advisory services to strengthen healthcare systems and expand production and availability of healthcare supplies, vaccines, and therapeutics in emerging markets</li> <li>• Focus on innovative technologies, advancing quality care, and improving access to essential medical products and healthcare services</li> <li>• Support collaboration between the public and private sectors to improve healthcare access and quality</li> </ul> <p><b>Education</b></p> <ul style="list-style-type: none"> <li>• Complement public sector's work by investing in private tertiary education and technology-based solutions</li> <li>• Create more opportunities for people in rapidly changing economies</li> </ul> <p><b>IFC is the world's largest multilateral investor in private healthcare and education.</b></p>	<p>In FY21, our new long-term commitments for our own account in health and education totaled about \$1.3 billion.</p>

\*Does not include AMC and Sector funds.

## INFRASTRUCTURE

IFC offers long-term financing and industry-leading expertise to develop infrastructure projects that provide essential services in partnership with the private sector.

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### Energy

- Finance electricity generation, transmission, and distribution projects across a range of technologies
- Leading financier of low-cost renewable energy: hydropower, wind, and solar

In FY21, our new long-term commitments for our own account in energy totaled about \$544 million.

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### Environmental and Municipal Infrastructure

- Expand access to clean water and improved sanitation
- Ensure municipal authorities provide reliable, sustainable and affordable services
- Financing, advisory services, and project development support for municipal and regional governments and private companies

In FY21, our new long-term commitments for our own account in Environmental and Municipal Infrastructure totaled about \$266 million.

### Cities

- Strategic partnerships with cities around the world to find solutions to urban problems
- Focus on infrastructure
- Mobilize commercial financing for priority projects, connects cities with capital markets
- Leverages World Bank and private sector expertise

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### Mining

- Finance projects including construction, production, and expansion
- Impact investing for sustainable economic growth
- Mitigate environmental and social risk, advice on community engagement, and implementing shared-use infrastructure

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### Telecommunications, Media & Technology

- Finance digital infrastructure: broadband networks, telecommunications towers, and data centers
- Support mobile network operators
- Offer broad range of products — including loans, equity, mobilization, and project finance

In FY21, our new long-term commitments for our own account in telecommunications, media, and technology totaled about \$601 million.

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### Transportation

- Investment and advisory services modernize port, airports, roads, railways, and other transportation infrastructure projects
- Reduce transportation costs, relieve bottlenecks, facilitate international trade, mitigate climate effects, and create jobs through efficiency upgrades and modernization

In FY21, our new long-term commitments for our own account in transportation totaled about \$355 million.

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### Sustainable Infrastructure Advisory

- Advisory services to help companies increase benefits to the communities where they operate, including through supply chains and royalty payments



**MANUFACTURING**

- Provide investment and advisory services to improve production scale and complexity
- Focus on job creation and sustainability through manufacturing
- Introduce more value-added manufactured products and advanced industrial-process technologies
- Promote best practice standards

In FY21, our new long-term commitments for our own account in manufacturing totaled about \$833 million.

**TOURISM, RETAIL, AND PROPERTY**

- Invest in business-enabling infrastructure: business hotels, warehousing, and commercial property and affordable housing
- 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

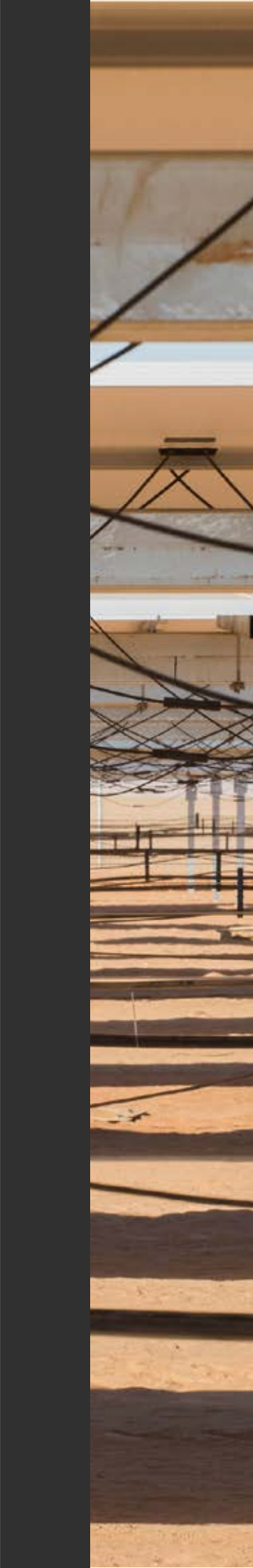
In FY21, our new long-term commitments for our own account in tourism, retail, and property totaled about \$992 million.



# COUNTRY STORIES

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Seven stories highlighting some of this year's most impactful work in countries across the globe.

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## Adapting a ride-hailing platform to safely deliver COVID-19 necessities

The pandemic prompted several waves of shut downs and strict curfews in Sri Lanka, leaving just about everyone scrambling to find ways to safely receive food and other essentials.

PickMe, Sri Lanka's first ride-hailing smartphone app, responded to people's needs by transitioning virtually overnight into a logistics company specializing in the delivery of necessities. At any time of day, the company delivered everything from cooking gas cylinders to grocery packs. During the first wave of COVID-19 in Sri Lanka, it even set up an emergency hotline to assist medical staff who needed to get to hospitals. The company's business model and smart use of technology allowed it to quickly expand from serving not only Colombo, Sri Lanka's commercial capital, but several other regions across the country.

PickMe's ability to adapt went beyond meeting basic needs: it protected jobs during a time of economic uncertainty.

Roy Kevin Alosiyus worried about losing his job as a PickMe driver until he heard that he could work for the company in a new capacity. "Within a few days, I was informed by the head office that PickMe was looking for driver partners for the emergency delivery fleet to take essential goods to households," he said.

Whereas many workers have been impacted by COVID-19, women, particularly in emerging economies, have struggled to retain jobs while assuming greater caretaking responsibilities for children, the elderly, and sick family members. PickMe enabled Sri Lankan women to remain gainfully employed.

Since the beginning of the pandemic, PickMe's fleet of women drivers has doubled as more and more women seek opportunities to cover for lost or reduced wages because of COVID-19. Lasanda Deepthi, PickMe's first woman driver, depends on the income she earns to support her family. "Earning through PickMe is a huge deal, and I feel the difference," she said.

PickMe, founded in 2015, is the first start-up IFC has backed in Sri Lanka. A \$2.5 million IFC investment has helped the company expand and increase access to affordable and efficient transportation. In June 2020, IFC injected another \$2.4 million to support PickMe in adjusting their business operations during the pandemic.

New research suggests that women, both as riders and drivers, are critical to the future growth of ride-hailing platforms. The first-ever study on women's roles in Sri Lanka's ride-hailing industry concluded that annual revenues for ride-hailing in Sri Lanka could increase by more than 25 percent if gaps between men and women's ridership were closed. The 2020 study was conducted by IFC, PickMe, the Australian Department of Foreign Affairs and Trade, and Kantar Public.

"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," said Jiffry Zulfer, CEO of PickMe.



## Leveraging tech to keep small retailers in business during a pandemic lockdown

Lockdowns and an increasing number of COVID-19 cases made it challenging for Nigeria’s small retailers and distributors to get essential supplies, despite high demand. Many store owners could not travel to the markets that provided their stock. To add to the complexity, many of the markets they relied on were closed.

TradeDepot, a Nigerian company founded to simplify and digitize micro retail distribution, used its digital solution to swiftly bridge the supply chain gap. The company partnered with the government of Lagos State to distribute essential products like food and detergent to designated markets during the nationwide lockdown. Instead of having to navigate a fragmented network of distributors and wholesalers, retailers and distributors were able to use their phones to connect directly to leading consumer goods companies through TradeDepot’s ShopTopUp platform.

“We played the role of an anchor, helping over 40,000 micro retailers to stay in business during the lockdown while ensuring that consumers have access to the goods they need,” said Onyekachi Izukanne, co-founder and CEO of TradeDepot.

Helping neighborhood stores stay in business is vital to the economic well-being of Nigeria’s urban and rural areas. About 90 percent of Nigeria’s retail sector is informal: micro- and small-scale retailers depend on the daily wages from this work.

For Blessing Chibueze, one of millions of women in Nigeria who run small retail businesses to help provide for their families, TradeDepot offered a lifeline. “They made it much easier for me to stock my store without leaving

my location,” she said. “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.”

IFC and the Women Entrepreneurs Finance Initiative (We-Fi), which supports women entrepreneurs in emerging markets, have invested in TradeDepot. We-Fi financing is intended to help the company build stronger women-led small and medium enterprise retailer and distributor networks.

TradeDepot supplies tens of thousands of small-scale retailers in Ghana, Nigeria, and South Africa with hundreds of products. About 80 percent of the informal retailers on its platform are women. The company plans on expanding to about nine countries and 21 cities across Africa by 2023.

**“We played the role of an anchor, helping over 40,000 micro retailers to stay in business during the lockdown while ensuring that consumers have access to the goods they need.”**



## Becoming a standard-setting bank for green finance

More than five years ago, Ukrgasbank, Ukraine's fourth-largest bank, embarked on an ambitious journey to differentiate itself from its competitors. This inward look aligned with the Ukrainian government's call for the privatization of state-owned banks, part of a larger reform strategy to accelerate economic growth and reduce the state's stake in the country's banking sector.

To sharpen its competitive edge, Ukrgasbank turned green.

"Green banking offered us a unique opportunity to be a pioneer in a market that was largely undeveloped, that lacked green finance expertise," said Andrii Kravets, Ukrgasbank's board chairman.

In 2016, IFC and Ukrgasbank partnered to develop the bank's forward-thinking climate strategy — an initial step in what would become a long-lasting partnership. Since then, IFC has provided a range of advisory services to help Ukrgasbank become Ukraine's first climate-finance bank.

IFC assisted Ukrgasbank in developing policies and procedures for green loans, identified target markets for green finance, and supported credit managers in project evaluation. This work was done as part of IFC's Sustainable Energy Finance Program in Ukraine, implemented in partnership with the Austrian Federal Ministry of Finance and the Netherlands Ministry of Economic Affairs and Climate Policy.

Under IFC's Global Trade Finance Program, Ukrgasbank has facilitated close to \$135 million of cross-border trade-finance transactions. IFC, in partnership with the Swiss State Secretariat for Economic Affairs, helped the bank increase its small and medium enterprise loan portfolio by two and a half times, establishing Ukrgasbank as one of Ukraine's leading banks serving that sector.

To further support Ukrgasbank's mission to finance green energy, IFC invested €30 million (approximately \$36 million), with an equity-conversion option, in Ukrgasbank in 2021. The loan's proceeds are being used to finance eligible sustainable energy projects in Ukraine. The financing aims to help Ukraine increase the share of green energy in the energy mix and to enhance end-use energy efficiency in different industries.

IFC's support is expected to facilitate Ukrgasbank's eventual privatization. This would be the first privatization of a large state-owned bank in Ukraine — and an example for future privatizations in the country's banking sector. For this reason, IFC has also been working with the bank to improve its corporate governance: strengthening its board functioning, introducing structured strategy-setting and oversight, improving decision-making processes, enhancing investor and stakeholder disclosures, introducing stronger controls and risk management to align the bank's practices with private sector standards, and integrating environmental and social risk governance into its risk management system.

Since 2016, Ukrgasbank has disbursed more than 650 loans for mid- to large-scale climate projects, providing \$1.2 billion in green loans. The projects that Ukrgasbank is financing are expected to prevent about 1.4 million tons of carbon dioxide emissions per year. After IFC began working with Ukrgasbank on its climate portfolio in 2015, a few other Ukrainian banks followed the trend and launched their own green programs.



## Investing in an eco-friendly alternative to cotton and synthetic fibers

Whether used for making sweaters or hygiene products, wood-based textile fibers have the advantage of being biodegradable, with a lower greenhouse gas footprint than synthetic fibers. Their production, which uses dissolving wood pulp, requires less water than cotton, and because they do not shed microplastics into water, they can later be recycled.

IFC and IDB Invest co-led a \$1.1 billion financing package to LD Celulose S.A., a joint venture between Lenzing AG and Duratex S.A., to build one of the largest dissolving wood pulp plants in the world, in Minas Gerais State, Brazil. Finnvera, a Finnish export credit agency, and seven commercial banks participated in the financing.

The project supports the construction of a greenfield dissolving wood pulp plant with the capacity to produce 500,000 tons per annum, the installation of a 144-megawatt cogeneration plant, and the sustainable management of 70,000 hectares of eucalyptus plantations. The first batch of dissolving wood pulp is expected to be produced in the first quarter of 2022.

Brazil is among the most competitive pulp producing countries in the world. This transaction will strengthen the competitiveness of the pulp industry in Brazil through the construction of one of the most energy and cost-efficient mills in the world, with the plant feeding 40 percent of excess bioelectricity generated on site as green energy into the public grid. The project will also increase diversification within the pulp sector, as most of the existing production capacity in Brazil is directed toward paper grade pulp. This transaction will increase dissolving wood pulp production in the country, as there are currently only two dissolving wood pulp producers in operation and one other mill under construction.

At a time of high unemployment and low investment activity in Brazil, the project is one of the largest transactions in the country and in Latin America. LD Celulose will hire 8,000 workers during construction and 1,000 workers once operational. This will create a pipeline of robust investments that can accelerate the Brazilian economy's recovery from COVID-19.

The financing will increase sustainability standards for Brazil's pulp industry and the plantation forestry sectors through LD Celulose's adoption of IFC's Environmental and Social Performance Standards. IFC played a key role implementing measures to preserve water quality in the Araguari River, strengthening LD Celulose's social capabilities, and ensuring that adequate human resources policies and procedures are in place to mitigate risks associated with the influx of a large workforce during construction.

This landmark transaction has high recognition, winning several well-renowned awards, including "Loan of the Year: Latin America" and "Infrastructure Financing of the Year: Brazil" by *LatinFinance*.



## Combating marine plastic pollution through IFC's first "blue loan"

Each year more than 8 million tons of plastic enters the world's oceans, threatening life under water and industries like tourism that depend on clean water for swimming and other recreational activities.

Marine pollution is a dangerous, rising trend — one that poses many risks. Polyethylene terephthalate (PET), whether used in plastic bottles, containers or otherwise, is the biggest contributor to marine littering and pollution. During the pandemic, littering has increased as one-time use plastic gear is being encouraged for public health safety.

The private sector can provide solutions to address marine plastic pollution. One important step is to scale up commercial recycling, allowing plastic bottles to be reused on land, not discarded into the sea.

IFC, the Asian Development Bank, and German development finance institution DEG together provided a \$300 million "blue loan" to Indorama Ventures Public Company Limited (IVL), a leading global manufacturer and recycler of PET resin. The loan will support Indorama in increasing its annual PET recycling capacity to 50 billion bottles by 2025 in Brazil, India, Indonesia, Philippines, and Thailand — the five countries most affected by marine pollution. After achieving its target, the project will reduce the company's carbon footprint equivalent to almost 3 million barrels of crude and 1.65 million tons of CO<sub>2</sub> emission avoidance each year.

"Our company, IVL, is building the recycling infrastructure needed to divert waste from the marine environment. By recycling post-consumer PET bottles into new bottles, we give waste an eco-

nommic value. This drives improvements in waste collection systems, meaning less waste and cleaner oceans," said Yashovardhan Lohia, Indorama's Chief Sustainability Officer.

A blue loan is an innovative instrument whereby the funds raised are certified and tracked exclusively for projects that support a blue economy, such as for the sustainable use of ocean resources for economic growth, improved livelihoods and jobs, and ocean ecosystem health. This marks IFC's first blue loan exclusively focused on addressing marine plastic pollution.

IFC's blue loan to Indorama complements our ongoing work on a circular economy for plastics and enhanced waste management in Asia. It demonstrates that recycling can be an effective intervention to address plastic waste — one that also supports sustainability.

# 80%

OF GLOBAL  
PLASTIC WASTE  
COMES FROM  
ASIA.





## Creating a win-win for all through longer-lasting produce

Perishable fruits and vegetables produced by farmers in developing countries often spoil, even before they can be harvested, sold, and consumed.

Frequently lacking access to modern cold storage technology, many farmers thus face limited income opportunities in a world where a third of all food is currently lost or wasted, despite growing global demand.

Apeel Sciences has a solution. The U.S.-based agricultural technology firm has developed an inexpensive, sprayed-on natural coating derived from plants that doubles the shelf life of produce, opening doors to new, higher-value markets. This gives farmers more time to find buyers, and helps them enter new, better-paying supply chains that were previously out of reach — selling food that would otherwise go to waste.

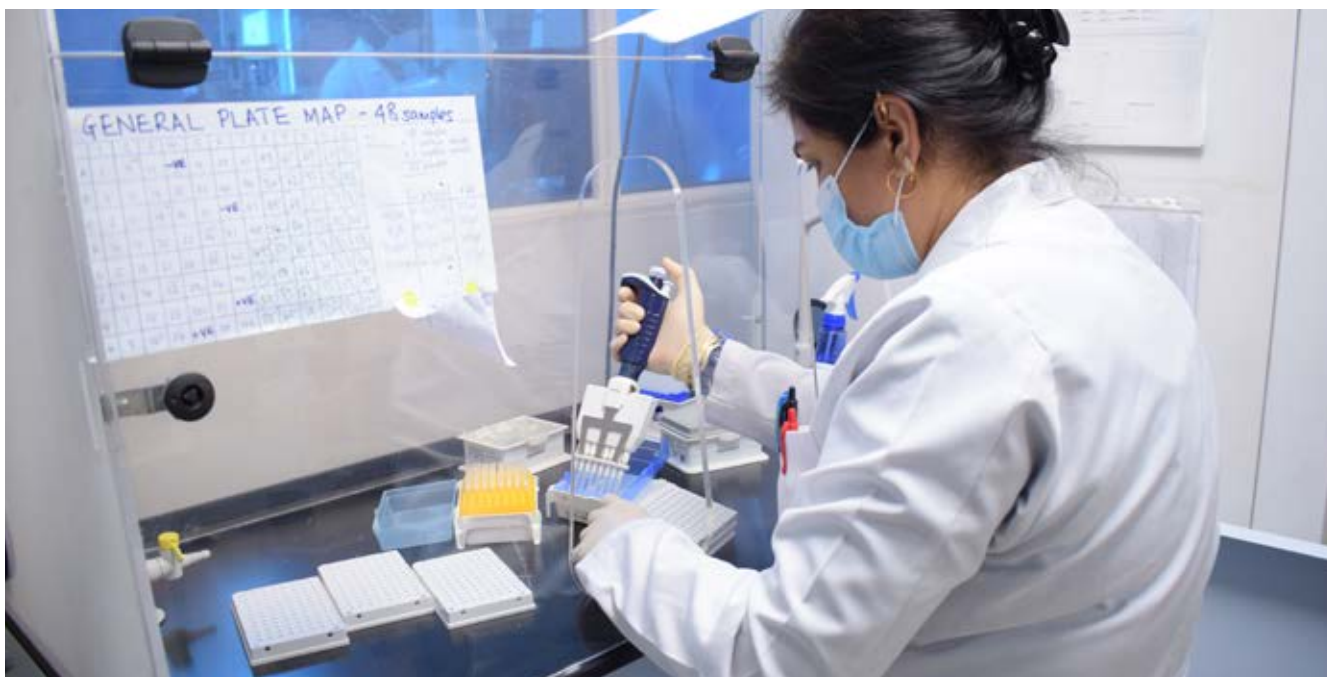
The World Bank Group estimates that agricultural production must expand by approximately 70 percent by 2050 to meet the food requirements of a planet with 10 billion people. This makes the time right for game-changing solutions like Apeel's natural coating product.

IFC is responding by combining investment and advice to help the firm address higher demand for food in an environmentally sustainable, socially inclusive way. This year, IFC took part in a \$30 million venture-capital investment round in Apeel to expand its produce-coating systems into more markets, including Latin America and Sub-Saharan Africa. IFC and two other investors took part in the second close of the Series D round, which totaled \$280 million.

Apeel is installing additional treatment equipment to coat citrus fruit and asparagus in Mexico, avocados and asparagus in Peru, and pineapples in Costa Rica. The company plans a global rollout in Chile, Kenya, South Africa, and Uganda, where cold storage facilities are limited. In addition to increasing farmer incomes, it also brings climate benefits: by reducing food losses, Apeel generates reduced or avoided greenhouse gas emissions from the longer agricultural storage of fresh fruits and vegetables.

In time, using Apeel's technology, local producers can enter global markets as their produce will stay intact until it reaches the end customer. Apeel-treated fruits and vegetables from other countries are already sold in leading grocery store chains in Europe and the U.S., a strong retail presence expected to grow in the coming years. Farmers of all sizes benefit from working with Apeel, which over time will help more and more small-holders access export markets.

"Apeel has huge potential to turn subsistence farmers in Africa into commercial farmers," Christina Owen of the Bill & Melinda Gates Foundation, which helped Apeel launch with a \$100,000 grant in 2012, told *Bloomberg Business Week*. "That means more money in pockets, and more food in bellies."



## Ramping up disease testing in Africa

In most wealthy countries, getting a COVID-19 test is routine.

But in many parts of Africa, these diagnostics, one of the first lines of defense against the novel coronavirus, remain hard to come by. As of August 2021, the continent, home to 1.1 billion people, had conducted about 47 million COVID-19 tests; the United States alone administered nearly 10 times that figure. The paucity of tests has left patients in the lurch and public health officials trying to fight the pandemic blindfolded.

To help change that, IFC spearheaded a €15 million financing package earlier this year for Cerba Lancet Africa, which runs medical laboratories in 12 Sub-Saharan African states. The financing, mobilized in partnership with France's Proparco, will help Cerba Lancet Africa upgrade its labs in places like Ghana, Kenya and East Africa, Mozambique, Nigeria, and Rwanda, and branch out to new countries. That growth will provide many Africans with access to fast, accurate tests for COVID-19 and many other diseases for which access to testing has been a challenge.

"Access to diagnostics is a vital part of the COVID-19 response," said Stéphane Carré, CEO of Cerba Lancet Africa. "Accurate diagnostics is essential to providing patients with high-quality care and ensuring they receive the right treatment."

The tests are also expected to be an important source of data for public health officials, allowing them to better gauge the scale of the COVID-19 pandemic in Africa. Officially, 6.7 million Africans had contracted COVID-19 and the disease had killed 172,000 people as of August 2021. But researchers, including those at the United States' University of Washington, suspect the actual numbers are far higher.

Along with COVID-19 tests, Cerba Lancet Africa, which already serves 2.5 million patients a year, is expected to ramp up testing for non-communicable diseases. That is considered important in Sub-Saharan Africa where these types of ailments, which include cancer, diabetes and hypertension, accounted for more than 35 percent of all deaths in 2019.

"A lot of the people you see walking around have never had any kind of routine medical checkup," said Nontlantla Ngwenya, Chief Operating Officer at Cerba Lancet Africa.

"Our fundamental role at Cerba Lancet Africa is to close that gap by ensuring laboratory testing is accessible to a majority of people in the African continent. This will ensure patients are treated correctly and early."

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The financing for Cerba Lancet Africa is part of a bigger push by IFC to help Africa improve medical care over the long term, considered crucial on a continent where many healthcare systems are fragile.

Since March 2020, IFC has provided more than \$777 million to private healthcare companies in Sub-Saharan Africa. Aside from diagnostic testing, IFC has helped to expand vaccine production, provide clinics with modern medical equipment, and foster innovation in the healthcare sector.

IFC's work underscores the importance of the private sector in improving healthcare in Africa, which is struggling with the fallout of COVID-19, said Olaf Schmidt, IFC's Manager for Real Estate, Hotel & Retail, Health & Education and Manufacturing Investments in Africa.

"By tapping into the expertise and financial strength of private companies, countries can dramatically improve the health and wellness of their people," he added.

# 2021

Each year, IFC and its clients receive many awards, highlighting achievement in a broad range of areas.

# Global

## AWARDS FOR IFC

### **Multilateral Agency of the Year Award/Asia Pacific**

For IFC  
*The Asset Triple A Asia Infrastructure Awards*

### **Impact Report of the Year**

For IFC's FY20 Green Bond Impact Report  
*Environmental Finance Bond Awards 2021*

### **Best Investor Relations**

For impressive proactive Debt Capital Markets Investor Relations operation, leading in market best practices  
*CMD Portal (Collaborative Market Data)*

### **Socially Responsible Investing (SRI) Deal of the Year**

For 3 billion 5-year Swedish krone (SEK) Social Bond  
*18th mtn-i MTN Awards*

### **Supranational, Sovereign and Agency (SSA) Bond Issuers Deal of the Year**

For 3 billion 5-year Swedish krone (SEK) Social Bond  
*18th mtn-i MTN Awards*

### **Local Currency Deal of the Year**

For 3 billion 5-year Swedish krone (SEK) Social Bond  
*18th mtn-i MTN Awards*

### **Deal of the Year**

For IFC Australian dollars (AUD) 200m 1.50% 2035 Kangaroo Social Bond  
*mtn-i, Asia Pacific Awards*

### **Best Annual Report (Gold)**

For IFC's Annual Report  
*International Stevie Awards*

### **Best Annual Report — International Development and Finance Institution (Gold)**

For IFC's Annual Report  
*ARC Awards*

### **Best Use of Print (Gold) and Best Copy Style or Tone of Voice (Gold)**

For IFC's Annual Report  
*Corporate Content Awards, North America*

Asahan I Hydro Electric Power Plant



# Awards

## AWARDS TO IFC CLIENTS

### **Entrepreneur of the Year — Business Transformation**

To IFC client Byju's Founder Byju Raveendran  
*EY*

### **Renewable Energy Deal of the Year — Hydro**

For IFC's role as Mandated Lead Arranger and Lender for the Asahan I Hydro Electric Power Plant, Indonesia  
*The Asset Triple A Asia Infrastructure Awards*

### **Asia Pacific Transport Investor of the Year**

To I Squared Capital for its investment in IFC investee Cube Highways, India  
*Private Equity International and Infrastructure Investor*

### **Power Deal of the Year**

To IFC for its role as the Lead Arranger and Lender for the Mazar-i-Sharif Power Plant, Afghanistan  
*The Asset Triple A Asia Infrastructure Awards*

### **Best Utilities Project (Gold)**

To IFC client Beo Cista Energija  
*Partnership's Bulletin*

### **Achievement in Liquidity Risk Management Award**

To Vietnam Prosperity Joint-stock Commercial Bank (VPBank), financed by IFC  
*The Asian Banker*

# MEASURING UP

Measuring the results of IFC's work — and evaluating our effectiveness — is fundamental to our approach to development.

## ASSESSING EXPECTED DEVELOPMENT IMPACT AND MEASURING RESULTS

IFC launched a new impact rating system: the Anticipated Impact Measurement and Monitoring (AIMM) system in 2017.<sup>1</sup> Potential projects are rated ex-ante and selected based on their expected development outcomes. This approach enables us to set ambitious yet achievable targets, identify projects with the greatest potential for development impact, and optimize project design.

To date, IFC has rated over 1,700 investment projects for their expected development impact. Notable updates in the AIMM framework's development for FY21 include:

- Building on feedback from FY20, IFC continued to expand the AIMM system's capacity to measure impact and better articulate the development results for its Advisory Services (AS) portfolio in FY21.
- IFC tested several approaches to assigning AIMM scores for platform investments, which involve the clustering of investment projects to address a systemic development challenge, such as the FIGE and RSE programs, and the Global Health and Base of the Pyramid programs, where IFC developed more streamlined rating approaches.
- IFC updated the way it assesses development gaps and project intensities to recognize the unique economic consequences arising from the COVID-19 pandemic. This work, which overlaps with the testing of platform ratings described above, also included further refinement of IFC's development impact assessments for debt restructurings and secondary share purchases.
- IFC is strengthening our capacity to better monitor our impact in creating markets with AIMM assessments. This multi-year effort involved collecting data to facilitate the evaluation of market claims made by IFC projects.

**Estimated Job Creation:** Based on a conservative estimate using IFC's economic impact estimation framework, IFC expects to contribute to the creation of 1.4 million to 1.6 million jobs globally over the lifetime of the projects it financed in FY21. These estimates include direct and indirect jobs created and are derived from projects accounting for about 60 percent of IFC's FY21 investment commitments.<sup>2</sup>

These latest estimates suggest that IFC's investments during FY21 will lead to a lower job creation effect than investments in previous years. This can be attributed to the global COVID-19 pandemic and economic crisis as the focus of investment partly shifted from creating new jobs to saving existing ones. More than 30 percent of the long-term investment

volume was channeled into projects geared at helping clients maintain their businesses rather than grow them. Specifically, the FIGE and RSE COVID-19 envelopes accounted for 1.2 billion and 0.7 billion of IFC's own account commitments, respectively.

IFC's contribution to global job creation is particularly noteworthy in the poorest and most vulnerable countries. Roughly 29 percent of IFC's total contribution to job creation through projects committed in FY21 is expected in IDA countries alone and about 11 percent will be created in FCS countries. The concessional finance that the IDA Private Sector Window (PSW) provides contributes substantially to these effects: around 9 percent of IFC's global job creation contribution is accounted for by projects that received IDA PSW funds.<sup>3</sup>

**IFC Contribution to Climate change:** IFC and the World Bank Group recognize climate change as an acute threat to global development that increases instability and contributes to poverty, fragility, and migration. Climate action is also an investment opportunity for the private sector. IFC has been in the climate business space since the 1980s, when it began supporting simple project finance of renewables, and has since diversified into green buildings, green finance, climate-smart agribusiness, and other sectors. In FY21, committed own account climate-related investment projects, totaling \$4 billion, are expected to help our clients reduce annual greenhouse gas emissions by 12 million tons of carbon dioxide equivalent.

**IFC Contribution to SDGs:** For the IFC 3.0 strategy, the AIMM system provides a line of sight from IFC's mandate, through intermediate corporate objectives, to the SDGs. It allows IFC to monitor results using project-level indicators, including the Harmonized Indicators for Private Sector Operations (HIPS), and aligns its reporting at the portfolio level to various SDGs. The AIMM framework also enables monitoring and reporting of the contribution of market-creation effects that support achievement of the SDGs.

IFC operations contribute to several Sustainable Development Goals (SDGs) through direct investments and advisory services. Integral to IFC's mandate and aligned with the World Bank Group's twin goals are SDGs 1 and 10: "No Poverty" and "Reduced Inequality." At the strategic sector level, IFC promotes projects in infrastructure, agriculture, financial inclusion, health, and education — aligned with SDGs 2, 3, 4, 6, 7, and 9. For example, IFC has been working with Kaebauk Investimentu no Finansas, S.A. in Timor-Leste on a holistic farming-to-financing approach that addresses financing gaps

1. Detailed introductions about the AIMM system can be found in FY18 and FY19 IFC annual reports: [ifc.org/AnnualReport](https://www.ifc.org/AnnualReport)

2. Employment estimates are computed for individual projects using IFC's economic impact estimation framework. The framework comprises sector-specific models and a variety of assumptions across countries and sectors. For financial intermediaries, the estimate includes on-lending of IFC funds only. Client banks' portfolios grow more than the IFC funding alone, partly because IFC's contribution catalyzes additional funding and partly because the growth is contractually agreed with IFC. This additional expansion, which is hard to attribute precisely, could represent the creation of several million jobs.

3. About 19% of the volume of IFC's long-term investments are committed in IDA countries, 7% in FCS countries, 20% in the Sub-Saharan Africa region, and about 5% in IDA PSW-supported projects.

in this critical sector. The project aims to improve productivity in agribusiness by developing a sufficient flow of bankable agribusiness financing opportunities.

Across sectors and regions, IFC seeks to promote employment creation and economic growth, gender equality, cities development, environmental and social sustainability, and climate-change adaptation and mitigation — aligned with SDGs 8, 5, 11, 12, and 13, respectively. IFC played an important role in sustaining livelihoods and preserving the private sector’s capacity to support the economic recovery from COVID-19. Furthermore, IFC actively partners with private investors to mobilize new sources of finance — aligned with SDG 17.

This past year, IFC, together with other Multilateral Development Banks (MDBs) and the International Monetary Fund, collaborated to produce a joint report on the SDGs — *Financing the Sustainable Development Goals: The Contributions of the Multilateral Development Banks*.<sup>4</sup> The report highlights efforts to support countries in achieving the SDGs, by providing finance, technical assistance, policy support, and knowledge, especially in the wake of the unprecedented COVID-19 pandemic. MDBs acted fast to tailor their financing to help address critical needs, thereby developing a global response package of \$230 billion.

#### WHAT EX-ANTE AIMM SCORES SAY ABOUT IFC’S DEVELOPMENT IMPACT

At the start of FY21, IFC maintained the FY20 development impact targets for its projects: (1) an average ex-ante AIMM score of at least 50 across the portfolio of committed projects; and (2) at least 15 percent of committed projects rated “Very Strong” for market creation potential. This is the third year in which IFC has defined in quantitative terms our development impact ambitions for new projects at the start of a fiscal year.<sup>5</sup>

In FY21, IFC committed 262 projects that were AIMM-scored compared to 216<sup>6</sup> projects in FY20. The average AIMM score for projects committed during FY21 was 53, versus 51 in FY20. Of the 262 projects, only 14 were rated “Very Strong” for market creation potential, corresponding to a 5 percent share of all AIMM-scored projects, well below the 15 percent target and the 8 percent share achieved in FY20. A contributing factor for this drop-off was the emergence of the COVID-19 crisis. COVID-19 prompted IFC to invest heavily in supporting existing clients’ operations and strongly affected its ability to commit longer-term, capital-intensive projects typically found in transformational interventions with “Very Strong” market creation potential. To “sustain” markets, IFC is offering loans to companies in need, and if necessary, will make equity investments. For example, IFC expects the RSE facility to provide \$2 billion to support existing clients in the infrastructure, manufacturing, agriculture, and services industries vulnerable to the pandemic, as well as companies in the healthcare sector that are seeing an increase in demand. As the crisis abates and Upstream activities take hold, IFC expects the re-emergence of a more robust pipeline of market creation projects.

Of the AIMM-scored projects committed in FY21, 203 (77 percent) received an AIMM rating of “Good” compared to 74 percent in FY20. Strong commitment performance for COVID-19 response projects throughout FY21 likely contributed to this increase in the share of projects rated “Good”.<sup>7</sup> The rising share of “Good” projects also likely reflects improved understanding of the AIMM framework among IFC staff, prompting improved project design.

The tables below summarize key outcomes from the second year of implementing the AIMM system on an ex-ante basis.

## Average AIMM Scores for Committed Projects in IDA/FCS Countries and for Blended Finance

DESCRIPTION	AVERAGE AIMM SCORE	
	FY21	FY20
Committed projects in FCS countries	64	55
Committed projects in FCS/LIC/IDA17 countries	59	57
Committed projects in IDA countries	56	54
Committed projects using blended finance	58	55

4. *Financing the Sustainable Development Goals: The Contributions of the Multilateral Development Banks*, <https://www.isdb.org/financing-the-sustainable-development-goals-the-contributions-of-the-multilateral-development-banks>.

5. IFC provides its Board with a strategy and business outlook every three years detailing the Corporation’s strategic direction. The FY21 corporate scorecard contains program targets for the current year (FY21) and two future years. Annual scorecard targets are revisited annually to confirm targets continue to enable staff to focus on prevailing priorities. The maintenance of a stable AIMM score target over the past three years reflects these considerations.

6. The FY20 Annual Report cited 215 projects. The difference is due to a post-publication correction to the number of projects committed and rated.

7. Projects under the FIGE and RSE COVID-19 response packages received a uniform AIMM score of 53 (Good).



## Committed Projects: Ex-Ante AIMM Score by Region

BY REGION	FY21				FY20			
	NUMBER OF PROJECTS SCORED	AIMM SCORE AVERAGE	RATED VERY STRONG MARKET		NUMBER OF PROJECTS SCORED	AIMM SCORE AVERAGE	RATED VERY STRONG MARKET	
			NUMBER	PERCENTAGE			NUMBER	PERCENTAGE
Sub-Saharan Africa	55	54	3	5%	51	54	6	12%
Latin America and the Caribbean	56	53	2	4%	37	46	0	0%
East Asia and the Pacific	43	54	2	5%	36	52	2	6%
Middle East and North Africa	18	54	2	11%	17	54	2	12%
Europe and Central Asia	39	51	3	8%	32	44	3	9%
South Asia	38	53	1	3%	33	53	3	9%
Global	13	52	1	8%	10	54	2	20%
<b>IFC</b>	<b>262</b>	<b>53</b>	<b>14</b>	<b>5%</b>	<b>216<sup>8</sup></b>	<b>51</b>	<b>18</b>	<b>8%</b>

## Committed Projects: Ex-Ante AIMM Score by Industry

BY INDUSTRY	FY21				FY20			
	NUMBER OF PROJECTS SCORED	AIMM SCORE AVERAGE	RATED VERY STRONG MARKET		NUMBER OF PROJECTS SCORED	AIMM SCORE AVERAGE	RATED VERY STRONG MARKET	
			NUMBER	PERCENTAGE			NUMBER	PERCENTAGE
Manufacturing, Agribusiness and Services	94	52	1	1%	71	51	3	4%
Financial Institutions Group	101	54	3	3%	85	50	7	8%
Infrastructure and Natural Resources	40	55	5	13%	39	53	7	18%
Disruptive Technologies and Venture Capital	45	53	5	11%	30	48	2	7%
<b>IFC<sup>9</sup></b>	<b>280</b>	<b>53</b>	<b>14</b>	<b>5%</b>	<b>225<sup>10</sup></b>	<b>51</b>	<b>19</b>	<b>8%</b>

During FY21, a range of situations shaped the landscape in which IFC pursued its development impact ambitions. Most notably, and as outlined above, the pandemic prompted IFC to invest heavily in helping its clients sustain operations. Some clients played a key role in global health supply chains while others, including some new clients, offered opportunities for private investors to deploy capital at a time of heightened uncertainty in debt and equity markets. Several projects exemplify the prevailing impact rating circumstances that IFC faced in FY21:

- In **Africa**, COVID-19 has further tightened the ability of the private sector to access financing for growth. The COVID-19 pandemic has challenged businesses and increased their demand for capital. Yet at the same time, difficult economic conditions and amplified challenges have seen banks pull back from lending. IFC has been able to alleviate this shortfall by supporting alternate finance options such as private equity and private credit. However,

private equity and private credit activities across Africa remain limited, with both markets remaining highly under-developed. IFC is promoting development of these markets by supporting funds such as Ascent Fund II (providing private equity capital and value creation to SME companies in East Africa), Adiwale I (anchoring a first-time fund manager targeting SMEs launch in West Africa), and Vantage IV (supporting one of the only private credit funds operating across Africa).

- In **South Asia**, IFC is working with Biological E Limited (BioE), one of India's top vaccine manufacturers, with a \$30 million loan to support the company's expansion of low-priced, generic vaccines for routine immunization of children and the production of new vaccines, including future COVID-19 vaccines. IFC expects this to increase the availability of affordable, quality vaccines globally and promote greater stability in healthcare provision by providing needed supplies.

8. As noted above, the FY20 Annual Report cited 215 projects. The difference is due to a post-publication correction in the number of projects committed and rated.

9. The industry totals for FY20 and FY21 do not match regional totals because of joint ventures between industries. Each industry is allocated a full project count for each joint venture in which it participates.

10. Figure differs from FY20 Annual Report due to a post-publication correction in the number of projects committed and rated.

- In **East Asia**, IFC made its first direct debt investment into a renewable energy (RE) project in Vietnam. The proceeds will fund the construction of two wind power projects with a total capacity of 54.2 megawatts (MW). The project will increase RE capacity and help support the achievement of Vietnam's targets under the Paris Agreement through the critically important decarbonization of its power sector. The project is also expected to contribute to market competitiveness by expanding private sector investment in the sector and demonstrating the role of wind power in Vietnam's electricity generation mix.

In addition, IFC made important contributions to attenuating the negative effects from the COVID-19 pandemic. These contributions were reflected in the AIMM rating treatment of several programs:

- Projects under IFC's FIGE and RSE contributed to reducing the pandemic's negative effects on key stakeholders and market resilience. The challenges these projects addressed varied, ranging from helping existing clients in need sustain their payrolls, to covering payment risks of financial institutions so they can provide trade financing to companies that import and export goods, to funding emerging market banks that extend credit to help businesses shore up their working capital needs.

- Projects under the Global Health Platform and Base of the Pyramid facility supported the scaling of vaccines, medical supplies, and financial support to microenterprises. To facilitate the rapid deployment of these programs, IFC developed more streamlined impact rating approaches.
- Finally, IFC undertook selective secondary share repurchases and refinanced the debt of clients faced with potentially disruptive financing shortfalls due to the pandemic.

#### WHAT PORTFOLIO RESULTS SAY ABOUT IFC'S IMPACT DELIVERY

Portfolio AIMM score for Investment Projects: At the end of FY21, IFC had 884 active AIMM-rated investment projects in its portfolio.<sup>11</sup> The average portfolio AIMM score was 45. In comparison, the average ex-ante AIMM score assigned to these same projects was 46, suggesting that at the portfolio level, the development outcomes IFC expected to generate have been mostly delivered during project implementation. Between FY20 and FY21, the portfolio AIMM score average increased from 44 to 45. Projects committed in FY20 that entered the portfolio in FY21 contributed to this slight increase given the carryover of their higher ex-ante AIMM scores.<sup>12</sup>

## Investment Services Portfolio AIMM Score by Region

BY REGION	FY21		FY20	
	AIMM SCORE AVERAGE	RATED VERY STRONG MARKET	AIMM SCORE AVERAGE	RATED VERY STRONG MARKET
Sub-Saharan Africa	49	15%	47	16%
Latin America and the Caribbean	39	7%	37	8%
East Asia and the Pacific	46	7%	47	11%
Middle East and North Africa	45	19%	44	21%
Europe and Central Asia	42	9%	39	7%
South Asia	48	7%	47	7%
Global	48	15%	43	10%
IFC	45	10%	44	11%

## Investment Services Portfolio AIMM Score by Industry

BY INDUSTRY	FY21		FY20	
	AIMM SCORE AVERAGE	RATED VERY STRONG MARKET	AIMM SCORE AVERAGE	RATED VERY STRONG MARKET
Manufacturing, Agribusiness and Services	43	3%	41	3%
Financial Institutions Group	45	9%	44	9%
Infrastructure and Natural Resources	51	23%	49	23%
Disruptive Technologies and Venture Capital	46	15%	45	18%
IFC	45	10%	44	11%

11. Roughly half of IFC's active, AIMM-rated projects pre-date AIMM scoring. In 2020, IFC backfilled AIMM scores on this representative sample of IFC's investment portfolio.

12. Committed projects that were assigned an ex-ante AIMM score during FY20 enter the monitoring portfolio the following fiscal year. Because early operating maturity has not been reached and monitoring has not started for these projects, their ex-ante AIMM scores carry over and become portfolio AIMM scores in FY21.

**It is too early to assess the effects of the COVID-19 pandemic on the development impact performance of IFC's portfolio.** Most projects where clients claimed to be moderately or heavily affected by the pandemic showed modest changes in AIMM scores. Part of this may be explained by temporal factors, where the pandemic's effect on client performance may not be fully reflected in reporting data. The resilience may also be explained by the absence of data provided by clients undergoing particularly acute hardships; in such cases, IFC's practice was to maintain ratings at their current levels until assessment data becomes available. The full effect of the pandemic on IFC's development impact performance may not be fully reflected until next year.

**Although no broad conclusions can be drawn from the data thus far, there were a few instances where impact ratings captured some of the challenges and opportunities IFC clients faced during the COVID-19 pandemic.** For example, projects in consumer-driven sectors, such as higher education and tourism, saw declining portfolio AIMM scores, likely due to mobility constraints and shifting consumption patterns. Projects with financial intermediaries, including those involving non-bank financial institutions, also showed weakening performance, likely due to reduced operations, and challenges to credit origination and disbursement. In contrast, while the sample sizes are modest, projects in sectors such as digital infrastructure (including mobile and broadband networks) and integrated health services generally saw higher or no change in portfolio AIMM scores.

**Other changes in portfolio AIMM scores reflected country-specific conditions that had a bearing on impact performance.** For example, Myanmar's political crisis contributed to broad declines in portfolio AIMM scores across nearly all sectors. In Turkey, portfolio AIMM scores for projects in the financial sector started to decline as recent volatility of the lira and its effect on banking sector performance began to take hold.

**Impact performance for some specific projects also reflected notably strong performance despite the pandemic and economic headwinds.** Several stand-out cases from this year's portfolio monitoring review include:

- **DNP Water** — This is an IFC investment to support the implementation of privatization efforts in the Vietnamese water sector. After reaching operational maturity in FY21, the company, as one of the first private sector companies aiming to own and operate a portfolio of mainly urban water treatment and supply facilities in Vietnam, surpassed its water treatment target ahead of schedule.

- **CSquared Holdings** — This project entails the development and operation of wholesale-only, carrier neutral and open-access fiber networks in metropolitan areas of Uganda, Ghana, and Liberia. Despite the oligopolistic market structure, there is evidence that the broadband service coverage and affordability have improved during project implementation. The company's business model also appears to have been replicated in other countries.

- **Altum Capital** — This IFC client provides senior loans to mid-size SOFOMs (financial entities) in Mexico that mostly lend to microenterprises, small enterprises, and individuals. The project surpassed its targets of volume and number of SME loans disbursed ahead of schedule in FY21. The volume and number of cumulative microfinance loans disbursed is on-track and is likely to achieve its target before 2022.

**Ratings of Advisory Projects:** Development effectiveness of advisory projects is assessed at project completion. In FY21, 117 advisory projects qualified for ex-post evaluation were completed during the period and were self-assessed for development-effectiveness ratings. Seventy-one (71) percent of the projects were rated mostly successful or better, above the IFC target of 65 percent.

While the FY21 overall success rates for the advisory services portfolio have remained stable in comparison with FY20, it is too early to fully assess the effect of the COVID-19 pandemic on advisory projects, as a large portion of them are still ongoing. Several of these projects are being restructured to take into account COVID-19 impacts.

## Advisory Services Development Effectiveness Score<sup>13</sup> by Region

	FY21	FY20
Sub-Saharan Africa	55%	66%
South Asia	65%	86%
Middle East and North Africa	79%	88%
Latin America and the Caribbean	82%	75%
Europe and Central Asia	84%	75%
East Asia and the Pacific	76%	70%
Global <sup>14</sup>	100%	67%
<b>IFC</b>	<b>71%</b>	<b>73%</b>

## Advisory Services Development Effectiveness Score<sup>15</sup> by Business Area

	FY21	FY20
Financial Institutions Group	69%	79%
Manufacturing Agribusiness and Services	64%	67%
Infrastructure and Natural Resources	0%	57%
Disruptive Technologies and Funds	100%	100%
Transaction Advisory	71%	69%
Other Advisory, including Environment Social and Governance	91%	63%
Creating Markets Regional Advisory	69%	77%
<b>IFC</b>	<b>71%</b>	<b>73%</b>

### OPERATIONALIZING THE IMPACT PRINCIPLES FOR IMPACT INVESTING

In FY21, DFIs and the private sector impact investment community took a significant step toward harmonizing approaches to monitor and report on development impact. Clear impact metrics are essential to making the economic and social contributions of investments measurable, which allow investors to improve their transparency, effectiveness, and accountability. These benefits significantly increase when investors' impact metrics are adopted in common by different institutions, thereby reducing the reporting burden on clients and facilitating comparability and learning.

Beyond the earlier mentioned Joint Impact Indicators (JII), the Harmonized Indicators for Private Sector Operations (HIPSO) partnership continues to develop metrics at the sector and sub-sector levels that could be leveraged by the signatories to the

Operating Principles for Impact Management (OPIM) and the broader impact investing community. For example, the HIPSO partnership has recently revised metrics for infrastructure services and financial intermediation. The revision of metrics for information and communications technology, agribusiness, health and education is in progress.

By leveraging the HIPSO and the JII indicators, IFC is leading the development of a position paper, in coordination with the OPIM signatories, on a uniform set of standards, which provides guidance on the selection of impact metrics that would create a basis for accountability, comparability, and consistency. This effort will facilitate a roadmap for meaningful impact performance comparison, appropriate benchmarking, and better decision-making, which has so far been limited in the impact investing market.

13. DE Score is calculated as the percentage of projects rated mostly successful or better in total number of advisory projects rated in ex-post evaluation for a fiscal year.

14. The FY19, FY20, and FY21 DE Scores for Global are based on less than five rated projects.

15. The FY20 and FY21 DE for Disruptive Technologies and Funds are based on less than 5 rated projects. The FY21 DE for Infrastructure & Natural Resources is based on one rated project.

## WHAT IFC LEARNED FROM ITS RESEARCH, ANALYTICS, AND SELF-EVALUATION PROGRAM

IFC uses a combination of research, data analytics, and self-evaluations to fill knowledge gaps and provide real-time solutions to clients and operational colleagues. These insights generate important lessons that inform new client engagements. In FY21, IFC expanded its research and analytical agenda to strengthen the implementation of the IFC 3.0 strategy and support IFC operations in addressing challenges arising from the COVID-19 pandemic.

IFC developed 28 separate COVID-specific analytical pieces since the outbreak of the pandemic, including two surveys of its portfolio clients in financial institutions and trade finance sectors. The analyses developed possible recovery scenarios for specific sectors or economies, identified the roles that selected sectors could play in supporting COVID-19 responses and changed the ways IFC assesses projects under the AIMM framework.

In the last three years, IFC has also undertaken in-depth research and analytics, including 33 ongoing studies and 15 completed ones that cover most sectors in which IFC operates. Some publications presented case studies of IFC engagements, while others used sector deep-dives, country or regional analyses, sector analysis, and empirical studies. IFC also conducted research with leading private sector players to analyze strategic priority themes such as the digital economy, capital market deepening, housing finance, etc. These products explored solutions for creating private sector markets, complementing IFC's sector knowledge.

Notable examples of such work are detailed below:

- The *Google-IFC e-Economy Africa 2020* report sheds light on the size of Africa's digital economy. The report finds that Africa's digital economy has the potential to reach \$180 billion by 2025, accounting for 5.2 percent of the continent's gross domestic product. Driving this growth is a combination of increased access to faster and better-quality internet, a rapidly expanding urban population, a growing tech talent pool, a vibrant startup ecosystem, and a steady improvement in the regulatory framework of the digital economy. The findings from this report are being used to benchmark the size of the digital economy across IFC's countries of operations.
- At the outset of the COVID-19 crisis, IFC conducted a survey to assess the impact of the crisis on its portfolio clients with lending operations focusing on operations, strategic direction, funding, and lending. The survey found that even though there was no evidence of a liquidity problem in the early days of the crisis, credit risks were simmering under the mask of government mandated moratoriums. Digital technologies were also found to be critical for the resilience of financial institutions prompting many to increase their investments in this area. The results were disseminated in various ways including an interactive dashboard, presentations, survey report, and a special blog.

Self-valuations of mature or completed projects provide another important link in IFC's impact-assessment framework. Even as IFC expanded its research and analytical products, the evaluation agenda was focused on performance evaluations and rapid assessments. In all, IFC completed 13 evaluations in FY21. Outcomes from these evaluations helped IFC better understand the impact of our investments beyond individual projects and capture valuable lessons learned that inform industry strategies and operations.

Key findings of selected evaluations include the following:

### • LAPO Agent Banking in Nigeria – Increased Reach, Client Diversity

IFC conducted an assessment of an Advisory Service project supporting Nigeria's Lift Above Poverty Organization (LAPO). The project aimed to increase access to financial services in Nigeria through the development of an agent banking network. Even though the network has not achieved the scale initially envisioned, LAPO built a network of 1,700 agents and mobilized more than \$3 million in savings over the three years of the project.

By surveying a sample of adults living near newly onboarded agents, the assessment found a significant increase (+24 percentage points) in the number of LAPO clients using transaction accounts in these areas. Agents were particularly successful in attracting new clients in previously underserved areas with few financial access points such as bank branches and agents. Customers in these areas were found to be more likely to be poor, illiterate, and lack previous banking experience. Overall, the assessment confirmed the agent network as a pillar of LAPO's growth and transformation beyond its foundational microlending business, and its contribution to financial inclusion in Nigeria.

### • Assessment of IFC's Power Distribution Investments in Moldova, Uganda, and Georgia

The assessment of selected IFC investments in power distribution in these countries demonstrated the positive impacts on tax revenues, gross domestic product (GDP), and employment in all three countries. Microeconomic analysis findings indicate operational efficiency improvements and CO<sub>2</sub> emissions reduction in all three countries, because of reduced technical losses. In these countries, the reduction of losses ranged between 50 percent and 90 percent during the studied period. The study also showed that the successful privatization of a distribution company can transfer valuable knowledge to other companies in the sector. Strong and transparent regulatory framework, transparent tariff-setting methodology, effective utility data collection, Development Finance institution (DFI) involvement and investors with distribution business expertise in the region are identified as the key factors of success in the sector.

# OUR PEOPLE & PRACTICES

IFC's corporate culture reflects our commitment to alleviating poverty and creating opportunity for the most vulnerable people in the developing world.

# Governance

## OUR PLACE IN THE WORLD BANK GROUP

The World Bank Group is a vital source of financial and technical assistance to developing countries. IFC is one of five members of the Bank Group, although IFC is a separate legal entity with separate articles of agreement, share capital, financial structure, management, and staff.

Membership in IFC is open only to member countries of the World Bank. As of June 30, 2021, IFC's paid-in capital of about \$20.8 billion was held by 185 member countries. These countries guide IFC's programs and activities.

Since our founding in 1956, we have committed more than \$287 billion of our own funds for private sector investments in developing countries, and we have mobilized more than \$107 billion more from others.\*

In working to end extreme poverty and to boost shared prosperity, we collaborate closely with other members of the Bank Group.

## Our Member Countries — Strong Shareholder Support

OUR MEMBER COUNTRIES	PERCENTAGE OF CAPITAL STOCK
United States	20.91
Japan	8.27
Germany	5.27
France	4.70
United Kingdom	4.70
India	4.00
Russian Federation	3.78
Italy	3.16
Canada	2.99
The Netherlands	2.30
<b>175 OTHER COUNTRIES</b>	<b>39.92</b>

## OUR BOARD

Each of our member countries appoints one governor and one alternate. Corporate powers are vested in the Board of Governors, which delegates most powers to a board of 25 directors. Voting power on issues brought before them is weighted according to the share capital each director represents.

The directors meet regularly at the World Bank Group headquarters in Washington, D.C., where they review and decide on investments and provide overall strategic guidance to IFC management. The President of the World Bank Group is also President of IFC.

## EXECUTIVE COMPENSATION

The salary of the President of the World Bank Group is determined by the Board of Directors. The salary structure for the IFC Chief Executive Officer (CEO) is determined by positioning a midpoint between the salary structure of staff at the highest level, as determined annually by independent U.S. compensation market surveys, and the salary of the World Bank Group President. The compensation of our executive leadership is transparent.

IFC MD and EVP Makhtar Diop received an annual salary of \$408,253, net of taxes.

\*FY20 figure reflected mobilization for Loan & Guarantee participations only. The FY21 figure includes all mobilization types. Please refer to the Operational Highlights table for details.

# Corporate Responsibility

Sustainability is an integral part of our internal business operations. We hold ourselves accountable to the same environmental and social standards we ask of our clients. This commitment connects IFC's mission with how we run our business.

## OUR STAFF

The knowledge, skills, values, and diversity of our staff are key to our comparative advantage, enabling us to bring innovative solutions and global best practices to our clients.

This fiscal year pushed us into uncharted territory to address staff challenges in the wake of the COVID-19 pandemic. As part of World Bank Group emergency response measures, we provided wide-ranging support to protect our global workforce, including health and safety support, financial assistance, and flexible remote work policies, with a focus on staff and dependents in vulnerable locations. The World Bank Group provides an array of programs and services to promote and protect the health and security of staff through services focusing on personal health and wellness, occupational health and safety, and mental health and well-being. IFC management down to managers and team leads provided the support necessary to rapidly transition our workforce to home-based work at headquarters and in country offices. Results from a staff survey showed that most staff adjusted fairly well to home-based work (average score of 8 on a scale of 1-10). In this same period, 91 percent of the workforce gave a favorable response to feeling proud to work at the World Bank Group and 79 percent felt a strong sense of belonging.

## Advancing diversity, equity, and inclusion (DEI)

IFC works with clients across the globe. That broad reach is reflected in our staff who work in more than 100 countries. Having a diverse workforce with essential skills and varied perspectives is critical for IFC to deliver on its strategic agenda.

In FY21, IFC raised the bar on DEI. **We appointed our first dedicated Diversity, Equity & Inclusion (DEI) leader to enhance efforts to create a respectful and inclusive workplace and to define and implement the DEI agenda across the institution.** We also added the concept of equity into our commitment to diversity and inclusion — ensuring that we address the needs of our staff who may be starting from a place of disadvantage, removing barriers that could limit their potential to thrive.

This fiscal year we introduced key performance indicators aligned with the new World Bank Group diversity goals, including gender parity targets by grade groups and indicative staff representation across 20 sub-regions. We now have a baseline for measuring improvement with this new focus, as indicated in the Gender Balance table on the next page.

Our recruitment strategy contributes to IFC's diversity through targeted outreach to underrepresented groups, as well as partnerships with Employee Resource Groups, including GLOBE for LGBT+ staff, All-abilities, and the African Descent Alliance. In FY21, we participated in more than 100 talent outreach events in 53 countries across all regions with more than 63,000 participants in total.

## Fostering an inclusive workplace

IFC fosters an inclusive workplace environment as a critical part of retaining and developing our diverse workforce. Addressing racial inequity became a higher priority during the past year, aligned with the heightened global awareness around racial injustice and systemic racism. IFC offers anti-racism programming, including listening and discussion sessions and training on topics such as unconscious

INDICATOR	FY21	FY20	FY19	FY18
Total full-time staff	4,283	3,931	3,739	3,918
Non-U.S.-based staff (%)	56.9%	54.8%	53.8%	55.1%
Short-term consultants/temporaries (FTEs <sup>1</sup> )	1,003	1,014	1,085	1,092
Employee engagement index <sup>2</sup>	—	69%	67%	75%
<b>Diversity</b>				
Women managers (target 50%)		39.3%	39.2%	39.5%
Part II managers (target 50%)		43.2%	41.0%	40.5%
Women GF+ Technical (target 50%)		49.4%	47.8%	46.7%
Sub-Saharan/Caribbean GF+ (target 12.5%)		13.7%	13.5%	11.2%

1. FTE is full-time equivalent.

2. There was no Engagement Survey in FY21.



bias. IFC's management has adopted specific measures aimed at ending racism in the workplace. IFC also launched an Allies Program in partnership with our Employee Resource Groups, which encourages staff to become allies in eliminating biases and fostering inclusion.

### *Enriching staff development*

The World Bank Group offers a comprehensive approach to staff development, focused on virtual delivery of learning resources during the pandemic. WBG leadership development programs are designed to bolster personal and collective leadership and management skills in the context of organizational priorities. For example, IFC's Sponsorship Program builds a pipeline of diverse leaders by providing visibility and exposure to high potential staff, with a focus on women. The Reverse Mentorship Program pairs young staff as mentors to senior leaders across business functions, fostering inter-generational inclusion and innovation. Given the large number of new staff hired into the organization in the last two years — most of whom have joined virtually — IFC has focused on ensuring they have the knowledge, resources and networks needed to thrive. This includes designated onboarding coordinators, technology support, online training modules, mentoring, and ongoing feedback.

## **GENDER FY21**

	<b>STAFF AT OFFICER LEVEL AND HIGHER</b>		<b>MANAGERS*</b>	
Female	1,335	48.5%	91	39.4%
Male	1,419	51.5%	140	60.6%
<b>Total</b>	<b>2,754</b>		<b>231</b>	

## **GENDER BALANCE INDEX FY21**

Grades GA-GD	0.419
Grades GE-GF	0.900
Grades GG+ Technical	0.920
Managers*	0.831
<b>Total</b>	<b>0.839</b>

The Gender Balance Index promotes greater gender distribution across all grades. A score of 1 indicates gender parity at a particular grade grouping and IFC overall. The four grade groupings have different weightings. To close the gender gap, the index encourages hiring more women in managerial and GG+ technical grades.

## **WHERE WE WORK FY21**

	<b>STAFF AT ALL GRADE LEVELS</b>	
United States	1,846	43.1%
Other Countries	2,437	56.9%
<b>Total</b>	<b>4,283</b>	

\*Managers include Managers, Directors, Vice Presidents, and Managing Director

## Compensation and Benefits

Ensuring competitive compensation and benefits, IFC applies the World Bank Group's compensation framework. Competitive compensation is essential to attract and retain a highly qualified, diverse staff. Salaries for staff recruited in Washington, D.C. are based on the U.S. market. Salaries for staff hired outside the United States are based on local

competitiveness as determined by independent local market surveys. Given the World Bank Group's status as a multilateral organization, staff salaries are determined on a net-of-tax basis.

As of June 30, 2021, the salary structure (net of tax) and annual average net salaries/benefits for World Bank Group staff were as follows:

## Staff Salary Structure and Benefits for Washington, D.C.

GRADES	REPRESENTATIVE JOB TITLES	MINIMUM (US\$)	MIDPOINT (US\$)	MAXIMUM (US\$)	STAFF AT GRADE LEVEL (%)	AVERAGE SALARY/ GRADE (US\$)	AVERAGE BENEFITS <sup>a</sup> (US\$)
GA	Office Assistant	29,300	41,800	54,300	0.01%	40,840	22,187
GB	Team Assistant, Information Technician	35,100	50,200	65,300	0.09%	46,356	25,184
GC	Program Assistant, Information Assistant	43,400	62,000	80,600	5.62%	63,679	34,595
GD	Senior Program Assistant, Information Specialist, Budget Assistant	51,500	73,600	95,700	5.64%	77,912	42,328
GE	Analyst	70,600	100,900	131,200	9.81%	91,345	49,626
GF	Professional	93,400	133,400	173,400	22.87%	118,783	64,532
GG	Senior Professional	120,800	172,600	224,400	37.64%	166,292	90,343
GH	Manager, Lead Professional	165,300	236,100	306,900	15.51%	234,516	127,408
GI	Director, Senior Advisor	254,000	317,500	381,000	2.37%	302,536	164,361
GJ	Vice President	301,000	354,100	407,200	0.37%	363,738	197,611
GK	Managing Director, Executive Vice President, Senior Vice President	334,600	393,600	452,600	0.08%	409,581	261,046

Note: Because WBG staff, other than U.S. citizens, usually are not required to pay income taxes on their WBG compensation, the salaries are set on a net-of-tax basis. These salaries are generally equivalent to the after-tax take-home pay of the employees of the comparator organizations and firms from which WBG salaries are derived. Only a relatively small minority of staff will reach the upper third of the salary range.

a. Includes medical, life and disability insurance; accrued termination benefits; and other non-salary benefits. Excludes tax allowances.

## OUR OFFICES

Minimizing IFC's impact on the environment is a priority for us. That's why we design and manage our buildings in a sustainable way. We work to reduce energy demands on our facilities and offset 100 percent of emissions that cannot be eliminated.

### Using natural resources efficiently

IFC's largest office, our headquarters in Washington, D.C., accounts for almost half of our global real estate footprint by square foot. Our headquarters expanded in FY20 with an adjacent building, adding 154,750 square feet — a 15 percent increase to the footprint. Both buildings that make up HQ are certified LEED Platinum — the highest level of energy efficiency for Class A office buildings in Washington, D.C.

In FY19, 70 solar panels were installed on the rooftop to provide renewable power. Additionally, through

our power contracts, 20 percent of FY20's electricity came from renewable energy. We work to optimize power usage in the facility. The original headquarters building received the 2020 Energy Star Award with a score of 82.

IFC is committed to sustainability throughout our global footprint of office facilities. In FY21, HQ added a rooftop garden. The yield of this garden will be donated to a local nonprofit organization. A biophilic design space was added within one department to promote wellness and productivity.

IFC's latest construction in Dakar, Senegal had sustainability at the forefront with a building strategy to: maximize natural daylight reducing energy use from the grid; incorporate thermal mass and solar shading into the façade; generate energy from rooftop solar panels; collect rainwater through a system to reduce burdens on local external water resources; and many other sustainable features.

## Maintaining climate neutrality

IFC continues to operate carbon-neutral for all globally conducted business, including air travel.

In FY20, the latest year for which data is available, carbon emissions from our global business operations totaled 47,023 metric tons of carbon dioxide equivalent — of which business travel accounted for 74 percent. Office electricity consumption accounted for an additional 19 percent — just over half of which was attributable to IFC headquarters.

In FY19, IFC announced our first-ever global corporate carbon emissions reduction target to reduce facility-related emissions (Scope 1 and 2) by 20 percent between 2016 and 2026, as part of a 28 percent reduction pledged by the entire World Bank Group over the same period. Percentage reductions year on year conclude that IFC is on track to meet the emissions reduction target. From FY16 to FY20, the emission reductions from Scope 1 and 2 are down 26 percent. However, this is in part due to the transition from offices to home-based work that occurred at the end of Q3 in FY20. The reduction rate is not representative of a full year of office electricity usage.

IFC's carbon emissions per full-time employee rate decreased every year from FY16 to FY19 but increased again in FY20. From FY19 to FY20, the rate went from 8.53 to 9.23. This is due to an increase in both emissions and FTEs during this period. Starting with FY20's emissions reporting, the WBG is accounting for radiative forcing, the change in radiation received at the surface of the earth due to the emission of GHGs. By applying a multiplier of 1.9 to our Scope 3 air travel emissions, we can better account for those emissions' impact on the planet. Additionally, we have added emissions from the Cool Food Pledge to our HQ Scope 3 emissions. These are HQ food purchasing-related emissions that are calculated by the World Resources Institute. The addition of these new metrics increased our overall Scope 3 emissions leading to the higher emissions by FTE rate in FY20.

We purchase and retire carbon credits (CERs and/or VERs) and renewable energy certificates (RECs) annually to fulfill our carbon-neutral commitment. CERs and VERs are chosen based on WBG guidelines to ensure high-quality projects that bring tangible development benefits to the communities in which they take place. IFC purchases RECs to neutralize the energy consumption of our HQ office. Twenty percent of our HQ electricity is supplied by renewable energy provided by IFC's energy provider, which is enforced by DC law. Each year, IFC reports its greenhouse emissions annually in the United Nations Climate Neutral Now initiative. More details can be found at [www.ifc.org/corporateresponsibility](http://www.ifc.org/corporateresponsibility).

<b>FY20 CARBON EMISSIONS INVENTORY FOR IFC'S GLOBAL OPERATIONS</b>	<b>METRIC TONS OF CARBON DIOXIDE EQUIVALENT</b>
Business Travel (Scope 3)	34,692
HQ Office Electricity (Scope 2)	4,490
Country Office Electricity (Scope 2)	4,093
Other (Scope 1, Scope 2 from Water Chiller Electricity, Purchased Steam and Scope 3 mobile (as of 2013) and HQ Cool Food Pledge emissions (as of 2020))	3,748
<b>TOTAL EMISSIONS</b>	<b>47,023</b>

Note: Emission factors are in accordance with the World Bank Group's Inventory Management Plan. The process of validating data from country offices extends beyond Q1 of each Fiscal Year. Therefore, prior fiscal year data are presented in this report.

## Global Partnerships

Partnerships have always been integral to IFC's mission. However, such relationships have grown in importance over the past year as IFC worked to respond to the COVID-19 pandemic and realigned to meet the obligations set forth in the \$5.5 billion capital increase that shareholders endorsed in 2018 and became effective in 2020.

Currently, IFC maintains donor relationships and engagements with more than 30 government development agencies, with several foundations and corporations, and with multilateral organizations. The support IFC receives from these development partners provides essential funding for Upstream, advisory services, and blended finance as well as underpinning the critical role the private sector plays in economic development. Taken together, this constellation of services comprises the heart of IFC's 3.0 strategy.

### Improving global healthcare

The Global Health Platform is a \$4 billion financing initiative to increase the access of developing countries to critical healthcare supplies required to fight the pandemic, including masks, ventilators, test kits, and vaccines. It includes a \$25 million advisory component that is intended to create projects and open markets for increased local manufacturing of healthcare products and service capacities and improve resource efficiency in the pharmaceutical sector while increasing access to safe and quality healthcare services. It will help improve the resilience of medical facilities and other actors in the healthcare supply chain; address the gender gap in healthcare employment and leadership; and support other efforts along the healthcare product and service value chain. The advisory component is supported by the Governments of Japan, Norway, and the United Kingdom.

With this mission in mind, IFC did a corporate Funding Needs Assessment, the results of which are now being integrated into IFC's annual budgeting process to ensure a tight link between development partner funding and our country strategies. IFC's new approach to fundraising and development partnerships entails concentrating resources to ensure the collective focus is on working together toward our 2030 commitments and addressing key development challenges.

This approach allows us to be more strategic and coordinated in our engagement with IFC's partners. It helps us present a holistic view of IFC's activities across various themes and regions to align our activities with the strategic priorities of our partners, and aids our efforts to strengthen collaboration with our colleagues at the World Bank.

We are also working on increasing efficiencies in the areas of trust funds, particularly in preparing proposals for partners and allocating funds.

Ultimately, IFC is better positioned than ever to create markets, incubate new ideas, and allow proven solutions to be scaled up. As our strategy depends more on working Upstream to create markets and to mobilize private sector investment and then focuses more on deploying catalytic capital to address climate change through blended finance, IFC's reliance and integration with our partners can only deepen.

### Making life better for forcibly displaced persons

The Prospects Partnership initiative brings together IFC, the Government of the Netherlands, the International Labour Organization (ILO), the United Nations Refugee Agency (UNHCR), UNICEF, and the World Bank to improve the quality of life for forcibly displaced persons. A new \$17.5 million blended finance facility is working to de-risk and increase the financial viability of high impact projects benefitting refugees. The Prospects Partnership is doing this by unlocking private sector financing for innovative and scalable investments that address economic and social challenges, enabling new and emerging private sector approaches and solutions for refugees, and demonstrating the commercial viability of refugee-focused investments for the private sector.

## **Supporting the food production value chain in Africa**

IFC and BMZ, the German Federal Ministry for Economic Cooperation and Development, launched a new program that will leverage greater private sector investments to support the food production value chain across Africa and increase access to finance for rural farmers and businesses. The Euro 21 million Food Systems Development Program focuses on giving food producers, ranging from smallholder farmers to small- and medium-sized agribusinesses in Africa, greater opportunities to improve their incomes. IFC's technical assistance will strengthen agricultural value chains from farm to market. Supply chain disruptions caused by the COVID-19 crisis have highlighted weaknesses in the food supply system and created an opportunity to explore technology-based solutions that will make the sector more efficient, adaptive, and resilient.

## **Distributed renewable energy solutions**

A partnership with the Rockefeller Foundation aims to deploy \$150 million of the Rockefeller Foundation's catalytic capital in blended finance to mobilize up to \$2 billion of private sector investment in distributed renewable energy solutions. The partnership will prioritize countries in Sub-Saharan Africa and other regions in which we have identified immediate opportunities. Ultimately, the list of countries where this partnership will deploy will be broadened during implementation. By blending philanthropic and private investment funding, the Rockefeller Foundation and IFC will de-risk capital investment in distributed renewable projects in emerging markets and help to address global energy access needs.

## Financial Commitments to IFC Advisory Trust Funds (US\$ million equivalent)

<b>Summary</b>	<b>FY21</b>	<b>FY20</b>
Governments	179.42	267.79
Institutional/Multilateral Partners	31.15	14.14
Corporations, Foundations, and NGOs	0.00	6.02
<b>Total</b>	<b>210.57</b>	<b>287.95</b>
<b>Governments</b>	<b>FY21</b>	<b>FY20</b>
Australia	3.11	7.19
Austria	1.32	7.19
Canada	3.98	0.00
Denmark	3.28	0.89
Finland	0.00	0.00
France	2.42	0.00
Germany	63.64	25.17
Hungary	10.00	0.00
Ireland	0.71	0.66
Japan	37.14	9.37
Korea, Republic of	9.00	0.00
Luxembourg	0.00	1.16
The Netherlands	21.09	52.25
New Zealand	0.00	2.50
Norway	8.63	19.37
Spain	0.00	3.39
Sweden	1.19	23.44
Switzerland	3.80	21.99
United Kingdom	10.11	90.15
United States	0.00	3.05
<b>Total</b>	<b>179.42</b>	<b>267.79</b>
<b>Institutional/Multilateral Partners</b>	<b>FY21</b>	<b>FY20</b>
Climate Investment Funds (CIF)	0.00	0.65
European Commission (EC)	28.07	6.85
Global Environment Facility (GEF)	0.00	0.85
Global Infrastructure Facility (GIF)	3.08	5.79
<b>Total</b>	<b>31.15</b>	<b>14.14</b>
<b>Corporations, Foundations, and NGOs</b>	<b>FY21</b>	<b>FY20</b>
BHP Foundation	0.00	5.02
Wells Fargo Foundation	0.00	1.00
<b>Total</b>	<b>0.00</b>	<b>6.02</b>

## Financial Commitments to IFC Blended Finance Trust Funds (US\$ million equivalent)

<b>Development Partner</b>	<b>FY21</b>	<b>FY20</b>
The Netherlands	17.50	21.70
United Kingdom	53.68	0.00
<b>Total</b>	<b>71.18</b>	<b>21.70</b>

## Portfolio Management

Building and proactively managing a portfolio that produces strong financial results and development impact is at the core of IFC's approach to portfolio management. We achieve this by pairing a strong presence on the ground with deep sector expertise. This enables us to stay close to our clients and markets, monitor trends, and anticipate impacts of external factors.

Active portfolio management depends on timely and accurate information to drive business decisions. An IFC management committee — the Operations Committee — regularly reviews IFC's portfolio exposure of \$64.1 billion for IFC's own account, assessing broad trends as well as the performance of select projects. This review is complemented by monthly in-depth discussions about IFC's key sector and country exposures, along with those of strategic importance to the Corporation. Additionally, quarterly reviews of IFC's portfolio results are presented to the Board, along with an in-depth analysis at the end of each fiscal year. Our investment and portfolio teams, largely based in field offices, complement global reviews with asset-by-asset quarterly assessments, for both debt and equity investments.

At the corporate level, IFC combines portfolio analysis with sector and local expertise, along with project knowledge and projections of global macroeconomic and market trends to inform decisions about future investments. We also regularly conduct stress tests to assess the performance of the portfolio against possible macroeconomic developments, and to identify and address risks. This has been especially important recently, given the impact of COVID-19 on IFC's clients, and the macroeconomic and political dislocations seen in select countries.

At the project level, our multidisciplinary teams — including investment and sector specialists — closely monitor investment performance and compliance with investment agreements. We do this through site visits to evaluate project implementation, and through active engagement with sponsors and government officials, where relevant, to identify potential problems early on and formulate appropriate solutions. We also monitor our clients' environmental and social performance in a risk-based manner and measure financial performance and development results. In recent times, we have developed a set of guidelines to facilitate our ongoing engagement with clients and other stakeholders through virtual interactions, while maintaining face-to-face engagements when the situation allows.

Following the financial crisis that took hold in 2008, IFC scaled up our equity commitments. Since 2016, we have modified our approach to equity investments with the goal of improving development results and overall performance. This has translated into more moderate growth and greater selectivity. In the last few years, we successfully exited from a series of mature assets in which IFC no longer had a development role. This rebalancing of our equity portfolio was the result of our regular strategic asset allocation and portfolio construction exercises, which are periodically adjusted as needed.

IFC's Global Equity Heads, which improved our governance structure, are critical to strategic business development, central oversight, and managing IFC's larger and more complex equity positions throughout the investment lifecycle. Under the leadership of the Global Equity Heads, we had seen steady improvements in our portfolio performance in the last few years and despite the unprecedented COVID-19 crisis, our equity portfolio has bounced back considerably, closing FY21 with a positive net impact of \$3.2 billion on IFC's FY21 profit and loss statement attributed to IFC's equity book. IFC's services are needed more than ever and we remain focused on actively sourcing and executing equity and mezzanine transactions supporting companies to weather global and local macro and sector challenges, promoting higher ESG standards, and mobilizing other equity providers for our investee companies.

As the world is beginning to recover from the pandemic, our equity pipeline is growing with strategic and thoughtful investment proposals in critical sectors — from insurance and fintech companies in the financial inclusion space to digital infrastructure platforms and logistics clients in the infrastructure sector as well as new healthcare and agribusiness opportunities. Our disruptive technologies and funds team is developing a strong pipeline of co-investment opportunities alongside top-tier fund managers in addition to making selective, direct investments.

Mobilizing capital is imperative to IFC's success in responding to the COVID-19 pandemic. We are also facilitating the reconstruction of markets in the aftermath of the crisis and supporting the renewal of private equity flows to emerging markets, to fulfill our goal of having impact at scale. In the near term, IFC, through AMC, is pursuing co-investment vehicles. These vehicles are likely to use a simple mobilization structure whereby investors automatically co-invest alongside IFC.

Our Special Operations Department is responsible for determining the appropriate remedial actions for projects in financial distress. It seeks to keep the project operational to achieve the intended development impact and negotiates agreements with creditors and shareholders to share the burden of restructuring. Investors and other partners participating in IFC's operations are kept informed, and IFC consults with or seeks their consent as appropriate.

IFC continues to invest in information technology systems to better support the management of our portfolio. We have also strengthened our portfolio support structure and continuously enhance our governance, through the creation of the corporate Operations Support Unit, which works closely together with stakeholders both in the global industry and regional departments.

## ■ Treasury Management

### Funding

IFC raises funds in the international capital markets for private sector lending and to safeguard IFC's triple-A credit ratings by ensuring adequate liquidity.

Issuances include benchmark bonds in core currencies such as U.S. dollars, thematic issuances to promote strategic priorities such as addressing climate change, and issuances in emerging-market currencies to support the development of capital markets. Most of IFC's lending is denominated in U.S. dollars, but we borrow in many currencies to diversify access to funding, reduce borrowing costs, and encourage the growth of local capital markets.

IFC has played a pioneering role in the area of sustainable bonds. We were one of the earliest issuers of green bonds. Since we began our program in 2010, we helped catalyze the market and unlock capital from the private sector to fund climate-smart projects. In 2013, we helped turn niche green bonds to an established public market, with two landmark \$1 billion benchmark issuances. This past year, IFC passed the \$10 billion mark of cumulative green bond issuances after a historic trade with Japan's Government Pension Investment Fund, GPIF.

Investing for sustainable development is now becoming mainstream, but there remains a huge funding gap to bridge for the world to meet its ambitious 2030 development goals. With much of the global economy severely impacted by COVID-19, our mission is more urgent than ever. Social bonds are an avenue for investors to generate returns while supporting the alleviation of social issues that threaten society or improving access to essential services for those underserved.

In light of COVID-19 and the social challenges borne from coronavirus, social bonds are now front and center of the thematic bond market, and demand is higher than ever. A majority of the social bonds issued this year have been related to funding for issues related to the COVID-19 crisis. Issuances of social bonds equaled \$165 billion in 2020.

Our goal is to continually provide much-needed liquidity to the growing sustainable bond market through our continued issuance. In tandem, our investor relations efforts focus on promoting the integration of environmental, social, and

governance factors in investment decisions and increasing knowledge of the sustainability issues being addressed with capital raised from sustainable bond products.

IFC has achieved an expansion of its investor base through its activity in sustainable bonds.

In FY21, new medium- and long-term borrowings totaled \$12.7 billion.

### Liquidity management

Liquid assets on IFC's balance sheet totaled \$41.7 billion as of June 30, 2021, compared to \$40.8 billion a year earlier. Most liquid assets are held in U.S. dollars. The exposure arising from assets denominated in currencies other than U.S. dollars is hedged into U.S. dollars or matched by liabilities in the same currency to eliminate overall currency risk. The level of these assets is determined with a view to ensuring sufficient resources to meet commitments even during times of market stress. IFC maintains liquid assets in interest-bearing instruments managed actively against benchmarks based on the source of funds. Funded liquidity has money-market benchmarks, and net-worth funded liquidity is benchmarked to the Bloomberg-Barclays 1- to 3-year U.S. Treasury Index.

IFC holds sufficient liquid assets to meet its existing commitments and fund new commitments for at least one year, including the ability to sustain a period of market stress. The adequacy of liquidity is assessed using liquidity coverage ratios founded in the same principles used to determine our credit ratings.

### FY21 TOTAL BORROWING

CURRENCY		AMOUNT (US\$ EQUIVALENT)	%
U.S. dollar	USD	6,061,290,000	47.8%
British pound	GBP	1,509,052,500	11.9%
Australian dollar	AUD	1,241,373,000	9.8%
Japanese yen	JPY	605,990,059	4.8%
New Zealand dollar	NZD	552,762,500	4.4%
Canadian dollar	CAD	383,435,583	3.0%
Chinese yuan (Renminbi)	CNY	357,989,093	2.8%
Brazilian real	BRL	268,610,651	2.1%
Russian ruble	RUB	255,894,303	2.0%
Euro	EUR	229,112,000	1.8%
Mexican peso	MXN	210,950,391	1.7%
Norwegian krone	NOK	161,987,041	1.3%
Other		848,236,628	6.7%
<b>Total</b>		<b>12,686,683,749</b>	<b>100%</b>



# ■ Managing Risks

## **ENTERPRISE RISK MANAGEMENT**

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IFC provides long-term investments to the private sector in emerging markets, and this work includes expanding the investment frontier into the most challenging markets. IFC also manages the liquidity of the Corporation, funds itself in the capital markets, and executes derivatives transactions. In these investment and financial activities, IFC is exposed to a variety of financial and nonfinancial risks. Active monitoring and sound management of evolving risks are critical to fulfilling our mission.

IFC's framework for enterprise risk management is designed to enable the prudent management of financial and reputational impacts that originate from our business activities. In this context, IFC's risk-management efforts are designed specifically to help align our performance with our strategic direction.

IFC has developed risk-appetite statements that set the direction for our willingness to take on risks in fulfillment of our development goals. These statements reflect our core values of maximizing development impact, preserving our financial sustainability, and safeguarding our brand.

## **CAPITAL ADEQUACY AND FINANCIAL CAPACITY**

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Sound risk management plays a crucial role in ensuring IFC's ability to fulfill our development mandate. The very nature of IFC's business, as a long-term investor in dynamic yet volatile emerging markets, exposes us to financial and operational risks.

Prudent risk management and a solid capital position enable us to preserve our financial strength and maintain investment activities during times of economic and financial turmoil.

The soundness and quality of IFC's risk management and financial position are demonstrated by our triple-A credit rating, which has been maintained since coverage began in 1989.

We assess IFC's minimum capital requirement in accordance with our economic capital framework, which is aligned with the Basel framework and leading industry practice. Economic capital acts as a common currency of risk, allowing us to model and aggregate the risk of losses from a range of different investment products as well as other risks.

Consistent with industry and regulatory practice, IFC calculates economic capital for the following risk types:

- Credit risk: the potential loss due to a client's default or downgrade
- Market risk: the potential loss due to changes in market variables (such as interest rates, currency, equity, or commodity prices)
- Operational risk: the potential loss resulting from inadequate or failed internal processes, people, and systems, or from external events

IFC's Capital Available consists of paid-in capital, retained earnings net of designations and certain unrealized gains, and total loan-loss reserves. Excess available capital, beyond that required to support existing business, allows for future growth of our portfolio while also providing a buffer against unexpected external shocks. As of June 30, 2021, total Capital Available stood at \$30.7 billion, while Capital Required totaled \$20.5 billion.

## **TREASURY RISK MANAGEMENT**

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Treasury risks are managed through a two-tier risk framework: (1) a comprehensive policy framework and (2) a hard economic capital limit for treasury activities. The policy framework is based on four principles:

- (1) Investment in high-quality, liquid assets through high-quality counterparts
- (2) Diversification via position size/concentration limits
- (3) Limits on market risks (credit spread, interest rate, and foreign-exchange risk)
- (4) Proactive portfolio surveillance

## LIBOR Transition

In 2014, global regulators highlighted financial stability and integrity risks associated with overreliance on the London Interbank Offered Rate (LIBOR). National working groups worldwide were convened to support a transition away from IBORs by identifying robust alternative interest rate benchmarks. The Alternative Reference Rates Committee (ARRC) recommended the Secured Overnight Financing Rate (SOFR)\* to replace US\$ LIBOR.

After several years of preparation for LIBOR's demise, on March 5, 2021 the Financial Conduct Authority (FCA), the regulator of LIBOR, confirmed the following timeline for all LIBOR settings to either cease to be provided by any administrator or to no longer be representative:

- **December 31, 2021:** Most non-US\$ denominated settings, as 1-week and 2-month US\$ settings;
- **June 30, 2023:** Remaining US\$ settings (overnight, 1-, 3-, 6-, and 12-month)

Although publication of most US\$ LIBOR settings will continue for use in existing contracts until mid-2023, regulators have called for no new LIBOR contracts to be written after December 31, 2021.

IFC's balance sheet is entirely referenced to LIBOR. The move to SOFR is a monumental undertaking impacting contracts, models, systems, reporting, etc., requiring the concerted work of nearly every department of IFC.

IFC launched its LIBOR Transition program in 2019 by establishing an internal LIBOR Transition Group (LTG) with representatives from various stakeholder units.

IFC has since completed a number of major transition milestones:

- (i) completed an assessment of the impact of the LIBOR transition on IFC;
- (ii) built a program governance model with defined roles and responsibilities;
- (iii) developed a transition roadmap and robust project management plan;
- (iv) formally signed up to the International Swaps and Derivatives Association protocol on January 22, 2021. The protocol sets common contractual language for legacy LIBOR derivatives and includes robust fallbacks to risk-free rates;
- (v) approved general principles introducing a disciplined Funds Transfer Pricing (FTP) framework;
- (vi) started hedging its borrowings to SOFR; and
- (vii) issued its first SOFR floating-rate note.

IFC is working with third-party technology vendors to complete all necessary systems' enhancements to support the SOFR rate. IFC's New Loan Products Design working group is developing SOFR loans that IFC plans to start offering to its clients in the near future. In addition, IFC participates in Alternative Reference Rates Committees and a variety of other industry working groups, leads a regular MDB/DFI Forum bringing together 19 institutions to jointly discuss LIBOR transition-related issues — from new product developments to systems and legal documentation.

\*Unlike LIBOR, SOFR is a secured overnight risk-free rate calculated based on the overnight US Treasury repo market. The current SOFR structures recommend by regulators result in interest rate setting at the end of an interest period, unlike LIBOR which is known in advance. This presents a series of significant challenges, particularly in developing markets. The good news is that the US\$ LIBOR transition process (including market developments and regulatory guidance) is quickly evolving, with the prospect of a forward-looking Term SOFR coming into closer view.

## ESG Survey

Over the last eight years, IFC Treasury has operated an Annual Dealer Scorecard through which it ranks its dealer counterparts on various aspects of business, including arbitrage funding provided, quality of coverage and investor relations efforts, ESG standing, and ancillary services. In recent years there has been an increasing focus on integrating ESG aspects into traditional Treasury functions, for example, through thematic bond issuances and considering ESG in investment decisions. To this end, IFC's Funding and Investor Relations team developed an annual survey to assess the ESG facets of the approximately 40 banks that provide underwriting and dealing services for IFC's \$14 billion annual funding program. It is a first-of-its-kind initiative.

The ESG survey assesses each dealer's level of ambition and commitment to ESG across enterprise-level strategy, business and investment activities, human resources policies, product offerings, and reporting practices. It contains questions ranging from their ESG exposure and policies, thematic investing, and carbon footprint to ESG reporting practices, and evaluates their commitment to achieving the goals of the Paris Agreement. The data collated is used to engage with and provide feedback to the dealers. Results from the ESG survey also form 10 percent of the overall Annual Dealer Scorecard ranking, a basis by which IFC selects banks for its funding transactions. ESG factors are thus considered when mandating banks for future bond issuances and investor activities.

# Reporting Under the Task Force on Climate-related Financial Disclosures

## CLIMATE-RELATED FINANCIAL DISCLOSURE

This report is IFC's fourth consecutive disclosure under the guidelines recommended by the Task Force on Climate-related Financial Disclosures (TCFD). The report reflects IFC's continued commitment to maintain and strengthen our climate-related financial risk assessment, management, and reporting practices. All four reports can be found online with links to relevant references.

IFC has its TCFD reporting audited by EY, a recognized third party, as part of the annual review of IFC's non-financial reporting. This review of our qualitative and quantitative disclosures helps us improve our TCFD reporting every year and ensures that the information provided is material to investors and in-line with global best practices.

### GOVERNANCE

- Describe how Board considers climate-related issues when reviewing and guiding strategy, policies & objectives; and monitoring implementation and performance.
- Describe how management monitors climate-related issues.

### STRATEGY

- Describe the resilience of IFC's strategies to climate-related risks and opportunities.
- Consider a transition to a lower-carbon economy consistent with a 2°C or lower scenario.

### RISK MANAGEMENT

- Describe the risk management process for identifying and assessing climate-related risks.
- Describe how the processes for identifying, assessing and managing climate-related risks are integrated into overall risk management.
- Provide internal carbon prices where applicable.

### METRICS AND TARGETS

- Describe the methodologies used to estimate climate-related metrics.

## GOVERNANCE

### What's New?

- Climate Business Department joined the investment Vice Presidency Unit, further mainstreaming climate into investments and reporting to Senior Vice President of Operations
- Broadened the network of Climate Anchors to include senior staff from risk, treasury, strategy, and Upstream departments

IFC's **climate business and risk are overseen by IFC's Managing Director and Executive Vice President**, who reports to the President of the World Bank Group on climate business performance and climate risk evaluation. The World Bank Group President reports to the World Bank Group (IBRD, IDA, IFC, MIGA) Board of Directors. The Board has mandated as part of the recent capital increase that IFC meet several climate-related requirements, including screening all investments for climate risk, aligning new investments with the Paris Agreement by end of FY25, and scaling climate-related commitments by 2030.

The President of the World Bank Group sets the Group's public climate targets. Progress on targets is reported to the IFC Management Team and the Board as part of the Corporation's Quarterly Board Reports. Separately, the Bank Group also reports annually to the Board of Directors specifically on climate including progress toward all climate commitments (see Metrics & Targets section below for further details).

IFC has a **dedicated Climate Business Department** that provides deep in-house expertise on climate. The Climate Business Department helps set corporate climate strategy and supports investment teams to identify climate investment opportunities and mitigate climate risk. This year the Climate Business Department has been further integrated with IFC's operations. Previously included within the purview of the Economics and Private Sector Development Vice President, climate is now housed under a new Cross-Cutting Solutions Vice Presidency under the Senior Vice President (SVP) of Operations. The reorganization will strengthen operational oversight of climate change as a key implementation priority. The SVP will continue to report on IFC's climate business and risk to our MD and Executive VP.

The Climate Business Department supports the analysis of climate risk through tools such as carbon pricing and assessment of transition and physical climate risk in investment projects. It also works with mainstream investment and business development teams to identify low-carbon investment opportunities through its industry sector experts, metrics specialists, finance professionals, and strategists. The Department provided a

technical briefing on climate finance to the Board on May 25, 2021, and will be reporting individual climate finance numbers to the Board going forward.

IFC's **Climate Anchors Network** continues to integrate climate business throughout the Corporation. The Climate Anchors Network comprises senior staff in each industry and regional department as well as key operational departments including Legal and Compliance Risk, Corporate Risk Management, and Environmental and Social teams. Regional and departmental Climate Anchors jointly report to their department Director and to the Climate Business Director. This year, a credit officer, a specialist from IFC's Upstream department (IFC's new market development unit), a senior syndications officer from the Treasury department, and a principal strategy officer on IFC's global sustainability strategy joined the Climate Anchors Network.

IFC **regularly consults with peers** to further common understanding of good practices. The TCFD informal working group of multilateral development banks (MDBs) convened by IFC in the last fiscal year continues to gain momentum, encouraging the sharing of new approaches to help each organization integrate TCFD more comprehensively into their operations. In its capacity as Chair of the MDB Climate Group in the first half of FY21, IFC launched a technical webinar series for MDBs on topics such as evolving standards (e.g., EU taxonomy), adaptation benefit mechanisms, and climate markets (Article 6 of the Paris Agreement.)

IFC has also engaged with 2<sup>o</sup> Investing Initiative, Citi, Oliver Wyman, PCAF-Navigant, Potsdam Institute, Standard Bank, Science-Based Targets Initiative, S&P Global Trucost, UNEP-FI, and WSP, among others. More broadly, IFC retains membership in several climate-related corporate leadership initiatives, such as the Principles for Responsible Investment, the TCFD (where IFC is a supporting institution), One Planet Summit, the One Planet Lab, the Global Green Bond Partnership, the Green Bond Principles (of which IFC was elected Chair) the Carbon Pricing Leadership Coalition, and the Fashion Industry Charter for Climate Change (where IFC is a supporting institution.)

## STRATEGY

### What's New?

- The World Bank Group's new Climate Change Action Plan FY21–25 was endorsed by the Board
- IFC committed to aligning 85 percent of Board-approved real sector operations with the goals of the Paris Agreement starting in July 2023 and 100 percent starting in July 2025
- New Upstream business development unit: Climate percentage of business development actively tracked under Upstream activities
- FY21 own-account investment in climate: \$4 billion
- FY21 mobilization of external private capital: \$3.7 billion

#### Increasing IFC's investment in climate business.

In FY21, IFC's total climate-related commitments were over \$4 billion, or 32 percent of our new investments (see Table 1). Despite the economic ramifications of the ongoing COVID-19 pandemic, IFC's climate commitments — both own account and mobilization — saw a year-on-year increase.

**Climate Change Action Plan.** In June 2021, the World Bank Group Board endorsed its new Climate Change Action Plan (CCAP) for FY21–25, which will support countries and private sector clients to maximize the impact of climate finance, aiming for measurable improvements in adaptation and resilience and measurable reductions in emissions.

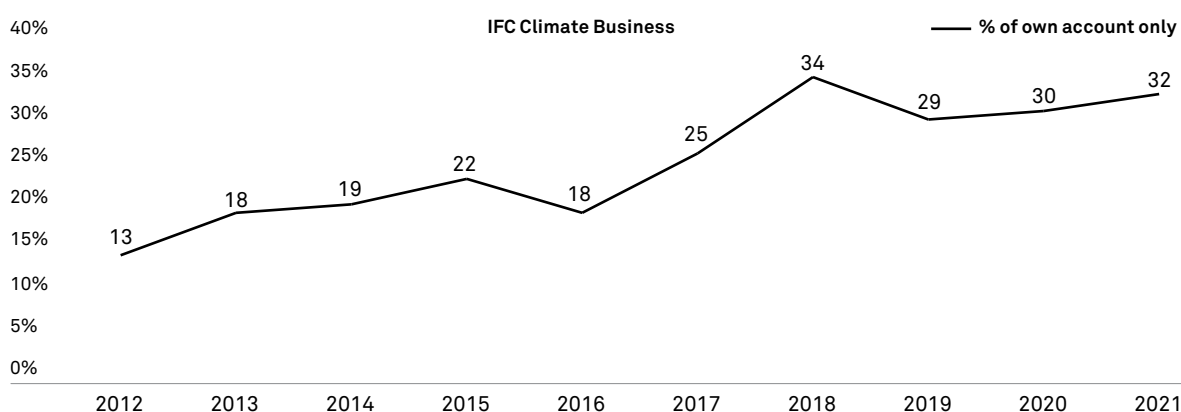
As part of the new commitments, IFC will increase its direct climate financing to 35 percent of total commitments on average over the five-year period, significantly higher than the 26 percent average achieved between FY16–20. IFC is also committed to aligning our financial flows with the objectives of the Paris Agreement. Starting July 1, 2023, 85 percent of Board-approved real sector operations will be aligned with the Paris Agreement's goals, and 100 percent of these will be aligned starting July 1, 2025. A similar approach will be taken for financial institutions and funds once a methodology has been finalized amongst MDBs.

As part of the CCAP, IFC will focus on five transformative key systems that generate over 90 percent of global GHG emissions — energy; agriculture, food, water, and land; cities; transport; and manufacturing. Each is underpinned by our investments and products through local financial institutions. We recognize that many carbon-intensive industries such as cement, chemicals, steel, and heavy transport are essential to economic development and are currently without low-carbon alternatives. IFC is helping carbon-intensive client

## Table 1: Climate Change Commitments: Five-Year Trend

TOTAL CLIMATE FINANCE COMMITMENTS (US\$ MILLIONS)	FY21	FY20	FY19	FY18	FY17	FY16
Own account long-term finance (LTF)	\$4,021	\$3,324	\$2,603	\$3,910	\$2,996	\$1,986
Core mobilization	\$3,610	\$3,500	\$3,172	\$4,542	\$1,775	\$1,285
<b>Total</b>	<b>\$7,631</b>	<b>\$6,824</b>	<b>\$5,775</b>	<b>\$8,452</b>	<b>\$4,771</b>	<b>\$3,271</b>

## Figure 1: IFC Climate Business as a Percentage of Total Own Account Commitments: Ten-Year Trend



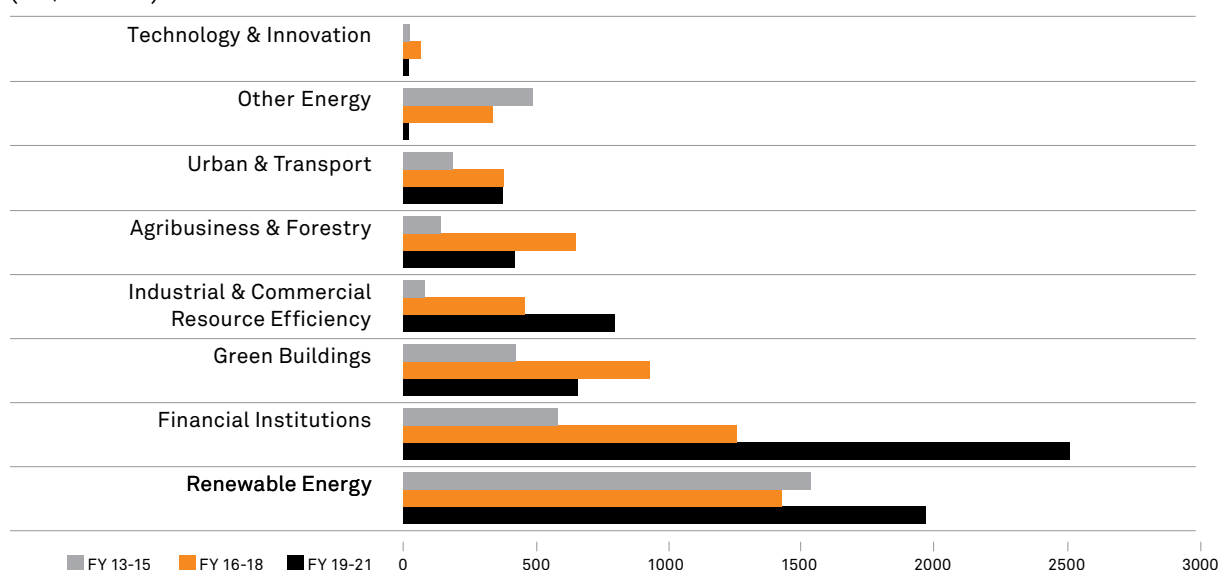
companies to decarbonize their business and improve financial sustainability, ultimately reducing the carbon risk of IFC's portfolio.

**Integrating low-carbon and resiliency across sectors.** IFC continues to diversify our climate business, identifying new areas of growth. In

FY21, IFC retained strong climate business (our own account investment as well as mobilization) through FIs (\$3.4 billion), and in resource efficiency (\$1.6 billion), renewable energy (\$1.4 billion), green buildings (\$611 million), and climate-smart agribusiness and forestry (\$341 million).

## Table 2: Three-Year Average Climate Investment in Key Sectors Total (Own Account + Mobilization)

(US\$ millions)



**Targeting new areas of growth:** In addition to growing IFC's existing climate business, IFC continues to target new areas of growth.

- **Buildings:** In FY21, we expanded our EDGE green buildings team with two new hires, reflecting our belief that this sector presents a significant opportunity for climate-smart investment. IFC's EDGE certification now includes EDGE, EDGE Advanced, and a zero-carbon certification. In the last year, IFC has expanded its green buildings offer to warehouses and banks. Drawing from our experience with EDGE, we have also developed and are piloting the Building Resilience Index, a new tool to help building developers assess and report to banks and insurers location-specific climate change related risks and risk mitigation measures that address these risks.
- **Transport:** IFC supports the WBG approach to low-carbon resilient transport including integrated transport systems (including public transit), digital technologies, commercial transport (including shipping), and increasing the share of electric vehicles in the global fleet — particularly as the global power sector decarbonizes. A near-term IFC focus area is electric buses for public transit in cities, which will combine some of these approaches, leverage IFC's Upstream programs to develop a pipeline of new investments and enhance IFC's experience in the sector.
- **Manufacturing:** IFC finds that the largest mitigation potential in manufacturing globally lies in energy-intensive and material conversion industries. IFC will transition its investments across heavy manufacturing industries by applying three key principles. First, IFC will not support new coal-fired power projects or wet process plants in cement. Second, IFC will differentiate the sustainability and climate "bar" for investments based on the development stage of client countries and will promote progressive transitional sustainability improvements. Third, IFC will assess each project's sustainability and climate-related drivers, such as energy source and alternatives, materials used and alternatives, products produced and alternatives, and process technology, striving for best-in-class production processes.
- **Cities:** In FY21, we launched the new Advance Practices for Environmental Excellence in Cities (APEX) initiative to help build markets and also identify low-carbon and resilient investment opportunities in cities.
- **Energy:** In addition to continuing investments in traditional renewable energy, IFC is building its investment potential in new technologies such as offshore wind, hydrogen, and battery storage. Offshore wind projects have mostly been in industrialized countries, however, as the technology costs are declining, IFC is working with the WB and MIGA to create an investment pipeline in emerging economies. Green Hydrogen investments are on a longer-time horizon, however, IFC is building internal capacity and tracking market players.
- **Nature-based Solutions:** As noted in the Climate Change Action Plan, IFC is also examining investment opportunities in biodiversity and nature-based solutions (NBS). IFC is part of the working

group on the Taskforce for Nature-related Financial Disclosure (TNFD), building upon its experience with the TCFD. IFC is beginning to develop sector-wide approaches to integrate biodiversity considerations at the earliest stages of landscape planning, particularly in agriculture and infrastructure. IFC will develop new approaches and business models to support biodiversity finance and explore catalyzing private financing in its client markets.

- **Agriculture:** IFC continues to transition its climate-smart agribusiness by focusing investments in three strategic areas: (i) helping improve productivity while reducing input use and GHG emissions per ton of output, especially through precision farming and regenerative or conservation agriculture; (ii) making livestock production more sustainable while increasing productivity; and (iii) reducing post-harvest losses in supply chains globally (e.g. through improved logistics and distribution, appropriate packaging solutions, modern storage facilities, and cold chains).
- **Sustainable Finance:** IFC is expanding its sustainable finance products beyond green loans and green bonds to offer blue bonds and blue loans, sustainability-linked finance, and climate transition products. IFC has developed a working framework for the sustainability-linked and transition financial features in FY21.

**Investing in the Green Rebuild.** Given global market challenges resulting from the COVID-19 pandemic, IFC is providing immediate liquidity to clients and planning for investments that help rebuild hard-hit economies. IFC is identifying where new liquidity support to companies in emerging markets can be connected to lower-carbon pathways and a more resilient rebuild. IFC published its Ctrl-Alt-Delete: A Green Reboot paper in FY21, which identified potential investment opportunities of over \$10 trillion in emerging markets in driving a greener economic recovery from COVID-19 and catalyzing a just climate transition. The Climate Business Department works with the industry teams to define our own approach to a green economic recovery and identify potential investments in emerging markets for the same.

**Building a pipeline of low-carbon and resilient projects.** As part of IFC 3.0, we are increasing our capacity to create new markets for climate solutions. IFC has created Upstream units embedded across industries and regions to build opportunities for investments in three to five years. Upstream activities consist of pre-investment work such as technical assistance, capacity building, and support to private clients and governments including on regulatory frameworks and reform, often in collaboration with the World Bank and the Multilateral Investment Guarantee Agency. Upstream activities prioritize climate-related business development to help prepare markets for a low-carbon future — IFC actively tracks and updates its management team on the climate percentage of our Upstream pipeline, allowing the management team a line of sight on our green business and portfolio in coming years.

In addition, we are working with clients and other financial institutions in emerging markets to improve their climate risk management capacity and their TCFD reporting, which will help IFC have better insight into our investees' climate risk exposure.

**Internal incentives.** This year, IFC initiated the first-ever **Climate Cup**, co-sponsored by the Climate Business Department and the Disruptive Technologies and Funds Department, to select IFC's most innovative climate project. The virtual competition kicked off with a "Sweet Sixteen" roster of IFC's climate projects dating back to 2005 and was won by Belgrade Waste-to-Energy (WtE), the first privately financed large-scale WtE project in the Balkan region and among the largest Public-Private Partnership transactions in Serbia.

To further create fluency in low-carbon markets among investment staff, the Climate Business Department held **trainings** across regional and operational teams to familiarize staff with key market and policy trends, business opportunities, and available tools and resources on climate business. Some topics covered included evolving markets for green bonds, sustainability-linked and transition finance. The department will continue to expand trainings across regions and tools.

**Resilience of strategy.** In FY21, IFC road-tested leading market approaches to scenario analysis and found them to be unsuitable for evaluating the resilience and risk of IFC's portfolio, which mainly comprises unlisted, private clients in emerging markets. IFC is now exploring the development of a bespoke methodology.

While we navigate this top-down approach to climate scenario analysis, IFC has begun to implement several interim bottom-up measures to ensure the resilience of our investments. IFC has been conducting deep dives to embed climate into country investment strategies and sectoral strategies for high-emitting sectors like chemicals and power. IFC, along with the World Bank and MIGA, is creating joint Country Climate & Development Reports (CCDRs) that identify the potential, biggest climate opportunities in each country. These reports will be overseen by IFC Vice Presidents and chaired by IFC Regional Directors and led by the country offices. The report writing exercise will further build internal climate capacity in country offices and integrate climate opportunities and risks into the core strategic decisions.

In addition, IFC is developing a systematic methodology to evaluate the alignment of our investments in hard-to-abate sectors with countries' NDCs on a project-by-project referral basis. This is particularly essential for investments in key transition sectors such as gas-fired power in the least developed countries. We are using this analysis to understand where such investments

are acceptable given climate and development realities. IFC's NDC alignment methodology will continuously evolve as we monitor how countries' NDCs are updated and as our business moves toward alignment with the Paris Agreement.

#### SECTOR SPOTLIGHT:

### An Opportunity to Green Cities

As cities grapple with meeting the needs of their growing populations and tackling challenges such as housing, air pollution, congestion, and energy access, there is a strong need and an opportunity to ensure a green approach to urbanization. IFC estimates that there is a \$29.4 trillion climate investment opportunity in emerging market cities around the world, in key sectors such as renewable energy, public transport, waste, electric vehicles, water, and green buildings.

Between FY18 and FY20, IFC invested over \$400 million in the urban and transport sector. We have been working on the development of new global products and initiatives to grow our cities' business in a climate-smart manner. The goal is to prioritize climate-smart investments that help cities leverage strapped public funding by bringing in significant private sector investment to generate jobs while addressing other vital issues like greenhouse gas reduction and resource shortages. To this end, in FY21, IFC launched the APEX (Advance Practices for Environmental Excellence in Cities) Program, a new initiative to green cities.

The APEX Program will support cities to accelerate the implementation of policy actions and investments that significantly contribute to transitioning to low-carbon and resource-efficient growth pathways.

The Program will combine both product development and technical assistance to help cities identify low carbon investments and track their impact, thereby developing a pipeline for climate financing. It will launch a digital tool for diagnostic purposes and create a scalable approach for developing Climate Action Plans. Lessons from pilot cities will be integrated into the APEX approach to replicate across emerging market cities.

APEX will be key to achieving a post-COVID-19 green recovery by identifying investment opportunities and accelerating the implementation of strategies to establish green cities in emerging markets.



### What's New?

- Portfolio assessment of IFC's exposure to physical climate risk by sector and country
- Inclusion of carbon pricing assessment in board papers of all real sector projects with annual emissions over 25,000 tCO<sub>2</sub>e and known use of proceeds

In FY21, IFC continued to expand our existing climate risk management of both physical and transition risk. IFC continues to integrate climate in its risk, credit, and investment operations via the interdepartmental working group on climate risk that was formed in FY20. Over the last year, the working group convened to integrate climate risk into IFC's investment decisions. In addition, IFC will align its direct investments with the goals of the Paris Agreement, using a screen that covers both transition and physical climate risks (see the section on targets).

**Physical risk.<sup>1</sup>** IFC screens projects for climate risk in an expanding number of sectors. During project appraisal, IFC's project teams assess potential direct and indirect effects that climate-related impacts may have on the project's financial, environmental, and social performance. Potential risks are further explored and, where necessary, addressed and mitigated through a variety of measures that may include operational or CAPEX interventions. Screening has been mainstreamed for the roads, ports and waterways, airports, forestry, insurance, and pulp and paper sectors; screening for mining and hydropower were mainstreamed as of July 1, 2021. As part of IFC's commitment to the Paris Alignment under the new CCAP, IFC is committed to expanding physical climate risk screening to all real sector projects by FY23, and all remaining projects by FY25.

In FY21, IFC has also developed a forward-looking tool to assess the exposure of IFC's portfolio to key physical climate hazards by sector and country. Identification of elevated exposure to climate impacts corresponds to the combination of sub-sectoral sensitivities, project characteristics, and location. The dominant drivers in IFC's most exposed operations include those related to water, such as water stress, drought, and flood. This tool was validated using our portfolio from 2016 to 2019, which was assessed for physical climate impact using supervision reports.

**Transition risk.<sup>2</sup>** IFC uses carbon pricing to address transition risk and avoid stranded assets. Since May 2018, a carbon price is included in the economic analysis of project finance and corporate loans with defined use of proceeds in the cement, chemicals, and thermal power generation sectors, where estimated annual project emissions are over 25,000 tons of carbon dioxide equivalent. IFC includes the impact of the carbon price on the project's economic performance in Board papers. The price levels will continue to be consistent with the High-Level Commission on Carbon Prices and with the World Bank.

IFC follows the WBG practice of not investing in greenfield coal power generation. In 2019, IFC extended this practice to Upstream oil and gas investments. In the last ten years, IFC has had no new investments in coal mining or coal power generation projects.

As part of our efforts to address climate risks and minimize indirect exposure to coal-related projects, IFC does not provide loans to financial institutions for coal-related activities. To further reduce exposure to coal, IFC no longer provides general-purpose loans to financial institutions. Targeted loans are directed to key strategic sectors, such as micro-, small-, and medium-size enterprises, women-owned businesses, climate-related projects, and housing finance. The use of proceeds is disclosed on IFC's Project Information Portal. Through our Approach to Greening Equity Investments for new equity and equity-like investments, IFC seeks to help our financial institution clients increase their climate lending and reduce their exposure to coal-related projects to zero or near-zero by 2030.

As noted above, IFC has begun to assess our investments for how they align with the project country's NDC, which we consider to be indicative of future climate-driven policy changes. For further details, see the *Resilience of Strategy* section.

In addition to minimizing risk in new investments, IFC is analyzing our active portfolio for exposure to transition risk, with the aim to identify key sectors or regions requiring additional risk mitigation focus. In addition to evaluating existing investments, we are developing financial (debt) products in line with the ICMA Climate Transition Finance Handbook that can assist carbon-intensive companies/clients with the transition to a more sustainable pathway. An investment will be considered by IFC as contributing to transition if it displaces higher emitting options or documents negative net GHG emissions provided it supports the penetration of lower-emitting options and aligns with the goals of the Paris Agreement. IFC's decarbonization efforts will be based on ICMA's handbook.

1. Physical risks are those resulting from disruptions and impacts of climate change-related events and can be both acute and chronic. Examples of physical risks include droughts, floods, increasing sea levels, rising temperatures, etc. that may have an impact on supply chains, operational capacity, damage to physical assets, and other aspects of the business.

2. Transition risks are those faced by investors as part of the global shift to a low-carbon economy. Examples of transition impacts include changes in climate and energy policies, a shift to low-carbon technologies, changes in consumer preferences, and reputation and liability issues. Transitional impacts can vary substantially depending on scenarios for policy and technology changes.

**Impact Assessment.** IFC assesses the expected and actual impact of its projects using scores based on Anticipated Impact Measurement and Monitoring (AIMM) frameworks, including environmental and climate effects. The expected effects are reported to the Board in the project Board Paper and monitored and measured during the life of the project. IFC also reports on aggregate thematic level data — such as expected GHG emissions reduced, jobs created, etc. — in our annual report. In FY21, committed investment projects are expected to help our clients reduce annual greenhouse gas emissions by 12 million tons of carbon dioxide equivalent.

## METRICS AND TARGETS

### What's New?

- Climate investments comprised 32 percent of total own account FY21 commitments
- IFC developed and is road-testing a draft methodology on Paris Agreement alignment for investments in the real sector
- IFC is developing a Paris Agreement alignment methodology for financial institutions and funds

**Climate finance targets.** In FY21, IFC's climate investments comprised 32 percent of total own account commitments, exceeding the corporate target of 28 percent. As part of the CCAP, the World Bank Group announced that climate investments<sup>3</sup> will comprise, on average, 35 percent of IFC's own-account investments over the FY21–25 period. The IFC corporate target is translated to investment teams through departmental and regional climate business targets.

Climate investments are those that reduce GHG emissions or increase resiliency, as measured by joint MDB guidelines. IFC began to apply the updated Joint MDB Methodology for Climate Finance Tracking across its operations in July 2021. The revised metrics include a tightened baseline for existing sectors and the inclusion of additional sectors. The methodology has been updated to account for the evolving market context, limit climate-related risks, and take advantage of new climate opportunities.

**Paris Agreement Alignment.** IFC will align 85 percent of its Board-approved real sector operations with the goals of the Paris Agreement starting July 1, 2023, and 100 percent of these

starting on July 1, 2025. The assessment is based on a joint MDB methodology to which IFC contributed. It will cover both the mitigation (greenhouse gas) and adaptation (resilience) goals of the Paris Agreement. IFC is leading the MDBs in designing a Paris Alignment methodology to assess intermediary investments. The timeline for the Paris Alignment of IFC's intermediary financing is expected to be announced in October 2021.

**Investment disclosure.** IFC reports climate finance commitments in this annual report (see page 100) and in the *Joint Report on Multilateral Development Banks' Climate Finance*. In our annual *Green Bond Impact Report*, IFC also reports on the expected environmental impact of projects financed through the green bonds that IFC issues. As a signatory of PRI, IFC is mandated to report under PRI's TCFD-aligned indicators.

**Emissions calculations.** IFC continues to estimate and report aggregate greenhouse-gas emissions reductions from IFC investments (Scope 3 emissions) through this annual report (see page 89). IFC developed a GHG accounting methodology in FY19 and has been estimating gross and net greenhouse gas (GHG) emissions from its real sector investment projects since FY19. IFC estimates gross GHG emissions for all real sector projects with emissions over 25,000 metric tons of carbon dioxide equivalent, and net emissions on a project-by-project basis for real sector projects where possible. IFC continues to disclose ex-ante estimated annual gross GHG emissions through the publicly available *Environmental and Social Review Summary*.<sup>4</sup>

IFC has been carbon neutral in all our business operations including business travel (Scope 1 and 2 emissions) since FY09. Prior targets have cut energy use in IFC's headquarters by 18 percent (see page 89). In FY19, IFC set a global, internal carbon-reduction commitment to cut our facility-related emissions by 20 percent by 2026, from a 2016 baseline. This target is in line with the World Bank Group's commitment to reduce facility-related emissions by 28 percent over the same period. All remaining emissions are compensated via carbon offsets.

3. IFC's Definitions and Metrics for Climate-Related Activities identifies projects and sectors that qualify as climate investments; these definitions are harmonized with other multilateral development banks. [https://www.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/climate+business/resources/ifc-climate-definition-metrics](https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/climate+business/resources/ifc-climate-definition-metrics)

4. IFC Project Information & Data Portal. <https://disclosures.ifc.org/#/landing>.

# Financial Performance Summary

The financial performance of IFC has been significantly influenced by the volatile emerging equity markets, and reflects the year-over-year movements in equity valuation. IFC's net income was \$4,209 million in FY21, as compared to a net loss of \$1,672 million in FY20, mainly driven by the rebound in equity valuations post the immediate effect of COVID-19.

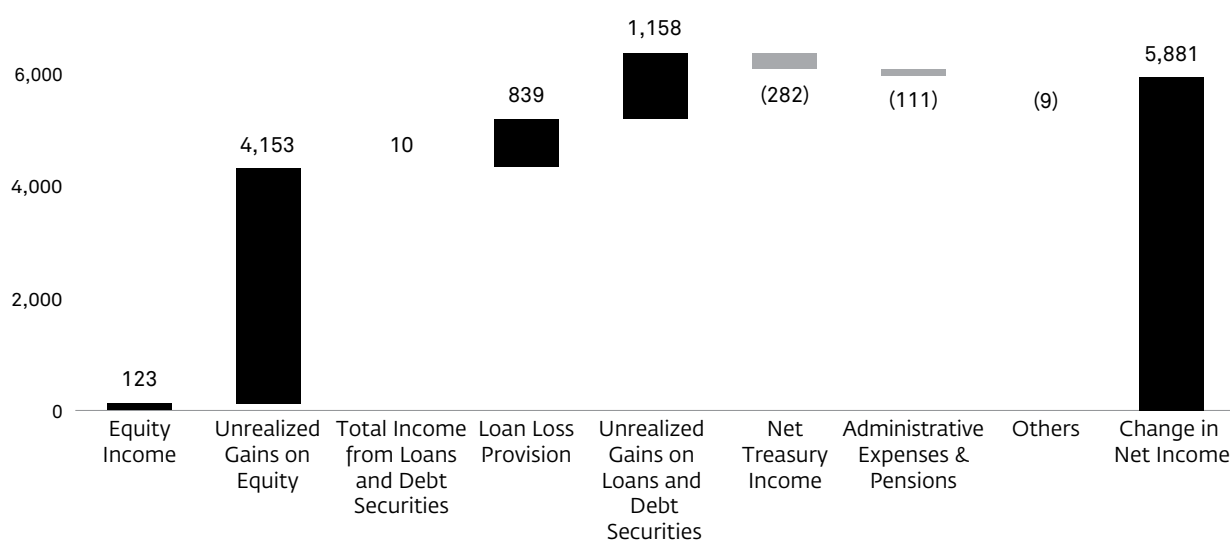
The main elements of IFC's net income and comprehensive income and influences on the level and variability of net income and comprehensive income from year to year are:

ELEMENTS	SIGNIFICANT INFLUENCES
<b>Net income:</b>	
Yield on interest earning assets (principally loans)	Market conditions including spread levels and degree of competition. Nonaccruals and recoveries of interest on loans formerly in nonaccrual status and income from participation notes on individual loans are also included in income from loans.
Liquid asset income	Realized and unrealized gains and losses on the liquid asset portfolios, in particular the portion of the liquid assets portfolio funded by net worth, which are driven by external factors such as the interest rate environment and liquidity of certain asset classes within the liquid asset portfolio.
Income from the equity investment portfolio	Global climate for emerging markets equities, fluctuations in currency markets and company-specific performance for equity investments. Overall performance of the equity portfolio.
Provision for losses on loans, guarantees, and available-for-sale debt securities	Risk assessment of borrowers, probability of default, loss given default and loss emergence period.
Other income and expenses	Level of advisory services provided by IFC to its clients, the level of expense from the staff retirement and other benefits plans, and the approved and actual administrative expenses and other budget resources.
Gains and losses on other non-trading financial instruments accounted for at fair value	Principally, differences between changes in fair values of borrowings, excluding IFC's credit spread (beginning in FY19, changes attributable to IFC's credit spread are reported in other comprehensive income, prior to FY19, such changes were reported in net income) and associated derivative instruments and unrealized gains or losses associated with the investment portfolio including puts, warrants, and stock options, which in part are dependent on the global climate for emerging markets. These securities may be valued using internally developed models or methodologies utilizing inputs that may be observable or non-observable.
Grants to IDA	Level of the Board of Governors-approved grants to IDA.

**Other comprehensive income:**

Unrealized gains and losses on debt securities accounted for as available-for-sale	Global climate for emerging markets, fluctuations in currency and commodity markets and company-specific performance and consideration of the extent to which unrealized losses are considered a credit loss. Debt securities may be valued using internally developed models or methodologies utilizing inputs that may be observable or non-observable.
Unrealized gains and losses attributable to instrument-specific credit risk on borrowings at fair value under the Fair Value Option	Fluctuations in IFC's own credit spread measured against U.S. dollar LIBOR, resulting from changes over time in market pricing of credit risk. As credit spreads widen, unrealized gains are recorded and when credit spreads narrow, unrealized losses are recorded.
Unrecognized net actuarial gains and losses and unrecognized prior service costs on benefit plans	Returns on pension plan assets and the key assumptions that underlay projected benefit obligations, including financial market interest rates, staff expenses, past experience, and management's best estimate of future benefit cost changes and economic conditions.

IFC reported income of \$4,209 million in FY21, as compared to a loss of \$1,672 million in FY20, mainly driven by the rebound in equity valuations post the immediate effect of COVID-19. The \$5,881 million increase was principally a result of the following:

**Change in Net Income (Loss) FY21 vs FY20 (US\$ millions)**

IFC's equity investment portfolio returned \$3,201 million in FY21 as compared to a loss of \$1,067 million in FY20. A major component for FY21 was unrealized gains of \$2,550 million, which mainly reflected the market recovery that began in FY20 Q4 and has continued throughout FY21, notably observed in the Disruptive Technologies and Funds portfolio.

IFC recorded a loan loss provision release of \$201 million in FY21 as compared to a loan loss provision charge of \$638 million in FY20, reflecting an overall improvement in credit quality.

Unrealized gains from loans and debt securities were \$735 million in FY21, as compared to unrealized losses of \$423 million in FY20, primarily due to narrowing credit risk spreads and the impact of increased interest rates on the fair value of swaps that are used

to hedge loans at amortized cost and available-for-sale debt securities.






IFC's liquid asset income, net of allocated charges on borrowings, was \$224 million in FY21, compared to \$506 million in FY20. FY20 Treasury Income benefited significantly from the rally in U.S. Treasuries.

Administrative and pension expenses increased by \$111 million from \$1,299 million in FY20 to \$1,410 million in FY21, mainly driven by a \$67 million increase in pension expenses due to the increased amortization of the actuarial loss from the lower discount rate at the end of FY20 and lower expected returns on plan assets, and increase in administrative expenses by \$44 million mainly due to higher staff costs resulting from a sharp increase in staff count.

IFC's net income (loss) for each of the past five fiscal years ended June 30, is presented below (US\$ millions):

## IFC's Net Income (Loss), Fiscal Years 2017–2021<sup>1</sup>

Fiscal year ended June 30 (US\$ millions)

2017		1,418
2018		1,280
2019		93
2020		(1,672)
2021		4,209

Prior to the year ended June 30, 2020 (FY20), management used Income Available for Designations (a non-U.S. GAAP measure) as a basis for designations of retained earnings. Income Available for Designations generally comprised net income excluding: net unrealized gains and losses on equity investments, net unrealized gains and losses on non-trading financial instruments accounted for at fair value, income from consolidated entities other than AMC<sup>2</sup>, and expenses reported in net income related to prior year designations.

IFC reviewed the calculation of Income Available for Designations in FY20 due to the adoption of ASU 2016-01 in FY19, which resulted in all unrealized gains and losses on equity investments being reported in Net Income. Beginning in FY20, IFC uses "income excluding unrealized gains and losses on investments and borrowings and grants to IDA" as the metric for Income Available for Designations.

1. IFC's Net Income (Loss) are not directly comparable due to the adoption of ASU 2016-01 in FY19.

2. Effective January 31, 2020, IFC Asset Management Company, LLC (AMC) was merged into IFC. IFC, as the successor to AMC, has assumed all the assets, rights, liabilities, and obligations of AMC. The AMC business is now operated as a division within IFC. This change did not have a significant impact on IFC's financial position, results of operations, or cash flows.

## Reconciliation of Reported Net Income or Loss to Income Available for Designations (US\$ millions)

	FY21	FY20	FY19
<b>Net income (loss)</b>	<b>\$ 4,209</b>	<b>\$ (1,672)</b>	<b>\$ 93</b>
Adjustments to reconcile Net Income (Loss) to Income Available for Designations			
Unrealized (gains) losses on investments	(3,285)	2,026	1,121
Unrealized (gains) losses on borrowings	(71)	218	15
Grants to IDA	213	–	–
Advisory Services expenses from prior year designations	–	–	54
Adjustments to conform to approach to designations approved by IFC's Board in FY17	–	–	(377)
Other	–	–	3
<b>Income available for designations</b>	<b>\$ 1,066</b>	<b>\$ 572</b>	<b>\$ 909</b>

## Selected Financial Data as of and for the Last Five Fiscal Years (US\$ millions)

AS OF AND FOR THE FISCAL YEARS ENDED JUNE 30	2021	2020	2019	2018	2017
<b>Consolidated income highlights:</b>					
Income from loans and guarantees, including realized gains and losses on loans and associated derivatives	\$ 1,116	\$ 1,510	\$ 1,774	\$ 1,377	\$ 1,298
Release of provision (provision) for losses on loans, off-balance sheet credit exposures and other receivables	201	(638)	(87)	(90)	(86)
Income (loss) from equity investments and associated derivatives	3,201	(1,067)	(253)	853	707
Income from debt securities, including realized gains and losses on debt securities and associated derivatives	340	231	126	363	282
Provision for losses on available-for-sale debt securities	(3)	–	–	–	–
Income from liquid asset trading activities	327	1,039	1,291	771	917
Charges on borrowings	(326)	(1,181)	(1,575)	(1,041)	(712)
Other income	595	559	622	578	528
Other expenses	(1,687)	(1,628)	(1,746)	(1,662)	(1,617)
Foreign currency transaction (losses) gains on non-trading activities	(148)	144	159	123	(188)
Income (loss) before net unrealized gains and losses on non-trading financial instruments accounted for at fair value and grants to IDA	3,616	(1,031)	311	1,272	1,129
Net unrealized gains (losses) on non-trading financial instruments accounted for at fair value	806	(641)	(218)	88	394
Income (loss) before grants to IDA	4,422	(1,672)	93	1,360	1,523
Grants to IDA	(213)	–	–	(80)	(101)
<b>Net income (loss)</b>	<b>4,209</b>	<b>(1,672)</b>	<b>93</b>	<b>1,280</b>	<b>1,422</b>
Less: Net gains attributable to non-controlling interests	–	–	–	–	(4)
<b>Net income (loss) attributable to IFC</b>	<b>\$ 4,209</b>	<b>\$(1,672)</b>	<b>\$ 93</b>	<b>\$ 1,280</b>	<b>\$ 1,418</b>

### Consolidated balance sheet highlights:

Total assets	\$105,264	\$95,800	\$99,257	\$94,272	\$92,254
Liquid assets	41,696	40,791	39,713	38,936	39,192
Investments	44,991	41,138	43,462	42,264	40,519
Borrowings outstanding, including fair value adjustments	55,699	55,486	54,132	53,095	54,103
<b>Total capital</b>	<b>\$ 31,244</b>	<b>\$25,182</b>	<b>\$27,606</b>	<b>\$26,136</b>	<b>\$25,053</b>
of which					
Undesignated retained earnings	\$ 11,395	\$ 7,166	\$25,905	\$23,116	\$21,901
Designated retained earnings	207	433	366	190	125
Paid-in capital	20,760	19,567	2,567	2,566	2,566
Accumulated other comprehensive (loss) income (AOCI)	(1,118)	(1,984)	(1,232)	264	458
Non-controlling interests	–	–	–	–	3

## Key Financial Ratios

	2021	2020	2019	2018	2017
<b>Financial ratios<sup>b</sup>:</b>					
Return on average assets (U.S. GAAP basis) <sup>a, c</sup>	<b>4.2%</b>	(1.7)%	0.1%	1.4%	1.6%
Return on average assets (non-U.S. GAAP basis) <sup>d</sup>	<b>0.9%</b>	0.6%	1.4%	1.4%	1.3%
Return on average capital (U.S. GAAP basis) <sup>a, e</sup>	<b>14.9%</b>	(6.3)%	0.3%	5.0%	5.9%
Return on average capital (non-U.S. GAAP basis) <sup>f</sup>	<b>3.0%</b>	2.1%	4.9%	5.1%	4.9%
Overall liquidity ratio <sup>g</sup>	<b>114%</b>	96%	104%	100%	82%
Debt to equity ratio <sup>h</sup>	<b>2.1</b>	2.2	2.2	2.5	2.7
Total reserve against losses on loans to total disbursed portfolio <sup>i</sup>	<b>4.9%</b>	6.3%	4.7%	5.1%	6.1%
Capital measures:					
Total Resources Available (US\$ billions) <sup>j</sup>	<b>30.7</b>	28.2	27.8	24.7	23.6
Total Resources Required (US\$ billions) <sup>k</sup>	<b>20.5</b>	20.3	21.8	20.1	19.4
Strategic Capital <sup>l</sup>	<b>10.3</b>	7.9	6.0	4.6	4.2
Deployable Strategic Capital (DSC) <sup>m</sup>	<b>7.2</b>	5.0	3.2	2.2	1.8
Deployable Strategic Capital Ratio (Deployable Strategic Capital expressed as a percentage of Total Resources Available)	<b>23.4%</b>	17.9%	11.6%	8.7%	7.8%

a. This ratio is not directly comparable due to the adoption of ASU 2016-01.

b. Certain financial ratios, as described below, are calculated excluding the effects of unrealized gains and losses on investments, other non-trading financial instruments, AOCI, and impacts from consolidated Variable Interest Entities (VIEs).

c. Net income for the fiscal year as a percentage of the average total assets during the fiscal year.

d. Return on average assets is defined as Net income, excluding unrealized gains/losses on investments accounted for at fair value, income from consolidated VIEs and net gains/losses on non-trading financial investments, as a percentage of total disbursed loan and equity investments (net of reserve), liquid assets net of repos, and other assets averaged during the fiscal year.

e. Net income for the fiscal year as a percentage of the average of total capital during the fiscal year (excluding payments on account of pending subscriptions).

f. Return on average capital is defined as Net income, excluding unrealized gains/losses on investments accounted for at fair value, income from consolidated VIEs and net gains/losses on non-trading financial investments, as percentage of the paid-in share capital and accumulated earnings (before certain unrealized gains/losses and excluding cumulative designations not yet expensed) and calculated as a percentage of the average total assets during the fiscal year.

g. Overall Liquidity Policy states that IFC would at all times maintain a minimum level of liquidity, plus undrawn borrowing commitments from the IBRD, such that it would cover at least 45% of the next three years' estimated net cash requirements.

h. Debt to equity (leverage) ratio is defined as the number of times outstanding borrowings plus committed guarantees cover paid-in capital and accumulated earnings (net of retained earnings designations and certain unrealized gains/losses).

i. Total reserve against losses on loans to total disbursed loan portfolio is defined as reserve against losses on loans as a percentage of the total disbursed loan portfolio.

j. Total resources available (TRA) is the total capital of the Corporation, consisting of (i) paid-in capital; (ii) retained earnings net of designations and some unrealized gains and losses; and (iii) total loan loss reserve.

k. Total resources required (TRR) is the minimum capital required to cover the expected and unexpected loss on IFC's portfolio, calibrated to maintain IFC's triple-A rating. TRR is the sum of the economic capital requirements for IFC's different assets, and it is determined by the absolute size of the committed portfolio, the product mix (equity, loans, short-term finance, and liquid assets portfolio assets), and by operational and other risks.

l. Strategic Capital is defined as total resources available, less total resources required. May differ from the sum of individual figures due to rounding.

m. Deployable Strategic Capital is defined as 90% of total resources available, less total resources required.



## COMMITMENTS

Long-Term Finance Commitments comprise Own Account and Core Mobilization and totaled \$23.3 billion in FY21, an increase of \$1.3 billion or 6 percent from FY20. IFC's FY21 Long-Term Finance Own Account Commitments were \$12.5 billion (\$11.1 billion in FY20) and Core Mobilization was \$10.8 billion (\$10.8 billion in FY20). Short-Term Finance Commitments were \$8.2 billion in FY21, as compared to \$6.5 billion at FY20. Total program delivery (LTF and STF) was \$31.5 billion in FY21 as compared to \$28.4 billion in FY20.

In direct response to the COVID pandemic, IFC committed \$10.8 billion in FY21 including \$2.3 billion under its Fast Track COVID-19 Facility in support of IFC's existing clients. Outside of the facility, IFC committed an additional \$8.5 billion in financing to support clients in response to the crisis.

## CORE MOBILIZATION

Core Mobilization is financing from entities other than IFC that becomes available to clients due to IFC's direct involvement in raising resources.

### FY21 vs FY20 Long-Term Finance Commitments (Own Account and Core Mobilization) and Short-Term Finance (US\$ millions)

	FY21	FY20
<b>Long-Term Finance Commitments (Own Account and Core Mobilization) and Short-Term Finance</b>	<b>\$31,500</b>	<b>\$28,430</b>
Long-Term Finance Own Account Commitments	12,474	11,135
Core Mobilization	10,831	10,826
Short-Term Finance Commitments	8,195	6,469

## Asset Management Company (AMC)

### Funds Managed by AMC FY21 vs FY20 (US\$ millions unless otherwise indicated)

	THROUGH JUNE 30, 2021					
	TOTAL FUNDS RAISED SINCE INCEPTION				FOR THE YEAR ENDED JUNE 30, 2021	
	TOTAL	FROM IFC	FROM OTHER INVESTORS	CUMULATIVE INVESTMENT COMMITMENTS <sup>b</sup>	INVESTMENT COMMITMENTS MADE BY FUND <sup>c</sup>	INVESTMENT DISBURSEMENTS MADE BY FUND
<b>Investment Period</b>						
IFC Financial Institutions Growth Fund, LP (FIG Fund)	\$ 505	\$ 150	\$ 355	\$ 259	\$ 81	\$ 45
IFC Middle East and North Africa Fund, LP (MENA Fund)	162	60	102	78	12	7
IFC Emerging Asia Fund, LP (Asia Fund)	693	150	543	374	203	127
<b>Post Investment Period</b>						
IFC Capitalization (Equity) Fund, LP (Equity Capitalization Fund)	1,275	775	500	1,214	–	–
IFC Capitalization (Subordinated Debt) Fund, LP (Sub-Debt Capitalization Fund)	1,725	225	1,500	1,614	–	–
IFC African, Latin American and Caribbean Fund, LP (ALAC Fund)	1,000	200	800	876	–	2
Africa Capitalization Fund, Ltd. (Africa Capitalization Fund)	182	–	182	130	–	–
IFC Catalyst Fund, LP, IFC Catalyst Fund (U.K.), LP and IFC Catalyst Fund (Japan), LP (collectively, Catalyst Funds)	418	75	343	363	–	24
IFC Global Infrastructure Fund, LP (Global Infrastructure Fund) <sup>a</sup>	1,430	200	1,230	929	–	–
IFC Global Emerging Markets Fund of Funds, LP and IFC Global Emerging Markets Fund of Funds (Japan Parallel), LP (collectively, GEM Funds)	800	150	650	757	–	112
Women Entrepreneurs Debt Fund, LP (WED Fund)	115	30	85	110	–	–
China-Mexico Fund, LP (China-Mexico Fund)	1,200	–	1,200	350	30	17
IFC Russian Bank Capitalization Fund, LP (Russian Bank Cap Fund) <sup>d</sup>	550	250	300	82	–	–
<b>Total</b>	<b>\$10,055</b>	<b>\$2,265</b>	<b>\$7,790</b>	<b>\$7,136</b>	<b>\$326</b>	<b>\$334</b>

a. Includes co-investment fund managed by AMC on behalf of Fund LPs.

b. Net of commitment cancellations.

c. Excludes commitment cancellations from prior periods.

d. Fund closed and liquidated.

# Asset Management Company (AMC)

## Funds Managed by AMC FY21 vs FY20 (US\$ millions unless otherwise indicated)

	THROUGH JUNE 30, 2020					
	TOTAL FUNDS RAISED SINCE INCEPTION				FOR THE YEAR ENDED JUNE 30, 2020	
	TOTAL	FROM IFC	FROM OTHER INVESTORS	CUMULATIVE INVESTMENT COMMITMENTS <sup>b</sup>	INVESTMENT COMMITMENTS MADE BY FUND <sup>c</sup>	INVESTMENT DISBURSEMENTS MADE BY FUND
<b>Investment Period</b>						
IFC Financial Institutions Growth Fund, LP (FIG Fund)	\$ 505	\$ 150	\$ 355	\$ 178	\$20	\$ 7
IFC Middle East and North Africa Fund, LP (MENA Fund)	162	60	102	66	–	6
IFC Emerging Asia Fund, LP (Asia Fund)	693	150	543	171	26	13
<b>Post Investment Period</b>						
IFC Capitalization (Equity) Fund, LP (Equity Capitalization Fund)	1,275	775	500	1,226	–	–
IFC Capitalization (Subordinated Debt) Fund, LP (Sub-Debt Capitalization Fund)	1,725	225	1,500	1,614	–	–
IFC African, Latin American and Caribbean Fund, LP (ALAC Fund)	1,000	200	800	876	–	3
Africa Capitalization Fund, Ltd. (Africa Capitalization Fund)	182	–	182	130	–	–
IFC Catalyst Fund, LP, IFC Catalyst Fund (U.K.), LP and IFC Catalyst Fund (Japan), LP (collectively, Catalyst Funds)	418	75	343	365	–	30
IFC Global Infrastructure Fund, LP (Global Infrastructure Fund) <sup>a</sup>	1,430	200	1,230	929	–	–
IFC Global Emerging Markets Fund of Funds, LP and IFC Global Emerging Markets Fund of Funds (Japan Parallel), LP (collectively, GEM Funds)	800	150	650	757	17	71
Women Entrepreneurs Debt Fund, LP (WED Fund)	115	30	85	110	–	–
China-Mexico Fund, LP (China-Mexico Fund)	1,200	–	1,200	320	–	35
IFC Russian Bank Capitalization Fund, LP (Russian Bank Cap Fund) <sup>d</sup>	550	250	300	82	–	–
<b>Total</b>	<b>\$10,055</b>	<b>\$2,265</b>	<b>\$7,790</b>	<b>\$6,824</b>	<b>\$63</b>	<b>\$165</b>

a. Includes co-investment fund managed by AMC on behalf of Fund LPs.

b. Net of commitment cancellations.

c. Excludes commitment cancellations from prior periods.

d. The Russian Bank Cap Fund was liquidated during FY18.

# International Finance Corporation

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## WORLD BANK GROUP

**THE WORLD BANK**  
IBRD • IDA

**IFC**

International  
Finance Corporation

**MIGA**

Multilateral Investment  
Guarantee Agency