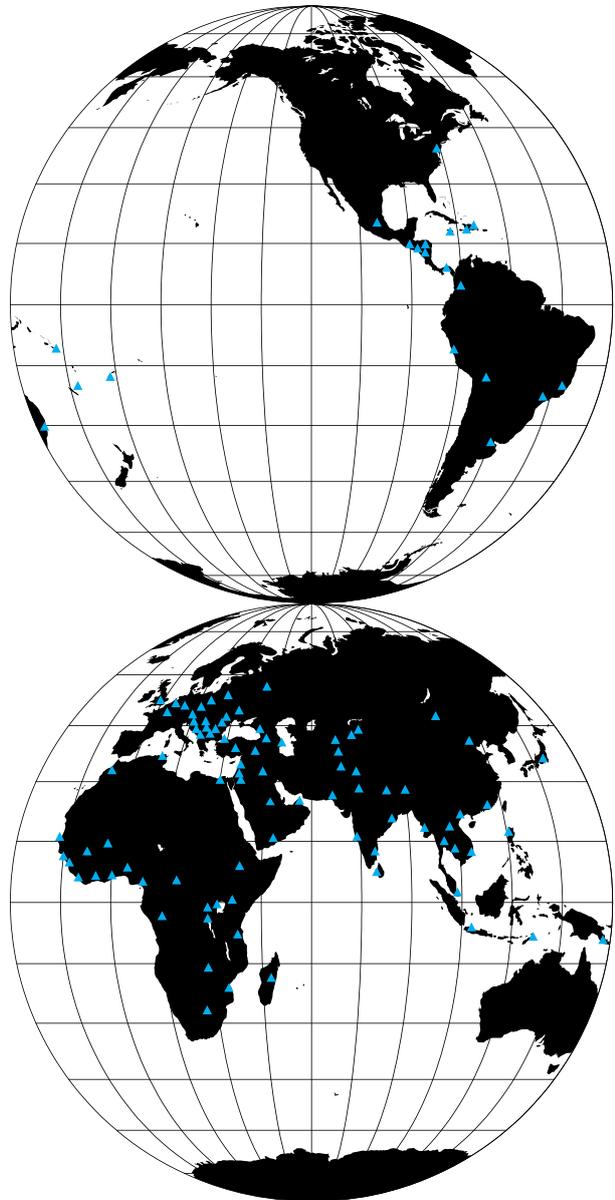


# **OUR** **EXPERTISE**

IFC blends investment with advice and resource mobilization to help the private sector advance development.

## Where We Work

As the largest global development institution focused on the private sector, IFC operates in nearly 100 countries. We apply lessons learned in one region to solve problems in another. We help local companies make better use of their own knowledge, by matching it to opportunities in other developing countries.



## What We Do

IFC provides investment, advice, and asset management. These are mutually reinforcing, and deliver financing and global expertise to clients in developing countries.

Together, they give us a special advantage in helping the private sector create opportunity—our investment and advice can be tailored to a client's specific needs, and in ways that add value. Our ability to attract other investors brings additional benefits, introducing our clients to new sources of capital and better ways of doing business.

## INVESTMENT

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

Our offerings are designed to meet the specific needs of IFC clients in different industries—with a special focus on infrastructure, manufacturing, agribusiness, services, and financial markets. In FY18, we made \$11.6 billion in long-term investments in 366 projects. In addition, we mobilized nearly \$11.7 billion to support the private sector in developing countries.

### PRODUCT LINES

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#### *Loans*

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

While IFC loans traditionally have been denominated in the currencies of major industrial nations, we have made it a priority to structure local-currency products. IFC has provided financing in 74 local currencies.

In FY18, we made commitments for \$9.8 billion in new loans for our own account.

#### *Equity*

Equity investments provide developmental support and long-term growth capital that private enterprises need. We invest directly in companies' equity, and also through private-equity funds. In FY18, equity investments accounted for about \$1.3 billion of commitments we made for our own account.

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

#### *Trade and Commodity Finance*

The IFC Global Trade Finance Program guarantees trade-related payment obligations of approved financial institutions. The program extends and complements the capacity of banks to deliver trade finance by providing risk mitigation on a per-transaction basis for more than 287 banks across 87 countries.

In FY18, IFC had an average outstanding balance of more than \$3.4 billion in trade finance.

## *Syndications*

IFC's Syndicated Loan Program is the oldest and largest among multilateral development banks. In FY18, it accounted for nearly two-thirds of the funds mobilized by IFC.

In FY18, IFC syndicated \$7.7 billion in B-loans, parallel loans, MCPP loans, structured A-loan participations, and unfunded risk participations provided by financial institutions. These included commercial banks, institutional investors, development finance institutions, and an emerging-markets central bank. The syndicated loan portfolio totaled \$16.2 billion at the end of FY18.

More than 40 percent of the financing we provided through syndications—\$3.57 billion in all—went to borrowers in IDA countries.

## *Derivatives and Structured Finance*

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

## *Blended Finance*

IFC uses several tools to crowd in private financing that would otherwise not be available for high-impact development projects. We blend concessional funds—typically from development partners—with our own financing and that of our co-investors. Blended finance can help mitigate early-entrant costs or project risks, enabling pioneering investments and creating a track record that paves the way for commercial investments. IFC has historically applied this approach in climate change, agribusiness and food security, and SME financing—although the introduction of the *IDA18 IFC-MIGA Private Sector Window* (see page 27) has opened up opportunities for us to support many other sectors. Our approach to blended finance is principled and judicious—designed to address market failures, avoid market distortions, uphold transparency, and enhance development impact. In FY18, we committed more than \$218 million of concessional donor funds, catalyzing \$1.5 billion in private investment.

## ADVICE

Providing advice is a critical part of IFC's strategy to create markets and mobilize private investment. Through this work, we help establish the necessary conditions that will attract the most private capital, enabling the private sector to grow.

That's why we have shifted to a more strategic approach, systematically linking our advisory programs to the greatest needs identified in World Bank Group country and sector strategies. We will focus increasingly on developing high-impact projects that can help our clients attract the financing they need—particularly in the poorest and most conflict-affected areas of the world.

- We help companies attract private investors and partners, enter new markets, and increase their impact. We provide tailored market insights as well as advice on how to improve companies' operational performance and sustainability.
- We help industries adopt good practices and standards to increase competitiveness and productivity.
- We help governments structure public-private partnerships to improve people's access to high-quality infrastructure and basic services. We help governments implement reforms that encourage private investment.

IFC's advisory platform consists of seasoned experts, and about 80 percent of our advisory staff are based in the field. In FY18, our advisory portfolio grew to \$1.5 billion, encompassing 741 advisory projects in about 100 countries. Fifty-seven percent of IFC's advisory program was in IDA countries, 19 percent in fragile and conflict-affected areas, and 27 percent of our advisory program was climate-related.

## HOW WE WORK WITH COMPANIES

**Agribusiness:** We help companies improve productivity and standards—among other things, by creating efficient value chains, ensuring food security, and providing strong economic, social, and environmental benefits for smaller farming enterprises and communities.

**Infrastructure and Natural Resources:** We help companies provide benefits to local communities and mitigate local risks in projects.

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

**Energy and Water Advisory:** We help companies use energy and water more efficiently to enhance performance and environmental sustainability. We also accelerate the development of renewable-energy markets and improve people's access to modern energy services.

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

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

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

**Strategic Business Solutions:** We help companies resolve complex business challenges, structure innovative programs, and create new market opportunities.

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

**Environmental and Social Risk Management:** We help integrate environmental and social risk-management considerations into companies' operations to achieve long-term success.

## HOW WE WORK WITH FINANCIAL INSTITUTIONS AND FUNDS

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

**Fund Managers:** We help develop the private equity industry in frontier markets and provide advice to fund managers and SMEs in which the funds invest.

## HOW WE WORK WITH GOVERNMENTS

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**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.

**Financial Sector:** We work with governments and the private sector to build resilient, transparent, and smooth-functioning financial systems and capital markets.

**Investment Climate:** We help improve the business environment through reforms that promote investment, spur growth, and create jobs.

**2030 Water Resources Group:** We bring together governments, civil society, and the private sector to identify investment needs and drive reform to address water scarcity.

## IFC ASSET MANAGEMENT COMPANY

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

As of June 30, 2018, AMC had raised approximately \$10.1 billion, including about \$2.3 billion from IFC. It manages 12 investment funds covering equity, debt, and fund-of-fund products on behalf of a wide variety of institutional investors, including sovereign wealth funds, pension funds, and development-finance institutions.

### AMC FUNDS

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#### *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 systemically important banks in emerging markets, bolstering their ability to cope with financial and economic downturns. As of June 30, 2018, 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 invests in 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, 2018, the fund had made 38 investment commitments totaling \$879 million.

### ***Africa Capitalization Fund***

The \$182 million Africa Capitalization Fund was launched in 2010 to invest in systemically important commercial-banking institutions in Africa. As of June 30, 2018, the fund had made eight investment commitments totaling \$130 million.

### ***IFC Catalyst Fund***

The \$418 million IFC Catalyst Fund was launched in 2012 and invests in funds that provide growth capital to companies developing innovative ways to address climate change in emerging markets. It also may invest directly in those companies. As of June 30, 2018, the fund had made 19 commitments totaling \$382 million.

### ***IFC Global Infrastructure Fund***

The \$1.2 billion IFC Global Infrastructure Fund was launched in 2013 and co-invests with IFC in equity and equity-related investments in the infrastructure sector in emerging markets. As of June 30, 2018, the fund had made 21 investment commitments totaling \$662 million.

### ***China-Mexico Fund***

Launched in 2014, the \$1.2 billion China-Mexico Fund is a country-specific fund that makes equity, equity-like, and mezzanine investments along with IFC in Mexico. It focuses on infrastructure, oil and gas, and other sectors, including manufacturing, agribusiness, services, and banking. As of June 30, 2018, the fund had made three investment commitments totaling \$270 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, 2018, the fund had made four investment commitments totaling \$133 million.

### ***IFC Global Emerging Markets Fund of Funds***

Launched in 2015, the \$800 million IFC Global Emerging Markets Fund of Funds invests mainly in private equity funds that are focused on growth companies in various sectors across emerging and frontier markets. The fund also invests directly in such companies. As of June 30, 2018, the fund had made 18 investment commitments totaling \$397 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, 2018, the fund had made three investment commitments totaling \$52 million.

### ***Women Entrepreneurs Debt Fund***

The \$115 million Women Entrepreneurs Debt Fund, launched in 2016, extends senior loans to commercial banks for on-lending to women-owned small and medium enterprises in emerging markets. This is a component of the \$600 million Women Entrepreneurs Opportunity Facility, a partnership established in March 2014 between IFC and the Goldman Sachs 10,000 Women initiative. As of June 30, 2018, the fund had made investment commitments to eight banks amounting to \$87 million.

### ***IFC Emerging Asia Fund***

The \$693 million IFC Emerging Asia Fund, launched in 2016, makes equity and equity-like investments across all sectors in emerging markets in Asia. As of June 30, 2018, the fund had made three investment commitments of \$90 million.

## Our Industry Expertise

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

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

### AGRIBUSINESS AND FORESTRY

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Agribusiness has an important role to play in poverty reduction. The agricultural sector often accounts for at least half of GDP and employment in many developing countries, making it a priority for IFC.

IFC provides support for the private sector to address demand for agricultural commodities in an environmentally sustainable and socially inclusive way. To help clients finance inventories, seeds, fertilizers, chemicals, and fuel for farmers, IFC offers working-capital facilities. To facilitate trade and lower costs, we pursue investments in infrastructure such as warehouses and cold-storage facilities. To bring land into sustainable production, we work to improve productivity by transferring technologies and making the best use of resources.

In FY18, our new long-term commitments for our own account in agribusiness and forestry totaled about \$956 million.

### FINANCIAL INSTITUTIONS

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Sound, inclusive, and sustainable financial markets are vital to development because they ensure efficient resource allocation. IFC's work with financial intermediaries has helped strengthen financial institutions and overall financial systems. It has also allowed us to support far more micro, small, and medium enterprises than we would be able to on our own.

Working through financial intermediaries enables IFC to encourage them to become more involved in sectors that are strategic priorities—such as women-owned businesses and climate change—and in underserved regions such as fragile and conflict-affected states as well as in housing, infrastructure, and social services.

In FY18, our new long-term commitments for our own account in financial markets totaled about \$5.5 billion.

### HEALTH AND EDUCATION

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

Expanding access to health and education is a central element of any strategy to end poverty and boost prosperity. IFC supports health care and life-sciences companies—by providing financing, sharing industry knowledge, raising management and clinical standards, helping shape government policy, and supporting public-private collaboration. In education, we help private enterprises complement the work of the public sector and create more opportunities for children, youth, and working adults.

IFC is the world's largest multilateral investor in private health care and education. In FY18, our new long-term commitments for our own account in health and education totaled \$739 million.

## **INFRASTRUCTURE**

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Modern infrastructure spurs economic growth, improves living standards, and can represent an opportunity to address emerging development challenges, including rapid urbanization and climate change.

It is also an area in which the private sector can make a significant contribution, providing essential services to large numbers of people—efficiently, affordably, and profitably. This is IFC's focus: supporting private infrastructure projects whose innovative, high-impact business models can be widely replicated.

We help increase access to power, transportation, and water. We advise client governments on public-private partnerships. We work to improve urban infrastructure and related services. We mitigate risk and leverage specialized financial structuring and other capabilities. In FY18, our new long-term commitments for our own account in this sector totaled about \$2 billion.

## **MANUFACTURING**

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The manufacturing sector plays a vital role in creating opportunity and reducing poverty in developing countries. IFC's manufacturing clients tend to create or maintain more employment than those in any other sector.

We have increased our activities in the sector, which includes chemicals, construction materials, energy-efficient machinery, and transportation machinery. We invest in and advise companies that are developing new products and markets, and are restructuring and modernizing to become internationally competitive.

As these industries represent some of the most carbon-intensive sectors, we are helping clients develop and undertake investments that help reduce carbon emissions and energy consumption.

In FY18, our new long-term commitments for our own account in the manufacturing sector totaled \$536 million.

## **OIL, GAS, AND MINING**

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Industries that can harness natural resources are vital for many of the world's poorest countries. They are a key source of jobs, energy, and government revenues. They also provide a wide array of other benefits for local economies. In Africa, in particular, large-scale sustainable investments in these industries can create equally large-scale gains in economic development.

IFC's mission in the oil, gas, and mining sector is to help developing countries realize these benefits, while helping promote sustainable energy sources. We provide financing and advice for private sector clients, and also help governments adopt effective regulations and strengthen their capacity to manage these industries across the value chain.

We support private investment in these industries, and we work to ensure that local communities enjoy tangible benefits. In FY18, our new long-term commitments for our own account in the sector totaled \$97 million.

## **TELECOMMUNICATIONS AND INFORMATION TECHNOLOGY**

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Modern information and communication technologies make it easier for the poor to obtain access to services and resources. They expand opportunity and make markets and institutions more efficient. IFC works to extend the availability of such technologies. We channel investments toward private companies that build modern communications infrastructure and information-technology businesses, and develop climate-friendly technologies.

IFC helps clients move beyond their own national borders and into other developing markets. In FY18, our new commitments for our own account in this sector totaled \$207 million.

## **TOURISM, RETAIL, AND PROPERTY**

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

IFC works to strengthen all three in developing countries. Our investments promote the development of critical infrastructure—in places where there is often a shortage of high-quality hotels for tourists and business visitors. We work with our retail clients to create jobs, contribute to the tax base, build local banking capacity, improve infrastructure, and raise labor standards. We also invest in property companies to expand affordable housing and commercial real estate.

In FY18, our new long-term commitments for our own account in tourism, retail, and property totaled \$764 million.