

IFC'S GLOBAL IMPACT

In FY18, IFC invested \$23.3 billion, including nearly \$11.7 billion mobilized from other investors. Our comprehensive approach helped businesses innovate, build internationally competitive industrial sectors, and create better jobs.

\$3.4

BILLION

EAST ASIA AND
THE PACIFIC

\$2.9

BILLION

EUROPE AND
CENTRAL ASIA

\$5.0

BILLION

LATIN AMERICA
AND THE
CARIBBEAN

\$2.0

BILLION

MIDDLE EAST
AND NORTH
AFRICA

\$3.4

BILLION

SOUTH ASIA

\$6.2

BILLION

SUB-SAHARAN
AFRICA

Operational Highlights

Dollars in millions, for the years ended June 30

	2018	2017	2016	2015	2014
Long-Term Investment Commitments					
FOR IFC'S OWN ACCOUNT	\$ 11,629	\$ 11,854	\$ 11,117	\$ 10,539	\$ 9,967
Number of projects	366	342	344	406	364
Number of countries	74	75	78	83	73
CORE MOBILIZATION¹	\$ 11,671	\$ 7,461	\$ 7,739	\$ 7,133	\$ 5,142
Syndicated loans ²	\$ 7,745	\$ 3,475	\$ 5,416	\$ 4,194	\$ 3,093
IFC Initiatives & Other	\$ 2,619	\$ 2,207	\$ 1,054	\$ 1,631	\$ 1,106
Asset Management Company (AMC) Funds	\$ 263	\$ 531	\$ 476	\$ 761	\$ 831
Public-Private Partnership (PPP) ³	\$ 1,044	\$ 1,248	\$ 793	\$ 548	\$ 113
TOTAL INVESTMENT COMMITMENTS	\$ 23,301	\$ 19,316	\$ 18,856	\$ 17,672	\$ 15,109
Investment Disbursements					
For IFC's account	\$ 11,149	\$ 10,355	\$ 9,953	\$ 9,264	\$ 8,904
Syndicated loans ⁴	\$ 1,984	\$ 2,248	\$ 4,429	\$ 2,811	\$ 2,190
TOTAL INVESTMENT DISBURSEMENTS	\$ 13,133	\$ 12,602	\$ 14,382	\$ 12,075	\$ 11,094
Committed Portfolio					
Number of firms	1,977	2,005	2,006	2,033	2,011
For IFC's account	\$ 57,173	\$ 55,015	\$ 51,994	\$ 50,402	\$ 51,735
Syndicated loans ⁵	\$ 16,210	\$ 16,047	\$ 16,550	\$ 15,330	\$ 15,258
TOTAL COMMITTED PORTFOLIO	\$ 73,383	\$ 71,062	\$ 68,544	\$ 65,732	\$ 66,993
Short-Term Finance					
Average Outstanding Balance	\$ 3,435	\$ 3,185	\$ 2,807	\$ 2,837	\$ 3,019
Advisory Services					
Advisory Services program expenditures	\$ 273.4	\$ 245.7	\$ 220.6	\$ 202.1	\$ 234.0
Share of program in IDA countries ⁶	57%	63%	62%	65%	66%

1. Defined as "core mobilization"—financing from entities other than IFC that becomes available to client due to IFC's direct involvement in raising resources.

2. Includes B-Loans, Parallel Loans, and MCPP Loans.

3. Third-party financing made available for public-private partnership projects due to IFC's mandated lead advisor role to national, local, or other government entities.

4. Includes B-Loans, Agented Parallel Loans, and MCPP Loans.

5. Includes B-Loans, A-Loan Participations (ALPs), Structured A-Loan Participation Sales (SALPS), Agented Parallel Loans, Unfunded Risk Participations (URPs), and MCPP Loans.

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

Fiscal 2018 was a historic year for the World Bank Group. Our shareholders endorsed a \$13 billion paid-in capital increase for IBRD and IFC — including \$7.5 billion for IBRD and \$5.5 billion for IFC. For IFC, this capital increase will more than triple the cumulative paid-in capital that we have received since inception.

In addition, our shareholders agreed to suspend IFC transfers to the International Development Association (IDA). As a result, the paid-in capital plus the saved retained earnings from the suspension of IDA transfers will total \$9.2 billion in additional capital to support IFC operations between now and 2030.

This constitutes a clear vote of confidence in our strategic priorities for the years ahead. But it comes with high expectations: We must deliver on our strategy to achieve high impact, particularly in some of the world's toughest markets. We project that by 2030, we will have to more than double our annual commitments to reach \$48 billion in total. We pledged to significantly increase our investments in IDA countries and in fragile and conflict-affected areas. We also pledged to step up our climate investments and gender-related interventions.

This year, we started to roll out the new tools and instruments designed the year before. At the same time, we changed our organizational structure, and delivered record levels of investments.

ROLLING OUT NEW TOOLS AND APPROACHES

We rolled out new tools to reduce risks, select projects more strategically, and measure development results more rigorously:

- **To Maximize Finance for Development**, the World Bank Group adopted a methodical approach that we call the **Cascade** — a decision-making sequence that prioritizes private sector solutions. The Cascade can be visualized as a series of waterfalls — each waterfall representing a step along the private/public solution and financing mix.
- **IDA18 IFC-MIGA Private Sector Window**, a \$2.5 billion de-risking facility that helps address high-risk projects and overcome the challenge of limited access to local-currency loans in IDA countries and in fragile and conflict-affected areas. In FY18, we delivered our first transactions and developed a pipeline of projects that will benefit from this window in the next two years.
- **Country Private Sector Diagnostics and Sector Deep Dives**, which enable us to identify what needs to be done to create markets in each country and in each sector. These two diagnostic pieces will serve as a base for strengthened country strategies. The latter will outline the upstream agenda required to enable the private sector to come in and help close development gaps. They will also identify IFC's specific advisory and investment program deliverables in every country.
- **Creating Markets Advisory Window**, a funding facility to support upstream work in IDA-eligible and fragile and conflict-affected countries. In FY18, resources from this window enabled diagnostic work that is helping us focus our advisory work to create markets and develop project pipelines.



\$23.3B

IN INVESTMENTS



30%

OF OUR INVESTMENTS IN IDA COUNTRIES



36%

OF OUR INVESTMENTS WERE CLIMATE-RELATED



45%

OF NEW ADVISORY PROJECTS INCLUDED A FOCUS ON GENDER IMPACT



• **Improved Project Selection**, with two new tools. The first is the **Anticipated Impact Measurement and Monitoring** (AIMM) system, which assesses proposed projects according to their ex-ante — or expected — development impact. The AIMM methodology and associated scoring is fully functional for all IFC investment projects since January 1, 2018; it will be expanded to advisory projects in FY19. The second is **Carbon Pricing**, which began May 1 for all project-finance investments in the cement, chemicals, and thermal power sectors. This will help IFC select more low-emission projects, in line with the recommendations of the *Report of the High-Level Commission on Carbon Prices*.

NEW ORGANIZATIONAL STRUCTURE

To complement FY17's organizational changes — which included the creation of the Economics & Private Sector Development and the Partnerships, Communications & Outreach teams — in FY18, we focused on Operations and rebalanced the matrix between IFC's industry and regional teams to better leverage the full range of resources and capabilities available in IFC:

• **A New Structure**, which will allow us to fully benefit from our local presence and global sector knowledge and expertise. This includes a Chief Operating Officer to oversee all IFC operations. The teams under the new IFC Regional Vice Presidents are working in close collaboration with Global Industry Senior Directors to deliver tailored solutions for each country. Guided by substantive country strategies, stronger IFC regional teams also help us solidify our collaboration with the Bank and MIGA, and ensure that “the Cascade approach” is systematically designed and implemented at the country level.

• **Advisory Reforms**, which are establishing a tighter link between our advisory and investment work to prioritize upstream work and proactively develop projects. At the end of FY18, we moved most of the cross-cutting advisory teams with IFC investment staff. This will allow us to better leverage our advisory experience and insights and focus on Creating Markets priorities.

DELIVERING

Despite all these changes, IFC delivered record levels of investment finance in FY18 — thanks to the talent and dedication of our staff. IFC provided a record \$23.3 billion in financing to private companies, up from \$19.3 billion in FY17. This growth reflects an unprecedented level of mobilization — at \$11.7 billion in FY18 compared with \$7.5 billion in FY17.

Nearly 30 percent of our commitments went to support development in the poorest countries: those eligible to borrow from IDA. Climate-related investments accounted for a record 36 percent of our financing for the year. In addition, we increased our focus on gender by helping women access financial services, by supporting female entrepreneurs as they expand their businesses, and by fostering gender parity in the corporate world. We also continued to deliver advisory solutions to clients in developing countries — especially in IDA countries and in fragile and conflict-affected areas. About 57 percent of IFC's Advisory program was delivered to clients in IDA countries and 19 percent in fragile and conflict-affected areas. Twenty-seven percent of the program was climate-related. In addition, almost 45 percent of new advisory projects included a focus on gender impact in project design — up from a third last year.

We were also honored to receive more than 40 awards this year — a strong endorsement by third parties of our ability to deliver innovative projects and solutions.

This past year we laid the foundation for us to implement the new IFC strategy — with our capital increase, renewed support from our shareholders, a new structure, and new tools and approaches to deliver. This foundational work will position IFC to actively participate in the “billions to trillions” agenda and the reshaping of development finance.

Philippe Le Houérou
IFC Chief Executive Officer

DEVELOPMENT RESULTS

Financial Highlights

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

	2018	2017	2016	2015	2014
Net income (loss) attributable to IFC	1,280	1,418	-33	445	1,483
Grants to IDA	80	101	330	340	251
Income before grants to IDA	1,360	1,523	296	749	1,739
Total assets	94,272	92,254	90,434	87,548	84,130
Loans, equity investments and debt securities, net	42,264	40,519	37,356	37,578	38,176
Estimated fair value of equity investments	14,573	14,658	13,664	14,834	14,890

Key Ratios

Return on average assets (GAAP basis)	1.4%	1.6%	0.0%	0.5%	1.8%
Return on average capital (GAAP basis)	5.0%	5.9%	-0.1%	1.8%	6.4%
Cash and liquid investments as a percentage of next three years' estimated net cash requirements	100%	82%	85%	81%	78%
Debt-to-equity ratio	2.5:1	2.7:1	2.8:1	2.6:1	2.7:1
Total resources required (\$ billions)	20.1	19.4	19.2	19.2	18.0
Total resources available (\$ billions)	24.7	23.6	22.5	22.6	21.6
Total reserve against losses on loans to total disbursed loan portfolio	5.1%	6.1%	7.4%	7.5%	6.9%

*See Management's Discussion and Analysis and Consolidated Financial Statements for details on the calculation of these numbers:
<http://www.ifc.org/FinancialReporting>

Development reach by IFC's clients

	PORTFOLIO CY16	PORTFOLIO CY17
Investments		
Employment (millions of jobs) ¹	2.4	2.5
Microfinance loans ^{2,3}		
Number (millions)	53.7	54.4
Amount (\$ billions)	60.7	73.9
SME loans ^{2,3}		
Number (millions)	8.3	8.3
Amount (\$ billions)	351.1	364.7
Trade Finance ⁴		
Number (millions)	1.8	1.7
Amount (\$ billions)	255.9	280.4
People reached with services		
Power generation (millions of people) ⁵	78.1	79.2
Power distribution (millions of people)	24.8	18.0
Water distribution (millions of people)	14.3	18.2
Gas distribution (millions of people)	59.9	3.1
Phone connections (millions of people)	345.3	186.7
Patients served (millions)	34.0	41.2
Students reached (millions)	4.9	5.7
Farmers reached (millions)	3.0	3.7
Payments to suppliers and governments		
Domestic purchases of goods and services (\$ billions)	36.6	38.3
Contribution to government revenues or savings (\$ billions)	14.6	15.8

These figures represent the total reach of IFC clients as of end of CY16 and CY17. CY16 and CY17 portfolio data are not strictly comparable, because they are based on a changed portfolio of IFC clients. For microfinance and SME loans, the results also reflect contributions from Advisory Services. While numerous controls are performed on the data provided by clients, they are sometimes based on estimates, and the understanding of the indicator definitions may vary slightly between clients.

- Portfolio figures for employment include jobs provided by fund investee companies, representing 35% of the total.
- Portfolio reach figures represent the micro, small and medium outstanding loan portfolio of IFC's financial institution clients with MSME-oriented finance.
- Reported Microfinance and SME data include a substantial contribution from a large institution in Asia.
- The total number and dollar volume of trade transactions financed by the Global Trade Finance Program's network of emerging-market banks are based on actual data from 76% (number) and 79% (dollar volume) of the network's active banks for CY17. The figures are not directly comparable to last year's due to variance in the number of active banks who submitted survey responses. Numbers reflect transactions directly guaranteed by IFC as well as those executed by network banks that have been supported by the program. CY16 data have been updated to reflect prior-year data corrections from survey participants.
- The number of CY16 total power generation customers reached has been revised due to the restatement of one client value in South Asia and one client value in Latin America and the Caribbean.

FY18 Long-Term Commitments

Dollar amounts in millions, for IFC's own account as of June 30, 2018

Total	\$11,629	100.00%	
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By Industry

Financial Markets	\$ 5,509	47.37%	
Infrastructure	\$ 2,073	17.83%	
Agribusiness & Forestry	\$ 956	8.22%	
Tourism, Retail & Property	\$ 764	6.57%	
Funds	\$ 747	6.42%	
Health & Education	\$ 739	6.36%	
Manufacturing	\$ 536	4.61%	
Telecommunications & Information Technology	\$ 207	1.78%	
Oil, Gas & Mining	\$ 97	0.83%	

By Region¹

Latin America and the Caribbean	\$ 2,509	21.58%	
Europe and Central Asia	\$ 2,256	19.40%	
South Asia ²	\$ 2,080	17.88%	
East Asia and the Pacific	\$ 1,940	16.89%	
Sub-Saharan Africa	\$ 1,566	13.25%	
Middle East and North Africa ²	\$ 1,010	8.69%	
Global	\$ 268	2.31%	

By Product

Loans ³	\$ 9,804	84.30%	
Equity ⁴	\$ 1,300	11.18%	
Guarantees	\$ 442	3.80%	
Risk-management products	\$ 83	0.71%	

FY18 Committed Portfolio

Dollar amounts in millions, for IFC's own account as of June 30, 2018

Total	\$57,173	100%	
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By Industry

Financial Markets	\$20,017	35%	
Infrastructure	\$11,370	20%	
Funds	\$ 4,640	8%	
Manufacturing	\$ 4,515	8%	
Agribusiness & Forestry	\$ 3,866	7%	
Trade Finance	\$ 3,527	6%	
Health & Education	\$ 2,828	5%	
Tourism, Retail & Property	\$ 2,678	5%	
Oil, Gas & Mining	\$ 1,976	3%	
Telecommunications & Information Technology	\$ 1,757	3%	

By Region¹

Latin America and the Caribbean	\$12,313	22%	
Europe and Central Asia	\$10,345	18%	
South Asia ²	\$ 9,898	17%	
East Asia and the Pacific	\$ 9,045	16%	
Sub-Saharan Africa	\$ 8,824	15%	
Middle East and North Africa ²	\$ 4,905	9%	
Global	\$ 1,842	3%	

1. Amounts include regional shares of investments that are officially classified as global projects.
2. Afghanistan and Pakistan, which previously were grouped under the Middle East and North Africa region, are now grouped under South Asia. In FY18, these countries accounted for \$2 million of IFC's commitments.
3. Includes loan-type, quasi-loan products.
4. Includes equity-type, quasi-equity products.

FY18 Advisory Services Program Expenditures

Dollar amounts in millions

Total	273.4	100%	
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By Region

Sub-Saharan Africa	86.4	32%	
East Asia and the Pacific	45.9	17%	
South Asia ²	42.0	15%	
Europe and Central Asia	37.3	14%	
Latin America and the Caribbean	29.6	11%	
Middle East and North Africa ²	15.2	6%	
Global	17.1	6%	

By Business Area

Financial Sector	78.8	29%	
Investment Climate	60.3	22%	
Cross-Industry Areas	55.3	20%	
Public-Private Partnerships	34.5	13%	
Energy & Resource Efficiency	25.3	9%	
Agribusiness	19.1	7%	

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Philippe Le Houérou

IFC Chief Executive Officer

ABOUT IFC

IFC, a member of the World Bank Group, is the largest global development institution focused on the private sector in developing countries.

Established in 1956, IFC is owned by 184 member countries, a group that collectively determines our policies.

We have six decades of experience in the world's most challenging markets. With a global presence in about 100 countries, a network consisting of hundreds of financial institutions, and about 2,000 private sector clients, IFC is uniquely positioned to create markets and opportunities where they are needed most.

We use our capital, expertise, and influence to help end extreme poverty and boost shared prosperity.

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