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. IFC works in more than 100 countries, using its capital, expertise, and influence to create markets and opportunities in developing countries. It aims to advance economic development and improve the lives of people by encouraging the growth of the private sector (to learn more check out IFC’s latest annual report and visit www.ifc.org).

Private sector-led development is essential to the promotion of successful and sustainable economies in low and middle-income countries. Sound and efficient financial markets can help ensure that resources are allocated where they are most productive, supporting job creation and spurring economic growth. IFC’s Financial Institutions Group (FIG) works with more than 800 financial institutions around the world to provide much-needed access to finance for millions of individuals and businesses to bridge development gaps, mobilize private capital, and support the development of local capital markets. FIG is responsible for a significant portion of IFC’s business volume and development reach, and it engages in a wide range of sub-sectors with both investment and advisory services. IFC’s investments have helped strengthen financial institutions and systems, reinforced responsible finance, and enabled financial institutions to play a key role in promoting economic growth. IFC has also helped catalyze sustainable financial services for women and women-owned enterprises in emerging markets globally. Through its advisory support, IFC has helped its clients address systemic issues such as risk management, corporate governance, and the introduction of environmental and social standards. FIG’s work has helped encourage financial institutions to become more involved in strategic sectors that are important to promoting growth and shared prosperity.

During the ongoing COVID-19 pandemic, IFC has responded with speed and purpose, helping clients weather the effects of the pandemic, sustaining markets, preserving jobs, and leading efforts to enable a post-pandemic recovery that is green, inclusive, and resilient. The recently released 2022 World Development Report, Finance for an Equitable Recovery, outlined the key role the financial sector plays in fostering an inclusive recovery. IFC is always looking for creative ways to encourage the development of the private sector and support the recovery of developing countries. We have a diverse group of professionals with wide-ranging expertise working together to design and implement projects to accelerate the development of markets that give new opportunities to people and help solve some of the largest problems in developing countries.

The IFC Impact Investing Challenge 2022 invites graduate students from around the world to share their innovative impact investing ideas. The focus is on identifying bankable solutions to help financial institutions, including banks, microfinance institutions, leasing companies, insurance firms, and housing finance companies, in developing countries and contribute to a green and inclusive recovery from the pandemic in the markets where they operate. Your challenge is to form a team that will propose an innovative project proposal in one of the key sub-sectors (see Figure 1) within the financial industry that a development finance institution like IFC could potentially finance. More specifically, imagine you are a team here in IFC’s FIG looking to invest in the financial sector of an emerging market. Your
manager has asked you to prepare a proposal to justify an IFC investment that will help a financial institution address a relevant development challenge. This could be through the launch of a new product or service or improvement of an existing product or service. The goal is for your project to address a clearly identified development challenge while being financially viable. Please click here to see a sample of IFC interventions in the financial sector.

In your proposal, please consider any developing country, which is a member of IFC and any type of private financial institution (e.g. bank, microfinance institution, leasing company, insurance firm, housing finance company, etc.) of any size. Using the given template, prepare your proposal and share it with IFC by April 1st 2022 at 11:59pm EST. Please complete all sections outlined in the template and adhere to the word limit of 4,000. For this challenge, the focus is expected to be on (i) the feasibility of your proposal; (ii) qualitative analysis of the development need being addressed; and (iii) the potential impact of your proposal (to learn more about how IFC assesses its impact, click here). Quantitative analysis can support the proposal, although detailed modeling is not required.

While selecting the country and type of financial institution please consider the following questions: (i) how does the proposed investment contribute to the theme of green and inclusive recovery?; (ii) is your idea innovative and can it be scaled?; (iii) how will the investment be commercially viable?; (iv) what sort of development impact (positive and negative) can be expected?; and (v) are there related factors that should be considered (e.g. the presence of active conflict, macro-economic risks, environmental and social risks and mitigants, corporate governance challenges, etc.)?

We hope that through this challenge you will be able to learn more about IFC, including what it is like to work on investment projects at a development finance institution. Please send questions to iichallenge@ifc.org.

Good luck!