

HIGHLIGHTS FROM THE 2021 IFC ANNUAL REPORT

Operational Highlights

Dollars in millions, for the years ended June 30

	2021	2020	2019	2018	2017
Investment Commitments¹	\$31,500	\$28,430	\$24,890	\$30,699	\$25,807
Long-Term Investment Commitments					
FOR IFC'S OWN ACCOUNT	\$ 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
MOBILIZATION²	\$ 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 ³	\$ 3,246	\$ 2,417	\$ 1,137	\$ 1,044	\$ 1,248
TOTAL LONG-TERM INVESTMENT COMMITMENTS	\$ 23,305	\$ 21,961	\$ 19,126	\$ 23,301	\$ 19,316
Short-Term Investment Commitments					
Annual Commitments ⁴	\$ 8,195	\$ 6,469	\$ 5,764	\$ 7,398	\$ 6,491
Investment Disbursements					
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
TOTAL INVESTMENT DISBURSEMENTS	\$ 12,747	\$ 12,749	\$ 11,584	\$ 13,133	\$ 12,602
Portfolio Exposure⁵					
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
TOTAL PORTFOLIO EXPOSURE	\$ 79,750	\$ 74,811	\$ 74,635	\$ 73,383	\$ 71,062
Advisory Services					
Advisory Services program expenditures	\$ 244.0	\$ 274.4	\$ 295.1	\$ 273.4	\$ 245.7
Share of program in IDA countries ⁶	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.

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



prepandemic 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.

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

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 ¹	\$ 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) ¹	4.2%	(1.7)%	0.1%	1.4%	1.6%
Return on average capital (U.S. GAAP basis) ¹	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%

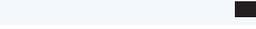
1. Financial results are not directly comparable due to the adoption of ASU 2016-01 on July 1, 2019, which resulted in all unrealized gains and losses on equity investments being reported in Net Income since the fiscal year 2019.

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%	

“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

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

FY21 Portfolio Exposure⁴

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 ¹	\$ 1,591	2%	

By Region⁵

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.

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.

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2121 PENNSYLVANIA AVENUE, NW
WASHINGTON, DC 20433 USA