

# 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.