

# Our Expertise

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

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## Where We Work

As the largest global development institution focused on the private sector, IFC operates in about 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

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IFC provides investment, advice, and asset management. These are mutually reinforcing, delivering 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.

IN FY16,  
WE MADE NEARLY

**\$19**  
BILLION

in long-term  
investments, including  
funds mobilized  
from other investors

IFC MADE  
COMMITMENTS FOR

**\$8.1**  
BILLION

in new loans in FY16

## 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 FY16, we made \$11.1 billion in long-term investments in 344 projects. In addition, we mobilized more than \$7.7 billion to support the private sector in developing countries.

## PRODUCT LINES

### 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 local-currency financing in more than 70 local currencies.

In FY16, we made commitments for \$8.1 billion in new loans.

### 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 FY16, equity investments accounted for about \$2.6 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 275 banks across more than 90 countries.

In FY16, IFC had an average outstanding balance of \$2.8 billion in trade finance.

## SYNDICATIONS

IFC's Syndicated Loan Program is the oldest and largest among multilateral development banks. In FY16, it accounted for 70 percent of the funds mobilized by IFC.

In FY16, IFC syndicated about \$5.4 billion in B-loans, parallel loans, and MCPP loans, structured A-loan participations, and unfunded risk participations provided by 87 financial institutions. These included commercial banks, institutional investors, development finance institutions, and an emerging-markets central bank. Emerging market financial institutions provided \$2.1 billion in new syndicated loans. The syndicated loan portfolio totaled \$16.6 billion at the end of FY16.

Borrowers in the infrastructure sector received 64 percent of the total volume. Nearly half of the financing we provided through syndications—\$2.6 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 in order 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 the emerging markets. IFC also provides credit guarantees and structuring advice for clients.

### BLENDED FINANCE

Besides providing commercial financing for its own account, IFC uses a number of complementary tools to bring about development impact that otherwise would be unattainable. One such approach is to blend concessional funds—typically from donor partners—alongside IFC's own commercial funding. Blended finance can help mitigate early-entrant costs or project risks, enabling high-impact projects to happen. IFC currently applies this approach in three areas: climate change, agribusiness and food security, and finance for small and medium enterprises, including women entrepreneurs. Other areas of strategic priority can benefit from this tool in the future. In FY16, we committed more than \$117 million of donor funds, catalyzing more than \$1 billion of IFC and private sector financing.

IFC'S SYNDICATED-  
LOAN PORTFOLIO  
STOOD AT

**\$16.6**  
BILLION

at the end of FY16

IN FY16, IFC  
HAD AN AVERAGE  
OUTSTANDING  
BALANCE OF

**\$2.8**  
BILLION

in trade finance

## ADVICE

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It takes more than finance to achieve sustainable private sector development. Advice is a critical part of IFC's work as a comprehensive solutions provider.

We provide technical and financing knowledge, expertise, and tools to:

- Create markets in fragile and conflict-affected areas and in the poorest countries eligible to borrow from the World Bank's International Development Association, or IDA
- Unlock financing opportunities
- Strengthen clients' performance and development impact

Our advisory portfolio includes more than 700 advisory projects in about 100 countries, valued at \$1.3 billion. About 60 percent of IFC's advisory program was in IDA countries—including more than 20 percent in fragile and conflict-affected areas.

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## 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.

*Oil, Gas, and Mining:* we help companies increase benefits to local communities and mitigate local risks in projects.

*Corporate Finance Services:* we help companies pursue new opportunities to enter or grow in emerging markets through mergers, acquisitions, and partnerships.

*Energy and Resource Efficiency Solutions:* we develop competitive, environmentally friendly, efficient, and affordable energy solutions for companies across their value chain.

*Green Buildings:* we promote the efficient use of resources—such as water and energy—by companies and developers during and after the construction of buildings. We support governments in establishing related codes and regulations and work with banks to launch green-finance products.

*Small and Medium Enterprises and Value Chains:* we improve the performance of SMEs in companies' supply and distribution networks and help SMEs address critical skill gaps.

*Gender Equality:* we increase women's access to finance and markets, help companies improve work opportunities and conditions for female employees, and support training for women entrepreneurs.

*Strategic Business Solutions:* we help companies resolve complex business challenges, structure innovative programs, and tap the potential of unexplored opportunities and markets.

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

*Managing Environmental and Social Risks:* we help integrate environmental and social risk-management considerations into companies' operations to achieve long-term success.

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## HOW WE WORK WITH FINANCIAL INSTITUTIONS AND FUNDS

*Financial Institutions:* we help clients strengthen risk management and diversify product offerings—in categories such as SME finance, 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. Working with the World Bank, we also help promote sound regulation in the markets where the funds are located.

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## HOW WE WORK WITH GOVERNMENTS

*Public-Private Partnerships:* we help governments design and implement public-private partnerships in infrastructure and basic public services—such as electricity, water, health, and education—to increase access to high-quality and efficient services.

*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 that can address the challenge of water scarcity in water-stressed countries.

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## IFC ASSET MANAGEMENT COMPANY

IFC Asset Management Company, LLC, a wholly owned subsidiary of IFC, mobilizes and manages capital for investment in developing and frontier markets. It was created in 2009 to provide investors with access to IFC's emerging-markets investment pipeline and to expand the supply of long-term capital to these markets, enhancing our development impact and generating profits for investors by leveraging our global platform and investment standards and approaches.

As of June 30, 2016, AMC had approximately \$8.9 billion in total assets under management. 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.

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## AMC FUNDS

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### IFC CAPITALIZATION FUND

The \$3 billion IFC Capitalization Fund consists of 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, 2016, the fund was fully invested with 41 investment commitments totaling \$2.8 billion.

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### 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, 2016, the fund had made 34 investment commitments totaling \$843 million.

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### 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, 2016, the fund had made eight investment commitments totaling \$130 million.

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### IFC RUSSIAN BANK CAPITALIZATION FUND

The \$550 million IFC Russian Bank Capitalization Fund was launched in 2012 to invest in commercial-banking institutions in Russia. As of June 30, 2016, the fund had made three investment commitments totaling \$82 million.

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### 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, 2016, the fund had made 10 fund commitments totaling \$258 million.

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### 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, 2016, the fund had made 12 investment commitments totaling \$447 million.

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### CHINA-MEXICO FUND

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 mainly on infrastructure, oil and gas, and other sectors, including manufacturing, agribusiness, services, and banking. As of June 30, 2016, the fund made one investment commitment of \$140 million.

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### IFC FINANCIAL INSTITUTIONS GROWTH FUND

The 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, 2016, the fund reached a close of approximately \$464 million. The fund has made four investment commitments totaling \$134 million.

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### IFC GLOBAL EMERGING MARKETS FUND OF FUNDS

The IFC Global Emerging Markets Fund of Funds reached a close of approximately \$400 million. The fund 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 well as secondary interests in emerging-market private equity funds. The fund has made five investment commitments totaling \$108 million.

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### IFC MIDDLE EAST AND NORTH AFRICA FUND

The IFC Middle East and North Africa Fund has raised \$162 million to make equity and equity-related investments in the MENA region. The fund has made one investment commitment totaling \$12 million.

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### IFC WOMEN ENTREPRENEURS DEBT FUND

The Women Entrepreneurs Debt Fund 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 Goldman Sachs' *10,000 Women* initiative. The fund had a close in June 2016 at \$90 million. The fund has made investment commitments to two banks amounting to \$30 million.

# Our Industry Expertise

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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 rising demand 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 FY16, our new long-term commitments for our own account in agribusiness and forestry totaled about \$1.1 billion.

## 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 FY16, our new long-term commitments for our own account in financial markets totaled about \$4.5 billion.

## CONSUMER AND SOCIAL SERVICES

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IFC is the world's largest multilateral investor in private health care and education. We work to increase access to high-quality health and education while also supporting job-creating sectors such as tourism, retail, and property. We help improve standards of quality and efficiency, facilitate the exchange of best practices, and create jobs for skilled professionals.

In addition to making direct investments in socially responsible companies, our role includes sharing industry knowledge and expertise, funding smaller companies, raising medical and education standards, and helping clients expand services to lower-income groups. In FY16, our new long-term commitments for our own account in consumer and social services totaled more than \$1 billion.

## 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, transport, and water by financing infrastructure projects and advising client governments on public-private partnerships. We mitigate risk and leverage specialized financial structuring and other capabilities. In FY16, our new long-term commitments for our own account in this sector totaled about \$1.8 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 equipment for solar and wind power. We invest in companies that are developing new products and markets, and 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 FY16, our new long-term commitments for our own account in the manufacturing sector totaled \$824 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, government revenues, and 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 FY16, our new long-term commitments for our own account in the sector totaled \$824 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 increasingly helps clients move beyond their own national borders and into other developing markets. In FY16, our new commitments for our own account in this sector totaled \$541 million.