IFC International Finance Corporation
WORLD BANK GROUP
DECADES OF EXPERIENCE

# SIX DECADES OF INNOVATION INFLUENCE DEMONSTRATION & IMPACT

## ORIGINS

**1947**
World Bank President John McCloy hires as his closest aide New York financier **Robert L. Garner,** a visionary of the private sector's role.

**1948–1949**
Garner and colleagues propose a new institution to stimulate private investment, working alongside others and taking full commercial risk.

**1956**
**IFC opens** under Garner's leadership with $100 million in capital.

**1957**
**IFC's first loan:** $2 million to help Siemens' Brazilian affiliate manufacture electrical equipment.

**1959**
**First syndication:** IFC mobilizes $2 million from a group of banks for Brazilian pulp and paper company Champion Celulose.

## UP AND RUNNING

**1960**
**First investment in Africa:** a $2.8 million loan package for Kilombero Sugar Co. in Tanzania (then called Tanganyika).

**1961**
IFC's charter amended to allow equity investments—in time, a key to its profitability.

**1962**
**First equity investment:** an approximately $500,000 stake in Spanish auto parts manufacturer Fábrica Española Magnetos.

**1965**
First investment in **Packages Ltd** of Pakistan, beginning a 51-year relationship that continues to this day.

## BROADENING OUR SCOPE

**1971**
**IFC Capital Markets Department created** to strengthen local banks, stock markets, and other financial intermediaries—which eventually become IFC's largest area of emphasis. Its first investment: an equity stake in Korea's first investment bank, KIFC (now Hana Bank).

**1972**
**First advisory services:** IFC sends two staff and 12 consultants to Jakarta for two years to help build the country's first securities markets.

**1972–1974**
**First field offices** (Jakarta and Nairobi)

**1973**
First housing finance project: IFC becomes a founding shareholder in start-up **Davivienda** of Colombia, then adopts that same model in 1978 with **HDFC** in India. Both in time become industry leaders.

**1974**
Korea's **LG Electronics** begins its international breakthrough with a $14.1 million IFC loan-and-advice package, soon becoming one of the first globally competitive firms from a developing country. IFC continues financing the company until 1998.

**1976**
**First SME finance project:** $2 million for Kenya Commercial Bank (KCB) to on-lend to smaller local companies, with advisory services funded by the Commonwealth Secretariat. Seven years later, all 12 KCB subloans were fully repaid, financing the borrowing firms' profitable expansion.

## EMPHASIZING INNOVATION

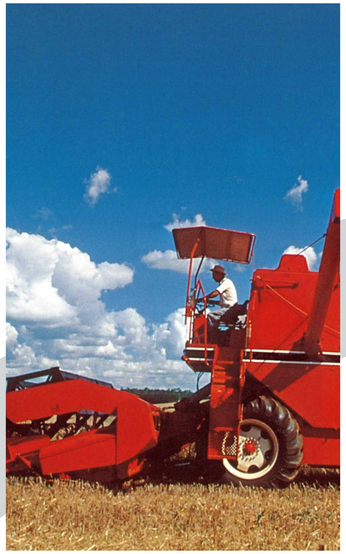
**1980–1981**
First investment in **Tata Group**, India.

**1981**
IFC coins the phrase **emerging markets**—changing the financial world's perception of developing countries and defining a new asset class.

**1981**
IFC creates the **Emerging Markets Data Base**—basis of the first emerging markets stock index, the IFC Investable (IFCI) index, later sold to Standard and Poor's.

**1984**
IFC launches the first publicly traded emerging market country fund, the NYSE-listed **Korea Fund.**

**1985**
IFC provides **investment-climate reform advice to China**.



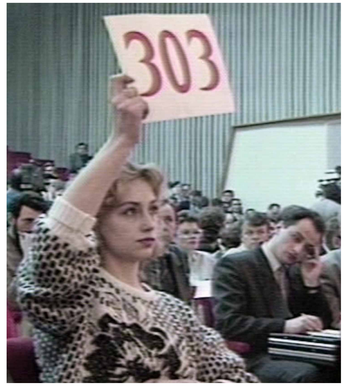
**1988**
Amid the Latin American debt crisis, IFC helps several Mexican conglomerates reduce their corporate debt.

**1988**
MIGA created.

**1988**
IFC creates its **Corporate Finance Services** group, providing financial and privatization advice to emerging market companies and governments.

**1989**
IFC receives its **first triple-A credit rating**—key to a major multicurrency borrowing program that by 2016 tops $17 billion a year.

## RISING GLOBAL INFLUENCE




**1990**
**IFC's first private-sector-led power project:** the $41 million gas-fired Navotas plant in the Philippines.

**1991**
IFC helps **Poland** design its groundbreaking multi-track privatization program and leads the IPO of Swarzedzkie Fabryki Mebli, **the first widely distributed retail IPO in post-communist Eastern Europe**.

**1992**
**$1 billion capital increase** greatly expands IFC's financing capacity.

**1992**
IFC coins the term **frontier markets**.

**1992**
IFC leads **one of Russia's first privatization programs**, auctioning 2,000 businesses in Nizhny Novgorod.

**1994**
IFC becomes the first private sector development finance institution with a **public information disclosure policy**.

**1996**
First investment in **microfinance**: a $3 million stake in the ProFund vehicle launched by four NGOs. By 2016, IFC is the world's largest investor in microfinance, with a portfolio of more than $2 billion.

**1996**
In one of its first investments in a state affected by **fragility and conflict**, IFC helps launch Bosnia's microfinance pioneer (now ProCredit Bank), less than a year after the signing of the Dayton Accords.

**1996**
IFC leads Africa's largest privatization: the $70 million sale of the government's stake in **Kenya Airways** to KLM.

**1998**
IFC adopts **new environmental and social review procedures** and safeguard policies.

**1998**
Responding to the **Asian financial crisis**, IFC begins a five-year, nearly $1 billion countercyclical investment/advisory package to strengthen clients in Korea. On a smaller scale, IFC also supports clients in Thailand, Indonesia, the Philippines, and other countries.

## SETTING A DEMONSTRATION EFFECT

**2001**
IFC makes environmental and social **sustainability** an important priority in all its investment operations.

**2002**
Amid worsening economic conditions in Argentina, IFC starts a series of **countercyclical investments**, beginning with $60 million for agribusiness client AGD.

**2003**
Leading commercial banks launch the **Equator Principles**, modeled on IFC's own standards. They set new environmental and social development terms for commercial project finance lending.

**2003**
IFC and the World Bank publish the first ***Doing Business*** report, helping set a global benchmark to assist countries in improving their investment climates.

**2004**
IFC launches its first large-scale **gender** initiative, encouraging future projects such as 2006's $15 million loan to help Nigeria's Access Bank finance local women-owned businesses.

**2004**
IFC oversees creation of EMPEA (the Emerging Market Private Equity Association). The IFC/EMPEA annual private equity conference soon becomes the industry's focal point.

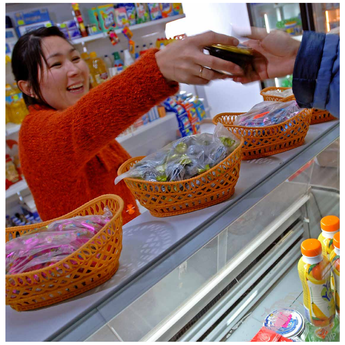
**2007**
Having decentralized to be closer to its clients, IFC has more than 50 percent of its staff in the field for the first time.

**2007**
IFC invests $5 million in FINO, a year-old Indian IT firm that helps banks reach underserved rural banking markets. By 2016, 26 million users gain increased access to finance from FINO products.

**2009**
The G-20 launches its **Financial Inclusion initiative**, naming IFC its SME finance adviser.

**2009**
**Responding to the global financial crisis,** IFC provides €2 billion to an international effort to maintain commercial bank lending in Central and Eastern Europe.

**2009**
**IFC Asset Management Company** is founded; by 2016 it will manage more than $9 billion of investor funds.



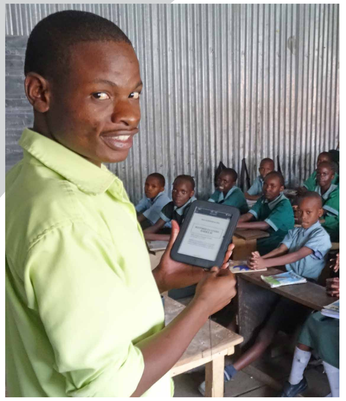
## INCREASING IMPACT

**2010**
IFC launches a private sector window in the $1.25 billion **Global Agriculture and Food Security Program (GAFSP)**, a new World Bank Group initiative formed at the G-20's request.

**2012**
A year after conflict ends in Côte d'Ivoire, IFC finances the expansion of the country's largest thermal power plant, **Azito**—one of Africa's largest PPPs.

**2013**
Launch of the **World Bank Group's twin goals**: ending extreme poverty and boosting shared prosperity.

**2013**
The People's Bank of China pledges $3 billion to IFC's new **Managed Co-Lending Portfolio Program (MCPP)**, becoming the new syndications program's first investor.



**2014**
IFC's first offshore **Masala bond** in Indian rupees issued in London. Building on the earlier model of IFC's Dim Sum offshore Chinese currency bonds, the Masala bond program in time grows to $3 billion.

**2015**
IFC plays a key role in highlighting the importance of the private sector in achieving the **Sustainable Development Goals**, contributing many of the ideas featured in the *From Billions to Trillions* paper released at the Financing for Development conference in Addis Ababa.

**2015**
As part of the coordinated World Bank Group **response to the Ebola crisis** in West Africa, IFC provides $225 million to help local banks maintain lending to local SMEs.

**2015**
IFC and MIGA arrange $2.2 billion in debt and guarantees for the world's largest copper and gold development project, **Oyu Tolgoi** in Mongolia. Strategic advice on water-resources management accompanies IFC's financing package.

**2015**
A thought leader at historical international **climate change talks** in Paris, IFC showcases emerging-market clients with innovative climate-smart solutions.

## GLOBAL CONTEXT

**1945:** WWII ends in a divided Europe
**1945:** Soviet-occupied countries adopt command economies
**1947:** Indian independence from the U.K.
**1948:** Israel created
**1949:** People's Republic of China created
**1950–1953:** Korean War
**1955:** IBM invents the first hard disk (5 MB)
**1956:** Morocco becomes first North African country to gain independence from France
**1957:** European Economic Community created; Ghana becomes first sub-Saharan African country to gain independence

## 1960s

**1962:** Cuban Missile Crisis
**1968:** Prague Spring
**1969:** Apollo 11 moon landing

## 1970s

**1973:** OPEC oil crisis begins vast wealth transfer to oil-producing nations
**1973:** Chile begins gradual transformation from statist to a liberalized, world-integrated economy
**1975:** End of Vietnam War
**1975:** Microsoft founded
**1976:** Apple founded
**1979:** Deng Xiaoping begins reforms to open China's economy

## 1980s

**1982:** Debt crisis begins in Latin America, leading to a "lost decade"
**1984:** Privatization era begins with Thatcher government's sale of British Telecom
**1989:** Fall of Berlin Wall

## 1990s

**1990:** Nelson Mandela freed in South Africa
**1991:** Fall of the Soviet Union
**1991:** India launches market-based reforms
**1993:** European Union created
**1994:** NAFTA takes effect, increasing US-Mexican-Canadian trade
**1995:** UN World Conference on Women sets global agenda for gender equality
**1995:** Widespread commercial use of the Internet begins
**1997:** Asian financial crisis
**1998:** Russian financial crisis
**1998:** Google founded
**1999:** Anti-globalization protests at WTO meeting in Seattle

## 2000s

**2000:** Millennium Development Goals launched at a United Nations summit
**2001:** September 11 attacks
**2001:** Goldman Sachs economist Jim O'Neill coins the acronym BRICs to refer to Brazil, Russia, India, and China
**2002:** Euro notes and coins go into effect
**2004:** Argentina's sovereign debt default
**2004:** Facebook founded
**2006:** Twitter founded
**2006:** Microfinance leader Muhammad Yunus wins Nobel Peace Prize
**2007:** iPhone introduced
**2007:** Al Gore documentary *An Inconvenient Truth* wins an Academy Award, focusing world attention on climate change
**2008:** Global financial crisis begins

## 2010s

**2011:** Arab Spring begins
**2013:** Emerging markets account for more than 50 percent of world GDP for the first time
**2015:** Launch of Sustainable Development Goals
**2015:** 3.2 billion Internet users and even more mobile-phone accounts worldwide