



STEPPING UP IN A TIME OF UNCERTAINTY

2022 ANNUAL REPORT

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Additional information is available on IFC's Annual Report 2022 website: www.ifc.org/AnnualReport.

Cover (Vietnam): *Stepping Up in a Time of Uncertainty* tells the story of IFC's determined effort to move forward, with urgency, despite mounting challenges worldwide.

ABOUT IFC

IFC — a member of the World Bank Group — is the largest global development institution focused on the private sector in emerging markets. We work in more than 100 countries, using our capital, expertise, and influence to create markets and opportunities in developing countries.

In fiscal year 2022, IFC committed a record \$32.8 billion to private companies and financial institutions in developing countries, leveraging the power of the private sector to end extreme poverty and boost shared prosperity as economies grapple with the impacts of global compounding crises. For more information, visit www.ifc.org.

IFC BOARD

LETTER FROM THE IFC BOARD

Over the last year, our shareholders asked the World Bank Group to provide exceptional support in response to the compounding crises of the COVID-19 pandemic and the war in Ukraine, in addition to its ongoing and extensive portfolio of work. This resulted in unprecedented levels of financing by the World Bank Group in fiscal 2022, including \$70.8 billion by IBRD and IDA, \$32.8 billion (including mobilization) by IFC, and \$4.9 billion in guarantees by MIGA.

By financing health operations, vaccine procurement, and other initiatives, the World Bank Group has helped developing countries and their people and businesses continue to address the impacts of the pandemic on poverty, health care, human and economic development, and well-being. The World Bank Group has also rapidly addressed the far-reaching consequences of a new crisis, the war in Ukraine. The spillover effects are many — beyond the impacts related to refugees, food security, and energy, the conflict poses uncertain and potentially lasting consequences on trade channels, foreign investment, global confidence, and financial stress. Anchored by the World Bank Group's twin goals of poverty reduction and shared prosperity, with a focus on fostering green, resilient, and inclusive development, the Board discussed and approved several important initiatives and programs to respond to these crises.

But the needs are many, and more can be done. The World Bank Group is working with donor countries to mobilize financial support through diverse channels, including the Fund for Pandemic Prevention, Preparedness, and Response, as well as special guarantees and grant financing for Ukraine. The World Bank Group is also working with stakeholders on the ground to implement important programs, such as the World Bank Group Climate Change Action Plan (CCAP), IFC's Global Health Platform, MIGA's Fast-Track COVID-19 Response Program and the World Bank's COVID-19 Strategic Preparedness and Response Program, as well as efforts to address debt vulnerabilities, boost the resilience of food systems, and support energy access and transition. We continue to stress the need to address the key drivers of fragility and poverty — in Afghanistan, Haiti, Sudan, Yemen and elsewhere — in order to build human capital, reduce inequality, promote jobs, and foster economic recovery.

Given the immense need for financing, the IDA20 replenishment process was advanced by a year, and a \$93 billion replenishment package was agreed to in December 2021. This financing is the largest ever mobilized in IDA's 61-year history and will help low-income countries respond to today's multiple crises and build a greener, more resilient, and more inclusive future. Donor countries also agreed to a review of IDA voting rights, resulting in a significant adjustment to its voting rights framework. This will help ensure fairness among all donors while protecting and enhancing recipients' voting power.

At the 2021 Annual Meetings and 2022 Spring Meetings, the Development Committee asked the World Bank to help countries address immediate food security and social protection needs; to help

manufacture and deploy vaccines, invest in diagnostics and therapeutics, and strengthen health systems; to continue supporting debt sustainability and transparency; to build on the CCAP to protect natural capital and biodiversity; to promote digitalization; to increase private sector financing mobilization; and, with the IMF, to coordinate actions and orient country engagements toward a green, resilient, and inclusive economic recovery. It urged the World Bank to work toward these objectives while remaining focused on the twin goals of ending extreme poverty and boosting shared prosperity as well as helping countries achieve the Sustainable Development Goals.

We strongly support the important efforts undertaken this year by World Bank Group senior leadership and staff to address racial injustice and workplace culture through recommendations from the staff task forces. We welcome these improvements as we transition to a hybrid work model. We were also pleased to travel as a group to client countries in fiscal 2022 — the first time since the pandemic started — and observe in person the impact of the World Bank Group's engagement.

We sincerely appreciate the ongoing commitment of staff across the institutions, including our own teams, to the World Bank Group's mission and their hard work during these exceptional and challenging times. We also extend a special thanks to the Emergency Management Team, who worked tirelessly to bring us back into our offices safely and securely after an extended period of home-based work.

Amid the many current crises, the World Bank Group stands ready to help countries and people across the globe as they work to address human and economic challenges and achieve progress on the path of development.



PHOTO SEATED BOTTOM, LEFT TO RIGHT:

Katharine Rechico
Canada

Koen Davidse
The Netherlands — Co-Dean

Monica E. Medina
Peru

Abdulmuhsen Saad Alkhalaf
Saudi Arabia

Merza Hussain Hasan
Kuwait — Dean

Matteo Bugamelli
Italy

Nigel Ray
Australia

Lene Lind
Norway

Richard Hugh Montgomery
United Kingdom

Rajesh Khullar
India

PHOTO STANDING TOP, LEFT TO RIGHT:

Alphonse Ibi Kouagou
Benin

Katarzyna Zajdel-Kurowska
Poland

Roman Marshavin
Russian Federation

Mohd Hassan Ahmad
Malaysia

Abdelhak Bedjaoui
Algeria

Takashi Miyahara
Japan

Adriana Kugler
United States

Arnaud Buissé
France

Eva Valle Maestro
Spain

Hayrettin Demircan
Türkiye

Michael Krake
Germany

Taufila Nyamadzabo
Botswana

Erivaldo Gomes
Brazil

Armando Manuel
Angola

Junhong Chang
China

LETTER FROM DAVID MALPASS

President of the World Bank Group



The world is facing dangerous crises that are hammering developing countries, hitting the poor and vulnerable, and worsening global inequality. High inflation, war in Ukraine, large macroeconomic imbalances, and shortages of energy, fertilizer, and food have caused the sharpest global economic downturn in 80 years, compounding the death tolls, economic shutdowns, and school closures of the COVID-19 pandemic. Low- and middle-income countries now face surging prices for natural gas and fertilizer and the worst food crisis in a decade, as they work to achieve progress on long-term development needs — including clean water, electricity access, reading skills, quality infrastructure, and climate-related investments.

In the global fight to alleviate poverty and raise living standards, 2022 is likely to be one of the worst years in decades. Real median income has declined further in many countries, and the tragic reversals in development during the pandemic have worsened. Our June *Global Economic Prospects* report highlighted the risk of stagflation and the concentrated harm to the poor. Inequality is a prominent destabilizer, with global capital and income allocated primarily to high-income countries through their fiscal, monetary, and regulatory policy choices. Inequality is expected to worsen in coming years, leaving development goals out of reach for many.

The World Bank Group is responding to these challenges with speed, clarity, scale, and impact. We've committed two consecutive surges of financing, analytical work, advocacy, and policy advice to support people, preserve jobs, and restore growth — first, \$150 billion in response to the COVID-19 pandemic, and now a 15-month \$170 billion response to the food crisis as well as the war in Ukraine and its spillover effects. Since the start of the pandemic through fiscal 2022, the World Bank Group has provided over \$14 billion to help more than 100 countries respond to the health impacts of COVID-19 and vaccinate their people.

In fiscal 2022, IBRD committed \$33.1 billion, including support for more than 45 middle-income countries. This includes \$300 million to help Türkiye scale up private sector investment in geothermal energy. IDA committed \$37.7 billion for grants and highly concessional loans to over 70 countries, including \$645 million to support food system resilience and emergency response in Burkina Faso, Cameroon, Mali, Mauritania, Niger, and Togo. I welcomed our IDA partners' agreement in December 2021 to advance the IDA20 replenishment by one year. Their record three-year contributions of \$23.5 billion will anchor IDA's financing of \$93 billion for fiscal 2023–25 and help the poorest countries address urgent priorities — including jobs and economic transformation, human capital, the reversal in learning and literacy, gender, climate change, and fragility, conflict, and violence (FCV) — and move toward restoring growth.

Despite challenging economic headwinds, IFC provided strong support to the private sector with commitment volumes totaling \$32.8 billion (including mobilization) in fiscal 2022, building on \$31.5 billion of investments in fiscal 2021 and focusing on maximum impact. As banks cut back on trade finance, IFC is stepping in to keep import/export businesses operating despite the constraints they face. In fiscal 2022, IFC's commitments reached \$9.7 billion in trade finance, the highest level ever; nearly 75 percent of this was invested in IDA countries and countries affected by FCV. In one example, Coris Bank in Burkina Faso received IFC trade finance to import rice from various countries.

MIGA issued \$4.9 billion in guarantees to help countries achieve their development goals. These efforts will provide some 15 million people with new or better electricity service and enable \$1.9 billion in loans, including to local businesses. MIGA remained focused on its strategic priorities, with 85 percent of its projects in fiscal 2022 dedicated to countries affected by FCV, IDA countries, and climate mitigation and adaptation.

Fragility, conflict, and violence are rising in much of the world, including Afghanistan, Ethiopia, the Sahel, and Yemen. In Ukraine, the war has led to lives, homes, and livelihoods being lost, millions of refugees, and infrastructure destroyed. The costs of reconstruction are already in the hundreds of billions. As of August 2022, we have mobilized and facilitated the transfer of \$13 billion in emergency financing, with more than \$9 billion already disbursed to help Ukraine finance critical government services and lessen the human and economic impacts. This includes a \$1.5 billion World Bank package, including \$1 billion in exceptional support from IDA, to help pay wages for government and school employees. World Bank Group support also extends to countries that are hosting Ukrainian refugees.

With the increase in energy and food costs and Europe's huge unmet demand for natural gas, developing countries are facing new strains on people and economies. The sudden spike in food prices threatens to worsen political and social tensions in many developing countries, with devastating impacts on the poorest and most vulnerable. In parts of Eastern and Southern Africa, for example, about 66 million people are at risk of a food emergency or famine. In May 2022, we announced support for a global response to the food security crisis, with up to \$30 billion in financing through August 2023, including \$12 billion in new projects, to cushion the effect of higher prices and boost agricultural production and supply. The response builds on our experience from the last food price crisis and incorporates our data and analytical work, including the [Commodity Markets Outlook](#). And in July 2022, I joined leaders of the IMF and UN agencies in calling for urgent action to improve global food security by providing quick support to the vulnerable,

facilitating trade and international food supplies, boosting production, and investing in climate-resilient agriculture.

The disruption of energy supplies is lowering growth, especially for economies that depend on fuel imports. Higher prices for natural gas and shortages are putting fertilizer supplies and crop yields at risk, destabilizing electricity grids, and increasing the use of heavily polluting fuels. The world urgently needs to increase the supply of energy and massively expand reliable access to electricity in poorer countries. This will require major new investments in cleaner energy, energy efficiency, and electricity grids and transmission. The fundamental realignment of Europe's energy sources away from dependence on Russia requires major increases in electricity generation from natural gas, hydropower, geothermal, and nuclear power to provide a less carbon-intensive baseload to maintain and expand electricity grids.

Climate change and extreme weather are steadily increasing their pressure on economies and societies, particularly in fragile settings. The World Bank Group's Climate Change Action Plan 2021–25 seeks to integrate climate and development, identify and develop the most impactful projects to reduce greenhouse gas emissions and adapt to climate change, increase direct financing throughout the World Bank Group. It will provide avenues for the global community to provide the huge flow of new grant funding needed for global public goods in poorer countries. Innovative financial tools, such as green bonds and the Wildlife Conservation Bond we launched in March 2022 — the first of its kind — will need to expand. The Climate Change Action Plan has also introduced a new core diagnostic: Country Climate and Development Reports. As of the end of July 2022, we had published the first of these reports for Türkiye, Vietnam, and the G5 Sahel region. I'm also pleased that, with this annual report, we are introducing much greater transparency in the World Bank's climate disclosures.

A major consequence of the current crises is the huge buildup in government debt. For many of the poorest countries, the debt burden is unsustainable or at

high risk. Deep debt reduction will be necessary to allow new investment and growth. We work closely with the IMF and other partners to help countries strengthen their transparency, governance, and accountability — all key steps in debt sustainability. We also continue to call on official and private sector creditors to participate quickly and fully in efforts to reduce debt stocks. Under current creditor-country policies, expected debt payments by the poorest countries to their creditors in 2022 and 2023 will greatly exceed all the development assistance available to these countries. Our [World Development Report 2022](#) examines policies to mitigate interconnected financial risks and steer the world toward a sustainable and equitable recovery.

I was pleased to welcome many colleagues back to our offices this year. We continue to adapt our work model to protect staff health and well-being while recognizing the value of physical interaction in delivering high-quality results for clients and career development. The World Bank Group's anti-racism task force continues our important work to fight racism and racial discrimination within our institution and in countries where we work. I remain committed to fostering a culture of openness and trust and improving diversity and inclusion across the organization, also through our task force on workplace culture.

The crises affecting our client countries are deep-seated, but I am confident we can make a difference. To meet these challenges, we must draw on the innovation and dedication of our staff, the strength of our partnerships, and the resolve of the global community. The World Bank Group remains committed to helping countries overcome these challenges and work toward a more resilient and sustainable future.



David Malpass

President of the World Bank Group
and Chairman of the
Board of Executive Directors

LETTER FROM MAKHTAR DIOP
IFC Managing Director



Stepping up in a time of uncertainty.

The title of our Annual Report reflects our determination to step forward, with a sense of urgency, when the world needs us most.

In an environment fraught with uncertainties, confronting mounting challenges with decisiveness and resolve is the only way forward.

Global Challenges

The slow vaccination rates in the developing world and the emergence of new variants prolonged the impacts of the COVID-19 pandemic. The war in Ukraine unleashed a humanitarian crisis in the region, triggered a global food crisis, and further disrupted global supply chains. Soaring inflation worsened poverty and threatened essential investments in emerging markets. More frequent and intense climate events provided an ominous glimpse at the consequences of a continued disregard for the planet.

Taken together, these challenges point toward a singular truth: there is no going back to where we were before. We have entered a new normal, one that will require new partnerships and creative mindsets to pave the way for a more sustainable, resilient, and inclusive future.

What does the new normal demand from IFC? This topic has weighed heavily on my mind this year. I am incredibly proud of what our team has accomplished in the face of unprecedented uncertainty and growing fragility around the world. Fiscal Year 2022 was another record-setting year, with total investment commitments of \$32.8 billion. These investments created regional manufacturing hubs that can produce vaccines and other essential goods, helped commerce flow in fragile and conflict-affected areas, and kept climate projects on track amid economic anxiety that could have derailed them.

When I step back and reflect on the totality of IFC's accomplishments, a common thread emerges: IFC's ability to defy uncertainty and drive outcomes that change lives. Our ability to step up in the most challenging circumstances and bring others along. Our willingness to take risks and seize opportunities.

Building Resilience

Countries around the world are carrying the weight of converging crises. They are feeling the pull to turn inward, shore up resources, and focus on national concerns. But strong nations and close global ties are not and should not be mutually exclusive goals.

To keep trade flowing across borders in turbulent times, IFC committed record amounts in trade financing support to emerging markets, especially low-income countries.

Another example of what is possible is building medical supply chains to address the pandemic. Since March 2020, IFC has invested and mobilized more than \$2.2 billion to help get vaccines, personal protective equipment, and medical supplies into emerging markets, with a special focus on regional

facilities and distribution channels in Africa that can serve local populations long after the COVID-19 crisis subsides.

The potential implications of this approach go far beyond healthcare. We envision similar opportunities to build resilient ecosystems in areas like agriculture — and therefore food security — and housing. In fact, we plan to use our Global Health Platform as a model for addressing food insecurity and targeting assistance to farmers, food processors, and fertilizer distributors in developing countries.

We will also continue to support opportunities that connect individuals with training, digital resources, and capital to launch businesses. These investments are key to driving the economic engines of emerging markets and promoting the kinds of innovation that can reshape the world.

Multidimensional Development

Consider the energy crisis in the developing world, where 600 million people in Africa alone still live without access to electricity. The need to address this issue is not up for debate. Yet the ever-worsening impacts of climate change mean we cannot do it in the same way we always have. We need to find a new path forward: one that combines advancements in sustainable technologies, massive investments in adaptation with innovative trade agreements and financing tools. This is the only way we are going to succeed in powering Africa — while decarbonizing an industry that is one of the world's largest contributors to greenhouse gas emissions — and helping middle income countries through their energy transition.

This is just one example of multidimensional development, but there are countless others. We need to both expand capital access for small businesses and invite in more women and underrepresented minorities to take part. We need to both build affordable housing and invest in more sustainable building materials.

It is hard to understate the power of these opportunities. They have the potential to create true win-win scenarios that benefit businesses, nations, and the entire global community. But they will also require sustained effort, new partnerships, and close collaboration between the public and private sectors and international development organizations like IFC.

Creating a Stronger IFC

In the new normal, we all have to get comfortable taking on more challenges, which means taking more risks and being willing to push the envelope. We have to want more for the future of the world, do more to achieve it, and be more like the best versions of ourselves.

IFC has already taken so many important steps forward to meet the demands of the moment. We continue to increase our climate-related commitments, and we are on track for all direct investments to be aligned with the Paris Agreement by 2025. We are also building on our legacy of setting global standards, launching new green taxonomies for climate-friendly projects or issuing guidelines for blue finance to promote the blue economy and save our oceans.

We continue to build out our capacity for taking on bold risks in a prudent manner. We know how important our willingness to push into challenging markets is, and we remain committed to charting paths that will encourage others to follow. We intend to grow our use of blended finance tools to help rebalance risks for private investors, and we will keep taking chances on game-changing ideas and innovations. We know not every investment is going to pan out, but the potential impact of the ones that do far outweigh the costs.

I am especially excited about the growth of our Upstream program, which has truly gone mainstream and become a central part of our operations. Now we're shifting our focus to execute on a robust pipeline of commercially viable projects and convert these

ideas into investments that move the needle and create new or expand existing markets including in fragile countries.

But even with all these initiatives, there is still more we can and must take on. That is why we are proactively improving how our organization works around the world. We are implementing changes to IFC's organizational structure and decision-making frameworks that will remove silos, foster greater collaboration, and streamline decision-making so that frontline staff, who know on-the-ground conditions best, can respond quickly and effectively to clients.

My hope is that these changes will help optimize IFC for the future. I want us to be an organization that embraces change and nurtures talent. I want us to have a culture that is diverse, lively, and inclusive. Put simply, I want us to be nothing short of the very best in global development—for our clients, for the people and communities we serve, and for ourselves.

The new normal is not something we should fear. It is something that should inspire our work toward a better, brighter tomorrow.



Makhtar Diop
Managing Director

IFC FY22: STEPPING UP, DELIVERING RESULTS

\$32.8B

in total investment commitments,
as compared to \$31.5B in FY21



CLIMATE

TRADE

\$4.4B

in climate
financing for
our own account

\$9.7B

in trade finance—
**OUR HIGHEST
LEVEL EVER**

75%

of this amount was invested
in IDA countries and fragile
and conflict-affected
situations

OUR MANAGEMENT TEAM

IFC's leadership develops corporate strategies and policies as well as oversees the effective deployment of our resources. The main focus is on maximizing development impact and meeting client needs. IFC's Management Team brings together years of development experience, a broad array of expertise, and complementary cultural perspectives.



Makhtar Diop
Managing Director



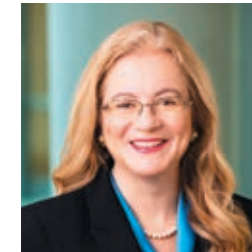
Stephanie von Friedeburg
Senior Vice President,
Operations



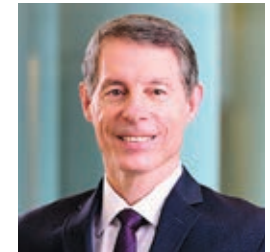
Georgina Baker*
Regional Vice President,
Latin America and the
Caribbean, and Europe
and Central Asia



Elena Bourghanskaia
Vice President,
Corporate Support



Hela Cheikhrouhou
Regional Vice President,
Middle East, Central Asia,
Türkiye, Afghanistan and
Pakistan



John Gandolfo
Vice President and
Treasurer



Mohamed Gouled
Vice President,
Risk and Finance



Ruth Horowitz
Vice President,
Equity Mobilization Division
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Susan M. Lund
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Economics and Private
Sector Development



Alfonso Garcia Mora
Regional Vice President,
Asia and Pacific



Mary-Jean Moyo
Chief of Staff



Emmanuel Nyirinkindi
Vice President,
Cross-Cutting Solutions



Sérgio Pimenta
Regional Vice President,
Africa



Christopher Stephens
Vice President and
General Counsel, Legal
and Compliance Risk

As of June 30, 2022

*Retired in October 2021

WORLD BANK GROUP 2022 SUMMARY RESULTS

GLOBAL COMMITMENTS

In fiscal 2022, the World Bank Group provided much-needed financing; conducted in-depth analysis and research; and partnered with governments, the private sector, and other institutions to help developing countries address urgent needs and strengthen resilience amid overlapping crises and rising fragility.

\$104.4B

(BILLION)

in loans, grants, equity investments, and guarantees to partner countries and private businesses.

Total includes multiregional and global operations. Regional breakdowns reflect World Bank country classifications.

EAST ASIA
AND THE PACIFIC

\$12.7B

(BILLION)

EUROPE AND
CENTRAL ASIA

\$15.3B

(BILLION)

LATIN AMERICA AND
THE CARIBBEAN

\$17.4B

(BILLION)

MIDDLE EAST
AND NORTH AFRICA

\$6.7B

(BILLION)

SOUTH
ASIA

\$13.5B

(BILLION)

SUB-SAHARAN
AFRICA

\$38.5B

(BILLION)

The Institutions of the World Bank Group

The World Bank Group is one of the world's largest sources of financing and knowledge for developing countries. It consists of five institutions that share a commitment to reducing poverty, increasing shared prosperity, and promoting sustainable growth and development.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (IBRD)

Lends to governments of middle-income and creditworthy low-income countries.

INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA)

Provides financing on highly concessional terms to governments of the poorest countries.

INTERNATIONAL FINANCE CORPORATION (IFC)

Provides loans, guarantees, equity, and advisory and project development services and mobilizes additional capital from other sources to stimulate private sector investment in developing countries.

MULTILATERAL INVESTMENT GUARANTEE AGENCY (MIGA)

Provides political risk insurance and credit enhancement to investors and lenders to facilitate foreign direct investment in emerging economies.

INTERNATIONAL CENTRE FOR SETTLEMENT OF INVESTMENT DISPUTES (ICSID)

Provides international facilities for conciliation and arbitration of investment disputes.

World Bank Group Financing for Partner Countries

By fiscal year, millions of dollars

World Bank Group	2022	2021	2020	2019	2018
Commitments ^a	104,370	98,830	83,547	68,105	74,265
Disbursements ^b	67,041	60,596	54,367	49,395	45,724
IBRD					
Commitments ^c	33,072	30,523	27,976	23,191	23,002
Disbursements	28,168	23,691	20,238	20,182	17,389
IDA					
Commitments ^c	37,727 ^d	36,028 ^d	30,365 ^d	21,932 ^d	24,010 ^d
Disbursements	21,214 ^d	22,921 ^d	21,179 ^d	17,549	14,383
IFC					
Commitments ^e	22,229	20,669	17,604	14,684	19,027
Disbursements	13,198	11,438	10,518	9,074	11,149
MIGA					
Gross issuance	4,935	5,199	3,961	5,548	5,251
Recipient-Executed Trust Funds					
Commitments	6,407	6,411	3,641	2,749	2,976
Disbursements	4,461	2,546	2,433	2,590	2,803

a. Includes IBRD, IDA, IFC, Recipient-Executed Trust Fund (RETF) commitments, and MIGA gross issuance. RETF commitments include all recipient-executed grants; hence, total World Bank Group commitments differ from the amount reported in the Corporate Scorecard, which includes only a subset of trust-funded activities.

b. Includes IBRD, IDA, IFC, and RETF disbursements.

c. Amounts are net of full terminations and cancellations relating to commitments approved in the same fiscal year.

d. Commitments and disbursements exclude IDA-IFC-MIGA Private Sector Window (PSW) activities.

e. Includes long-term commitments for IFC's own account and short-term finance commitments. Does not include funds mobilized from other investors.

IFC 2022 YEAR IN REVIEW

IFC operations are guided by our Board-approved [IFC 3.0 strategy](#) and the IFC Strategy and Business Outlook Update FY22-24.

Financial Highlights

Dollars in millions, as of and for the years ended June 30

	2022	2021	2020	2019	2018
Net (loss) income ¹	\$ (464)	\$ 4,209	\$ (1,672)	\$ 93	\$ 1,280
Grants to IDA	–	213	–	–	80
(Loss) income before grants to IDA	(464)	4,422	(1,672)	93	1,360
Total assets	\$ 99,010	\$ 105,264	\$ 95,800	\$ 99,257	\$ 94,272
Investments	44,093	44,991	41,138	43,462	42,264

Key Ratios

Overall liquidity ratio	111%	114%	96%	104%	100%
Debt-to-equity ratio	1.6	2.1	2.2	2.2	2.5
Capital available (\$ in billions)	32.5	30.7	28.2	27.8	24.7
Capital required (\$ in billions)	20.1	20.5	20.3	21.8	20.1
Total reserve against losses on loans to total disbursed portfolio	4.4%	4.9%	6.3%	4.7%	5.1%

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.

Operational Highlights

Dollars in millions, for the years ended June 30

	2022	2021	2020	2019	2018
Investment Commitments¹	\$32,825	\$31,500	\$28,430	\$24,890	\$30,699
Long-Term Investment Commitments					
FOR IFC'S OWN ACCOUNT	\$12,569	\$12,474	\$11,135	\$ 8,920	\$11,629
Number of projects	296	313	282	269	366
Number of countries	68	71	67	65	74
MOBILIZATION²	\$10,596	\$10,831	\$10,826	\$10,206	\$11,671
Syndicated loans	\$ 3,475	\$ 3,647	\$ 4,989	\$ 5,824	\$ 7,745
IFC initiatives & other	\$ 3,311	\$ 3,693	\$ 3,370	\$ 2,857	\$ 2,619
Asset Management Company (AMC) Funds	\$ 248	\$ 244	\$ 50	\$ 388	\$ 263
Advisory Mobilization ³	\$ 3,562	\$ 3,246	\$ 2,417	\$ 1,137	\$ 1,044
TOTAL LONG-TERM INVESTMENT COMMITMENTS	\$23,166	\$23,305	\$21,961	\$19,126	\$23,301
Short-Term Investment Commitments					
Annual Commitments ⁴	\$ 9,659	\$ 8,195	\$ 6,469	\$ 5,764	\$ 7,398
Investment Disbursements					
For IFC's account	\$13,198	\$11,438	\$10,518	\$ 9,074	\$11,149
Syndicated loans	\$ 2,589	\$ 1,309	\$ 2,231	\$ 2,510	\$ 1,984
TOTAL INVESTMENT DISBURSEMENTS	\$15,787	\$12,747	\$12,749	\$11,584	\$13,133
Portfolio Exposure⁵					
Number of firms	1,848	1,822	1,880	1,930	1,977
For IFC's account	\$63,763	\$64,092	\$58,650	\$58,847	\$57,173
Syndicated loans	\$15,235	\$15,658	\$16,161	\$15,787	\$16,210
TOTAL PORTFOLIO EXPOSURE	\$78,998	\$79,750	\$74,811	\$74,635	\$73,383
Advisory Services					
Advisory Services program expenditures	\$ 250.6	\$ 244.0	\$ 274.4	\$ 295.1	\$ 273.4
Share of program in IDA countries ⁶	51%	54%	57%	59%	57%

- Investment Commitments include Long-Term Investment Commitments and Short-Term Investment Commitments.
- 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 \$895 million of unfunded risk transfers that are accounted for under IFC's own account.
- 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.
- FY20 Annual Report reflected Short Term Finance ("STF") Average Outstanding Balance for FY17-FY19. FY21 Annual Report used Short-Term Investment commitment for FY17-FY21. In FY20 Annual Report, Short-Term Investment commitment was reported as \$6,473 million; the figure has been revised to \$6,469 million. Short-Term Finance includes Global Trade Finance Program (GTFP) and Global Trade Supplier Finance Program (GTSF).
- 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.
- All references in this report to percentages of advisory program expenditures in IDA countries and fragile and conflict-affected areas exclude global projects.

FY22 Long-Term Commitments

Dollar amounts in millions, for IFC's own account as of June 30, 2022

Total	\$ 12,569	100.00%
By Industry		
Financial Markets	\$ 6,189	49.24%
Infrastructure	\$ 1,596	12.70%
Manufacturing	\$ 1,093	8.69%
Health & Education	\$ 809	6.44%
Funds	\$ 765	6.09%
Agribusiness & Forestry	\$ 706	5.62%
Telecommunications & Information Technology	\$ 656	5.22%
Tourism, Retail & Property	\$ 655	5.21%
Natural Resources ¹	\$ 100	0.80%
By Region		
Latin America and the Caribbean	\$ 3,164	25.17%
East Asia and the Pacific	\$ 2,965	23.59%
Africa	\$ 2,643	21.02%
South Asia	\$ 1,605	12.77%
Central Asia and Türkiye	\$ 1,024	8.15%
Europe	\$ 906	7.20%
Middle East	\$ 254	2.02%
Global	\$ 8	0.07%
By Product		
Loans ²	\$ 10,190	81.07%
Equity ³	\$ 1,622	12.90%
Guarantees	\$ 720	5.72%
Risk-management products	\$ 38	0.30%

1. Includes IFC's activities in oil, gas, and mining.

2. Includes loan-type, quasi-loan products.

3. Includes equity-type, quasi-equity products.

FY22 Portfolio Exposure⁴

Dollar amounts in millions, for IFC's own account as of June 30, 2022

Total	\$ 63,763	100%
By Industry		
Financial Markets	\$ 24,312	38%
Infrastructure	\$ 9,058	14%
Funds	\$ 6,605	10%
Manufacturing	\$ 4,471	7%
Health & Education	\$ 4,037	6%
Agribusiness & Forestry	\$ 3,951	6%
Tourism, Retail & Property	\$ 3,826	6%
Trade Finance	\$ 3,406	5%
Telecommunications & Information Technology	\$ 2,644	4%
Natural Resources ¹	\$ 1,451	2%
By Region⁵		
Africa	\$ 13,345	21%
Latin America and the Caribbean	\$ 12,956	20%
East Asia and the Pacific	\$ 12,593	20%
South Asia	\$ 8,637	14%
Global	\$ 5,641	9%
Central Asia and Türkiye	\$ 4,357	7%
Europe	\$ 3,620	6%
Middle East	\$ 2,614	4%
By Product		
Loans ²	\$ 44,011	69%
Equity ³	\$ 14,504	23%
Guarantees	\$ 4,883	8%
Risk-management products	\$ 364	1%

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.

IFC's Largest Country Exposures⁶

As of June 30, 2022 (Based on IFC's account)

GLOBAL COUNTRY RANK	PORTFOLIO EXPOSURE (\$ MILLIONS)	% OF GLOBAL PORTFOLIO
1 India	\$ 6,742	10.57%
2 Brazil	\$ 4,223	6.62%
3 China	\$ 4,212	6.61%
4 Türkiye	\$ 3,830	6.01%
5 South Africa	\$ 2,624	4.11%
6 Vietnam	\$ 2,279	3.57%
7 Nigeria	\$ 2,242	3.52%
8 Colombia	\$ 1,979	3.10%
9 Indonesia	\$ 1,843	2.89%
10 Mexico	\$ 1,457	2.29%

6. Excludes individual country shares of regional and global projects.

FY22 Long-Term Commitments by Environmental and Social Category

CATEGORY	COMMITMENTS (\$ MILLIONS)	NUMBER OF NEW PROJECTS
A	\$ 598	8
B	\$ 4,910	122
C	\$ 138	23
FI ⁷	\$ 13	1
FI-1	\$ 289	4
FI-2	\$ 4,429	95
FI-3	\$ 2,192	43
Total	\$12,569	296

7. FI category applies to new commitments on previously existing projects. Visit www.ifc.org/escategories for information on category definitions.

FY22 Advisory Services Program Expenditures

Dollar amounts in millions

Total	\$ 250.6	100%
By Region		
Africa	\$ 98.7	39%
Global	\$ 31.2	12%
East Asia and the Pacific	\$ 28.9	12%
Latin America and the Caribbean	\$ 26.1	10%
South Asia	\$ 20.0	8%
Europe	\$ 19.9	8%
Middle East	\$ 14.9	6%
Central Asia and Türkiye	\$ 10.9	4%
By Business Area		
IFC Industries	\$ 169.7	68%
Financial Institutions Group	62.3	25%
Manufacturing, Agribusiness & Services	44.0	18%
Transaction Advisory	35.1	14%
Infrastructure & Natural Resources	22.6	9%
Disruptive Technologies & Funds	5.7	2%
Other Advisory, including Environment, Social & Governance	\$ 28.9	12%
Creating Markets Regional Advisory	\$ 52.0	21%

STEPPING UP

IN A TIME OF UNCERTAINTY

This year, emerging markets and developing economies faced serious challenges: continuing waves of COVID-19 infections, soaring inflation, high levels of public and private debt, and the accelerating impact of climate change. The war in Ukraine added to the growing uncertainty and fragility, calling global peace and security into question. Supply chains, financial systems, food security, and access to energy were severely disrupted. IFC's countries of operations, many of which became increasingly fragile, struggled to protect their economies.

As the largest global development finance institution focused on the private sector, IFC is stepping up to help our clients build resilience in the face of persistent uncertainty. Working closely with our partners and stakeholders, we are addressing global challenges with a renewed sense of urgency and a laser focus on scaling up impact. Together, we are finding new ways to unleash the power of the private sector to help those most in need.

IFC's role is to connect people with jobs and essential services at a time when public finances have been weakened by the pandemic, conflict, and climate change. We help countries grow stronger by building supply chains, facilitating the flow of trade, bridging the digital divide, offering climate-smart business solutions, and making healthcare systems stronger. Our priority is to achieve measurable results with both bottom-line benefits and strong development impact, with the aim of building a green, resilient, and inclusive recovery across the developing world.

Three common themes ran through our work this year:

INNOVATION

INCLUSION

SETTING STANDARDS

Focusing on a range of critical issues, we continued to open new pathways for private sector development, finding opportunities to lead amid uncertainty and promoting growth for years to come. We also continued adapting to meet the evolving needs of our clients, becoming nimbler and faster to rise to the challenges of our times.





Supervising climate-smart refrigeration system upgrades, Romania

CLIENT AND PARTNER VOICES

WORKING TOGETHER,

IFC is collaborating with more types of clients and partners than ever before. Here are a few thoughts that they shared this year.

ACHIEVING RESULTS

Oleksandr Mostipan

Owner of Nyva Pereyaslavshchyny, Ukraine

Support During Crisis

“In the first weeks after Russia’s invasion of Ukraine, IFC stepped in to support Nyva, one of Ukraine’s leading food producers. The working capital financing we received helped us limit potential supply chain disruptions and address food security concerns ... all of our 1,700 employees have retained their jobs, getting their wages on time. We are able to pay taxes to the state and local budgets and are also engaged in charity actions to support local communities.”

Her Majesty Queen Máxima

OF THE NETHERLANDS

The UN Secretary-General’s Special Advocate for Inclusive Finance for Development, speaking at the IFC-hosted Sustainable Banking and Finance Network global meeting.

Furthering Global Support for Inclusive Finance

“Above all, let us recognize this fundamental reality: that there is no stability without inclusion, and no sustainability finance without inclusive finance.”

Tarek Assaad

Managing Partner at Algebra Ventures, the world’s first venture capital fund focused on Egypt and part of IFC’s \$1.6 billion global venture capital portfolio.

Financing a Vision

“IFC has been one of our strongest partners since Day One. They believed in our vision when there was no venture capital to speak of in Egypt.”

Rafael Benini

Director of Empresa de Planejamento e Logística, a government entity in Brazil working with IFC to attract \$16 billion in private investment for 6,000 kilometers of new highway concessions.

Promoting Innovation

“With support from IFC, we are introducing innovations to the road concession model in Brazil that are helping boost much-needed investments from a diversified local and international range of private sector players. One of the most relevant features of this new model is the compliance with IFC’s Performance Standards, which are granting the projects internationally recognized high environmental and social standards. This is key not only to allow us to attract interest from investors, but also to assure the long-term sustainability of the concessions.”

Simballa Sylla

Managing Director of Mali Shi, a shea nut processing company. Its growth will increase the incomes of about 120,000 smallholder collectors who live near Bamako.

Raising Standards

“IFC’s financing and advisory services will help us meet international standards in an industry where our international clients’ quality requirement is very high.”

Yasmine Mokhtar

Chief Financial Officer of HSA Group, Yemen’s leading staple food producer and a key provider to World Food Program relief in that country.

Maintaining Operations

“IFC’s working capital funding was a critical enabler for us.”

Iván Duque

PRESIDENT OF COLOMBIA 2018–2022

Citing the benefits of IFC's EDGE green building certification program. With EDGE support, Colombia now has one of the highest rates of green building certification in the developing world.

Achieving Climate Goals

"EDGE certification is successful in Colombia because it addresses three essential components of a sustainability strategy: it assures quantified environmental benefits, it leverages green finance, and it contributes to the social welfare of those who need it most."

Strive Masiyiwa

Founder and Executive Chairman of Cassava Technologies, whose businesses include Liquid Intelligent Technologies, Africa's leading independent fiber and digital services provider.

Developing Africa's Digital Economy

"We have a long-term relationship with IFC, because we are both being mandated to develop the African continent. With the support we're now getting from IFC as long-term patient capital, we're able to go into areas where we'd not normally be able to go as a purely commercial player. We're beginning to go into deep rural areas and provide connectivity for schools and hospitals and make it possible for our young people to come into the digital economy more cheaply."



Strengthening agribusiness supply chains, Kenya

STAFF VOICES

RESILIENCE AND OPPORTUNITY

Our staff members embody a remarkable diversity of skills, experiences, and backgrounds.

Many spent much of this year defying uncertainty, taking remarkable steps to deliver on IFC's mission, no matter how difficult the conditions. Here are some of their stories.

Oleg Kudashov

Vienna, Austria

"We're not walking away. Our message to the government is 'We stand by you. We're eager to support Ukraine's reconstruction.'"

Oleg Kudashov had worked tirelessly in his home country of Ukraine since 2015, helping to design landmark public-private partnerships in transportation — including ones addressing chronic underinvestment in critical ports. All was going well in February 2022, with new private operators agreeing to invest a combined \$137 million in the Black Sea ports of Kherson and Olvia, and new work underway to attract others for a larger upgrade project in Chornomorsk. Then Russia invaded Ukraine. All work had to be suspended, with most staff from IFC's Kyiv office evacuated. Fortunately, the ports have received little damage to date. Whenever conditions allow, Kudashov and his colleagues are ready to resume, starting right where they left off to make Ukraine's maritime trade infrastructure more efficient.





**Milica
Sredanovic**

Belgrade, Serbia

“We are there to find ways
for a good project to proceed.”

The global pandemic proved to be no obstacle to Milica Sredanovic, the investment team lead on a \$222.2 million IFC financing package to modernize Kazakhstan's Almaty Airport under new lead owner TAV Airports of Türkiye. Negotiations began in March 2020, just as the global pandemic began. The discussions quickly moved online and continued virtually for months. Sredanovic and her team coordinated multiple players remotely from different locations at all hours of the day until initial agreements were reached in September 2021. The country's regulatory environment and the first-time entry of professional airport managers posed even larger challenges, reinforcing the importance of the strong relationship between IFC and TAV, a longtime client. Then, just as financial close was nearing in January 2022, unexpected political turmoil in Kazakhstan challenged all project stakeholders. But with renewed persistence, a path forward eventually emerged. Now a new terminal is at last under construction in Almaty, the busiest air transport hub in Central Asia.

**Angelo
Tan**

Manila, Philippines

“The work has never felt as
urgent as it does today.”

The Philippines is one of the fastest-urbanizing countries in East Asia and the Pacific, with new real estate development that too often results in increased environmental degradation and climate vulnerability. Since joining IFC in 2020, Operations Officer Angelo Tan has been increasing the sustainability of real estate in the Philippines. What made him the happiest? Seeing IFC's EDGE green building certification and Building Resilience Index reach his hometown of La Union for the first time this year. Tan is proud to be witnessing the growth of green construction in the Philippines, where residential and commercial buildings account for half of all power consumption.





Steffie Mahoro

Bujumbura, Burundi

“Having people on the ground is critical. If you’re going to do business in a country, you have to be there and have relationships with the government and the private sector.”

From her base in Burundi, Steffie Mahoro contributed to the country’s first IFC/World Bank private sector diagnostic report, setting priorities for private sector development that the government has now embraced. The report spotlighted the need to improve access to credit for small- and medium-sized enterprises in the country. IFC is addressing the issue with a \$5 million loan to CRDB Bank Burundi, which supports lending to smaller businesses. The new loan is IFC’s first investment in Burundi in nine years. More investment support is expected in the coming years as part of IFC’s Africa Fragility Initiative, a \$74 million program to catalyze investment in countries where development needs are great, but business costs are high and operational challenges are formidable.

Marcela Ponce

Mexico City, Mexico

“Long-term relationships and early engagement on the knowledge-sharing side were the key to developing this innovative transaction.”

Guatemala is highly vulnerable to the impacts of climate change, with most of its GDP produced in areas of considerable climate risk. But until this year none of its banks had taken any significant steps in response, holding back an important potential source of investment.

Well-versed in global trends in green banking, IFC climate finance specialist Marcela Ponce and her colleagues in the investment and advisory teams began working with long-time Guatemalan client Banco G&T Continental in 2018. Since then, they have been steadily building institutional awareness of the many opportunities in sustainability through IFC’s Green Banking Academy, a knowledge and capacity-building initiative to support banks in making a green transformation. Their work paved the way for a new \$80 million IFC subordinated loan that is enabling the bank to launch a climate finance business. Banco G&T Continental is now the country’s first financial institution to focus on green buildings and energy efficiency for small and medium enterprises. Related IFC advisory services will help this bank build an important new business line, providing climate-smart solutions across Guatemala.





**Anissa
Kanoun**

Dubai, United
Arab Emirates

“At a time of crisis, we were able to support our client in its efforts to spur innovation, entrepreneurship, and job creation in a frontier region like the West Bank and Gaza. It’s important to make a difference in difficult times. That’s why I joined IFC — to do deals like this.”

Many company founders in the West Bank and Gaza struggle to access the financing and mentorship they need to grow. IFC is addressing this issue by investing \$2.5 million in Ibtikar Fund II, a venture capital vehicle for Palestinian technology startups. Our investment comes with an additional \$500,000 from the Women Entrepreneurs Finance Initiative (We-Fi) to ensure continued support to women-led startups.

Investment officer Anissa Kanoun worked to develop the transaction in April and May 2021, just as a new round of armed conflict was breaking out. She was undeterred by the challenging context, seeing it instead as a chance to build a better future in the West Bank and Gaza.



**Saramory (Sary)
Kampo**

AND

**Fatoumata (Mimi)
Keita**

Conakry, Guinea



“Mining is by far the biggest sector in the Guinean economy. We’re working to extend its benefits more broadly to local communities and businesses in Guinea, especially in empowering women and youth.”

Guinea has extensive natural resources, including the world’s largest reserves of bauxite, the ore from which aluminum is produced.

Sary Kampo and Mimi Keita, by collaborating closely with the World Bank, the government of Canada, UN agencies, IFC investee clients, the government of Guinea, local community organizations, civil society and others, have led a multi-tiered program that shows many results in sustainable bauxite development. These include the Buyers and Suppliers Marketplace, a local content and business linkage initiative with a digital platform. Since its launch in 2018, the project has helped Guinean small and medium enterprises to boost their competitiveness, resulting in more than \$16 million in contracts with the natural resources industry. It now targets opportunities in other industries as well. In addition, the team supports gender inclusion in the mining industry and alternative livelihoods for hundreds of women and youth from host communities.

BENEFICIARY VOICES

FROM THE PEOPLE WE SERVE

Through investment, advisory services, and a wide range of broader initiatives, IFC makes a difference in people's lives. Here are some reflections from those who have recently benefited from our work.

Gabriel Muli

Kenya

Co-owner of **Elex Products**, a Kenyan small business, which pivoted to start producing hand sanitizer for the local market with financing from IFC client Co-operative Bank of Kenya.

Pivoting in the Pandemic

"Simply put, the pandemic was an opportunity to serve our community by providing sanitizers and empathizing with locals who had lost their jobs by creating employment opportunities. We were able to adapt our business practices and make quick decisions because we had support."

Remzi Bala

Kosovo

Whose small family farm in Kosovo can withstand market disruptions because of financing it received from **KEP Trust**, an IFC-supported microfinance institution, during the pandemic.

Improving Living Standards

"I can buy books and clothes for my four children — and not worry."

Hina Khan

Pakistan

An employee of **Artistic Milliners** in Pakistan, which opened its first on-site daycare center with IFC's support as part of an effort to improve female labor force participation in its workforce.

Giving Peace of Mind

"I used to leave my child with my neighbor, landlady or relatives. I used to leave him there, but my heart was never satisfied. I feel much better now that my child has started coming to the daycare center. Now I have no tension. I'm much more relaxed mentally at work."

Javier Hernández

Honduras

One of more than 3,000 Honduran small-scale farmers who have improved crop yields with financing from IFC's AgroMoney program with local client **Grupo Cadelga**.

Rural Credit

"I was impressed by the very good service from those responsible for providing the credit lines. I like the ease with which you can get a loan."

Siny Samba

Senegal

CEO of Senegalese baby food producer **Le Lionceau**, which is expanding the market for locally made baby food in West Africa. Samba is using financing from an IFC client SME investment group to help farmers in her supply chain become more efficient.

Entrepreneurial Energy

"The more you help [local farmers] build their capacities, the more efficient their yields are, and more markets can be created. Everybody wins."

Malek Sukkar

Pakistan

CEO of **Averda**, a Dubai-based waste management firm that is scaling up its innovative solutions in new markets with a \$30 million IFC financing package.

Expanding for Impact

"This IFC loan will help us all by significantly accelerating our sustainable projects in Oman, Morocco, and South Africa."

Geetha Manjunath

India

CEO and Founder of **NIRAMAI**, a low-cost, software-based medical device to detect early-stage breast cancer. NIRAMAI is one of the winning startups selected by a panel of experts as part of the Global Women's HealthTech Awards, supported by IFC, the World Bank, and the Consumer Technology Association.

Offering Global Recognition

"Winning this Global Health Tech Award means a lot to the NIRAMAI team, which has been striving very hard to create a novel solution to detecting breast cancer and taking the solution to women in India — and globally as well."

COVID-19 RELIEF

**FOCUSED ON A
RESILIENT
RECOVERY**

Photo left & right:
Biological E. Limited, India

With the global pandemic taking an ongoing heavy toll, IFC continued to provide large-scale COVID-19 relief financing in FY22, supporting our clients in times of volatility and uncertainty. We focused on three complementary areas: relief, restructuring, and resilient recovery. Our financing packages target the places and people that need it most, often complemented with additional funds mobilized from others.

IFC's Fast-Track COVID-19 Facility, launched in 2020, has now increased from \$8 billion to \$8.6 billion. This includes a Base of the Pyramid Program for financial service providers targeting lower-income borrowers. The Program, which offers additional support to the poorest and those hardest hit by the pandemic, launched at \$400 million last year and then received an additional \$200 million in funding this year.

The Facility provided more than \$7.4 billion to finance 104 projects that are providing liquidity, working capital, and trade finance to keep companies in business, especially in the industries most affected by COVID-19, such as financial services and manufacturing. IFC's work contributed to the World Bank Group's larger crisis response initiative to save both lives and livelihoods.

With vaccination campaigns well underway in many countries, IFC sharpened its focus on the regions where need is greatest. Our \$30 million financing package will assist India's Biological E. in expanding its supply of low-priced, generic vaccines for the routine immunization of children and expand into new vaccines. New agreements with Senegal's Institut Pasteur de Dakar and the Rwanda Development Board will increase vaccine production across Africa.

Drawing on its Global Health Platform (GHP), IFC also increased the delivery of vaccines, personal protective equipment, and medical supplies throughout emerging market economies. The \$4 billion platform, created in 2020, is a financing platform to increase local companies' supply of critical medical equipment and services. In February 2022, the Board confirmed the extension of the GHP for an additional one and a half years. To date, IFC has invested about \$1.1 billion from our own account in addition to \$576 million mobilized from others. IFC's investment pipeline for the platform stood at around \$800 million at the end of FY22.



**\$8.6B
FUNDING**

IFC'S FAST-TRACK COVID-19 FACILITY
CONTRIBUTED TO SAVE BOTH LIVES
AND LIVELIHOODS

UKRAINE INVASION AND FOOD INSECURITY

RESPONDING TO INTERRELATED CRISES

Even before the war in Ukraine, the global recovery was highly uneven, with emerging markets and developing economies struggling to keep pace with wealthier nations. The war unleashed new shockwaves, making the recovery even more uncertain. Russia and Ukraine are among the top global producers and exporters of wheat, corn, barley, sunflower seeds, and sunflower oil. Russia is also a major supplier of crude oil and natural gas in addition to fertilizer and agricultural commodities. Disruptions of these supplies fueled a surge in prices, with negative consequences for global trade and welfare, and the burden falling heaviest on developing countries that rely on imports to feed their populations.

IFC responded quickly to provide working-capital financing to our clients in Ukraine, enabling continued access to food, fuel, and medicine. We also kept our trade lines open to support the import of critical supplies. We helped one of Ukraine's leading agricultural producers stay in business, so it could proceed with spring planting and procure grains

to alleviate food-security concerns. However, we realized that other countries in the region would also need support to buffer the impacts of the war. We understood that the spike in food prices would have dramatic impacts on developing countries already struggling to feed their people.

As a result, we are preparing to launch two new financing platforms:

- The first platform would support projects in Ukraine, leveraging blended finance. It will prioritize investments to support the resilience of businesses, displaced people, and affected municipalities and address immediate logistics and energy needs.
- The second platform would support global food security. The Global Food Security Platform will facilitate the trade of food commodities and the delivery of inputs to farmers, supporting efficient production and effective distribution of food products in destination countries, in addition to improving the resilience of the global food system.



TRADE

KEEPING TRADE FLOWS ALIVE

In uncertain times, continued access to trade finance is essential to keep companies afloat and preserve jobs, especially in emerging markets. But in today's difficult conditions, with growing supply chain disruptions as well as rising inflation and food security issues, many international banks are pulling back from trade finance. Their retreat severely limits local lenders' ability to finance clients' import and export needs.

\$200B+

of trade supported in developing economies since 2004

The situation is creating record demand for IFC's trade and supply chain platforms. IFC helped to rapidly fill the gap with risk mitigation in challenging markets where trade lines are constrained. Combined commitments increased by 14 percent from last year, reaching their highest-ever level of \$9.7 billion. About 75 percent of this amount was invested in low-income and fragile countries. IFC's trade facilities of up to \$24 million to Vista Bank's subsidiaries in Guinea and Burkina Faso (\$12 million each) will help the banks to finance imports of foodstuffs, raw materials, refined oil products, equipment, consumer goods, and other important items. By joining IFC's Global Trade Finance Program, Vista Bank will gain access to a network of correspondent banks, enhancing its ability to meet the financing needs of SMEs.

IFC has supported more than \$200 billion of trade in developing economies since 2004 and forecasts providing nearly \$100 billion more by 2030. This year, we began preparing a \$1 billion Africa Trade and Supply Chain Recovery Initiative to address trade and value-chain financing needs across Africa in the wake of the COVID-19 pandemic. We also continued to develop our capital relief products with major global banks and provided one of the world's largest synthetic risk transfers to date. A landmark IFC guarantee of a \$4 billion-equivalent Crédit Agricole CIB reference portfolio will help the bank significantly expand its trade finance in emerging markets.

Looking ahead, the digitalization of trade transactions and blockchain will increasingly define the future of trade. Both offer great potential for promoting integration and inclusion. Our first digital trade transaction occurred in July 2021, supporting a coffee purchase contract guarantee by Vietnam's Prosperity Joint Stock Commercial Bank, processed via a global digital trade finance platform. We will be more active in these kinds of transactions, while also providing capacity-building programs with the World Trade Organization and other partners. Our partnerships will help emerging market banks and small- to medium-sized enterprises address challenges provoked by supply chain disruptions.



PARTNERSHIPS

**COLLABORATING TO
CREATE MARKETS
AND
MOBILIZE PRIVATE
INVESTMENT
FOR DEVELOPMENT**

Family healthcare,
Pakistan

Support from our development partners is integral to the accomplishment of IFC's mission. Our partnerships strengthen IFC's impact by channeling resources to programs that improve the lives of the poor, create jobs, empower women and youth, grow opportunities in fragile and conflict-affected states, and support the planet through climate change mitigation and adaptation.

IFC partners with more than 30 government development agencies, foundations, corporations, and multilateral organizations. In FY22, our development partners committed about \$175 million for IFC's advisory services and early-stage market and project preparation ("Upstream") work. In addition, they committed about \$40 million for blended finance initiatives, which involves the use of relatively small amounts of concessional donor funds to mitigate specific investment risks and help rebalance risk-reward profiles of pioneering investments that are unable to proceed on strictly commercial terms. These contributions support IFC's capacity to build business and institutional capacity, take on more risk, and invest in high-impact projects.

Our partners also support IFC's work to improve global standards and knowledge transfer while enabling us to deliver on our global and country-level strategic priorities. We are collaborating with our partners on many strategic priorities, such as ongoing relief and recovery efforts, climate response and energy transition, healthcare resilience, food and energy security, a sharpened focus on fragility, and digital transformation.

As a market leader, IFC is able to incubate new ideas and scale proven solutions with flexibility. Setting market precedents and demonstrating impact creates pathways for others, thereby mobilizing additional sources of capital to create development impact. Today's global operating environment adds increased complexity, uncertainty, and

urgency to this work. IFC is responding proactively, working with a growing variety of development partners.

Increasingly, we are partnering through multi-sector thematic and country platforms — a strategic and efficient way to collaborate and crowd in funds from multiple development partners with shared visions and objectives. IFC has launched platforms for innovative efforts in climate, healthcare, fragility, SMEs, and other areas, and anticipates new platforms being developed in the coming year in response to emerging priorities. These platforms provide the flexibility needed to fund multiple projects, expediting IFC's ability to create markets, maximize development impact, and enable more private sector participation across emerging markets in a cost-effective manner.



ESSENTIAL TOOLS IN IFC'S TOOLKIT

The IDA Private Sector Window

Blended finance is one of IFC's essential tools — one that involves close collaboration with development partners to mobilize private investment in pioneering projects and challenging environments. By using relatively small amounts of concessional donor funds alongside IFC's own resources, we can mitigate specific investment risks and support investments that otherwise could not proceed on strictly commercial terms.





Much of this support comes from the IDA Private Sector Window (PSW), which was established in 2017 to help catalyze private sector investment in the poorest and most fragile countries. Since then, more than \$2.6 billion of PSW funds have supported 128 IFC transactions across 33 fragile and low-income countries.

IFC's PSW commitments reached \$992 million in FY22.

Among other projects, PSW support allowed IFC to finance the expansion of Robust International, an agribusiness firm that has the potential to improve livelihoods for thousands of smallholder farmers in conflict-affected northern Nigeria, where poverty levels are five times higher than in the south. The IFC financing package of \$18 million includes a \$9 million loan from IFC's own account and a \$9 million concessional loan from the PSW. Robust will use the loan proceeds to build modern warehouses and sesame processing facilities. As a result, farmers will no longer need to store their crops under today's poor conditions, which lead to high post-harvest losses and contribute to greenhouse gas emissions. The project would not be possible without PSW support due to limited collateral availability and potential security risks in the country.

July 1, 2022, marked the beginning of a new three-year IDA cycle, with an initial allocation of \$2 billion in PSW funding available to enable more IFC transactions of this kind in the most challenging markets.

Local Currency Financing

IFC provides long-term local currency financing in more than 70 currencies. It is one of our core development finance products, helping clients who earn most of their revenues locally avoid the exchange rate risk that comes with borrowing in dollars, euros, or other hard currencies.

We do so through a variety of market-based approaches, including the use of local swap markets and structured finance solutions. In countries where capital markets are not developed and market solutions are not sufficiently available, we draw on blended finance from the IDA PSW's Local Currency Facility for support. For additional impact, we also issue and purchase landmark local currency bonds that strengthen local capital markets.

These steps to provide local currency financing are especially important in sectors like infrastructure, housing, and SMEs. In FY22, we provided the equivalent of \$3.9 billion in local currency financing in a wide range of countries as compared with \$2.1 billion in FY21 — an almost two-fold increase. In Tajikistan, a \$5 million-equivalent IFC loan in Tajik somoni is helping IMON International, a leading microfinance institution, increase its lending to micro, small and medium enterprises (MSMEs) affected by the COVID-19 pandemic. In Tanzania, more than 2,000 women-owned small businesses will grow with proceeds of a gender bond for the Tanzanian shilling equivalent of \$32 million that NMB Bank issued on the Dar es Salaam Stock Exchange with IFC as an anchor investor.

LEANING INTO THE FUTURE

Today's conditions of global uncertainty mean IFC can no longer do business as usual. New products and platforms are essential for meeting our ambitious goals to increase the private sector's contribution to development.

Digital payment systems for small business owners, Egypt

Mobilizing Finance to Reduce Climate Change Vulnerability

At a time when government budgets are stretched, it is critical to mobilize private finance and help countries mitigate climate change. IFC is developing novel ways to increase climate-related financing in areas like energy, transport, and manufacturing.

One new program builds on the IFC Managed Co-Lending Portfolio Program (MCPP) model, which has successfully raised more than \$10 billion for direct lending to private firms across more than 50 developing economies since 2013. The new platform, MCPP One Planet, is the world's first cross-sectoral portfolio of emerging market loans aligned with the Paris Agreement, an international treaty to combat climate change. MCPP One Planet, which was launched in November 2021 at the UN Climate Change Conference in Glasgow (COP26), combines institutional investor contributions with IFC's own funds to maximize available financing for private sector firms on the front lines of climate change.

In FY22, IFC joined with partners to substantially increase finance for climate mitigation. IFC and Amundi, a French asset management company, agreed to establish a new \$2 billion fund to fight inequality and climate change. The initiative expands availability and demand for new segments of the sustainable bond market. The fund will help developing nations recover from COVID-19 and strengthen resources to make future crises less severe.

For IFC's reporting under the guidelines recommended by the Task Force on Climate-related Financial Disclosures (TCFD), see our online report.

Accelerating Investment in Mini-Grids

An estimated 600 million people across Africa — and 759 million people globally — lack access to electricity, an essential foundation for development.

Mini-grid systems offer an excellent solution in many regions, using primarily renewable energy sources to efficiently deliver reliable, low-cost power in cities and rural areas beyond the reach of national grids. This promising industry is poised for growth but has been held back by a lack of stable public-private partnership frameworks and other obstacles, resulting in low levels of private investment.

The World Bank Group's Scaling Mini-Grid initiative addresses the barriers that impede large-scale projects and investment. IFC, in close collaboration with the World Bank and MIGA, worked "Upstream" to develop a comprehensive mini-grid platform that offers governments and the private sector necessary financing, advisory support, and risk mitigation. A major advantage of the platform is its replicability: the Scaling Mini-Grid approach can be adopted in multiple locations, promoting the efficient, timely completion of projects — with the potential to significantly increase the development of mini-grids globally. The Scaling Mini-Grid initiative is modeled after Scaling Solar, another World Bank Group collaboration that successfully unlocked private investment in solar power in several African countries before expanding to Uzbekistan.

The first country-level delivery of the Scaling Mini-Grid initiative kicked off in October 2021, when a mandate was signed with the government of the Democratic Republic of Congo. The initiative is supporting an upcoming mini-grid project that will add more than 200 megawatts of capacity, contributing to the Government's objective to increase the local population's electricity supply rate to 30 percent by 2024 — up from the current 19 percent. This will especially aid two of the country's largest cities: Mbuji-Mayi and Kananga, with combined populations of more than 4 million.

Making Healthcare Systems in Africa More Resilient

The fact that African countries received fewer COVID-19 vaccines from the global supply than the rest of the world highlighted the urgent need to improve Africa's capacity to produce its own vaccines, whether for COVID-19 or other diseases. Africa imports 99 percent of its vaccine supply, with just 1 percent covered by local manufacturing. The African Union aims to have 60 percent of the continent's routine vaccines manufactured locally by 2040.

IFC signed a mandate letter in March 2022 with the Institut Pasteur de Dakar, launching a collaborative effort to build a new vaccine manufacturing facility in Senegal. The \$222 million facility will be financed with a mix of public, grant, and private funding and will be able to produce up to 300 million vaccine doses annually, for both COVID-19 and routine shots. "Fast-tracking vaccine production for Africa in Africa is paramount to facing down this unprecedented pandemic and mitigating future waves of COVID-19," said IFC Managing Director Makhtar Diop.

The Africa Centres for Disease Control and Prevention have identified Senegal, Rwanda, and South Africa as potential hub countries for vaccine manufacturing. IFC is now working with the Rwanda Development Board to develop the country's vaccine capacity, with the goal of strengthening regional supply chains and developing a successful technical and policy framework for Rwanda's new collaborations with BioNTech and the KENUP Foundation.

Across the continent, IFC's Africa Medical Equipment Facility makes affordable long-term financing available for the rental or purchase of advanced medical supplies by small- and medium-sized health companies so that they can provide more advanced and higher quality care. Getinge, a firm headquartered in Sweden, joined the Africa Medical Equipment Facility in April 2022, increasing the availability of life-saving surgical equipment.





Digital Transformation for Small-Scale Retailers

New technology platforms are changing the game for small farmers and informal retailers.

Local app-based solutions now provide opportunities for significant income growth by correcting inefficiencies that have hampered growth. Unthinkable only a few years ago, such technology is giving smallholders and informal retailers greater transparency and insight into supply, distribution, pricing, and payment — the fundamentals to making more profitable sales. IFC's venture capital investments in firms in this fast-emerging industry open significant new opportunities for inclusion.

This year, IFC invested \$10 million in Sayurbox, Indonesia's leading e-grocery start-up. Part of a \$120 million overall fundraising round, the investment allows Sayurbox to scale up its innovative digital platform. Sayurbox's proprietary algorithm forecasts demand and optimizes delivery routes for some 5,000 food products, allowing consumers in Jakarta and Surabaya to buy straight from the farm. By eliminating intermediaries, Sayurbox's model allows farmers to enjoy substantial income gains. The firm, founded in 2017, expects to quadruple the number of farmers on its platform to 40,000 by 2024.

GrowSari, a tech-enabled B2B platform in the Philippines, is another recipient of IFC's early-stage equity investment, receiving \$10.5 million in two venture capital rounds. Named for the country's small *sari-sari* retail stores, GrowSari aims to increase the profitability of MSMEs. As of May 2022, GrowSari has raised about \$110 million, the largest sum to date raised in the regional B2B and MSME space. GrowSari has supported small roadside and market shops since 2016, many of them owned by women. It provides bill payment as well as telecom services and credit, allowing informal businesses to implement digital upgrades. GrowSari now serves over 150,000 stores in more than 220 municipalities.

Sayurbox links farmers and markets, Indonesia

A woman with braids and glasses is focused on her work, sitting at a table with a laptop. The background shows a blurred meeting room with other people. A large blue graphic with a globe and arrows is overlaid on the left side of the image.

UPSTREAM

FROM
IDEAS TO
IMPACT



IFC'S EARLY-STAGE MARKET AND PROJECT PREPARATION WORK

One of the greatest obstacles to increased private sector investment aligned with development goals is not the availability of capital. It is the shortage of well-prepared, commercially-viable investment opportunities.

To fill the void, IFC has, since 2019, significantly expanded focus on Upstream, early-stage market and project preparation work. We are focused on finding imaginative — and replicable — solutions to some of the world's toughest development problems, working proactively to remove investment barriers and create opportunities that attract private capital where it is needed most.

IFC took several steps to lay the groundwork for success. We defined our approach and business model; increased our capacity (hiring dedicated staff); developed our systems and operations; and built a robust, credible pipeline of market-level and project-specific interventions that seeks to unlock investment within the next five years. The pipeline has grown quickly: from \$5 billion at the end of FY20, to \$16 billion at the end of FY21, then \$29 billion at the end of FY22. It also reflects IFC's strategic focus areas, with

52 percent of that potential investment in climate mitigating activities, 31 percent in IDA-Fragile and Conflict-Affected Situations (IDA-FCS) countries and 15 percent in Low-Income IDA Fragile and Conflict-Affected Situations (LICIDA-FCS) countries.

Not all of the pipeline will successfully convert into investments. This type of work is experimental, and it is time and resource intensive. It requires patience and a willingness to fail. But in FY22, IFC saw good early progress. As our operations matured, we focused not just on building the pipeline, but also on advancing the projects in it and converting some of the successful engagements into committed investments for IFC, alongside mobilized private capital.

Our five-year pipeline remains strong and continued to grow in FY22, with one third focused on IDA/FCS countries. Almost 80 percent of the pipeline involves infrastructure and manufacturing projects, which have a direct impact on the real economy. From a regional perspective, Asia and Africa make up the largest geographic distribution, providing fertile ground for our Upstream projects to open new channels of investment and development.

UNLOCKING INVESTMENT:

Establishing a New Trade Hub in Southeast Asia

Development challenge: *Overcoming barriers to trade in Lao PDR, a land-locked country with inadequate transport and logistics infrastructure.*

Upstream solution: The government of Lao awarded a concession for a “dry port,” an inland logistics hub, to a local sponsor. But an infrastructure PPP on such a scale was a first for both the government and the sponsor. IFC partnered with the sponsor to provide early-stage, project development support. Beginning in 2020, IFC strengthened the bankability of the concession agreement, and helped to mitigate risks and build client capacity, bringing the project to international project finance standards.

Enabling investment

This project development work enabled an IFC-led financing commitment of \$67 million. The dry port, when constructed, will facilitate efficient, cost-effective bilateral and transit trade in the region, with connections to Thailand, China, and Vietnam.

DELIVERING REPLICABLE PRODUCTS AT SCALE:

Helping Utilities Adapt to Climate Change

Development challenge: *Helping subnational water utilities across emerging markets respond to climate change. Many utilities, reliant on insufficient public sector funding, lacking access to commercial finance, and in need of technical assistance, cannot address climate goals while meeting basic service needs. The utilities need investment and knowledge to plan for the future.*

Upstream solution: IFC launched the Utilities for Climate (U4C) initiative to help utilities adapt to climate change and to unlock water infrastructure investment opportunities. U4C offers water utilities tailored advice to reduce water losses and improve efficiency, peer-to-peer learning with other utilities facing similar challenges, and investment products to support any resulting capital expenditure plans.

Enabling investment

Since its launch in 2021, the initiative has supported five utilities in three countries and generated of \$238 million in investment. One engagement with Corsan, a water company with 6.3 million customers in Brazil, is helping the company reduce losses from 44 percent currently to 35 percent by 2024, by developing a plan to install water meters and replace obsolete electric pumps and hydrometers. The plan is supported by a \$58 million loan.



Corsan, Brazil



RAPID INNOVATION, DELIVERED AT SCALE:

Enabling the Digital Transformation of Higher Education

Development challenge: *Assisting universities in developing countries to quickly transform their business models to meet the suddenly accelerated demand for online learning resulting from the COVID-19 pandemic, in a commercially viable, sustainable way.*

Upstream solution: IFC created the Digital for Tertiary Education Program (D4TEP) to advise higher education institutions on developing and funding their digital transformation strategies, from online learning to admissions, instruction, and administration. Developed rapidly in response to the pandemic, the product was piloted with four clients across multiple regions in 2020. It was then launched in Latin America in 2021, with five higher education institutions, and globally in 2022, with six additional universities in Africa, Asia, and Latin America.

Enabling investment

The product expanded significantly in FY22, increasing from 9 to 15 engagements with institutions across all IFC regions of operation and enabling \$100 million of committed investments. One university participating in the initiative, Colombia's Uniminuto, targets lower-income students, primarily women. It offers distance and virtual learning as well as traditional classroom instruction and is using IFC advice, along with a \$25 million loan, to make new technology investments and expand to new campuses — all part of its digital transformation agenda.

CLEAN ENERGY SOLUTIONS:

Privately Financed Hydropower in Africa

Development challenge: *Meeting Gabon's increasing demand for power in a sustainable, commercially viable way.*

Upstream solution: Hydropower offers great potential for sustainable, reliable energy in Gabon. However, in 2018, there were significant hurdles to the development and preparation of the country's first independent power producer (IPP) hydropower project. IFC's Upstream work focused on making the project more appealing to investors. We helped to secure concrete commitments from public counterparts on the power sector's financial sustainability; developed a bankable contractual framework underpinned by an innovative credit enhancement mechanism; and established the project's biodiversity action plan.

Enabling investment

Our activities proved pivotal in helping lenders conduct their due diligence and obtain internal approvals. The result? Meridiam, a French infrastructure firm, is now working with FGIS, Gabon's sovereign wealth fund, to develop the new 34 megawatt Kinguele Aval hydropower project. IFC put together a comprehensive financing package for the €178 million project, lending €33 million, providing a concessional loan of €20 million from the Canada-IFC Renewable Energy Program for Africa, and mobilizing an additional €98 million from other institutions. Working alongside World Bank Group colleagues is critical to success. MIGA has also issued guarantees to Meridiam.

OPENING NEW DOORS

IFC seeks to engage more diverse players, using new approaches to reach more people in need, helping them move from the margins of society to the economic mainstream. In this way, our efforts will help address significant, interrelated problems due to COVID-19, climate change, conflict, food insecurity, and energy shortages.

Narrowing the Gender Gap for Women-Led Startups

In the Middle East and North Africa, women-led startups receive a mere six percent of all private equity and venture capital funding.

IFC and the Abu Dhabi Global Market, the UAE-based financial center, aim to improve those numbers. They joined together in December 2021 to launch She Wins Arabia, a program designed to tackle gender inequality in the startup space. They aspire to create an “entrepreneurial ecosystem” that allows women-led startups to grow and thrive.

In a short time, the program has trained women entrepreneurs and connected them with mentors and with investors. It has also worked with accelerators and venture capital funds, helping them to provide stronger support to women entrepreneurs.

In March 2022, She Wins Arabia brought together in Dubai, United Arab Emirates some 80 entrepreneurs to provide training in how to pitch to investors, how to gauge the size of a market, and how to develop a business plan. She Wins Arabia hosted a pitch competition, with three women winning in-kind prizes, including mentoring sessions, business strategy support, and credits with Amazon Web Services.

She Wins Arabia is part of a larger IFC effort to create more economic opportunities for women across the Middle East and North Africa. Fewer than 20 percent of women in the region are in the labor force. The program also contributes to an effort to leverage technology to address a range of long-standing challenges in the Middle East and North Africa, including unemployment and a lack of access to finance.



Supporting Refugees and Migrants in Accessing Financial Services

Many refugees and migrants have no access to a bank account, severely hindering their ability to get a loan and start a new business. This limits their participation in the economies of the new countries in which they are living. Women, who are often the primary caretakers for children, are especially vulnerable and often without childcare needed to enable them to work. In FY22, IFC took several actions to promote the financial inclusion of this vulnerable population — and support their host communities.

In May 2022, the Kakuma Kalobeyei Challenge Fund competition, sponsored by IFC, announced the winners of its first round of grants and technical support to 40 recipients in Turkana West, Kenya. The area hosts a large population of refugees, and the support offered by the awards is creating hundreds of jobs, including opportunities for women and young people. The competition supports IFC's goal of empowering host communities and refugees by promoting private sector development in and around the Kakuma refugee camp. The next awardees will be selected in the later part of 2022.

IFC and Colombia's first microfinance bank, Bancamía, launched a pilot program in partnership with We-Fi and FIAS in November 2021, which helps migrants access banking services. The program is designed for local Venezuelans who have fled turmoil in their home country. Almost 5,300 loans have been administered already, and more than half of the recipients are women. The loans allow women and men to start small businesses and become independent.

A Seat in the Boardroom

IFC, as an equity investor that often takes influential minority stakes in client companies, can provide hands-on strategic guidance to critical players in local and regional economies. We sometimes do so by placing IFC nominees on their boards of directors. Each of the directors is an experienced industry professional who adds value to the board by putting a greater emphasis on inclusion and sustainability and in other areas of his or her expertise.

We now actively manage 157 board seats — a growing community actively supported by IFC's Nominee Directorship Center through ongoing education and resources for enhanced board oversight. At the end of this fiscal year, 62 percent of IFC nominee directors were women, our highest total to date. IFC's nominees provide leadership on the full spectrum of environmental, social and governance issues, including gender equality.

Monica Aparicio, the former CEO of Santander Bank, served on the board of BanBif in Peru for six years. She encouraged BanBif to assign more women to senior management roles and increase its focus on sustainable investment, now one of its differentiators in Peru's highly competitive banking market. This year



Giving Creative Industries the Spotlight

IFC lent BanBif \$25 million to finance green housing, helping local building developers decrease their environmental footprint.

Oscar Chemerinski, a former IFC global agribusiness director, serves on the board of South Africa's Hans Merensky Holdings, the parent company of Westfalia Fruit, the world's global leader in fresh avocados. He has championed Westfalia's use of inclusive business practices and strong commitment to local community engagement. Since IFC first invested in the company in 2012, Westfalia has introduced modern avocado production to Colombia, Kenya, Mozambique, and Peru, linking local growers to global markets. It now also buys mangoes from more than 2,000 smallholders in Burkina Faso, drying them for export to Europe and the United States.

Proactively and strategically managing our equity portfolio, as well as making full use of nominee directors who further IFC's values and mission, enable us to serve as a positive force for long-term sustainable investments in emerging markets.

Whether music, film, fashion, or video games, developing countries generate — and sell — many creative products that contribute to worldwide economic growth.

The creative economy is projected to reach a global valuation of \$985 billion by 2023, according to the think tank G20 Insights, with the potential to represent 10 percent of global GDP before 2030. Digital platforms, which enable artists and performers to reach new audiences, are contributing to exponential growth of the sector. In Africa, revenue from digital music streaming is expected to reach \$500 million by 2025, up from only \$100 million in 2017, according to the World Bank.

"Digitization is bridging the gap between the creative economies of developing countries and world markets," says IFC Managing Director Makhtar Diop. "This is important because the transmission of cultural wealth can mobilize social change and provide jobs for young people."

In FY22, IFC embarked on a new journey to tap into the creative industries market and unlock its potential to significantly improve development outcomes. The COVID-19 pandemic, which caused an increase in at-home entertainment and a rapid growth of streaming services, offered an optimal opportunity for this exploration.

In November 2021, we hosted IFC UpNext, our first high-level virtual event highlighting investment opportunities in Africa's creative economy and its role in sustainable development. The event featured creative industry leaders in African music, fashion, and film, who used performances, storytelling, and discussions to generate new ideas on how to promote progress. In June 2022, we hosted a similar IFC UpNext event focused on opportunities in Latin America and the Caribbean's creative economy.

Diop kept the conversation on creative industries going by launching a new podcast, "Creative Development with IFC." Episodes explored how finance and economic development influence — and are influenced by — creative industries around the world. Diop's guests included actors Don Cheadle and Idris Elba, fashion designer Selly Raby Kane, and singer Baaba Maal.

IFC is undertaking an in-depth mapping of the creative industries market, with the intent of investing in the creative economy in the immediate future.



REACHING FARTHER FOR GREATER IMPACT

IFC continues to set standards and demonstrate its leadership in accountability. In addition to investing, advising, and mobilizing capital, IFC plays a critical role in helping to raise standards for sustainability-driven business in a host of industries — creating opportunities for increased investment flows. Often, we invest in groundbreaking transactions that prove the business case for these high standards. This work builds on IFC's history of standard setting, beginning with the creation of our environmental and social performance standards that formed the basis for the Equator Principles, the financial industry's benchmark for assessing environmental and social risk in projects launched in 2003. Our work continued with the creation of the Impact Principles in 2019, a framework to ensure impact considerations are integrated throughout the investment lifecycle. The Impact Principles now have 161 signatories from 38 countries.





Guiding Investments to Support the Blue Economy

Blue finance, defined as investment or refinance activity that contributes to ocean protection and sustainable freshwater management, is a growing market — and an essential tool for helping countries meet sustainability targets. By 2030, the blue economy is projected to reach \$3 trillion, employing as many as 40 million people. In addition to attracting potential investors, blue finance investment aids in securing coastal livelihoods, improving access to clean water, and preserving saline and freshwater ecosystems.

As blue finance becomes more mainstream, IFC is offering guidance and encouraging best practices for investment. IFC's FY22 publication, *Guidelines for Blue Finance*, identifies eligible blue project categories to guide IFC's investments. The document covers project

selection, management of proceeds, impact reporting, and external review for blue development projects. The guidelines build on existing green bond and green loan principles, clearly explaining how ocean and freshwater projects need to be framed to achieve desired environmental, social, and governance goals, in credible, evidence-backed ways.

In June 2022, IFC issued the first blue financing loan in Central and Eastern Europe to increase funding for blue economy projects in Romania. IFC extended the landmark €100 million loan to Banca Transilvania SA (BT), the largest bank in the country. IFC's support will help the bank establish a blue finance product to extend loans to MSMEs in line with IFC's guidelines.

Further blue bond issuances by IFC partners are expected in China, India, Indonesia, and Thailand.

Providing an International Standard for Green Buildings

Green buildings represent a significant low-carbon investment opportunity in emerging markets: about \$24.7 trillion by 2030.

Predicting the carbon footprint of a building project can be complicated and expensive. IFC's EDGE (Excellence in Design for Greater Efficiencies) program has simplified the process. EDGE offers a straightforward certification process that makes it faster, easier, and more affordable to design and certify resource-efficient and zero carbon buildings. The EDGE app is just one tool to help identify the most cost-effective ways to reduce the resource intensity of a building.

So far, EDGE has given its green approval to more than 42 million square meters of floor space around the world. Participating buildings are saving more than 65 billion cubic meters of water each year and embodied energy savings in materials exceed 84 billion gigajoules.

In FY22, IFC partnered with banks and property developers to expand the scale, scope, and impact of its EDGE program. In December 2021, South Africa's Nedbank issued a \$65.2 million green bond, with IFC as an anchor investor. The bond will enable Nedbank to expand its portfolio of EDGE-certified buildings. Scaling up financing for green buildings, particularly in the residential sector, is critical to supporting the

decarbonization of South Africa's energy sector and addressing the country's large housing deficit.

In Latin America, IFC signed a \$60 million loan to support BBVA Peru's green building business line by financing homebuyers' green mortgages and providing advisory services through EDGE. The investment is IFC's first green project in Peru supported by the UK-IFC Market Accelerator for Green Construction program, which helps increase green construction across emerging markets by incentivizing financial intermediaries to scale up green residential construction.





Building a Market for Sustainability-Linked Bonds

Global capital markets are a vast source of private sector funding for climate-friendly projects, driven by institutional investors who stand ready to finance well-defined green business ventures under the right conditions. Growth increasingly comes from new products like sustainability-linked bonds — debt instruments whose issuers set hard, independently verified targets for improving their environmental, social, and governance performance over time and then award issuers interest-rate reductions when they hit the targets (or penalize issuers when they miss).

IFC guided the development of the growing sustainability-linked bonds market by chairing the influential executive committee of the Sustainability-Linked Bonds Principles throughout FY22. The principles, launched in June 2020, give investors confidence by setting clear and transparent definitions for these eco-friendly debt instruments. Before the end of 2020, \$11.4 billion in sustainability-linked bonds had been issued already, with the total rising to \$118.8 billion in 2021.

In September 2021, IFC further helped broaden the impact of sustainability-linked bonds by serving as the anchor investor in the first sustainability-linked bond issuance by an energy company in Southeast Asia, a 10.5-year, 675 million Singapore dollars (approximately \$485 million) issue from Sembcorp Industries, a Singapore-based pan-Asian energy and urban solutions provider. The investment marked IFC's first sustainability-linked bond investment globally, supporting Sembcorp's drive to increase renewable energy capacity in its key markets. Under the incentive-based deal's structure, pricing will rise by 0.25 percent starting in April 2026 if Sembcorp does not reach its agreed sustainability target: greenhouse gas emissions intensity reduction to 0.40 tons of carbon dioxide equivalent per megawatt hour or lower.

MEASURING UP: OUR IMPACT

Measuring the results of our work and evaluating our effectiveness is fundamental to our approach to development.

IFC has developed a comprehensive system to guide operations to maximize our development impact. This helps ensure that IFC and our clients are reaching the people and markets that most need our help.

AIMM — ASSESSING EXPECTED DEVELOPMENT IMPACT AND MEASURING RESULTS

IFC's impact assessment tool, Anticipated Impact Measurement and Monitoring (AIMM), enables IFC to better define, measure, and monitor the development impact of each project. IFC rates all investment and selected advisory projects for development impact using the AIMM framework, which then allows development impact considerations to be weighed against a range of strategic objectives, including volume, financial return, risk, and thematic priorities.

Since the AIMM framework was introduced in 2017, IFC has rated over 2,000 investment projects and over 100 advisory projects for their expected development impact.

In FY22, IFC own account climate-related investment commitments reached over \$4.4 billion.

Share of Project Ratings for Committed Projects — Ex-ante AIMM Ratings

DESCRIPTION	RATING DISTRIBUTIONS	
	FY22	FY21
Projects Rated "Excellent" (AIMM scores 68 to 100)	11%	6%
Projects Rated "Good" (AIMM scores 43 to 67)	61%	78%
Projects Rated "Satisfactory" (AIMM scores 23 to 42)	28%	16%
Projects Rated "Low" (scores 10–22)	0%	0%

In addition to assessing the expected development impact of projects, IFC conducts portfolio monitoring for all of its active and mature investment projects¹ after they come into portfolio. IFC teams collect self-reported data from clients, and economists use these data to assess and update AIMM project scores. Updated portfolio AIMM scores and results for selected corporate reporting indicators go through internal and external quality assurance processes before they are aggregated for IFC corporate reporting.

Share of Project Ratings — Portfolio AIMM Ratings

DESCRIPTION	RATING DISTRIBUTIONS	
	FY22	FY21
Projects Rated "Excellent" (AIMM scores 68 to 100)	8%	8%
Projects Rated "Good" (AIMM scores 43 to 67)	55%	49%
Projects Rated "Satisfactory" (AIMM scores 23 to 42)	27%	32%
Projects Rated "Low" (scores 10–22)	10%	11%

1. Exemptions apply. Exemption criteria and exemption cases are reviewed by the external auditor.

DEVELOPING COMMON INDICATORS TO MONITOR IMPACT

The decade-long Harmonized Indicators for Private Sector Operations partnership of 38 development finance institutions develops metrics for sectors and themes including job quality, biodiversity, land, digital and disruptive technologies, agribusiness, health, and education.

The initiative continues to harmonize, refine and expand sector-level impact metrics that have informed UN-led initiatives, such as the UN CFO Coalition for the SDGs and the Global Investors for Sustainable Development Alliance. This past year, IFC, together with other multilateral development banks and the International Monetary Fund, started to work on developing a set of harmonized and flexible principles for multilateral development banks to articulate their contribution to the Sustainable Development Goals.

EFFECTIVENESS RESULTS OF IFC ADVISORY PROJECTS

In FY22, 102 completed advisory projects were self-assessed for development-effectiveness ratings. Seventy-one percent of the projects were rated mostly successful or better, remaining stable relative to FY21. Some regions recorded declines — East Asia and the Pacific, Latin America and the Caribbean, and the Middle East — due to the effect of the COVID-19 pandemic.

WHAT WE LEARNED FROM RESEARCH & SELF-EVALUATION RESULTS

IFC uses a combination of research, data analytics, and self-evaluations to fill knowledge gaps and provide real-time solutions.

The insights from these publicly available research and data analytics generate important lessons that inform the way we assess development impact and refine AIMM frameworks. Notable examples completed in FY22 include:

Unleashing the Power of Educational Technology in Technical and Vocational Education and Training (TVET) Systems demonstrates the accelerated development of EdTech during COVID-19 and its future potentials. It provides recommendations for policy makers on how to develop EdTech for skills development to ensure it is used effectively.

The Impact of Internet Access on Innovation and Entrepreneurship in Africa shows a positive effect of access to high-speed internet on innovation at the firm level, with availability of digital skills within the firm playing a key role. It also found evidence of internet-induced entrepreneurship concentrated in the service sector.

Introducing the Adequate Housing Index (AHI) provides a comparative assessment of adequate housing, harmonizing the most recent household expenditure and consumption surveys. Using the AHI, the paper estimated considerable sizes of housing deficit and inadequacy across 64 sampled emerging economies.

Self-evaluations of mature or completed projects are another important component of our impact-assessment framework. In FY22, our evaluation agenda was focused on performance evaluations of key partnerships with donors and rapid assessments. IFC completed five evaluations in FY22 that helped us better understand the impact of our investments beyond individual projects and capture valuable lessons learned that will inform industry strategies and operations.

An Impact Evaluation of Drip Irrigation tested the viability and sustainability of a private sector approach to promoting drip irrigation technologies and solar powered water pumps among smallholder farmers in Niger. Over the lifetime of the project, roughly 1,100 Nigerien farmers were trained, approximately half being women, on the use of drip irrigation and solar pumping systems. An ecosystem of SMEs providing operations and maintenance support was also established to deliver irrigation services to farmers. The benefits for farmers included more reliable access to drip irrigation and technical support and increased farm productivity. The assessment, based on surveys of 1,250 participating and non-participating farmers, confirmed that the majority of participating farmers had greater agronomic productivity and more crop cycles per year compared to non-participants, validating the envisioned outcomes of the approach, as well as providing insights on several additional impacts, especially for women, such as improved personal security.

SUSTAINABILITY

Sustainability is a critical component of IFC's operations and fundamental to achieving development impact. As IFC's business shifts more to fragile and conflict-affected contexts with challenging and complex environmental, social, and governance (ESG) risk profiles, supporting clients in managing these risks becomes increasingly critical. Our ESG approach is anchored in our [Sustainability Framework](#) and [Corporate Governance Methodology](#), integral parts of our approach to ESG risk management in our investments. Both the Sustainability Framework and the Corporate Governance Methodology lay the foundation for our client and market-level capacity-building efforts as well as for our sustainability investments, climate and gender work, green and sustainability bond issuances, and impact investing.

STRENGTHENING ESG RISK MANAGEMENT

We continued our dynamic change process to manage E&S risks more effectively by enhancing our internal and external capacity, and overhauling and modernizing our processes, systems and tools.

In FY22, IFC updated its internal Environmental and Social Review Procedures (ESRP) for Investment Operations, which introduced a more efficient, differentiated process for regular and high-risk projects to deliver more business in challenging markets and in a sustainable way.

We strengthened our E&S risk management approach to financial intermediaries (FIs). We clarified the definition of higher risk projects that triggers additional E&S due diligence requirements and enhanced IFC support. We launched IFC's Environmental and Social Management System (ESMS) Diagnostic Tool for FIs, which is designed to assess the quality of an ESMS and benchmark it against IFC's Performance Standard 1 and good market practices.

We continued developing our tools to identify and assess contextual risks in the broader operating environment of projects in support of our E&S due diligence and project supervision. The Contextual

Risk Framework comprises nine dimensions and 33 indicators. We launched the Contextual Risk Good Practice Note for public consultation in April 2022. The note is being revised to address feedback and is anticipated to be finalized in FY23.

We also continued strengthening IFC's institutional capacity and approach to grievance response, with a focus on proactive and early resolution of complaints as well as enhancing project-level grievance mechanisms to better handle complaints.

For our clients and the broader market, we offer a series of publications and tools to support best practice adoption in respect of sustainability and corporate governance issues. In the last fiscal year, our external publications tackled topics such as women in business leadership, internal controls, grievance mechanisms, and gender-based violence prevention. We also offer training and guidance to our specialists and staff on emerging ESG issues. Where possible, we use an "integrated ESG" approach, for example by leveraging our corporate governance investment due diligence to support the effective oversight and management of gender-based violence and harassment.

IFC AS AN ESG STANDARD SETTER

The value of our standards goes far beyond managing ESG risks and enhancing ESG performance in our portfolio. The broad adoption of IFC's standards among development finance actors and emerging market participants helps create a benchmark for ESG practices to foster continuous improvement of ESG performance for private firms in emerging markets.

IFC's Environmental and Social Performance Standards have been accepted by financial institutions, export credit agencies, and development finance institutions across the world. Through our partnership with the Equator Principles Association and collaboration with the OECD, we delivered a series of learning events on key E&S issues. We play an active role in the Corporate Governance Development Framework, which convenes 35 development finance institutions using the Corporate Governance Methodology as a common approach to corporate governance risks and opportunities in investment operations. To translate our ESG approach to capital markets, we launched the ESG Performance Indicators for Capital Markets, allowing emerging market companies to disclose through platforms such as ESG Books, of which IFC is a founding partner. We have strengthened our partnership with the United Nations Sustainable Stock Exchanges initiative (UN SSE) to cover areas such as disclosure, women in business leadership (including updated guidance on how exchanges can advance gender equality) and sustainability for small and medium enterprises. IFC, in collaboration with the UN SSE and the CDP (formerly known as the Carbon Disclosure Project), offered Task Force on Climate-Related Financial Disclosures (TCFD) training courses. These courses reached 8,600 participants in 33 markets, with 5,800 participants joining from emerging market locations.

This fiscal year, the Sustainable Banking Network was renamed the Sustainable Banking and Finance Network (SBFN) to reflect its engagement in the broader financial sector ecosystem, including capital markets, pensions, insurance, and asset management. IFC hosts the SBFN Secretariat and provides technical assistance to its 72 member institutions from 62 countries in the development and adoption of sustainable finance frameworks. This year, SBFN is celebrating its 10th anniversary. Over 500 participants from more than 100 countries gathered for its seventh Global Meeting held in April 2022, to discuss policy frameworks for a strong pipeline of sustainable investments across emerging markets.

ADDRESSING CLIMATE RISKS

We are working on the development of an ESG module for IFC's climate risk assessment tool. This module will leverage the Performance Standards and Corporate Governance Methodology to identify project-level impacts, conduct risk assessments, propose adaptation measures, assess internal controls over climate risks and the consideration of climate risks and opportunities in sponsor strategy, supporting our commitments relating to Paris Alignment.

We are also updating IFC's Corporate Governance Methodology to include a "Climate Governance" parameter, focused on climate-related risk management in our investment operations. This work will allow the development of an advisory service offering and knowledge products to help boards and senior management address climate risk.

LEVERAGING TECHNOLOGY AND INNOVATION

This fiscal year, we continued the development of an ESG artificial intelligence tool, Machine Learning Environment Analyst (MALENA). Developed in partnership with FIAS, Denmark and the Republic of Korea, MALENA uses natural language processing, machine learning, and prediction analytics to help inform our ESG due diligence. In January 2022, MALENA was selected as a Global Top 100 project for solving problems related to the Sustainable Development Goals through Artificial Intelligence. We have also made progress on the development of IFC's Sustainable Rating Tool (SRT), with the beta launch of the E&S and corporate governance components. The SRT will provide a dynamic ESG rating to improve our internal risk management processes and operational efficiency.

ACCOUNTABILITY AND OVERSIGHT

We are accountable to our partners, clients, and communities as we work toward our development objectives in an environmentally and socially responsible manner. IFC continues to prioritize efforts to strengthen accountability and transparency across the institution, including in response to an independent external review of IFC's environmental and social (E&S) accountability completed in 2020.

This year, a key area of focus included training staff on implementation of the new IFC/MIGA Independent Accountability Mechanism (CAO) Policy, which became operational on July 1, 2021. Additionally, IFC continues to improve systems and procedures for E&S due diligence and supervision as well as strengthening grievance response. An effort is also underway to explore options for remedial actions to address adverse E&S impacts in projects financed by IFC and pilot a principles-based approach to responsible exit from our investments.

We have also taken several steps to improve transparency around our use of blended finance and our investments in financial intermediaries (FIs). We believe that continuous evolution toward more transparency is one of the most important things we can do as a development institution to maintain the

trust of our stakeholders and gain crucial feedback as we develop new solutions to the biggest development challenges.

Accountability

OFFICE OF THE COMPLIANCE ADVISOR OMBUDSMAN (CAO)

People affected by adverse environmental and social impacts of IFC projects may voice their concerns to CAO, the independent accountability mechanism for IFC. As of July 1, 2021, with the implementation of the IFC/MIGA Independent Accountability Mechanism (CAO) Policy, CAO reports to the Boards of IFC and MIGA, strengthening the Board's role in the accountability process and enhancing CAO's independence. CAO is mandated to facilitate the resolution of complaints from people affected by IFC projects in a fair, objective, and constructive manner; enhance environmental and social project outcomes; and foster public accountability and learning to improve IFC performance and reduce the risk of harm to people and the environment. CAO helps resolve issues between affected people and IFC project operators using a neutral, collaborative problem-solving approach through its dispute resolution function. CAO's compliance function carries out reviews of IFC's compliance with environmental and social policies, assesses related harm, and recommends remedial actions where appropriate. Through its

advisory function, CAO provides advice with the purpose of improving IFC's systemic performance on environmental and social sustainability. In FY22, CAO handled 53 cases related to IFC and MIGA projects in 30 countries. During FY22, CAO received 11 new eligible complaints of which 5 were referred to IFC.¹ CAO released 5 compliance investigations of IFC projects and closed 4 cases after compliance review.

NEW CAO POLICY

The new CAO Policy, which went into effect at the start of this fiscal year, ensures public access to a predictable and transparent complaints process, with an increased focus on outcomes for communities, IFC/MIGA clients, and other stakeholders. It puts greater emphasis on resolving complaints early and proactively and includes timebound management action plans developed in consultation with complainants and clients. The CAO Policy also provides clear eligibility requirements for complaints related to FI clients and supply chains and includes a provision for considering complaints under exceptional circumstances for projects where IFC and MIGA have exited (for up to 15 months). This year, in collaboration with CAO, IFC held introductory trainings for E&S and operational staff on the new CAO Policy.

1. This is a new provision in the CAO Policy that supports complainants to engage in good faith efforts with IFC/MIGA or the client to resolve issues prior to initiating a CAO process.

INDEPENDENT EVALUATION GROUP

The Independent Evaluation Group (IEG) is an independent unit that reports directly to the World Bank Group's Board of Directors. IEG's mission is to strengthen World Bank Group institutions through evaluations that inform strategies and future work — and lead to greater development effectiveness. IEG assesses the results of IFC operations and offers recommendations for improvement. IEG also contributes to internal learning by informing new directions, policies and procedures, and country and sector strategies. IEG's annual reviews of World Bank Group results and performance and of other major reports are available on IEG's website at <http://ieg.worldbankgroup.org>.

Oversight

GROUP INTERNAL AUDIT VICE PRESIDENCY

The Group Internal Audit (GIA) Vice Presidency provides independent and objective risk-based assurance, insight, and advice to protect and enhance the value of the World Bank Group. GIA gives management and the Board of Directors reasonable assurance that processes for managing and controlling risks — as well as their overall governance — are adequately designed and functioning effectively. GIA reports to the President and is under the oversight of the Audit Committee. For more information on GIA, visit: www.worldbank.org/internalaudit.

INTEGRITY VICE PRESIDENCY

Reflecting the World Bank Group's commitment to fight and prevent corruption, the Integrity Vice Presidency (INT) detects, deters, and prevents fraud and corruption in World Bank Group-financed projects and involving World Bank Group staff and corporate vendors. As an independent unit within the institution, INT plays a fundamental role in supporting the

World Bank Group's fiduciary responsibility over the development resources it manages, by investigating allegations and pursuing sanctions against outside firms and individuals, and discipline against World Bank Group staff, found to have engaged in fraud, corruption, collusion, coercion, or obstruction. Following sanctioning decisions, the Integrity Compliance Office (ICO) engages with sanctioned firms and individuals in working toward meeting their conditions for release from sanction. In addition, preventive efforts by INT this year helped to identify, monitor, and mitigate integrity risks. In FY22, the World Bank Group sanctioned 35 firms and individuals. Based on ICO determinations, the World Bank Group also removed 22 entities from sanction and converted the debarments with conditional release of one entity to conditional non-debarments. The World Bank Group recognized 72 cross-debarments from other multilateral development banks (MDBs). Twenty-eight World Bank Group debarments were eligible for recognition by other MDBs. For more information and the World Bank Group Sanctions System Annual Report, visit www.worldbank.org/integrity. To report suspected fraud or corruption in World Bank Group-financed projects, visit www.worldbank.org/fraudandcorruption.

DIVERSITY, EQUITY, AND INCLUSION

IFC employs over 4,200 people, who represent over 150 nationalities and speak more than 50 languages. This makes it essential to create a culture that recognizes, values, and harnesses what makes every individual unique. Diversity, Equity and Inclusion (DEI) is a strategic priority and a critical element of IFC's employee value proposition.

FY22 marked the first full year of dedicated DEI program management at IFC. We took major steps on our DEI journey, focusing on building inclusive leadership and strengthening accountability toward the achievement of our DEI objectives. We expanded the DEI team, enhancing our project management, data analytics, learning, and communication capabilities. We also refreshed our DEI Council to include representation from all of IFC's regions of operations. This Council promotes initiatives and advises IFC's management team on how to meet diversity goals and foster a diverse, equitable, and inclusive environment.

Our DEI efforts focus on three strategic priority areas:

1. Inclusive Leadership *skills enable IFC's managers to lead diverse and equitable teams.*

In FY22, IFC continued with the third cohort of its sponsorship and the second cohort of its reverse mentoring programs, involving over 70 staff who have demonstrated leadership potential, serving as mentees, advisees, sponsors, or mentors. These programs assist in building a pipeline of leaders with inclusive leadership capabilities.

IFC also introduced an inclusive leadership learning program for over 700 managers which includes training on how to address unconscious bias in performance management conversations.

One of the ways we measure inclusive leadership is through IFC's Inclusion Index, which we derive from our Employee Engagement Survey (EES). At 63 percent, our overall Inclusion Index has remained steady since 2019 and has increased by three percentage points since 2016.

2. Performance Management Culture *creates accountability as we move toward our DEI goals.*

We use a data-driven approach to define, measure, and report on our DEI program. This year, IFC released its first [DEI public disclosure document](#) to demonstrate our progress.

Our ongoing iCount initiative, which achieved a completion rate of 61 percent, up from 49 percent one year ago, encourages staff's voluntary self-identification in terms of nationality; race and ethnicity; sexual orientation and gender identity; and disability status. By providing management with a more accurate picture of the organization and a better understanding of how staff experience promotions and progressions, mobility, compensation, and performance management, this data is helping to build a culture of accountability.

3. Gender Equality *ensures equity for women with respect to career advancement and development.*

In FY22, IFC increased the share of senior professionals who identify as female to 45 percent. IFC also earned the [second level certification of EDGE](#) (Economic Dividends for Gender Equality) following an independent audit on gender balance, gender pay equity, policies and practices for equitable career flows, and inclusive workplace culture. Our action plan for the next certification cycle focuses on continuing to ensure equal pay for equal work, awareness training on gender biases, introducing gender equality objectives into performance evaluation plans for managers, and encouraging men to take full parental leave.

Employee Resource Group Initiatives

Volunteer staff members lead our four Employee Resource Groups (ERGs), which foster an inclusive culture, cultivate support networks, expand knowledge sharing, and increase a sense of belonging across the organization. ERG co-leads are part of the DEI Council and help advance IFC's DEI goals through diverse perspectives.

Beyond our ERGs, IFC participates in the WBG Disability Advocacy and Resource Employee Group (DARE) to further build a space for staff members with disabilities and advocate for the interests of this community.

IFC GLOBE

A network for lesbian, gay, bisexual, and transgender (LGBT+) staff

This year, the network held its first elections for co-leads and board members, executed an organization-wide campaign to celebrate LGBT+ allyship in the workplace, and launched the Out & Proud awards for LGBT+ role models.

Millennial Resource Group+

A group for Millennials and others to support generational diversity and inclusion

In FY22, the group launched a chapter in Asia, complementing similar efforts in Africa and headquarters. It also held a series of events on topics ranging from women's rights to DEI.

Women's Network

A network fostering the recruitment, development, and retention of diverse talent

The network held a townhall with IFC's Managing Director Makhtar Diop and offered a series of workshops and events throughout the year focused on female leadership, work-life balance, and career narrative.

African Descent Alliance

A staff community focused on providing equal opportunity and leveraging talents, ideas, skills, and experience of professionals of African descent

During Black History Month, the group supported an interactive session on IFC's African American Talent Outreach. In addition, the network hosted a reception to honor Juneteenth featuring a black-owned business and providing the opportunity to learn about the history of this newly acknowledged federal holiday.

AUDITOR'S REPORT

IFC has requested EY to perform a limited assurance engagement on a selection of sustainable development information disclosed in the Annual Report. The nature, scope and conclusion of this engagement are described in EY's limited assurance report, available in the online IFC annual report.



LETTER TO THE BOARD OF GOVERNORS

The Board of Directors of IFC has had this annual report prepared in accordance with the Corporation's by-laws. The President of IFC and Chairman of the Board of Directors has submitted this report with the audited financial statements to the Board of Governors.

STAY CONNECTED

Web & Social Media Resources

IFC's website, www.ifc.org, provides comprehensive information on every aspect of our activities. It includes contact information for offices worldwide, news releases and feature stories, data on results measurement, disclosure documents for proposed investments, and key policies and guidelines.

The online version of IFC's 2022 Annual Report, www.ifc.org/annualreport, provides downloadable PDFs of all materials in this volume and translations as they become available.

**REPORTING UNDER
THE TASK FORCE
ON CLIMATE-RELATED
FINANCIAL DISCLOSURES**

CLIMATE-RELATED FINANCIAL DISCLOSURE

This report is IFC's fifth consecutive disclosure under the guidelines recommended by the Task Force on Climate-related Financial Disclosures (TCFD). The report reflects IFC's continued commitment to maintain and strengthen our climate-related financial risk assessment, management, and reporting practices. All five reports can be found online at www.ifc.org/AnnualReport with links to relevant references.

IFC has its TCFD reporting audited by EY, a recognized third party, as part of the annual review of IFC's non-financial reporting. This review of our qualitative and quantitative disclosures helps us improve our TCFD reporting every year and ensures that the information provided is material to stakeholders and is in-line with global best practices.

GOVERNANCE

What's New?

- Deepened the integration of climate champions across the organization through the hiring of Regional Industry Climate Business Development Leads
- Developed and rolled out the frameworks for Paris Alignment in coordination with other multilateral development banks (MDBs)
- Discussed with the Management Team and Board the Paris Alignment approach and plans for implementation
- Established a Climate Risk Working Group to oversee the development of methodologies for managing climate risks on the portfolio and balance sheet

IFC's **climate business and risk are overseen by IFC's Managing Director (MD) and Executive Vice President**, who reports to the President of the World Bank Group on all climate commitments such as climate business performance, climate risk evaluation, and Paris Alignment of IFC's operations. The World Bank Group President reports to the World Bank Group (IBRD, IDA, IFC, MIGA) Board of Directors. Following the climate commitments as part of the 2018 capital increase, in FY21 the Board approved IFC's commitment to align its investments with the goals of the Paris Agreement. As part of IFC's capital increase and Paris Alignment commitments, all investments are now screened for physical climate risk. IFC has committed to aligning all new investments with the goals of the Paris Agreement starting in July 2025, and further scaling climate finance in 2030.

The President of the World Bank Group sets the Group's public climate targets. Progress on targets is reported to the IFC Management Team and the Board as part of the Corporation's Quarterly Updates to the Board. Separately, the World Bank Group also reports annually to the Board of Directors specifically

on climate including progress toward all climate commitments (see Metrics and Targets section for further details). The most recent climate update to the Management Team was held on June 27, 2022, and to the Board on July 7, 2022.

Additional touch points with the Board and Management Team are **integrated into our business and reporting processes**, through written and verbal communications including the Investment Operations Report, Annual Portfolio Review (with RAROC on climate and non-climate), Strategic Business Outlook, annual Climate Change Action Plan (CCAP) updates, carbon pricing and climate risk discussions in project Board papers, and deep dives and technical briefings as requested.

Climate is integrated into IFC's organizational structure following a hub-and-spoke model. Responsibility for providing deep in-house expertise on climate and guiding the achievement of our climate targets rests with the hub, a **dedicated Climate Business Department**, which enables the investment departments and others — the spokes — to engage with our clients on climate and broaden our impact. The Climate Business Department helps set corporate climate strategy and shape policy, and supports investment teams to identify climate investment opportunities and mitigate climate risk. The Climate Business Department is housed under the Cross-Cutting Solutions Vice Presidency, currently reporting to the MD. This placement reflects IFC's position that climate change is a key implementation priority to be integrated across all operations, investment cycles, and organizational processes.

The Climate Business Department conducts and supports assessment of transition and physical climate risk in investment projects. It also works with mainstream investment and business development teams to identify low-carbon investment opportunities and align operations with the Paris Agreement through its industry sector experts, climate finance professionals, and policy. It develops and helps implement and monitor tools and approaches such as carbon pricing and climate project tagging.

Recognizing the importance of embedding good climate governance into the boards of our client and investee companies, the department is developing trainings for IFC Nominee Directors to build and improve capacity of investee companies on climate change, including climate finance and climate risk. The department continues to report individual climate finance numbers to the Board.

Since the signing of the Paris Agreement in 2015, IFC has worked closely with the World Bank, MIGA, and eight other multilateral development banks (MDBs) to develop the **Joint MDB Framework for Paris Alignment of MDB Financing**. The definition of Paris Alignment so derived takes into account the specific contexts of the emerging markets within which IFC operates. IFC has coordinated closely with the other MDBs to develop the **Joint MDB Framework for Paris Alignment of Direct Lending** (real sectors) and, along with the European Bank for Reconstruction and Development (EBRD), led the development of the **Joint MDB Framework for Paris Alignment of Financial Intermediaries** (FIs). IFC's Climate Business Department leads and coordinates the development of the frameworks and implementation of Paris Alignment across IFC's operations in close collaboration with relevant industry teams. This governance structure allows for consistency and standardization at this early stage of integrating Paris Alignment into our operations, especially as implementation requires expert judgement and the use of specialized tools. Meeting Paris Alignment targets is part of the performance scorecard for the department. Summaries of the assessment and status of Paris Alignment of individual projects will be included in project documentation at investment review stage, for review by the Investment Committee.

As implementation of the Paris Alignment framework progresses and matures, investment teams will be trained to do the assessments for their projects, with quality review from the Climate Business Department. Assessment for mitigation issues for more complex projects will continue to be centralized within the Climate Business Department. The Department is helping to build capacity in investment teams,

especially Industry Specialists and Environmental and Social (E&S) Specialists who are core to the project teams and will be undertaking the Paris Alignment assessments for projects upon mainstreaming. Assessment for climate risk and adaptation will be mainstreamed over time through sectoral tools and approaches that will allow project teams, via industry and E&S specialists, to conduct project assessments.

IFC has brought on board seven new staff members in the Climate Business Department over recent months to meet the ambitions of its Paris Alignment commitment as well as to help IFC's industry teams build capacity to assess their projects themselves and integrate Paris Alignment into the existing project cycle.

Climate Risk Working Group. In FY22, IFC's Corporate Risk Committee approved the creation of a cross-cutting Climate Risk Working Group to oversee the development of methodologies and recommend policies and procedures to measure and manage IFC's exposure to climate-related risks at the portfolio and balance sheet level. The Working Group will be led by the Corporate Risk Management (CRM) and Climate Business departments, with participation from other stakeholders as appropriate. The **Corporate Risk Management** department is situated within the Risk and Finance Vice Presidency and supports IFC's financial sustainability through activities such as capital allocation, financial forecasting, stress testing, and exposure limits management. Within CRM, the climate risk team is exploring the development of tools and methodologies to measure and manage climate risks on IFC's portfolio and balance sheet.

IFC's **Climate Anchors Network** continues to integrate climate business throughout the institution. The Climate Anchors Network comprises senior staff in each industry and regional department as well as key operational departments including Legal and Compliance Risk, Corporate Risk Management, and Environmental and Social teams. Regional and departmental Climate Anchors jointly report to their department Director and to the Climate Business Director. This year, IFC has begun hiring **Regional Industry Climate Business Development Leads**

for each of IFC's seven regions of operations, who will report to their Regional Industry Directors and to leadership in the Climate Business Department. The role of these leads will be to identify opportunities to unlock more climate business in their regions, including cross-cutting opportunities. Regional and industry teams are also hiring additional staff at all levels to enhance their climate-related competencies and offerings.

IFC **regularly consults with peers** to further common understanding of good practices. The TCFD informal working group of MDBs convened by IFC in 2020 continues to share experiences, discuss challenges, and ideate solutions to help each organization integrate the recommendations of TCFD more comprehensively into their operations.

IFC continues to engage with organizations on climate risk and opportunities, such as 2^o Investing Initiative, Citi, Oliver Wyman, PCAF-Navigant, Potsdam Institute, Standard Bank, Science-Based Targets Initiative, S&P Global Trucost, UNEP-FI, and WSP, among others. More broadly, IFC retains membership in several climate-related corporate leadership initiatives, such as the Principles for Responsible Investment, the TCFD (where IFC is a supporting institution), the Task Force on Nature-Based Financial Disclosures (TNFD — IFC was a member of the Informal Working Group that shaped the TNFD and is now a member of the TNFD Forum), Race to Zero, the Global Green Bond Partnership, the Green Bond Principles (of which IFC was elected Chair in 2020) the Carbon Pricing Leadership Coalition, the CCS+ Initiative (where IFC is a member of the advisory group), and the Fashion Industry Charter for Climate Change (where IFC is a supporting institution).

Beyond strengthening our own climate governance, we continue to develop and set environmental and social standards through our Performance Standards. In addition, IFC has been supporting the development of green and blue taxonomies, as well as national taxonomies for Colombia, Mongolia, South Africa, Dominican Republic, and others. These domestic taxonomies are national standards that define what is green eligible for investments in those countries.

STRATEGY

What's New?

- IFC completed the pilot of the Paris Alignment Framework for real sectors and is now rolling it out across operations
- IFC led and completed the development of the Paris Alignment Framework for intermediated financing
- FY22 own-account investment in climate: \$4.4 billion
- FY22 mobilization of private capital for climate: \$3.3 billion

Increasing IFC's investment in climate business.

In FY22, IFC's total climate-related commitments were over \$7.7 billion. At \$4.4 billion, our own account long-term finance in climate accounted for 35 percent of our new investments (see Table 1). Despite the economic ramifications of the ongoing COVID-19 pandemic, IFC's total climate commitments saw a year-on-year increase.

Paris Alignment. In June 2021, the World Bank Group Board endorsed the new Climate Change Action Plan (CCAP) for FY 2021-25. The CCAP focuses on increasing climate finance to reduce emissions, strengthen climate change adaptation, and align financial flows with the goals of the Paris Agreement. It provides a roadmap on aligning climate and development goals using new diagnostics, prioritizing transition in five key systems that generate 90 percent of emissions and face significant adaptation challenges,¹ and increasing finance to support the transition, including by mobilizing private capital and supporting global efforts to raise and deploy concessional finance.

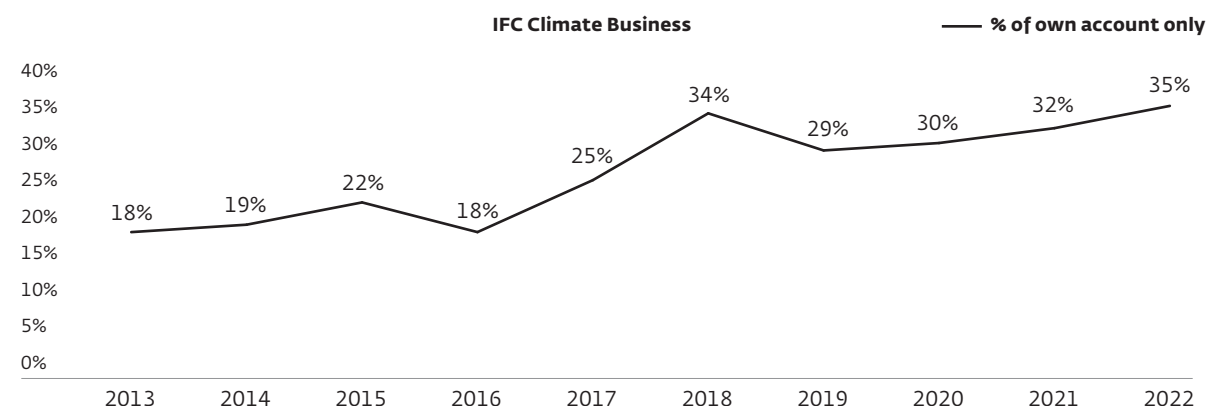
As part of the new commitments, IFC will increase its direct climate financing to 35 percent of total

1. The five key systems that the CCAP focuses on are: energy; agriculture, food, water, and land; cities; transport; and manufacturing.

Table 1: Climate Change Commitments: Five-Year Trend

TOTAL CLIMATE FINANCE COMMITMENTS (US\$ MILLIONS)	FY22	FY21	FY20	FY19	FY18
Own Account Long-Term Finance (LTF)	\$4,401	\$4,021	\$3,324	\$2,603	\$3,910
Core Mobilization	\$3,346	\$3,610	\$3,500	\$3,172	\$4,542
Total	\$7,747	\$7,631	\$6,824	\$5,775	\$8,452

Figure 1: IFC Climate Business as a Percentage of Total Own Account Commitments: Ten-Year Trend



commitments on average over the five-year period, significantly higher than the 26 percent average achieved between FY 2016 and FY 2020. IFC also committed to aligning its financial flows with the objectives of the Paris Agreement. Starting July 1, 2023, 85 percent of all new investments in all sectors will be aligned with the Paris Agreement's goals, and 100 percent of these will be aligned starting July 1, 2025. Our work on Paris Alignment has helped us define an overall climate risk and opportunities strategy that incorporates governance structures, risk management, and metrics and targets.

IFC has been working with its sister WBG institutions and eight other MDBs to create the Joint MDB Framework on Paris Alignment, in order to develop

a common, comparable, measurable definition on what it means to align financial flows with "a pathway toward low greenhouse gas (GHG) emissions and climate-resilient development" as articulated in Article 2 of the Paris Agreement. IFC defines Paris Alignment as providing support to clients in ways that are consistent with low-carbon and climate-resilient development pathways, aligned with the objectives of the Paris Agreement, and consistent with client countries' nationally determined contributions (NDCs), long-term strategies, and other national climate commitments. This includes alignment with both mitigation (Building Block, or BB, 1 of the Joint MDB Framework) and adaptation and resilience (Building Block, or BB, 2 of the Joint MDB Framework) components.

An IFC investment is considered aligned when: (i) on climate mitigation, it has no negative impact on decarbonization pathways; or supports low/net-zero GHG emissions activities in line with decarbonization goals of the Paris Agreement; or generates GHG emissions but is in line with the country's low carbon transition and avoids long-term carbon lock-in; and (ii) on climate adaptation and resilience, it identifies and manages vulnerability to physical climate risks and is considered aligned with a country-specific, climate-resilient development pathway.

In FY22, IFC conducted over 16 Paris Alignment training sessions with a cumulative 1,500 staff in attendance and intends to conduct several more in FY23. These trainings were delivered to IFC staff from across IFC's regions and sectors of operation and leveraged relevant regional and sectoral case studies. Through these trainings, IFC has disbursed internal guidance materials to support capacity building, including Paris Alignment assessment questionnaires, case studies, and factsheets.

The integration of Paris Alignment into our operations has changed how IFC does business.

Paris Alignment requirements are best met when integrated into existing business processes, including due diligence, appraisal, and concept and investment review. Our implementation plan recognizes and reflects this, with project cycle integration and clear definitions of roles and responsibilities of staff across IFC a key element of our roll-out. Climate considerations — both mitigation as well as risk and adaptation — are included much earlier in the project design process, allowing investment teams to both address any climate risks that are foreseen as well as take advantage of the business opportunities presented through adaptation measures and helping clients transition to a low-carbon pathway. Finally, we are also exploring the overlap between climate, especially Paris Alignment, and IFC's Performance Standards to better integrate into our existing client requirements and business practices.

To enable comprehensive integration of Paris Alignment into our operations, IFC has also developed and is conducting trainings for investment staff to help them communicate the commitments and implications of Paris Alignment. To help with this, we are developing tools, guidance notes, and other relevant material. These measures will help our clients in emerging markets to improve their climate risk management capacity and enable them to report in line with the recommendations of the TCFD, which will provide the market — as well as the client — with a better insight into the entity's climate risk exposure.

Integrating low-carbon and resiliency across sectors.

IFC continues to diversify its climate business, identifying new areas of growth. In FY22, IFC retained strong climate business (our own account investment as well as mobilization) through FIs (\$3 billion), and in resource efficiency (\$882 million), renewable energy (\$1.2 billion), green buildings (\$1.2 billion) and urban, transport, and waste (\$1.1 billion).

Focus on Financial Sector

In FY22, IFC's total overall own account commitments amounted to \$12.5 billion, of which 50 percent — or \$6.2 billion — comprised of our work with financial intermediaries. Given that such a significant proportion of our business is in the financial sector, focusing on this part of our portfolio is crucial to integrating climate considerations and Paris Alignment across IFC's operations.

Paris Alignment for IFC's Intermediated Financing.

IFC and the European Bank for Reconstruction and Development (EBRD) led the development of a Paris Alignment framework for intermediated financing in coordination with the other MDBs, which is now complete. Similar to the approach taken for the pilot of the real sector methodology, IFC will begin piloting the proposed methodology for financial intermediaries in FY23. Aligning this part of our portfolio is crucial to integrating Paris alignment across IFC's operations.

Our framework for intermediated financing is two-pronged and includes an approach for

transaction-based assessment (for projects with defined use of proceeds) and another approach for counterparty-based assessment (for projects with undefined use of proceeds). We have begun the pilot of this framework on our business with financial intermediaries that have defined use of proceeds as of July 2022 and intend to roll it out in a phased manner over the course of FY 2023 with an open feedback loop to integrate learnings and course correct as needed before mainstreaming in July 2023. Along with the other MDBs, we intend to publish a technical note on Paris Alignment of intermediated finance for COP27 as was done for the real sector before COP26.

In order to ensure transparency, the Paris Alignment frameworks and methodologies were also discussed with Civil Society Organizations (CSOs) at the WBG-IMF Spring Meetings held in April 2022 under Chatham House rules. IFC intends to engage with CSOs on the Paris Alignment approach for FIs in the coming months. Coordination of the engagement will be undertaken as a joint World Bank Group exercise.

Enhancing IFC FI clients' capacity. In addition to ensuring that our own business is climate resilient and low-carbon per the Paris Agreement, IFC recognizes the urgency to help this sector make its business resilient to climate risks and help our clients move toward Paris aligned pathways for climate resilient and low-carbon business. We have developed and continue to expand training on climate risk management and TCFD for both financial institutions and real sector companies. IFC is working with stock exchanges to help them develop disclosure guidelines for listed entities. IFC is the Secretariat of the Sustainable Banking and Finance Network of central banks and regulators, which is helping banks in member countries to implement the recommendations of the TCFD.

IFC offers a range of technical climate assistance, advisory and investments services according to the client's level of maturity and readiness for investment through its Financial Institutions Group (FIG) offerings. This includes capacity building support for climate risk assessment and management to support FIs' alignment with the goals of the Paris Agreement.

Some additional topics that IFC offers advisory services to support clients include access to green finance, green bonds and loans, blue bonds and loans, climate-related disclosure, and decarbonization pathways. Through the Green Bond Technical Assistance Program (GB TAP), IFC helps train banks to understand and issue green bonds. The Green Banking Academy trains financial institutions on the four pillars of a green bank (eco-efficiency (their own footprint), environmental risk management, green products and services, and green strategic commitment) and offers a green finance certificate to professionals. The Climate Assessment for Financial Institutions (CAFI) platform helps our client financial institutions assess the climate eligibility of their investments and estimate the development impact of their climate-related activities. By FY22Q2, 75 percent of active climate partner financial institutions used the tool and reported over \$7.9 billion in climate loans in CAFI, leading to an estimated reduction in emissions of 19.5 million tons of Carbon Dioxide equivalent per year. These advisory programs not only help us build capacity for our clients but also let us set and raise market standards on climate finance, climate risk management, issuance of green bonds, and other important topics.

In addition to the provisions above, IFC is developing and delivering virtual climate trainings directly to financial institutions to create new markets for climate risk and opportunities. Supported by the governments of Japan and the Netherlands, IFC has developed a training module for banks in emerging markets to raise awareness on climate issues as relevant to the financial sector and build their capacity on climate risk management. These webinars and trainings will be followed by one-on-one advisory services provided by the FIG regional teams to help those banks that are interested in integrating climate into their governance, strategy, risk management, and metrics and targets as per the recommendations of TCFD.

Finally, recognizing the need for bankable green projects as a key hurdle to scaling private climate finance under the *Scaling up Climate Finance through the Financial Sector (30x30 Zero) Program*, IFC is working in four pilot countries to help catalyze the development

of a pipeline of green projects in target sectors. This project involves engaging with stakeholders from the public, private, and financial sectors to develop a roadmap of actionable solutions on how to incentivize the development of private sector projects in target sectors. IFC will work with client financial institutions to channel private sector capital into these projects, simultaneously helping to green the financial sector in the pilot countries.

Exploring Creative Solutions to Target New Areas of Growth:

In addition to growing its existing climate business, IFC continues to target new areas of climate resilience using innovative tools and solutions.

Sustainability-Linked Finance. We are helping our clients green their operations based on a clearly identified roadmap of innovative solutions. In FY22, IFC anchored its first-ever sustainability-linked bond (SLB) issuance, a 675 million Singapore dollar offering on the Singapore Stock Exchange, by leading Pan-Asian energy and sustainable solutions provider Sembcorp Industries Limited. The transaction formed the first SLB by an energy company in Southeast Asia and the region's largest such issue to date. Under the SLB terms, Sembcorp committed to reducing its GHG emissions intensity by 20 percent in the next four years, with a 0.25 percent margin step-up if this target is not met.

IFC's investment comprised an own account anchor allocation of 150 million Singapore dollars (approximately US\$110 million) and mobilization of approximately 475 million Singapore dollars (approximately US\$350 million) to be applied toward renewable energy projects and potentially other sustainable assets.

In addition to anchoring the issue, IFC helped Sembcorp develop a sustainable financing framework, including selection of specific performance targets as well as systems and processes for implementation. This successful SLB is expected to contribute significantly to decarbonization efforts by demonstrating best

practice and stimulating other corporates, both in the infrastructure sector and beyond, to adopt similar ambitious sustainability strategies and targets and tap novel financing structures such as SLBs.

Country Climate and Development Reports

(CCDRs). In FY22, the World Bank Group launched a new, core diagnostic tool — the Country Climate and Development Report (CCDR). IFC, the World Bank, and MIGA lead the development of the CCDRs, along with support from the IMF, and active engagement with the private sector, government counterparts, academia, think tanks, and civil society organizations. The CCDRs aim to (i) integrate climate change and development considerations and help client countries prioritize the most impactful actions that can reduce greenhouse gas (GHG) emissions and boost adaptation; (ii) explore opportunities, reforms, and policy instruments to leverage private sector resources and solutions for both climate change adaptation and mitigation; and (iii) inform WBG country engagement products, including IFC's Country Private Sector Diagnostics (CPSDs). CCDRs can serve as an important platform for governments, their citizens, and our partners to engage with the development and climate agenda, supported by better coordination at the country level. CCDRs can also be deployed to more effectively mobilize resources from development financiers, including non-traditional donors and the private sector. In June 2022, the first CCDR — for Türkiye — was released and identified key priorities for climate action to help Türkiye reduce GHG emissions and boost resilience. The World Bank Group expects to publish more than 20 CCDRs in the first half of FY23. These reports will form the foundation for building internal climate capacity, engaging in market development activities in country offices, and integrating climate opportunities and risks into the core strategic decisions.

Industry-Specific Decarbonization Strategies.

IFC has been conducting deep dives to embed climate into sectoral strategies for high-emitting sectors like chemicals and power. IFC's focus on manufacturing in particular has evolved over the last few years to be centered around carbon abatement, industry

transition to lower carbon pathways, greening of supply chains, waste reduction, and circularity. We look at investments for their ability to support resilience in regional clusters. A core aspect of this strategy is to ensure that our investment evaluation takes a nuanced approach to the development status, needs and economic complexity of a country. In subsectors where full abatement is not possible (heavy industries), we focus on climate transition and lower carbon pathway approaches. These projects are set up in a way that supports the reduction of their emissions over the project lifetime by incorporating new technologies and knowledge, thereby reducing the risk of carbon lock-in. We have developed comprehensive sector strategies and roadmaps for key sectors, such as textiles and chemicals, and are developing more for circular economy, construction materials, electric vehicles (EV) value chain and battery manufacturing value chain. IFC is also providing clients in hard-to-abate sectors with advisory services to support the development of actionable decarbonization roadmaps that assess their carbon footprint, identify cost-effective decarbonization solutions, set targets, and develop investment programs compliant with sustainable finance principles.

Biodiversity and Nature-Based Solutions. IFC recognizes that climate and biodiversity are deeply interlinked and managing the risks and opportunities for one is incomplete without also addressing the other. This principle is enshrined within the WBG CCAP for FY 2021-25, and we are working to articulate the business case for biodiversity finance and nature-based solutions (NBS) for both climate mitigation and for green infrastructure solutions. We continue to engage with stakeholders on this issue, intend to grow our own biodiversity finance business, and contribute to the growth of the biodiversity finance market globally. As mentioned earlier, IFC was an early member of the Informal Working Group that shaped the TNFD, and we continue to be a part of the TNFD Forum with likeminded organizations that recognize the impetus for and opportunity in biodiversity finance. We have developed a reference guide on biodiversity finance that fuses conservation needs with sustainable development to provide an indicative list of investment activities that help protect, maintain or

enhance biodiversity and ecosystem services as well as sustainably manage natural resources. This guide was opened for public comment in June-July 2022, to which we received 23 comprehensive responses from entities including non-profits, academia, cooperative financial institutions, international organizations, multiutility operators, and financial and technical advisory firms. Comments focused on a range of topics including impact reporting, data and knowledge sharing, elaboration of ties to the Green Bond and Green Loan Principles, and potential alignment with national and international legislation. After an extensive review process, an updated version of the document will be made public in the coming months. The Biodiversity Finance Reference Guide is a living document, and we expect it to evolve over time as the market develops and matures.

SECTOR SPOTLIGHT:

Blue Bonds and Loans

The ocean generates more than half of our planet's oxygen, is home to most of the world's [biodiversity](#), and offers food and economic opportunities for billions of people. It is estimated that the global value of the blue economy is \$2.5 trillion annually, equivalent to the size of the world's seventh-largest economy. Blue finance is an emerging area in climate finance, with growing recognition from the market of the countless investment opportunities it offers while simultaneously addressing pressing global challenges by contributing to economic growth, improved livelihoods, and the health of marine ecosystems. This principle is enshrined in the World Bank Group's Climate Change Action Plan (CCAP) for FY 2021-25.

IFC has been at the forefront of developing market standards and guidelines on blue finance and launched the [Blue Finance Guidelines](#) in early 2022. This document provides guidance on eligible use of proceeds for market participants and private

Building a pipeline of low-carbon and resilient projects. IFC's Upstream units are embedded across industries and regions to lay the groundwork for investment opportunities within a three-to-five-year horizon. In the last year, IFC has prioritized climate-related business development through Upstream and related activities such as scaling up climate finance by greening the financial sector and catalyzing a pipeline of green investments in target markets. IFC is also investigating possible business models for upstream activities in adaptation and resilience. Upstream activities consist of pre-investment work in three categories, often in collaboration with the World Bank and the Multilateral Investment Guarantee Agency (MIGA): 1) creating markets (regulatory reform or standard setting), 2) creating opportunities (through technical assistance to private sector clients), and

investments to build the blue economy and requests eligible projects to contribute to Sustainable Development Goal (SDG) 6 (ensure availability and sustainable management of water and sanitation for all) and SDG 14 (conserve and sustainably use the oceans, seas and marine resources for sustainable development) without compromising other SDGs.

IFC sees a huge opportunity to develop business lines for blue finance. We have pioneered investments in blue finance with key partners leading to several first-in-the-market transactions. These include IFC's subscription of up to \$100 million in the first blue bond in the Philippines (FY22) and the first blue bond by a commercial bank in Thailand (FY22). IFC also anchored and mobilized a \$300 million blue loan for Thailand's Indorama Ventures exclusively focused on addressing marine plastic pollution (FY21). Since 2020, IFC has provided more than \$400 million in blue finance to the private sector, recognizing the untapped potential for clients to grow their blue financing products and services, and to develop a systematic global blue finance market.

3) crystallizing opportunities (project risk structuring and investor mobilization). IFC's management team is regularly updated on the climate percentage of the upstream pipeline, allowing the management team a line of sight on green business opportunities in coming years.

Resilience of strategy/scenario analysis. IFC continues to explore how to integrate scenario analysis and climate risk into our overall risk management. IFC has road-tested leading market approaches to scenario analysis and found them to be unsuitable for evaluating the resilience and risk of IFC's portfolio which mainly comprises unlisted, private clients in emerging markets. We are in discussion with MDBs, financial institutions, consulting firms and other stakeholders on the most appropriate factors, indicators, tools, scenarios, and data sources to develop an internal approach.

- **Project and asset level.** IFC has begun to implement several interim bottom-up measures to ensure the resilience of our investments. Many of these have been integrated into our Paris Alignment approach and implementation — individual assets and projects are assessed using tools that incorporate climate scenarios. Our previously developed systematic methodology to evaluate the alignment of our investments in hard-to-abate sectors with countries' NDCs on a project-by-project basis has been incorporated into our methodology for BB1 (mitigation). We are evaluating the resilience of our portfolio by also considering carbon lock-in risk and potential stranded asset risk of our investments, in a longer time frame than simply our project tenor. With each project now assessed for adaptation and resilience compliance with Paris Alignment, IFC is building a green, low-carbon, climate resilient portfolio.
- **Sector level.** In addition, we have taken a sectoral approach with transport as a pilot. IFC is working to develop methodologies for applying scenario analysis to all the modes of transport in which we invest, starting with roads. The transport model will allow us to test scenarios by stacking interventions

to maximize the emissions reduction potential of the project. This will serve as a tool to engage further with clients on project design, while supporting our ex-ante GHG emissions estimates of absolute and baseline emissions.

- **Portfolio and balance sheet level.** IFC is exploring how to incorporate climate scenarios into its stress testing framework, as well as the development of other tools to measure and manage climate risks at the portfolio and balance sheet level. The Climate Risk Working Group will oversee this workstream in FY23 and beyond.

RISK MANAGEMENT

What's New?

- Tools, methodologies, and approaches for physical climate risk screening developed for 46 percent of IFC's real sectors of operations; 35 percent more underway
- Analysis of IFC's active portfolio for exposure to transition risk, with the aim to identify key sectors or regions requiring additional risk mitigation focus
- Physical and transition risk incorporated into Paris Alignment approaches and roll-out

In FY22, IFC continued to expand our existing climate risk management of both physical and transition risk, by integrating both into IFC's Paris Alignment frameworks.

In its first year of road testing, the framework for Paris Alignment of real sector investments, IFC has assessed 80 percent of real sector projects that were approved in FY22 for alignment with both mitigation and adaptation goals of the Paris Agreement. Assessments are conducted at the concept development stage to ensure that the principles of Paris Alignment are enshrined at the earliest stages of project development.

Physical risk². IFC screens projects for climate risk in an expanding number of sectors. During project appraisal, IFC's project teams assess potential direct and indirect effects that climate-related impacts may have on the project's financial, environmental, and social performance. Potential risks are further explored and, where necessary, addressed and mitigated through a variety of measures that may include operational or CAPEX interventions.

Physical risk screening for IFC's projects has been integrated into the adaptation and resilience (BB2) component of Paris Alignment, where assessment poses explicit questions on exposure to climate risk and potential opportunities, measures for climate risk mitigation, levels of residual risk after adaptation, potential for maladaptation, and consistency with national contexts for climate resilience.

IFC has mainstreamed the assessment of the risk and resilience component of Paris Alignment (BB2) for 46 percent of real sector operations and is in the process of mainstreaming for an additional 35 percent. In this context, sectors are considered 'mainstreamed' when a methodology or tool has been developed for industry and E&S specialists to be able to conduct climate risk screening for their projects with limited support from the Climate Business Department. Sectors for which physical risk screening has been mainstreamed in this manner include roads, ports and waterways, airports, forestry insurance, pulp and paper, mining, hydropower, solar, wind, manufacturing, water, and sanitation. Methodologies and tools for adaptation and resilience are currently under development for dairy, waste, financial intermediaries, tourism, retail and property (TRP), health and education, railways, and mass transit sectors. We expect to complete the mainstreaming of adaptation and resilience assessments for all real sectors starting in July 2023, thereby completing the integration of physical risk screening into IFC's operations.

In FY22, IFC has also developed two bespoke tools to help industry teams screen in the interim even those projects for which sector-specific tools are in various

2. Physical risks are those resulting from disruptions and impacts of climate change-related events and can be both acute and chronic. Examples of physical risks include droughts, floods, increasing sea levels, rising temperatures, and other factors that may have an impact on supply chains, operational capacity, damage to physical assets, and other aspects of the business.

stages of development. The GeoViewer tool developed by IFC with support from external consultants, assesses a project's exposure to climate hazards based on location and helps climate specialists provide a comprehensive high-level assessment for adaptation and resilience. It uses over 50 climate indicators and provides data on potential hazards for four different time horizons based on two Representative Concentration Pathway (RCP) scenarios for 50th and 66th percentile probability. The Portfolio Sensitivity tool goes one step further and includes factors such as supply chain and market exposure to provide high-level information on potential financial exposure to climate hazards.

We continue to use previously developed tools in further embedding physical risk screening into our operations, including a forward-looking tool to assess the exposure of IFC's portfolio to key physical climate hazards by sector and country developed in FY21. The dominant drivers in IFC's most exposed operations include those related to water, such as water stress, drought, and flood. This tool was validated using our portfolio from 2016 to 2019, which was assessed for physical climate impact using supervision reports.

Transition risk.³ Relative to most large banks operating in our markets, IFC has limited exposure to fossil fuels and no exposure to coal power generation at utility scale in our portfolio. As of FY22, renewables represented 69 percent of our power generation portfolio. IFC follows the WBG practice of not investing in greenfield coal power generation. In 2019, IFC extended this practice to upstream oil and gas investments. In the last ten years, IFC has had no new investments in coal mining or coal power generation projects.

As part of our efforts to address climate risks and minimize indirect exposure to coal-related projects, IFC does not provide loans to financial institutions for coal-related activities. To further reduce exposure to coal, IFC no longer provides general-purpose loans to financial institutions. Targeted loans are directed to key strategic sectors, such as micro-, small-, and

medium-size enterprises, women-owned businesses, climate-related projects, and housing finance. The use of proceeds is disclosed on IFC's Project Information Portal. Through our Approach to Greening Equity Investments for new equity and equity-like investments, IFC seeks to help our financial institution clients increase their climate lending and reduce their exposure to coal-related projects to zero or near-zero by 2030.

Despite our low exposure, IFC is currently examining our portfolio for potentially high-risk projects in carbon-intensive sectors, and potential measures to mitigate transition risk in those sectors. The analysis is based on historical portfolio data covering the last decade of IFC's business, and both total sectoral emissions and sectoral emissions intensity (based on project size). Through this effort, IFC has identified the sectors that comprise our largest carbon exposure: gas distribution, thermal power generation, cement, waste treatment and management, chemicals, glass, and animal production. We will be using these categories to identify which future projects might potentially need to be subject to additional analysis on transition risk.

IFC continues to use carbon pricing as a measure to manage transition risk and avoid stranded assets. Since May 2018, a carbon price has been included in the economic analysis of project finance and corporate loans with defined use of proceeds in the cement, chemicals, and thermal power generation sectors, where estimated annual project emissions are over 25,000 tons of carbon dioxide equivalent. IFC includes the impact of the carbon price on the project's economic performance and viability in Board papers. The price levels continue to be consistent with the High-Level Commission on Carbon Prices and with the World Bank. Carbon pricing is also integrated into our Anticipated Impact Measurement and Monitoring (AIMM) framework where applicable and will become a standard part of Paris Alignment assessments for mitigation for all projects with annual emissions greater than 25,000 tons of carbon dioxide equivalent.

As noted above, IFC incorporates transition risk into our Paris alignment process, particularly for the BB1 (Mitigation component). The assessment process includes analysis of consistency with NDCs, long-term strategies, and regional, national, and sectoral policies on climate change to mitigate policy risk. It also explicitly includes analysis of stranded asset and carbon lock-in risk as criteria for evaluation of Paris alignment for IFC projects. We continue to develop measures to deepen our assessment and management of transition risk.

IFC has developed decarbonization pathways for hard-to-abate sectors such as chemicals, power and textiles, and continues this work for other carbon-intensive sectors. Through our Sustainable Infrastructure Advisory program, IFC supports clients to formulate and implement decarbonization strategies and net zero plans through manageable steps, drawing from over 150 separate science-based solutions and tailoring them to each individual client's needs. IFC offers technical assistance and investment services according to the client's level of maturity and readiness for climate investment, including the development of low-carbon roadmaps and compliance with sustainable finance principles. We support clients in assessing their carbon footprint, setting baselines and targets, monitoring and evaluation, developing results measurement frameworks, and complying with international disclosure requirements and standards. Our counterparty-based approach for Paris Alignment of financial intermediaries also requires clients to commit to decarbonization pathways and better climate-related risk management.

At IFC, **biodiversity risk** considerations are mainstreamed into all IFC projects through the Environmental and Social Performance Standards. Performance Standard 6 on Biodiversity Conservation and Sustainable Management of Living Natural Resources and Performance Standard 3 on Resource Efficiency and Pollution Abatement in particular address risks associated with deforestation, impact on species, soil health, pollutants in natural environments, water use, and other risks to biodiversity.

3. Transition risks are those faced by investors as part of the global shift to a low-carbon economy. Examples of transition impacts include changes in climate and energy policies, a shift to low-carbon technologies, changes in consumer preferences, and reputation and liability issues. Transitional impacts can vary substantially depending on scenarios for policy and technology changes.

METRICS AND TARGETS

What's New?

- Climate investments comprised 35 percent of total own account FY22 commitments
- 80 percent of new real sector projects with known use of proceeds were assessed for Paris Alignment at Concept Review stage
- Responsibility for project GHG accounting was consolidated in Climate Business Department, with effect from July 2022

Climate investments are those that reduce GHG emissions or increase resiliency, as measured by joint MDB guidelines. The **Joint MDB Methodology for Climate Finance Tracking** was updated to account for the evolving market context, limit climate-related risks, and take advantage of new climate opportunities. IFC has applied this updated methodology across its operations since July 2021. The revised metrics include detailed criteria and guidance across sectors. In October 2021, the methodology was published as the Common Principles for Climate Mitigation Finance Tracking, which are applied to the operations of all MDBs, including IFC. IFC has been closely involved in the development and updating of these methodologies.

Climate finance targets. In FY22, IFC's climate investments comprised 35 percent of total own account commitments, meeting the corporate target. As part of the CCAP, the World Bank Group announced that climate investments⁴ will comprise, on average, 35 percent of IFC's own-account investments over the FY 2021–25 period. The IFC corporate target is translated to departmental and regional climate business targets.

Paris Alignment. As discussed previously, IFC is committed to aligning 85 percent of all new investments with the goals of the Paris Agreement starting July 1, 2023, and 100 percent of these starting on July 1, 2025. In FY 2022, IFC screened 80 percent of real sector projects with defined use of proceeds at concept stage for alignment with the Paris Agreement. The assessment covers both mitigation (greenhouse gas) and adaptation (risk and resilience) goals of the Paris Agreement. For mitigation, the methodology covers Scope 1 and 2, and Scope 3 where significant. As discussed above, IFC has also led the MDBs in designing a Paris Alignment methodology to assess intermediated financing, which was finalized in FY 2022. The corporation is committed and on track to achieve both 2023 and 2025 targets for real and financial sector operations.

Investment disclosure. IFC reports climate finance commitments in this annual report and in the *Joint Report on Multilateral Development Banks' Climate Finance*. In our annual *Green Bond Impact Report*, IFC also reports on the expected environmental impact of projects financed through the green bonds that IFC issues. As a signatory of the Principles for Responsible Investment (PRI), IFC is mandated to report under PRI's TCFD-aligned indicators.

Emissions calculations. IFC continues to estimate and report aggregate GHG emissions reductions from IFC investments (Scope 3 emissions). Through the IFI GHG Accounting Group, IFC works with the UNFCCC, other MDBs, some commercial banks and bilateral DFIs to harmonize Standards for GHG accounting. This includes development of GHG accounting methodologies and standard emission factors for power grid GHG emissions in more than 100 countries. IFC applies the IFI Harmonized Approach to GHG Accounting and IFI sector-specific approaches, where available, to estimate absolute, baseline and relative ex-ante GHG emissions where use of proceeds is defined. IFC estimates gross GHG emissions for all real

sector projects with emissions over 25,000 metric tons of carbon dioxide equivalent, and net emissions on a project-by-project basis for real sector projects where possible. IFC continues to disclose ex-ante aggregate estimated annual gross GHG emissions through the publicly available *Environmental and Social Review Summary*,⁵ and project-level emissions through the Project Disclosure Portal in support of Performance Standard 3.

IFC has begun developing a transition plan to transfer responsibility for ex-ante absolute GHG project emissions from the E&S Department to the Climate Business Department. This will involve working through the project cycle to improve climate knowledge management and unite processes for Paris Alignment, GHG accounting, climate finance, and climate impact data assessment for every investment. The objective is to ensure more consistent, robust ex-ante GHG estimates using methodologies that are both feasible and practical for implementation in the real world to eventually facilitate ex-post GHG data.

IFC has been carbon neutral in all our business operations including business travel (Scope 1 and 2 emissions) since FY 2009. Prior initiatives have cut energy use in IFC's headquarters by 18 percent including installing lighting occupancy sensors, adjusting building-wide heating and cooling set points, and reducing an hour of heating, cooling, and lighting standard operations for the facility. In FY 2019, IFC set a global, internal carbon-reduction commitment to cut our facility-related emissions (Scope 1 and 2) by 20 percent by 2026, from a 2016 baseline. This target is in line with the World Bank Group's commitment to reduce facility-related emissions by 28 percent over the same period. All remaining emissions are compensated via carbon offsets.

4. IFC's Definitions and Metrics for Climate-Related Activities identifies projects and sectors that qualify as climate investments; these definitions are harmonized with other multilateral development banks. https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/climate+business/resources/ifc-climate-definition-metrics

5. IFC Project Information & Data Portal. <https://disclosures.ifc.org/#/landing>.

Essential Information

The information in this annex will appear in our online report.

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OUR PEOPLE & PRACTICES

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Compensation and Benefits

Ensuring competitive compensation and benefits, IFC applies the World Bank Group's compensation framework. Competitive compensation is essential to attract and retain a highly qualified, diverse staff. Salaries for staff recruited in Washington, D.C. are based on the U.S. market. Salaries for staff hired outside the United States are based on local competitiveness as determined by independent local market surveys. Given the World Bank Group's status as a multilateral organization, staff salaries are determined on a net-of-tax basis.

As of June 30, 2022, the salary structure (net of tax) and annual average net salaries/benefits for World Bank Group staff were as follows:

Staff Salary Structure and Benefits (Washington, D.C.)

GRADES	REPRESENTATIVE JOB TITLES	MINIMUM (US\$)	MIDPOINT (US\$)	MAXIMUM (US\$)	STAFF AT GRADE LEVEL (%)	AVERAGE SALARY/ GRADE (US\$)	AVERAGE BENEFITS ^a (US\$)
GA	Office Assistant	29,300	41,800	54,300	0.01%	42,090	20,020
GB	Team Assistant, Information Technician	35,100	50,200	65,300	0.07%	49,043	23,328
GC	Program Assistant, Information Assistant	43,400	62,000	80,600	5.31%	65,112	30,971
GD	Senior Program Assistant, Information Specialist, Budget Assistant	51,500	73,600	95,700	5.69%	79,651	37,887
GE	Analyst	70,600	100,900	131,200	9.60%	93,627	44,534
GF	Professional	93,400	133,400	173,400	23.60%	121,583	57,832
GG	Senior Professional	120,800	172,600	224,400	37.94%	170,215	80,964
GH	Manager, Lead Professional	165,300	236,100	306,900	15.02%	239,612	113,973
GI	Director, Senior Advisor	254,000	317,500	381,000	2.29%	309,354	147,146
GJ	Vice President	301,000	354,100	407,200	0.39%	367,691	174,894
GK	Managing Director, Executive Vice President, Senior Vice President	334,600	393,600	452,600	0.08%	416,214	205,741

Note: Because WBG staff, other than U.S. citizens, usually are not required to pay income taxes on their WBG compensation, the salaries are set on a net-of-tax basis. These salaries are generally equivalent to the after-tax take-home pay of the employees of the comparator organizations and firms from which WBG salaries are derived. Only a relatively small minority of staff will reach the upper third of the salary range.

a. Includes medical, life and disability insurance; accrued termination benefits; and other non-salary benefits. Excludes tax allowances.

EXECUTIVE COMPENSATION

The salary of the President of the World Bank Group is determined by the Board of Directors. The salary structure for the IFC Managing Director is determined by positioning a midpoint between the salary structure of staff at the highest level, as determined annually by independent U.S. compensation market surveys, and the salary of the World Bank Group President. The compensation of our executive leadership is transparent.

IFC MD Makhtar Diop received an annual salary of \$416,830, net of taxes.

Financial Commitments to IFC Advisory Trust Funds (US\$ MILLION EQUIVALENT)

Summary	FY22	FY21
Governments	148.94	179.42
Institutional/Multilateral Partners	20.21	31.15
Corporations, Foundations, and NGOs	6.00	0.00
Total	175.16	210.57
Governments	FY22	FY21
Australia	17.00	3.11
Austria	5.63	1.32
Canada	0.00	3.98
Denmark	2.65	3.28
France	0.00	2.42
Germany	27.85	63.64
Hungary	0.00	10.00
Ireland	1.08	0.71
Japan	8.93	37.14
Korea, Republic of	0.00	9.00
Netherlands	1.08	21.09
Norway	2.27	8.63
Sweden	6.57	1.19
Switzerland	68.67	3.80
United Kingdom	0.51	10.11
United States	6.71	0.00
Total	148.94	179.42
Institutional/Multilateral Partners	FY22	FY21
European Commission (EC)	5.56	28.07
Global Environment Facility (GEF)	4.20	0.00
Global Infrastructure Facility (GIF)	1.77	3.08
Women Entrepreneurs Finance Initiative (We-Fi)	8.68	0.00
Total	20.21	31.15
Corporations, Foundations, and NGOs	FY22	FY21
Bill & Melinda Gates Foundation	1.00	0.00
Rockefeller Foundation	5.00	0.00
Total	6.00	0.00

Financial Commitments to IFC Blended Finance Trust Funds (US\$ MILLION EQUIVALENT)

Governments	FY22	FY21
Netherlands	0.00	17.50
United Kingdom	13.16	53.68
Institutional/Multilateral Partners	FY20	FY21
Women Entrepreneurs Finance Initiative (We-Fi)	2.27	0.00
Corporations, Foundations, and NGOs	FY20	FY21
Rockefeller Foundation	25.00	0.00
Total	40.42	71.18

Funding

IFC raises funds in the international capital markets for private sector lending and to safeguard IFC's triple-A credit ratings by ensuring adequate liquidity.

Issuances include benchmark bonds in core currencies such as U.S. dollars, thematic issuances to promote strategic priorities such as addressing climate change, and issuances in emerging-market currencies to support the development of capital markets. Most of IFC's lending is denominated in U.S. dollars, but we borrow in many currencies to diversify access to funding, reduce borrowing costs, and encourage the growth of local capital markets.

FY22 TOTAL BORROWING

CURRENCY		AMOUNT (US\$ EQUIVALENT)	%
U.S. dollar	USD	3,868,000,000	42.5%
Australian dollar	AUD	1,652,917,600	18.2%
British pound	GBP	926,742,000	10.2%
New Zealand dollar	NZD	416,580,000	4.6%
Canadian dollar	CAD	400,320,256	4.4%
Kazakhstani tenge	KZT	226,445,877	2.5%
Chinese yuan (Renminbi)	CNY	224,590,011	2.5%
Euro	EUR	202,905,123	2.2%
Hong Kong dollar	HKD	166,350,130	1.8%
Hungarian forint	HUF	160,327,027	1.8%
Japanese yen	JPY	138,544,454	1.5%
Mexican peso	MXN	107,120,278	1.2%
Uzbekistani so'm	UZS	103,816,836	1.1%
Other		508,650,343	5.6%
Grand Total		9,103,309,935	100%

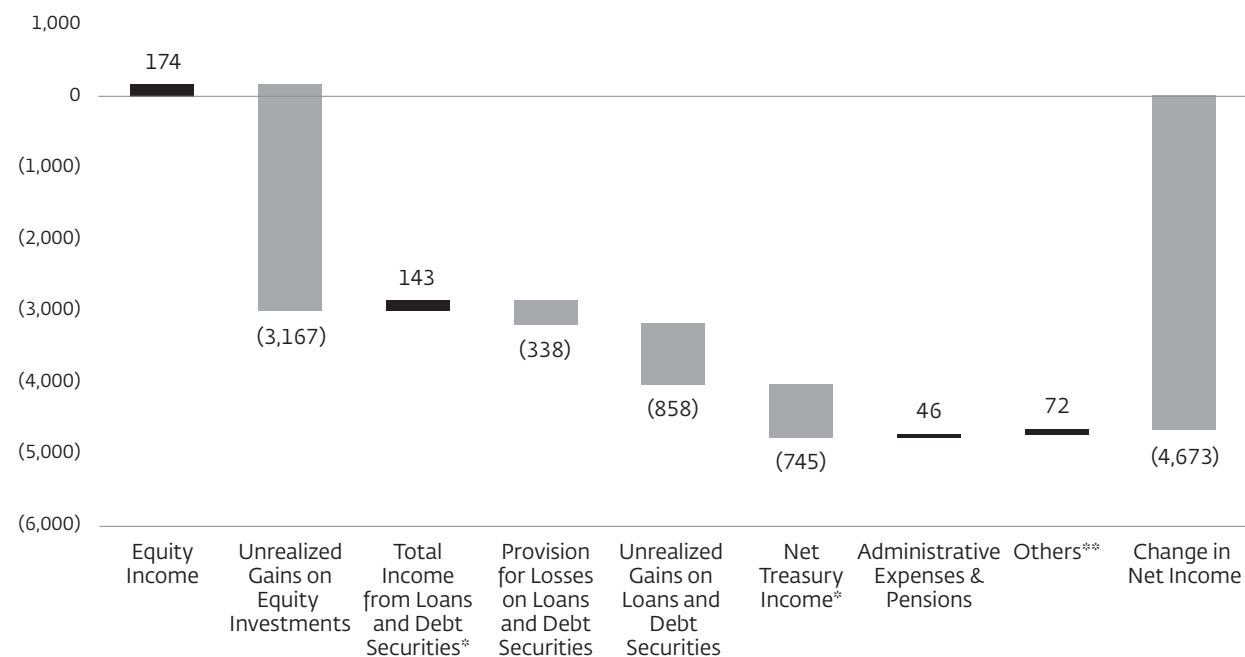
Financial Performance Summary

The overall market environment has a significant influence on IFC's financial performance. The main elements of IFC's net income and other comprehensive income, and influences on the level and variability of net income and other comprehensive income from year to year are:

ELEMENTS	SIGNIFICANT INFLUENCES
Net income:	
Yield on interest earning assets (principally loans)	Market conditions including spread levels and degree of competition. Nonaccruals and recoveries of interest on loans formerly in nonaccrual status, and income from participation notes on individual loans are also included in income from loans.
Liquid asset income	Realized and unrealized gains and losses on the liquid asset portfolios, in particular the portion of the liquid asset portfolio funded by net worth, which are driven by external factors such as the interest rate environment and liquidity of certain asset classes within the liquid asset portfolio.
Income from the equity investment portfolio	Global climate for emerging markets equities, fluctuations in currency markets and company-specific performance for equity investments. Overall performance of the equity portfolio.
Provision for losses on loans, guarantees, and available-for-sale debt securities	Risk assessment of borrowers, probability of default, loss given default, and expected balance at default considering prepayment and disbursement assumption estimates as well as expected utilization rates.
Other income and expenses	Level of advisory services provided by IFC to its clients, the level of expense from the staff retirement and other benefits plans, the approved and actual administrative expenses, and other budget resources.
Gains and losses on other non-trading financial instruments accounted for at fair value	Principally, differences between changes in fair values of borrowings, excluding IFC's credit spread and associated derivative instruments and unrealized gains or losses associated with the investment portfolio including puts, warrants, and stock options, which in part are dependent on the global climate for emerging markets. These securities may be valued using internally developed models or methodologies, utilizing inputs that may be observable or non-observable.
Other comprehensive income:	
Unrealized gains and losses on debt securities accounted for as available-for-sale	Global climate for emerging markets, fluctuations in currency and commodity markets and company-specific performance, and consideration of the extent to which unrealized losses are considered a credit loss. Debt securities may be valued using internally developed models or methodologies, utilizing inputs that may be observable or non-observable.
Unrealized gains and losses attributable to instrument-specific credit risk on borrowings at fair value under the Fair Value Option	Fluctuations in IFC's own credit spread measured against reference rate, resulting from changes over time in market pricing of credit risk. As credit spreads widen, unrealized gains are recorded, and when credit spreads narrow, unrealized losses are recorded.
Unrecognized net actuarial gains and losses and unrecognized prior service costs on benefit plans	Returns on pension plan assets and the key assumptions that underlay projected benefit obligations, including financial market interest rates, staff expenses, past experience, and management's best estimate of future benefit cost changes and economic conditions.

IFC reported a net loss of \$464 million in FY22, primarily driven by lower treasury income as a result of sharply rising yields for U.S. Treasuries since January 2022. In comparison, IFC's net income of \$4.2 billion in FY21 had a substantial component of unrealized gains on investments of \$3.3 billion, when the markets rebounded post the immediate effect of COVID-19. The \$4.7 billion decrease in FY22 when compared to FY21 was principally a result of the following:

Change in Net Income in FY22 vs FY21 (US\$ MILLIONS)



* Total income from loans and debt securities and net treasury income are net of allocated charges on borrowings.

** Others mainly represents foreign exchange gains/losses, unrealized gains/losses on borrowings (net of swaps), service fees, and net advisory service expenses.

Equity investment portfolio returned \$208 million in FY22 compared to \$3.2 billion in FY21. The FY22 return comprised dividends (\$183 million), realized gains on sales (\$642 million) and unrealized losses (\$617 million). Net unrealized losses were \$617 million in FY22 mainly due to reclassifying gains from unrealized to realized upon sales and to a lesser extent driven by valuation changes, as compared to unrealized gains of \$2.6 billion in FY21 when the markets rebounded post the immediate effect of COVID-19.

Net income from loans, debt securities and associated derivatives was \$1.1 billion in FY22 as compared to \$2.2 billion in FY21. IFC recorded a provision of \$140 million in FY22 compared to a release of provision of \$198 million in FY21. The provision in FY22 comprised: (1) a qualitative overlay of \$135 million for estimated provisions due to the impact of the war in Ukraine and other compounding global crises which have not yet been reflected in the model calculated reserves and cannot be directly attributed to any individual borrowers; (2) a release of the previous qualitative overlay of \$40 million related to COVID-19; and (3) a provision for individual and portfolio losses of \$45 million. Net unrealized losses on loan and debt securities were \$123 million, as compared to unrealized gains of \$735 million in FY21, reflecting a reversal of unrealized gains on debt securities of \$197 million when it was reclassified from debt security to equity investment upon its IPO in FY22 Q1 and widening of the Credit Default Swap (CDS) spreads in FY22.

IFC reported a loss of \$521 million on liquid assets in FY22, net of allocated charges on borrowings, compared to an income of \$224 million in FY21. The FY22 net loss was mainly driven by sharply rising yields for U.S. Treasuries since January 2022. FY21 income benefited from the significant tightening of credit spreads which was not repeated in FY22.

Administrative and pension expenses decreased by \$46 million from \$1.41 billion in FY21 to \$1.36 billion in FY22 mainly due to decrease in pension expenses of \$93 million, primarily driven by the higher asset return in FY21, which resulted in lower amortization of unrecognized actuarial losses during FY22. The lower

pension expenses were partially offset by a \$47 million increase in administrative expenses primarily from higher travel costs and support fees.

IFC's net (loss) income for each of the past three fiscal years is presented below:

IFC's Net (Loss) Income FY20–FY22

Fiscal year ended June 30 (US\$ millions)

2020		(1,672)
2021		4,209
2022		(464)

IFC uses Income Available for Designations (a non-U.S. GAAP measure) as a basis for designations of retained earnings. Income Available for Designations generally comprises net income excluding unrealized gains and losses on investments and borrowings¹ and grants to IDA.

Reconciliation of reported Net (Loss) Income to Income Available for Designations

(US\$ MILLIONS)	FY22	FY21	FY20
Net (loss) income	\$ (464)	\$ 4,209	\$ (1,672)
Adjustments to reconcile Net (loss) income to Income Available for Designations			
Unrealized losses (gains) on investments	740	(3,285)	2,026
Unrealized losses (gains) on borrowings	106	(71)	218
Grants to IDA	–	213	–
Income available for designations	\$ 382	\$ 1,066	\$ 572

1. Unrealized gains and losses on investments and borrowings presented in the table above includes unrealized gains and losses from associated derivatives.

Summary of Financial Results

(US\$ MILLIONS)

AS OF AND FOR THE FISCAL YEARS ENDED JUNE 30

2022 2021 2020

Consolidated income highlights:

Income from loans and guarantees, including realized gains and losses on loans and associated derivatives	\$ 1,156	\$ 1,116	\$ 1,510
(Provision) release of provision for losses on loans, off-balance sheet credit exposures and other receivables	(126)	201	(638)
Income (loss) from equity investments and associated derivatives	208	3,201	(1,067)
Income from debt securities, including realized gains and losses on debt securities and associated derivatives	414	340	231
Provision for losses on available-for-sale debt securities	(14)	(3)	–
(Loss) income from liquid asset trading activities	(413)	327	1,039
Charges on borrowings	(302)	(326)	(1,181)
Other income	419	595	559
Other expenses	(1,653)	(1,687)	(1,628)
Foreign currency transaction gains (losses) on non-trading activities	76	(148)	144
(Loss) income before net unrealized gains on non-trading financial instruments accounted for at fair value and grants to IDA	(235)	3,616	(1,031)
Net unrealized (losses) gains on non-trading financial instruments accounted for at fair value	(229)	806	(641)
(Loss) income before grants to IDA	(464)	4,422	(1,672)
Grants to IDA	–	(213)	–
Net (loss) income	\$ (464)	\$ 4,209	\$(1,672)

Consolidated balance sheet highlights:

Total assets	\$ 99,010	\$ 105,264
Liquid assets portfolio ^a	41,717	41,696
Investments	44,093	44,991
Borrowings outstanding, including fair value adjustments	48,269	55,699
Total capital	\$ 32,805	\$ 31,244
of which		
Undesignated retained earnings	\$ 10,840	\$ 11,395
Designated retained earnings	298	207
Accumulated other comprehensive (loss) income (AOCI)	(82)	(1,118)
Paid-in capital	21,749	20,760

a. Net of securities sold under repurchase agreements, payable for cash collateral received and associated derivatives.

Key Financial Ratios

(US\$ IN BILLIONS, EXCEPT RATIOS)

	2022	2021
Overall liquidity ratio ^a	111%	114%
Debt-to-equity ratio ^b	1.6	2.1
Total reserve against losses on loans to total disbursed portfolio ^c	4.4%	4.9%
Capital measures:		
Capital available ^d	32.5	30.7
Capital required ^e	20.1	20.5
Capital Utilization Ratio ^f	62.0%	66.6%

- a. Overall Liquidity Policy states that IFC would at all times maintain a minimum level of liquidity, plus undrawn borrowing commitments from the IBRD, such that it would cover at least 45 percent of the next three years' estimated net cash requirements.
- b. Debt-to-equity (leverage) ratio is defined as outstanding borrowings plus committed guarantees divided by total capital (comprised of paid-in capital, retained earnings and Accumulated other comprehensive loss). The definition of debt-to-equity ratio (leverage ratio) was updated effective FY22 Q1 (the three-month period ended September 30, 2021) in line with the updates to IFC's capital adequacy framework. As a result, the debt-to-equity ratio as of June 30, 2022 is not directly comparable to prior years. The debt-to-equity ratio under the updated definition as of June 30, 2021 would have been 1.9. For additional information regarding IFC's new Economic Capital (EC) Framework, see Section I Executive Summary.
- c. Total reserve against losses on loans to total disbursed loan portfolio is defined as reserve against losses on loans as a percentage of the total disbursed loan portfolio.
- d. Capital available: Under IFC's economic capital framework, resources available to absorb potential losses, calculated as: Balance Sheet Capital less Designated Retained Earnings.
- e. Capital required: Aggregate minimum Economic Capital required to maintain IFC's AAA rating.
- f. Starting in the three months ended September 30, 2021 (FY22 Q1), IFC uses CUR, defined as (Capital Required divided by Capital Available), as a measurement of capital adequacy under IFC's updated capital adequacy framework. The CUR replaces the previous Deployable Strategic Capital (DSC) ratio. CUR and DSC ratio have a one-to-one mapping expressed as (CUR = 90% – DSC ratio). For additional information regarding IFC's new EC Framework, see Section I Executive Summary.

COMMITMENTS

Long-Term Finance Commitments comprise Own Account and Core Mobilization and totaled \$23.2 billion in FY22, a decrease of \$140 million or 1 percent from FY21. IFC's FY22 Long-Term Finance Own Account Commitments were \$12.6 billion (\$12.5 billion in FY21) and Core Mobilization was \$10.6 billion (\$10.8 billion in FY21). Short-Term Finance Commitments were \$9.7 billion in FY22, as compared to \$8.2 billion at FY21. Total program delivery (LTF and STF) was \$32.8 billion in FY22 as compared to \$31.5 billion in FY21.

In direct response to the COVID-19 pandemic, IFC committed \$5.3 billion in FY22 including \$1.6 billion under its Fast Track COVID-19 Facility in support of IFC's existing clients. Outside of the facility, IFC committed \$3.7 billion in financing to support clients in response to COVID-19. In FY21, IFC committed \$2.3 billion under the Fast Track COVID-19 Facility and additional \$8.5 billion outside of the facility.

CORE MOBILIZATION

Core Mobilization is financing from entities other than IFC that becomes available to clients due to IFC's direct involvement in raising resources.

Long-Term Finance Commitments (Own Account and Core Mobilization) and Short-Term Finance

(US\$ MILLIONS)	FY22	FY21
Long-Term Finance Commitments (Own Account and Core Mobilization) and Short-Term Finance	\$32,824	\$31,500
Long-Term Finance Own Account Commitments	12,569	12,474
Core Mobilization	10,596	10,831
Short-Term Finance Commitments	9,659	8,195

Asset Management Company (AMC)

Funds Managed by AMC

(US\$ MILLIONS)	THROUGH JUNE 30, 2022					
	TOTAL FUNDS RAISED SINCE INCEPTION			CUMULATIVE INVESTMENT COMMITMENTS ^a	FOR THE YEAR ENDED JUNE 30, 2022	
	TOTAL	FROM IFC	FROM OTHER INVESTORS		INVESTMENT COMMITMENTS MADE BY FUND ^b	INVESTMENT DISBURSEMENTS MADE BY FUND
Investment Period						
IFC Financial Institutions Growth Fund, LP (FIG Fund)	\$ 505	\$ 150	\$ 355	\$ 347	\$ 90	\$138
IFC Emerging Asia Fund, LP (Asia Fund)	693	150	543	559	187	197
Investment Period Total	1,198	300	898	906	277	335
Post Investment Period						
IFC Capitalization (Equity) Fund, LP (Equity Capitalization Fund)	1,275	775	500	1,214	–	–
IFC Capitalization (Subordinated Debt) Fund, LP (Sub-Debt Capitalization Fund)	1,725	225	1,500	1,614	–	–
IFC African, Latin American and Caribbean Fund, LP (ALAC Fund)	1,000	200	800	864	–	–
IFC Catalyst Fund, LP, IFC Catalyst Fund (UK), LP and IFC Catalyst Fund (Japan), LP (collectively, Catalyst Funds)	418	75	343	363	–	7
IFC Global Infrastructure Fund, LP (Global Infrastructure Fund) ^c	1,430	200	1,230	929	–	–
IFC Global Emerging Markets Fund of Funds, LP and IFC Global Emerging Markets Fund of Funds (Japan Parallel), LP (collectively, GEM Funds)	800	150	650	757	–	117
Women Entrepreneurs Debt Fund, LP (WED Fund)	115	30	85	110	–	–
IFC Middle East and North Africa Fund, LP (MENA Fund)	162	60	102	82	4	13
China-Mexico Fund, LP (China-Mexico Fund)	1,200	–	1,200	362	47	47
Post Investment Period Total	8,125	1,715	6,410	6,295	51	184
Liquidated Funds						
Africa Capitalization Fund, Ltd. (Africa Capitalization Fund)	182	–	182	130	–	–
IFC Russian Bank Capitalization Fund, LP (Russian Bank Cap Fund)	550	250	300	82	–	–
Liquidated Funds Total	732	250	482	212	–	–
Grand Total	\$10,055	\$2,265	\$7,790	\$7,413	\$328	\$519

a. Net of commitment cancellations.

b. Excludes commitment cancellations from prior periods.

c. Includes co-investment fund managed by AMC on behalf of Fund LPs.

Asset Management Company (AMC)

Funds Managed by AMC

(US\$ MILLIONS)	THROUGH JUNE 30, 2021					
	TOTAL FUNDS RAISED SINCE INCEPTION			CUMULATIVE INVESTMENT COMMITMENTS ^a	FOR THE YEAR ENDED JUNE 30, 2021	
	TOTAL	FROM IFC	FROM OTHER INVESTORS		INVESTMENT COMMITMENTS MADE BY FUND ^b	INVESTMENT DISBURSEMENTS MADE BY FUND
Investment Period						
IFC Financial Institutions Growth Fund, LP (FIG Fund)	\$ 505	\$ 150	\$ 355	\$ 259	\$ 81	\$ 45
IFC Middle East and North Africa Fund, LP (MENA Fund)	162	60	102	78	12	7
IFC Emerging Asia Fund, LP (Asia Fund)	693	150	543	374	203	127
Investment Period Total	1,360	360	1,000	711	296	179
Post Investment Period						
IFC Capitalization (Equity) Fund, LP (Equity Capitalization Fund)	1,275	775	500	1,214	–	–
IFC Capitalization (Subordinated Debt) Fund, LP (Sub-Debt Capitalization Fund)	1,725	225	1,500	1,614	–	–
IFC African, Latin American and Caribbean Fund, LP (ALAC Fund)	1,000	200	800	876	–	2
IFC Catalyst Fund, LP, IFC Catalyst Fund (UK), LP and IFC Catalyst Fund (Japan), LP (collectively, Catalyst Funds)	418	75	343	363	–	24
IFC Global Infrastructure Fund, LP (Global Infrastructure Fund) ^c	1,430	200	1,230	929	–	–
IFC Global Emerging Markets Fund of Funds, LP and IFC Global Emerging Markets Fund of Funds (Japan Parallel), LP (collectively, GEM Funds)	800	150	650	757	–	112
Women Entrepreneurs Debt Fund, LP (WED Fund)	115	30	85	110	–	–
China-Mexico Fund, LP (China-Mexico Fund)	1,200	–	1,200	350	30	17
Post Investment Period Total	7,963	1,655	6,308	6,213	30	155
Liquidated Funds						
Africa Capitalization Fund, Ltd. (Africa Capitalization Fund)	182	–	182	130	–	–
IFC Russian Bank Capitalization Fund, LP (Russian Bank Cap Fund)	550	250	300	82	–	–
Liquidated Funds Total	732	250	482	212	–	–
Grand Total	\$10,055	\$2,265	\$7,790	\$7,136	\$326	\$334

a. Net of commitment cancellations.

b. Excludes commitment cancellations from prior periods.

c. Includes co-investment fund managed by AMC on behalf of Fund LPs.

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