

STORIES OF IMPACT

IFC's proactive, methodical approach to problem-solving enables us to scale up our impact. Building on our 63-year legacy, we will continue to work with the private sector to innovate, leverage the benefits of modern infrastructure and technology, and expand opportunities for people and communities.



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16 stories highlighting some of IFC's most impactful projects in the fiscal year

BOOSTING GROWTH

IFC focuses on sectors that have the greatest potential to generate growth and job creation.

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Although poverty rates have declined, progress has been uneven, and the number of people living in extreme poverty remains unacceptably high. Around the globe, the majority of poor people reside in fragile and rural areas, where it is more difficult to reach them. That's why this is a crucial time in development—and IFC understands that we cannot wait for opportunities to come to us.

Preparing the Ground for Private Investment

As we carry out IFC's Creating Markets strategy, we collaborate with the World Bank to seek development opportunities and work with governments to create conditions that will attract private finance.

IFC is partnering to introduce solutions that remove barriers to market development and establish a sound framework for projects to bear fruit. Scaling Solar, a World Bank Group program designed to make it faster, easier, and cheaper for developing countries to procure utility-scale solar power, is an example of this work. By providing standardized documents designed for a simple, transparent, and rapid tendering process, Scaling Solar facilitates the engagement of developers in new markets. This allows small countries to benefit from the economies of scale typical to larger countries and ensures competition from committed industry players.

The results speak for themselves: After Scaling Solar was signed in four African countries, the program was expanded beyond the region in FY19 — to Uzbekistan. The country's

government signed a mandate with IFC for a 100-megawatt project, making it the nation's first competitive tender to select an independent power producer. This step forward is critical for a country where an ambitious program of market reforms has recently opened the door to private investment.

Scaling Solar mandates signed by June 2019 — in Ethiopia, Madagascar, Senegal, Uzbekistan, and Zambia — total 1.2 gigawatts of new solar power generation. In several of these markets, including in Zambia, where the first Scaling Solar plant came online this year, the program achieved a substantial reduction in local solar energy prices.

A joint IFC-World Bank approach is also being used to create new markets in Haiti, which is still recovering from the devastating 2010 earthquake. World Bank Group support helped the government remove legal barriers to facilitate the country's first leasing entity and pave the way for private investment. Now, Ayiti Leasing, a subsidiary of the Alternative Insurance Company, helps owners of small and medium enterprises (SMEs) lease critical equipment on favorable terms. IFC provided

an \$11 million loan to the firm that included funding from the IDA Private Sector Window and a private investor as well as advisory support to help the company ramp up its operations. In Ayiti Leasing's first two years, it financed more than \$6.6 million in leased assets — more than 80 percent of that going to SMEs. The firm is expected to finance at least \$15 million by May 2020.

Implementing IFC's strategy to develop new and stronger markets for private sector solutions has required reshaping the way we work. Country strategies — based on country and private sector diagnostics — now help us establish sector priorities and potential engagements. The ability to assess development impact and market creation potential before the start of a project — achieved by our Anticipated Impact Measurement and Monitoring (AIMM) system (see page 86) — has influenced IFC's project selection and design, and it will lead to more projects that can create markets.

Photo: This utility-scale solar power plant in Zambia opened in March 2019, financed with private investment that the World Bank Group's Scaling Solar program helped attract.



Long-Term Commitments to Large-Scale Impact

IFC helps develop infrastructure projects that can meaningfully improve peoples' lives, especially in emerging markets where the speed and scale of urbanization presents critical needs in power, utilities, and transportation.

We partner with governments, developers, and investors to support such priority infrastructure projects with financial as well as technical support. In Brazil, IFC's \$288 million, 15-year loan and a \$534 million local-currency parallel loan to UTE GNA I Geração de Energia S.A. (GNA I) supports the development, construction, and operation of an integrated 1.3-gigawatt liquefied-natural-gas-to-power facility.

IFC's long-term loan to GNA I is our largest single local-currency commitment to date. The facility, expected to become operational in 2021, will serve as a backup to the country's power system, allowing for further use of renewable energy sources. It is expected to contribute to an annual reduction in Brazil's emissions by 139,000 tons of carbon dioxide equivalent based on the anticipated use of the plant.

Transportation infrastructure for electric mobility is the focus of IFC's \$8 million investment in Lithium, India's first electric fleet operator company. The project will provide job opportunities for up to 8,000 drivers over five years. This is IFC's inaugural investment in electric mobility. The project supports electrification of transportation, which will help avoid annual greenhouse emissions of more than 25,000 metric tons per year.

In Serbia, IFC provided a €182 million financing package — including €72 million for our own account — to help expand Belgrade Nikola Tesla Airport. The project, the first large-scale transport public-private partnership in Serbia, is expected to more than double the airport's capacity, boost the country's tourism and transport industry, and encourage economic growth.

To support renewable energy projects in Vietnam, IFC invested \$75 million in an infrastructure-focused listed green bond that was issued by Philippine power company AC Energy, which aims to develop up to 5GW of renewables across East Asia and the Pacific by 2025. IFC's subscription is dedicated to selected AC Energy's wind and solar projects in Vietnam totaling up to 360MW. Our investment anchored the \$300 million green bond and helped mobilize international and institutional financing for deployment into AC Energy's regional projects.



Photos: An IFC-supported green bond helps client AC Energy build renewable energy projects across East Asia and the Pacific (far left).

In Serbia (near left), IFC's €182 million financing package will help Belgrade Nikola Tesla Airport more than double its capacity.

In some Middle Eastern countries, inequitable access to health care — alongside inconsistent quality of services, long wait times, and high absenteeism among doctors — plagues patients as much as their ailments do. The prescription? A new website and mobile

Innovations in Health Care and Education

app from Egyptian tech company Zezeeta that empowers patients in Egypt, Jordan, Lebanon, and Saudi Arabia to connect to — and rate — health-care providers.

Since Zezeeta's 2012 launch, it has helped 2 million people find doctors and book appointments — a service that is especially useful for patients in remote rural areas. IFC's \$1 million investment will support Zezeeta in its plan to expand its operations.

This is just one way that IFC's financing for health and education companies helps people and societies thrive. In fiscal year 2019, we provided \$670 million in financing, including funds mobilized from other investors. Our clients helped deliver health care to 49.9 million patients and education to 4.7 million students.

In Mexico, where diabetes is the leading cause of death and disability, we are helping Clínicas del Azúcar offer more effective care to low- and middle-income patients. Because continuous disease management is critical, Clínicas del Azúcar offers a one-stop-shop retail approach that combines multidisciplinary care teams, behavioral science, and a subscription model with annual fixed-fee payment plans. IFC's \$4 million equity investment in the company will support the launch of 100 new clinics and the development of its digital strategy. Clínicas del Azúcar has treated more than 100,000 diabetes patients since 2011. With IFC's backing, the chain is looking to reach 2 million patients in the next five years.

Ensuring excellence among health care service providers, especially in emerging markets, motivated the design of IFC's Health Quality Assessment Tool. In FY19, Hallelujah General Hospital in Ethiopia signed an agreement to receive this comprehensive assessment, joining a list of health providers from seven countries, including Nepal and Pakistan. The evidence-based strategy to improve operations will include recommendations on enhancing corporate processes, minimizing patient safety risks, and making the company more attractive to international partners, such as investors and insurance companies. The tool also helps prepare hospitals and clinics to pursue national or international health-care accreditations.

Education is an equally important priority in Ethiopia, where IFC is working with Gebeya, a pan-African education technology and online job placement company, on an advisory-services program that will strengthen innovative tech start-ups owned or led by women.





The Digital Gender-Ethiopia Program, supported by the Women Entrepreneurs Finance Initiative and the Creating Markets Advisory Window, will help train 250 female software developers and provide seed funding to at least 20 women entrepreneurs.

In Colombia, IFC's long-term loan of \$25 million will improve infrastructure on five campuses of the Universidad Santo Tomás, which offers high-quality higher education to about 35,000 students in regions that include remote cities and conflict-affected areas.

Photos: IFC invests in innovation, supporting clients like education technology firm Gebeya in Ethiopia (left), Egyptian-based online and mobile health care information provider Zezeeta (above, right) and Mexican diabetes clinic chain Clínicas del Azúcar (below, right).





Stronger Farming Yields Jobs — and Markets

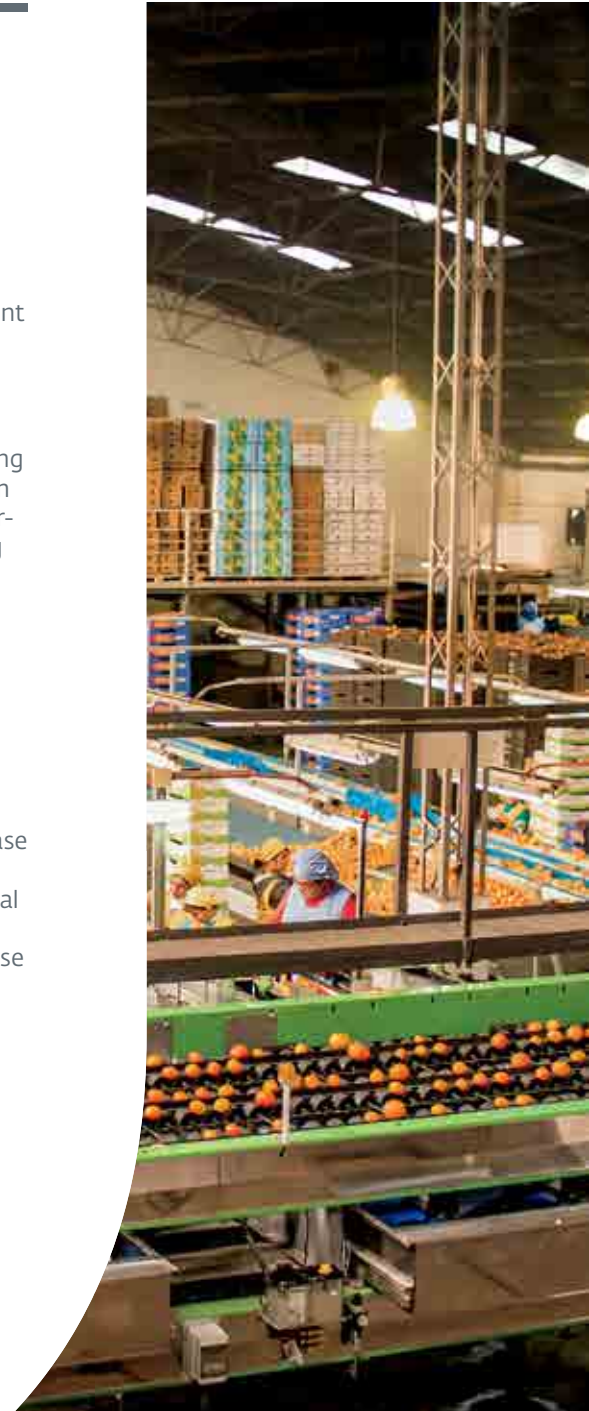
IFC has made agribusiness a priority because of the sector's broad development impact and potential for poverty reduction. Our investment and advice help companies address higher demand and escalating food prices in an environmentally sustainable and socially inclusive way.

In Latin America, IFC and partners arranged a \$100 million financing package to grow Argentina-based San Miguel, a major industrialized and fresh citrus exporter. Strengthening San Miguel's operations in Argentina, Peru, and Uruguay will help the company create jobs, apply environmental and social best practices, and improve agricultural productivity.

In India, IFC's \$35 million investment in DCM Shriram Ltd. will support the expansion of the company's sugarcane processing capacity in the low-income state of Uttar Pradesh. The financing comes along with an ongoing advisory program that is helping train 185,000 sugarcane farmers in advanced farming techniques.

In South Africa, IFC's €30 million loan, together with its advice, are fertilizing the growth of United Exports (formerly Mbiza), a family-owned South African business that plants, packs, and exports fruits. Technology and infrastructure upgrades will increase efficiency and add up to 250 new permanent jobs and 4,200 seasonal jobs in communities with high unemployment rates. Many of these positions will be filled by women.

Photos: Oranges being processed in a plant owned by San Miguel, an Argentine company that has received a \$100 million financing package from IFC and partners.



Assuring the Availability of Essential Financial Services

For Sione Tau, a Tongan who picks strawberries in New Zealand, sending money back home was often complicated and expensive: he had to withdraw cash from his bank, negotiate with a remittance agent, and pay a high fee before his wife, back in Tonga, could access the funds.

The Ave Pa'anga Pau ("Send Money Securely") remittance service, developed by IFC and the Tonga Development Bank (TDB), has changed that. This secure, mobile-based system transfers funds from bank accounts in New Zealand to bank branches and savings accounts in Tonga, making life easier for overseas workers like Tau. About half of the Tongan

seasonal workers based in New Zealand now use this system. IFC and TDB are working to expand the voucher system for Tongans living in Australia.

Access to basic financial services—a bank account, a mortgage, an insurance policy, or in Tau's case, a means to send money home—is essential for economic growth. It enables people and businesses to build assets, increase income, and reduce financial risks. Yet about 1.7 billion adults lack basic bank accounts, and around 200 million small and medium enterprises (SMEs) in developing countries lack financing.

IFC provides investment and advice to expand access to finance for millions of individuals and micro, small, and medium enterprises

(MSMEs)—working with financial institutions and governments to achieve impact. In FY19, we advised 87 financial institutions on ways to expand access to finance. Our clients provided more than \$230 billion in financing for MSMEs.

Enabling access to finance for SMEs was also behind IFC's \$100 million subordinated loan to Equity Bank Kenya. The loan will enable the bank to expand its lending to SMEs and climate-finance to save costs and support renewable energy, green buildings, energy efficiency, and climate-smart agricultural projects.

In the Kyrgyz Republic, we invested \$8 million in a new private equity fund from Highland Capital, an investment management firm, to help expand access to finance for SMEs. The financing package included \$4 million for IFC's own account blended with \$4 million from the IDA Private Sector



Photos: A remittance service developed by IFC and the Tonga Development Bank has made it easier for people like Sione Tau (right), a migrant strawberry picker in New Zealand, to send money back to their families in Tonga.

Window. The fund will provide critical growth capital to businesses in services, agricultural processing, health, education, telecommunications, media, and technology.

Our FY19 report *The Unseen Sector: A Report on the MSME Opportunity in South Africa*, examines South Africa's small-business landscape and recommends how to expand opportunities for MSMEs. Findings feed into the IFC SME Push Program, which will channel up to \$3 billion over the next five to seven years to increase lending to small South African businesses and create jobs.



Modern information and communication technologies enable poor people to obtain access to services, resources, and opportunities—making markets and institutions more efficient. But half the world's population is still offline.

Expanding Opportunities Through New Platforms

The situation is particularly challenging in Africa, where only 22 percent of the population has access to the Internet. IFC and partners' investment of up to \$100 million in CSquared, a firm that promotes the use of shared infrastructure to make Internet services more affordable and reliable to underserved countries in Africa, aims to change that. After laying more than 1,600 kilometers (km) of fiber-optic cables in Ghana and Uganda, CSquared started operations in Liberia. With close to 140 km of cables already installed in the country, the network is expected to facilitate the rapid growth of both fixed and mobile broadband data in the region.

Around the world, we partner with mobile and broadband service providers to help them expand and upgrade their network infrastructure. In FY19, we invested \$399 million in telecommunications, media, and technology, including funds mobilized from other investors. Our portfolio is now \$2.7 billion.

In Argentina, our loan of \$310 million to Telecom Argentina, which offers fixed and mobile high-speed connections and pay TV, will boost expansion of broadband coverage, including in underserved regions. The financing package—provided at a time when many Argentine companies are struggling to obtain funding to grow their operations—includes \$110 million from IFC, with additional funding mobilized from international banks. This second financing follows one in 2016.

IFC's advisory support to M-Pesa Mozambique, a mobile money platform, will increase financial inclusion in a country where nearly 60 percent of citizens lack access to financial services. Ten months after implementation, the number of active M-Pesa customers rose by nearly 70 percent. More than 1,280 small and medium enterprises (SMEs) have signed on since the project was launched.

Liftit, a Latin American-based tech firm that connects truck drivers to businesses that need cargo delivered, will be able to expand operations in Mexico and Colombia after IFC's \$2.8 million equity investment. Liftit's platform provides companies with more efficient, reliable, and affordable cargo delivery while making it easier for truck drivers to find work and be paid promptly.

Photos: IFC equity investment is fueling the expansion of Liftit, an innovative digital platform connecting truck drivers to businesses needing deliveries in Colombia and Mexico.



IFC also helped expand the TechEmerge platform to Brazil, where it connects start-ups with leading corporations in emerging economies to form new partnerships. In Brazil, it has matched 20 tech companies from seven countries with 15 health-care providers to conduct pilot projects that include fast and noninvasive diagnostic exams and artificial intelligence solutions for genetics and imaging diagnostics. TechEmerge, a World Bank Group initiative, was launched in India in 2016 to improve health-care delivery and patient outcomes in the country.



IMPROVING LIVES

IFC's work improves the lives of poor people in some of the most challenging areas of the world.

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IDA and Conflict-Affected Areas

Boosting Growth Where It Matters Most

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Sub-Saharan Africa

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South Asia

Private Sector Solutions to Strengthen Economies



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**Middle East and
North Africa**

Overcoming Obstacles
Through Private
Investment

Boosting Growth Where It Matters Most



The small island nation of Timor-Leste is experiencing its longest period of stability since achieving independence in 2002. But as in many fragile and conflict-affected areas, past volatility left behind poor infrastructure and limited economic development.

To jumpstart progress, IFC worked with Timor-Leste's government to deliver the Tibar Bay Port, the country's first public-private partnership (PPP) project. When the port becomes operational in 2021, it will reduce congestion at the existing port, easing a significant economic bottleneck. IFC support enabled legislation for this PPP, helped build capacity to develop and implement the necessary contracts, and facilitated a transparent tender process that attracted investors. The new port will create 500 direct jobs.

This multipronged approach illustrates IFC's strategy in fragile and conflict-affected situations. We help create and strengthen institutions, mobilize investment, and promote private entrepreneurship—demonstrating throughout how this approach addresses critical development challenges. In FY19, our investments in fragile and conflict-affected areas totaled nearly \$545 million, including funds mobilized from other investors. By 2030, we expect 40 percent of IFC's annual investment commitments to be in IDA countries—those eligible to borrow from the World Bank's International Development Association.

Today, about 1.3 billion people live in IDA countries. Afghanistan is one of them, and we are helping make a difference for citizens trying to recover from three decades of conflict. One of the legacies of this instability is electricity consumption that is among the lowest in the world. Fewer than 30 percent of Afghans are connected to the grid. The country imports up to 80 percent of its energy, and frequent blackouts affect some parts of the country for up to 15 hours a day. IFC is working with the government to design a 40-megawatt solar-power plant that will more than double the country's current solar energy capacity and that will offer a new model for subsequent solar projects.

Small and medium enterprises (SMEs) are important drivers of growth in the world's poorest countries, but their growth is often hindered by limited access to financial services. Our Small Loan Guarantee Program (SLGP) pools a portfolio of IFC risk-sharing facilities and synchronizes with broader World Bank Group efforts to improve the enabling environment for these SMEs to access finance. In FY19, we increased our existing investment in SLGP by \$400 million. The program is supported by an IDA Private Sector Window first-loss guarantee of up to \$120 million. This is expected to enable up to \$800 million in SME lending in low-income countries around the world. In Haiti, for example, a \$2.5 million risk-sharing facility we committed



with Société Générale de Solidarité (Sogesol) is expected to help the microfinance institution provide more than 500 loans to SMEs and agribusinesses by 2023, fostering economic growth and job creation.

IFC also backs companies that can successfully scale up their business in one challenging market and then leverage that experience to expand across borders. For example, we provided a €24 million financing package to Gaselia Group, one of the largest beverage and packaging groups in West Africa. The investment will help the company expand operations in Côte d'Ivoire and Mali and set up a soft-drink project in Guinea.



Photos: Girls in Timor-Leste look forward to a bright future. IFC is helping the government of this once conflict-ridden country attract investment for a new port that will boost business and create jobs.



For Marie-Paule Effagon, a 48-year-old teacher living in Yaoundé, Cameroon, two-day power outages—which are not uncommon—wreak havoc on her family’s routine. Yet Effagon is considered lucky: nearly 40 percent of Cameroon’s citizens have no access to electricity at all. To improve lives and long-term economic prospects, IFC and the World Bank are helping to finance the Nachtigal Hydropower Plant, a privately owned and operated

Photos: Teacher Marie-Paule Effagon (above) is one of many in Cameroon who will benefit from new power to be produced by the privately financed Nachtigal Hydropower Plant.



Accelerating Change on the Continent

420-megawatt power plant. It will increase the country's installed power capacity by nearly one-third and bring clean, affordable power to millions when it begins operations in 2023.

Our early engagement helped confirm Nachtigal's technical, financial, and environmental feasibility and address bureaucratic bottlenecks. Key project development and structuring support came from across the World Bank Group. IFC is directly investing €60 million in equity, lending up to €110 million for our own account, and mobilizing another €806 million from a global syndicate, including four commercial banks and 10 other development finance institutions. We also provided interest rate swaps to help mitigate interest rate risk. Through the development of inclusive community engagement strategies with Nachtigal, IFC is helping create tangible benefits to surrounding communities and identifying ways of mitigating gender-based violence risks.

The Nachtigal project — IFC's largest power investment on the continent — illustrates our "upstream" work and proactive approach to development across Sub-Saharan Africa, home to almost half of all people who live in extreme poverty. In FY19, our long-term investments in the region totaled \$4.1 billion, including nearly \$2.3 billion mobilized from other investors.

We often seek out companies that use technology and innovation to unlock sustainable development in the region. With support from the Private Sector Window of the Global Agriculture and Food Security Program, IFC co-led the financing of \$10.3 million to help Kenyan start-up Twiga Foods to expand operations and to connect more than 13,000 rural, smallholder farmers to urban vendors. The firm's platform uses mobile-phone technology to coordinate supply and demand and to pay farmers within 24 hours. IFC is also advising Twiga Foods on aligning food safety practices with global standards and ensuring the traceability of produce.

In Nigeria, we led a \$6 million equity investment in Kobo360, a tech-enabled e-logistics platform that connects truckers to transportation services seeking cargo haulers. The investment will help the company reduce costs and increase access

to logistics services for small and medium enterprises (SMEs), including those in underserved regions. It will also enable faster payment schedules as well as new financing and savings programs for truck owners and drivers.

With support from the IDA Private Sector Window, IFC is also providing a multicurrency facility of \$21.1 million equivalent to Baobab Group, a leading global microfinance network. Support extends to Baobab's affiliates in Burkina Faso, Côte d'Ivoire, Democratic Republic of Congo, Madagascar, Nigeria, and Senegal. Baobab, a long-time IFC client, is a pioneer in digital financial services across the continent. It is known for helping entrepreneurs access credit even though they often lack the required collateral or credit history. It expects to provide credit to even more entrepreneurs and people with limited access to banking services.

Photo: In Bangladesh, IFC is building the skills of female supervisors in the garment sector as part of our commitment to increasing opportunities across South Asia.



Private Sector Solutions to Strengthen Economies

When Mosammat Janata Khatun was promoted from working on the sewing line to supervising others at Dhaka's Jinnat Knitwears, she was nervous. After all, 19 of every 20 line supervisors in Bangladesh's ready-made garment factories are men, even though women comprise 80 percent of line workers. IFC's Gender Equality and Returns (GEAR) program helped prepare her for the new role. By combining technical and soft-skills training, the program equips women like Khatun with the skills to advance their careers.

GEAR is among the IFC programs helping make Bangladesh's garment industry internationally competitive, sustainable, and safe for its workers. The industry is a major driver of Bangladesh's economy: It accounts for more than 80 percent of the country's exports and employs more than 4 million people.

Strengthening economies is critical because more than 250 million South Asians live in extreme poverty. Close to 500 million people across the region are not connected to the grid. In FY19, we provided almost \$3.0 billion in financing for businesses in South Asia, including \$1.1 billion mobilized from other investors, expanding our portfolio in the region to \$11.5 billion.

As part of our continuing work in Bangladesh's garment sector, IFC's \$14.4 million loan to the Epyllion Group will help set up a new manufacturing facility that will nearly double the garment manufacturer and exporter's production capacity,

upgrade machinery, and add more value-added items to its product line. IFC's multiyear engagement with the Bangladeshi garment sector includes investment and advisory services and is focused on promoting women's employment and the sector's sustainable growth.

To help Bangladesh counter declining natural gas supplies and deliver clean energy to its citizens, we provided a \$20 million long-term loan to Omera Petroleum, to help the company double its capacity and increase the availability of liquefied petroleum gas. This effort will expand access of cooking gas to 350,000 additional households—reducing the use of firewood, coal, and natural gas.

In India, we invested \$100 million in the India Resurgence Fund to create a dedicated platform for distressed assets resolution. The fund will restructure potentially viable mid- to large-size nonperforming companies, helping preserve existing jobs and create new ones. The restructuring will enable banks to dispose of nonperforming loans, freeing up capital for their lending activity.

To help mechanize farming in India, IFC invested \$100 million in Mahindra & Mahindra Financial Services. This will enable the company to extend loans to farmers for tractors, vehicles, and other equipment and to finance small and medium enterprises (SMEs). The effort contributes to the government's target of doubling farmers' incomes by 2022 and increasing agricultural productivity, which contributes to food security.

Overcoming Obstacles Through Private Investment

After 24-year-old Hana'a Mehyar Awad graduated from Palestine Ahliya University College's corporate governance program, an IFC initiative to promote corporate governance in the Middle East and North Africa, she landed a job at the Palestine Investment Bank. Now, the Hebron native hopes to help drive economic growth in her hometown—the largest Palestinian city in the West Bank, which generates one-third of the area's GDP.

Training future leaders like Awad—and more than 1,100 other graduates of the corporate governance program—is the goal of this decade-long project between IFC and the Palestine Capital Market Authority (PCMA). It's part of IFC's support for the Middle East and North Africa's private sector, a potential source

of jobs and innovation. Economic growth rates in the region have halved since the 2011 Arab Spring, unemployment is high, and conflict has displaced vast numbers of people. To strengthen the region, in FY19, we invested \$891 million, including \$370 million mobilized from other investors.

To help expand access to electricity—a major hurdle to regional growth—IFC assembled a \$71 million financing package that included funds raised through the Managed Co-Lending Portfolio Program (MCLPP) to support the construction of Jordan's Daehan Wind Power Plant. This was IFC's second major investment in the country's wind sector in FY19. The 51-megawatt plant will supply clean energy to homes and businesses across the country. Since 2011, IFC has invested close to \$300 million in 13 renewable projects in Jordan, enabling about \$1 billion in private sector investments in the nation's power sector.



Photos: Small businesses in Lebanon are growing with financing from Fransabank, an IFC client (left).

Investment and advice from IFC is helping Egypt's Middle East Glass Manufacturing Company increase production, reduce energy consumption, and cut greenhouse-gas emissions (right).





Alongside syndications partners, IFC provided up to \$100 million in debt financing to the Middle East Glass Manufacturing Company (MEG), Egypt's leading maker of glass containers. This will help MEG ramp up production to supply a variety of clients, from beverage makers to pharmaceutical firms. IFC is also providing advice to help MEG reduce energy consumption and cut greenhouse-gas emissions as part of our effort to bolster resource efficiency and reduce costs in the manufacturing sector and to help companies compete internationally.

In Lebanon, IFC is the anchor investor in Fransabank SAL's green bonds program. Our \$75 million investment will help Fransabank provide financing to eco-friendly projects in commercial energy efficiency, renewable energy, and green buildings. We also provided \$100 million in debt financing to Société Générale de Banque au Liban to boost access to finance for small and medium enterprises (SMEs) and to help develop climate finance. IFC's advisory team will work with the bank to help enhance its capacity to finance climate-smart projects and to help mitigate climate change. The loan includes funding from several MCPP participants alongside IFC's own funding.

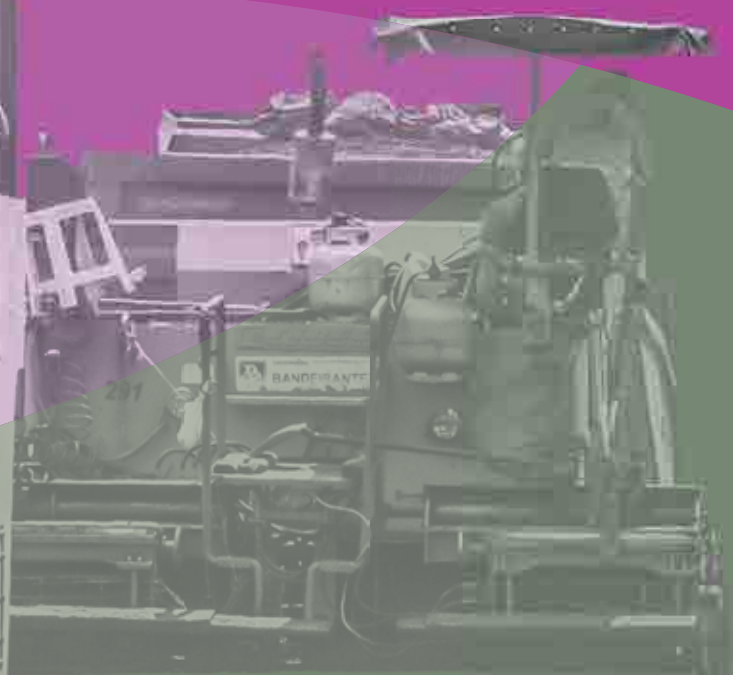


SCALING UP

IFC is taking an increasingly proactive approach to accelerate private sector development — creating markets and opportunities where they are needed most.

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Guiding Impact
Ushering Impact
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**Local Capital
Markets**
Ideas and Actions
to Spur Domestic
Growth



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Mobilization

Attracting Capital to
Meet Development
Needs

Ushering Impact Investing into the Mainstream

AllLife, the only insurer of people living with HIV/AIDS in South Africa, is accustomed to making the impossible possible. The firm was created to insure people without access to affordable life insurance—people who were previously viewed as uninsurable. That might not sound like a formula that investors would jump at. But the company's mission was in sync with that of IFC client LeapFrog Investments: to support "purpose-driven businesses with real social impact." Following on

a \$13.9 million investment from LeapFrog, AllLife has expanded its team, opened a second call center, launched new products, and more than doubled its revenue.

The pursuit of investments that can generate a measurable positive impact on society—while also generating positive returns for the investor—is proving its worth. Although the market is still relatively small, measured in billions, the potential is enormous. Investor appetite could be as much as \$5 trillion in private markets—private equity, nonsovereign private debt, and venture capital—and as much as \$21 trillion in publicly traded stocks and bonds, according to the IFC 2019 report *Creating Impact—The Promise of Impact Investing*. Realizing this potential depends on the creation

THE IMPACT THESIS OF IMPACT INVESTING

INTENT

Desire to improve social and environmental outcomes

CONTRIBUTION

Investment capital (either at market or concessional terms)

AND/OR

Additional assistance (e.g., knowledge transfer, control, influence)

INVESTMENT



of investment opportunities and vehicles that enable investors to pursue impact—and financial returns—in sustainable ways.

As one of the world’s largest impact investors, IFC has a decades-long track record. We are shaping the impact-investing market as it becomes a large-scale force for good. This year, with partners, we developed the Operating Principles for Impact Management, establishing a common discipline and market consensus around the management of investments for impact. These impact-investing principles reflect best practices across a range of public and private institutions and integrate impact considerations into all phases of the investment life cycle: strategy, origination and structuring, portfolio management, exit, and independent verification.

But that’s not all. Accountability is key, so the principles require annual disclosure and periodic independent verification of how they have been implemented. This offers investors additional confidence and enhances the market’s credibility. As of June 2019, 63 institutions had signed the principles—creating for the first time a market standard for impact-investing management.

See www.ifc.org/DevelopmentImpact/OPIM for IFC’s disclosure statement on impact.

Inset: IFC’s *Creating Impact—The Promise of Impact Investing* report surveyed the vast potential of this kind of financing, which brings both financial and social results.

MEASURABLE IMPROVEMENTS

Creation or improvements of markets

Improvements in enterprise’s outputs or processes

Increases or improvements in social and environmental outcomes

ENTERPRISE (OR SECTOR) IMPACT



Photos: IFC helps to build strong local capital markets in a wide range of countries including Kenya (above) and Kazakhstan (at right).



Ideas and Actions to Spur Domestic Growth

Strong capital markets are an important driver of economic growth. Businesses can tap into those markets as a source of long-term, local-currency finance. Governments can access them to finance roads, schools, and hospitals. But although developing countries account for more than one-third of the world's economic output, they represent just 10 percent of global stock-market capitalization. These countries also make up a very small share of the global market for corporate bonds.

We issue local-currency bonds to finance projects in a manner that protects companies from foreign currency fluctuations and encourages global investors to participate in bond offerings. We also help governments draft policies and regulations that strengthen capital markets. We often support local institutions to issue and invest in local-currency bonds, a move that can attract global investors.

In addition, IFC provides tools that enable clients to swap foreign-currency obligations into local currency and to access capital markets through their own bond issuances, which are made more creditworthy with an IFC partial credit guarantee. We also help mobilize local bank lending into priority sectors through our risk-sharing facility product.

Our work in Kazakhstan illustrates our approach. We issued our first-ever Kazakhstani tenge bond, raising 8.6 billion tenges (\$25 million) to help develop local capital markets. The bond's proceeds have been invested in KazFoodProducts, a leading food processing group in the country, to support the group's expansion plans and to boost the country's agricultural sector.

In Costa Rica, we raised 5.7 billion colones (\$10 million) through a triple-A rated bond issued in the domestic market. The proceeds will be used to boost housing finance for low- and middle-income families that lack access to mortgage loans.

IFC also joins initiatives that help countries develop thriving and sustainable capital markets — from regulation and policy to institution-building. One of them is the Joint Capital Markets Program (J-CAP), a World Bank Group-wide initiative. In FY19, J-CAP identified opportunities to expand private sector engagement to deliver capital-markets financing in areas such as climate, small and medium enterprises (SMEs), and infrastructure. In Kenya, J-CAP is now working with leading pension funds to establish a capital-market vehicle that will provide long-term financing for infrastructure and affordable housing projects. J-CAP is supported by IFC's Creating Markets Advisory Window and development partners.



Attracting Capital to Meet Development Needs

Guinea has nearly one-third of the world's reserves of bauxite, the primary source of aluminum. Yet the country's mining sector has long struggled to reach its potential. IFC is working in partnership with the government, mining companies, investors, and local communities to help the country develop this resource and achieve its economic goals.

The IFC-supported Sangarédi-GAC bauxite mine—one of the largest foreign investments in Guinea—will strengthen the country's status as a world-class producer and exporter of bauxite and develop new infrastructure


to ease integration between the country's mining sector and global markets. Collaboration across the World Bank Group made significant financing possible for the \$1.5 billion Sangarédi project. IFC's expertise in mobilizing private capital on a vast scale helped deliver \$750 million in financing to the project—\$150 million for our own account and the remainder mobilized from a group of investors including seven commercial banks. The World Bank's support for sector reforms and transparency initiatives and for technical assistance in public financial management paved the way for the investment. A political-risk insurance policy issued by the Multilateral Investment Guarantee Agency (MIGA) gave additional comfort to investors.

IFC mobilizes private capital through two primary platforms. The first is our debt syndications program, which since 1959 has mobilized more than \$70 billion

from over 500 financing partners for more than 1,100 projects in over 115 emerging markets. Our syndications portfolio of outstanding investment commitments totaled \$16 billion as of June 2019. In FY19, IFC mobilized \$5.8 billion for debt investments in developing countries. The second platform, IFC Asset Management Company, has raised \$10.1 billion in assets and manages 12 investment funds.

We continue to innovate and develop new products, expanding our debt platforms to reach a bigger share of the potential \$80 trillion in untapped liquidity from global institutional investors. These products and platforms, together with our traditional syndications products, enable us to mobilize billions in private capital to emerging economies, including to the world's poorest countries—those eligible to borrow from the World Bank's IDA.

Photo: Working with World Bank Group partners, IFC mobilized large-scale financing for Guinea's \$1.5 billion Sangarédi bauxite mine—one of the country's largest foreign investments.



In FY19, we provided an additional \$600 million financing to 22 projects in 17 countries using credit insurance policies as de-risking tools provided by private insurance companies. Some of these projects are taking place in fragile economies with limited or no alternative financing resources. We continued to expand the Managed Co-Lending Portfolio Program (MCLPP), created in 2013.

Delivering local-currency financing solutions to our clients was another focus area in FY19. We mobilized the equivalent of \$1.2 billion in local currencies to 11 projects in six countries, using various local-currency loan-syndication products. In Brazil, IFC mobilized an additional 150 million reais (about \$40 million) following a similar investment to support the development of digital infrastructure by Phoenix Towers. The company builds telecommunications towers that allow mobile network operators to deploy 4G networks in underserved parts of the country.

PROMOTING SUSTAINABILITY

IFC helps businesses in developing countries overcome key obstacles to sustainable growth.

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Gender

Helping Women
Bridge the
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Innovative Solutions for Improving Cities

More than half of all people live in urban areas, which helps explain why cities consume close to two-thirds of the world's energy and account for more than 70 percent of global greenhouse-gas emissions. As more people move to cities, the speed and scale of urbanization also accelerates the demand for affordable housing, well-connected transport systems, and other infrastructure, basic services, and jobs.



Photo: IFC helped municipal leaders in Bogotá introduce a new cable car system that bypasses crowded city streets, cutting some commutes by up to 45 minutes.

To meet such vast needs, IFC works with governments and the private sector to build inclusive, safe, resilient, and sustainable cities that serve residents and businesses. Areas of focus include green buildings, public transportation, electric vehicles, waste management, water supply, and renewable energy.

IFC's \$8 billion Cities Initiative illustrates how our sustainability principles are already transforming

hundreds of urban areas across more than 60 countries. In Bogotá, Colombia, for example, drivers and passengers used to endure bumper-to-bumper traffic because of outdated transportation infrastructure. IFC helped the city build cable cars that cut some commutes by 45 minutes. Riders are also safer, following IFC-led community engagements that revitalized surrounding parks, gardens, and community centers. New IFC-backed bus rapid transit lines have shortened travel times across the city.

IFC's model for engaging with cities — combining investment and advice — has been replicated in Argentina, where IFC and the Buenos Aires city government partnered to improve urban mobility. IFC provided a \$50 million loan to

finance sustainable infrastructure such as the new Metrobus and bicycle routes. We have also offered technical advice to support low-emission transport and energy efficiency options for the city, which last year hosted Urban 20, an IFC-supported G20 initiative that brought together mayors from around the world to discuss ways the private sector can promote environmentally friendly urban solutions.

In Mariupol, Ukraine, where an influx of more than 100,000 refugees since 2014 has strained the city's resources, the aging public transport fleet struggles to meet local needs. IFC's €12.5 million loan has added efficient and comfortable buses to the fleet alongside a new bus depot, bus workshop tools and equipment, and a traffic planning and management system. IFC is also providing advice to improve the transport system's governance structure, bolster private sector participation, and enhance long-term financial and operational sustainability.

Expanding access to basic infrastructure and essential services to low-income communities in a sustainable way is one of the ultimate objectives of our Social Bond Program. Proceeds from these bonds contribute to financing projects in these areas. In FY19, we issued 12 social bonds in seven currencies, raising the equivalent of \$538 million. In January 2019, in response to investor demand, we more than doubled the outstanding volume of our Australian dollar Kangaroo social bond, raising an additional 400 million Australian dollars.



Mainstreaming Green-Business Opportunities

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o confront the challenge of fostering climate resilience, economies must become climate-smart. IFC is mainstreaming climate business across sectors, focusing on clean energy, green finance, green buildings, climate-smart cities, and climate-smart agribusiness.

In FY19, we met our climate target, providing \$5.8 billion in climate-smart financing, including \$3.2 billion mobilized from other investors.

This accounted for 30 percent of our total commitments for the year. Our investments have helped avoid the emission of 15.5 million tons of carbon dioxide equivalent.

IFC helps agribusiness companies become more productive by using climate-smart technologies and practices in high-emission sectors such as fertilizer. In India, we put together a \$60 million package for Deepak Fertilisers and

Petrochemicals Corporation Limited to help the company install nitrous oxide abatement facilities. IFC will also support the company to implement an environmental and social action plan.

Green buildings continue to be a priority. IFC's Excellence in Design for Greater Efficiencies (EDGE) program now covers more than 150 countries to certify green buildings. EDGE creates an attractive investment opportunity for IFC and other banks. In five years, IFC's investments in green buildings rose from \$160 million to \$761 million for both IFC's own account and mobilized capital. One of these investments is a loan package of \$275 million to support PT Trans Corpora in Indonesia to open 125 green retail stores across 25 cities by 2025. PT Trans Corpora is expected to create more than 30,000 jobs and work with more than 6,000 suppliers, nearly 70 percent of whom are small and medium enterprises (SMEs).





Renewable energy remains a significant part of IFC's climate investments. IFC invested \$2.4 billion in FY19 and is increasingly working upstream to open markets for new technologies. We partnered with the World Bank's Energy Sector Management Assistance Program (ESMAP) to explore new markets for offshore wind and floating solar photovoltaics. We are also working with companies and regulators to scale storage markets in emerging economies, enabling more renewable energy to enter the grid.

Green bonds are a key way of providing long-term capital to issuers to drive climate business. IFC issued 37 green bonds totaling \$1.6 billion in 11 currencies. This included a Sterling green bond of 350 million British pounds in July 2018 — the first such bond to be issued by a multilateral development bank since 2015. In Indonesia, IFC issued an inaugural Indonesian

rupiah Komodo green bond that raised the equivalent of \$134 million. We also issued our first Colombian peso-denominated green bond of 35 billion Colombian pesos (\$10 million equivalent) that was placed in the offshore market.

IFC is also building the market by investing in green bonds issued by financial institutions and other companies. IFC committed \$150 million in a green bond issued by Indonesia's Bank OCBC NISP, contributing to the government's target of a 29 percent reduction in greenhouse emissions by 2030. In Thailand, IFC became the sole investor in TMB Bank's \$60 million green bond. This is the first green bond issued by a commercial bank in Thailand. IFC also created the first global green bond fund targeting corporate issuers in emerging markets, the Real Economy Green Investment Opportunity (REGIO) Fund. It is expected to catalyze at least

\$500 million in private capital to support climate-smart investments in developing countries.

IFC is increasingly building climate risk considerations into our business and sharing lessons globally. We piloted climate risk assessment in FY19. IFC and the World Bank act as the Secretariat for the Carbon Pricing Leadership Coalition, which works with governments, corporations, and civil society to advocate for effective ways to price carbon. IFC discloses under the guidelines recommended by the Task Force on Climate-related Financial Disclosures (see page 104).

Photo: Jakarta-based Asia Green Real Estate uses EDGE, IFC's green building standards and certification program.

Helping Women Bridge the Opportunity Gap

Ho Thi Hai Ngan, a Vietnamese businesswoman, launched two ventures, but they both failed because of a lack of financing. Yet she persevered and opened an electronics store after receiving a \$25,000 loan from Vietnam Prosperity Commercial Joint Stock Bank (VPBank). Within six months, the value of her business quadrupled to \$400,000.

IFC's \$125 million investment in VPBank helped make Ngan's loan possible. At \$1.4 trillion, the gap for financing women-owned small and medium enterprises (SMEs) in emerging markets is immense. IFC has long worked with financial institutions to increase the flow of capital to women. Through our Banking on Women program, we have invested and provided advisory services to 88 financial institutions in 50 countries to increase financing for women-owned and women-led SMEs. As of June 2019, our portfolio totaled \$2.2 billion.

We mobilize our investment partners to get more money into the hands of female business owners. In Brazil, where women-owned SMEs face a \$19 billion financing gap, we arranged a \$225 million loan for Banco Santander Brasil, which includes \$75 million mobilized from a commercial bank. The funding is earmarked for women-owned firms.

But women entrepreneurs require more than credit to succeed. It is also important to provide access to training and networks. The Women Entrepreneurs Finance Initiative (We-Fi), a collaborative partnership hosted by the World Bank Group, addresses those needs. In FY19, we partnered with WEConnect International, a global network that connects women-owned businesses to qualified buyers, to boost access to markets for women-owned SMEs in emerging markets.

In Nigeria, IFC worked with AXA Mansard to design insurance products for women. AXA increased the number of policies sold to

Photo: Business began to boom for Vietnam's Ho Thi Hai Ngan when she received financing from IFC client VP Bank. IFC works with local financial institutions worldwide to help close the \$1.4 trillion gap in financing for women-owned SMEs in emerging markets.





women to more than 40,000 as of December 2018 from 19,000 in late 2016, when the project was launched. The company plans to insure 60,000 Nigerian women by 2020. With support from We-Fi, we are now working in Cameroon, Ghana, and the Philippines to bring insurance coverage to more women.

We also promote diversity in corporate leadership. Nominations of female board members in firms where we have investments rose to 36 percent from 15 percent in 2011, when we started monitoring the data. Our goal is to reach 50 percent by 2030.

Our research highlighting the business case for narrowing the gender gap is yielding significant findings as well. IFC's FY19 report *Moving Toward Gender Balance in Private Equity and Venture Capital* found that private equity and venture capital funds with gender-balanced senior investment teams generated up to 20 percent higher returns compared with funds that have a majority of male or female leaders. The findings of the report suggest that the lack of women as allocators and recipients of capital may reduce investment returns and hurt female entrepreneurs.

