Annual Report 2018

Redefining Development Finance

IFC

ABOUT IFC

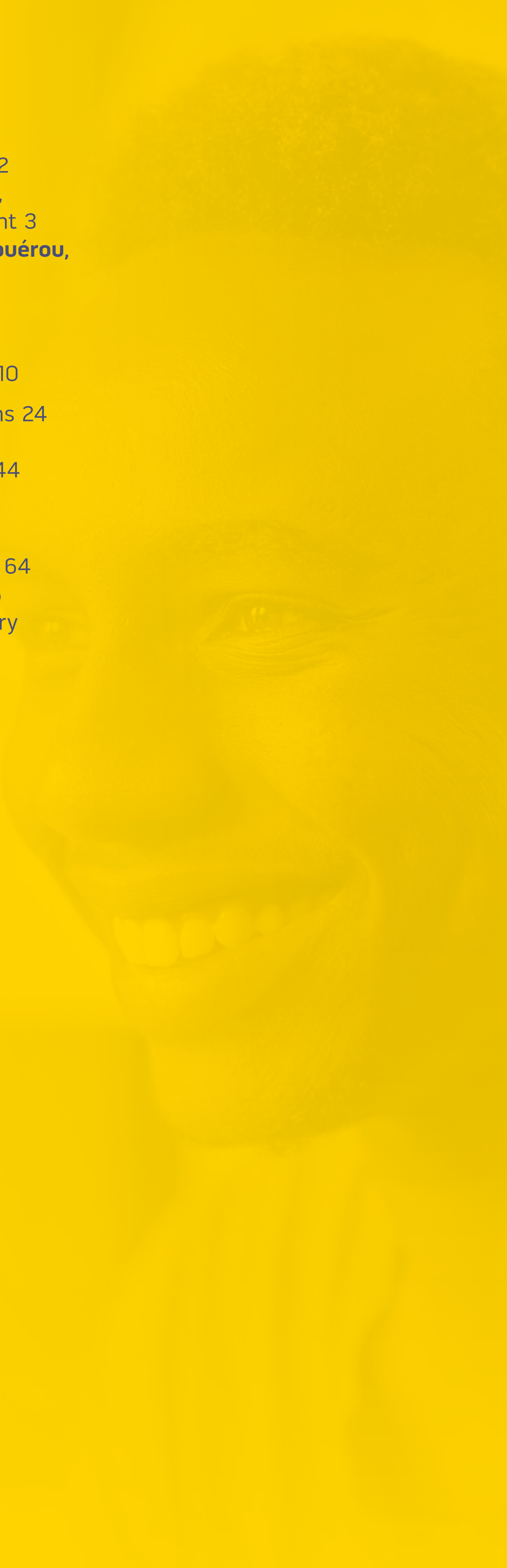
IFC, a member of the World Bank Group, is the largest global development institution focused on the private sector in developing countries.

Established in 1956, IFC is owned by 184 member countries, a group that collectively determines our policies.

We have six decades of experience in the world's most challenging markets. With a global presence in about 100 countries, a network consisting of hundreds of financial institutions, and about 2,000 private sector clients, IFC is uniquely positioned to create markets and opportunities where they are needed most.

We use our capital, expertise, and influence to help end extreme poverty and boost shared prosperity.

CONTENTS



Cover: To maximize finance for development, IFC follows a decision-making sequence that prioritizes private sector solutions. We call this approach the Cascade.

During fiscal 2018, the Board was actively involved in the discussion with management on implementation of the *Forward Look* vision for the World Bank Group. An integral part of this discussion included a proposed capital package that would allow the Bank Group to deliver development results more effectively — and in a financially sustainable manner.

This transformative financial and policy package is the largest injection of capital into the World Bank and IFC to date, and it represents a major shift in approaches to address today's toughest development challenges. Together with a commitment by Bank Group management to implement necessary internal reforms, the package of initiatives will help support achievement of the 2030 development agenda, the IDA18 vision, Maximizing Finance for Development, and will help the Bank Group continue to lead on global public goods and scale up its support in fragile and conflict-affected situations.

The Board also engaged on the shareholding review to rebalance shareholding among members, and agreed to reduce extreme under-representation in order to realize voice reform and more closely align voting power between the institutions of the Bank Group. The Board has also provided guidance and direction on initiatives that enable the Bank Group to continue to improve its business model — including through simpler and more agile processes, strengthened strategic frameworks, market creation and increased development impact through the IFC 3.0 strategy, efficiency measures in compensation and other expenses, and frameworks and mechanisms to ensure financial sustainability.

STANDING
(Left to Right)

Werner Gruber
Switzerland

Frank Heemskerk
The Netherlands

Turki Almutairi
Saudi Arabia (Alternate)

Andrei Lushin
Russian Federation

Yingming Yang
China

Jean-Claude Tchatchouang
Cameroon (Alternate)

Hervé de Villeroché
France

Otaviano Canuto
Brazil

Kazuhiko Koguchi
Japan

Andin Hadiyanto
Indonesia

Erik Bethel
United States (Alternate)

Fernando Jimenez Latorre
Spain

Omar Bougara
Algeria

Aparna Subramani
India

SEATED
(Left to Right)

Melanie Robinson
United Kingdom

Christine Hogan
Canada

Máximo Torero
Peru

Jason Allford
Australia

Bongi Kunene
South Africa

Merza Hasan
Kuwait (Dean)

Franciscus Godts
Belgium

Patrizio Pagano
Italy

Juergen Zattler
Germany

Susan Ulbaek
Denmark

Andrew N. Bvumbe
Zimbabwe

It's not an exaggeration to say that today's challenges can seem overwhelming. In our work around the world, we're facing overlapping crises such as climate change, conflict, pandemics, natural disasters, and forced displacement. We must simultaneously help our client countries address immediate crises, build resilience against challenges on the horizon, and make enduring investments to prepare for an uncertain future.

But even in difficult times, I have never been more optimistic that we can achieve our twin goals: to end extreme poverty by 2030, and to boost shared prosperity among the poorest 40 percent around the world. Across the World Bank Group, we are harnessing new technologies and developing financial innovations to drive progress on the three parts of our strategy to get there: accelerate inclusive, sustainable economic growth; build resilience to shocks and threats; and help our client countries invest in their people.

First, to accelerate inclusive, sustainable economic growth, we need a new vision for financing development — one that helps make the global market system work for everyone and the planet. In a world where achieving the Global Goals will cost trillions every year, but official development assistance is stagnant in the billions, we cannot end poverty without a fundamentally different approach.

With the adoption of the Hamburg Principles in July 2017, the G-20 endorsed an approach that we call the Cascade, which will lead to our goal of Maximizing Finance for Development. The World Bank, IFC, and MIGA are working more closely together to create markets and bring private sector solutions in sectors such as infrastructure, agriculture, telecommunications, renewable energy, and affordable housing. (*Read more on page 5*.)

Second, to build resilience to shocks and threats — even as we continue developing climate-smart infrastructure and improving response systems — we need innovative financial tools to help poor countries do what wealthy ones have long done: share the risks of crises with global capital markets. This spring, we saw the first impact of the Pandemic Emergency Financing Facility (PEF) with a rapid grant to support the Ebola response surge in the Democratic Republic of Congo. With this facility — and a similar one we are developing to improve responses to *and prevent* famine — we are finding new ways to help the poorest countries share risks with financial markets, helping break the cycle of panic and neglect that often occurs with crises.

But resilience must start with the existential threat of climate change. When we returned to Paris in December 2017 to celebrate the two-year anniversary of the Paris Climate Agreement, we put more than a dozen deals on the table to finance significant climate action such as preventing coastal erosion in West Africa and scaling up renewable energy worldwide. It was critical to lead by example, and we announced that after 2019, we will no longer finance upstream oil and gas while helping countries find sustainable ways to achieve their development goals.

Third, to prepare for a future where innovations will only accelerate, we must find new ways to help countries invest more — and more effectively — in their people. The jobs of the future will require specific, complex skills, and human capital will become an increasingly valuable resource. With the Human Capital Project, which we launched this year, we are developing a rigorous and detailed measure of human capital in each country.

At the Annual Meetings in Indonesia in October 2018, we will unveil the Human Capital Index, which will rank countries according to how well they are investing in the human capital of the next generation. The ranking will put the issue squarely in front of heads of state and finance ministers so they can accelerate investments in their people and prepare for the economy of the future.

Around the world, demand continues to rise for financing, expertise, and innovation. The needs are great — but the costs of failure are simply too high. Our shareholders are helping us meet that challenge with their approval of a historic $13 billion capital increase, which will strengthen the World Bank Group's ability to reduce poverty, address the most critical challenges of our time, and help our client countries — and their people — reach their highest aspirations.

This year, the World Bank Group committed nearly $67 billion in financing, investments, and guarantees.

The International Bank for Reconstruction and Development (IBRD) continues to see strong demand from clients for its services, with commitments rising to $23 billion in fiscal 2018. Meanwhile, the International Development Association (IDA) provided $24 billion to help the poorest countries — the largest year of IDA commitments on record.

This year, we leveraged IDA's strong capital base and launched the inaugural IDA bond. Investor demand for the $1.5 billion bond reached more than $4 billion. By combining IDA's traditional donor funding with funds raised in the capital markets, this financial innovation will expand IDA's ability to support the world's poorest countries, including efforts to prevent conflict.

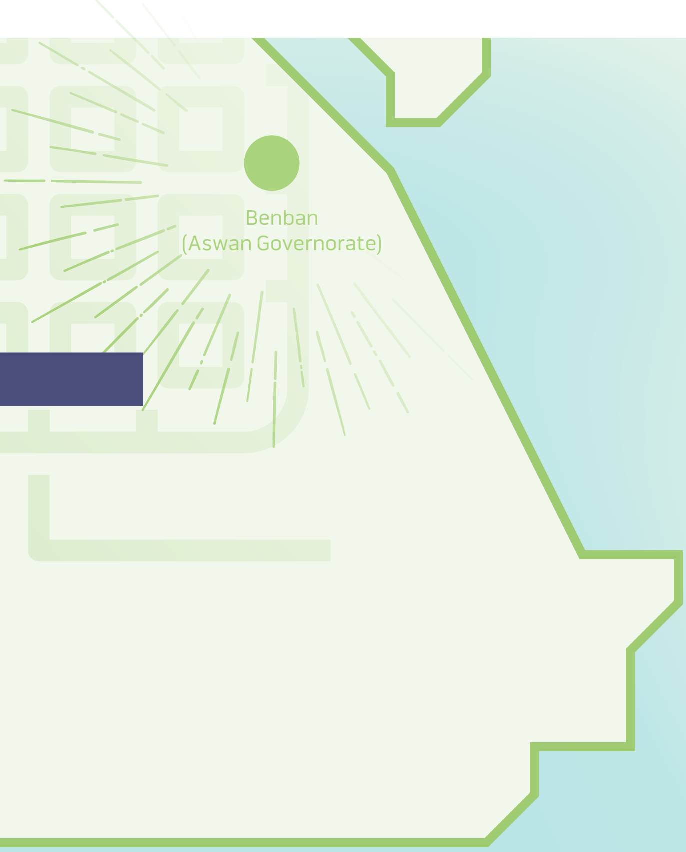
The International Finance Corporation (IFC) provided more than $23 billion in financing for private sector development this past year, including $11.7 billion mobilized from investment partners. Of this, nearly $6.8 billion went to IDA countries, and more than $3.7 billion was invested in areas affected by fragility, conflict, and violence.

Marking its 30th year of operation, the Multilateral Investment Guarantee Agency (MIGA) has become the third leading institution among the MDBs in terms of mobilizing direct private capital to low- and middle-income countries. This year, MIGA issued a record $5.3 billion in political risk insurance and credit enhancement guarantees, helping finance $17.9 billion worth of projects in developing countries. New issuances and gross outstanding exposure — at $21.2 billion this year — almost doubled as compared to fiscal 2013.

We know that the 2018 World Bank Group capital increase was a strong vote of confidence in our staff, who work tirelessly to end poverty around the globe. I am inspired every day by their dedication and their ability to deliver on our ambitious commitments to meet the aspirations of the people we serve.

But we also know that the capital increase represents an enormous challenge to operate more efficiently and effectively, to drive innovation, and to accelerate progress toward a world that is finally free of poverty. In the year ahead, we will step up once again to meet that challenge every day.

Jim Yong Kim
World Bank Group President



How a Unique Strategy Is Helping Egypt Overcome Its Power Distress

Four years ago, the Arab Republic of Egypt faced a serious power crisis. Hours-long power cuts affected businesses and the quality of life, while demand for electricity exceeded supply by 20 percent. With scarce public funds needed elsewhere, Egypt needed an alternative way to find the resources needed to solve its power problems. That's where the World Bank Group's emphasis on Maximizing Finance for Development (MFD) came in.

The MFD approach is a continuation of the World Bank Group's efforts to mobilize resources beyond official development assistance to meet countries' development needs. It leverages capabilities across the Bank Group institutions to come up with innovative solutions that will help achieve the Bank Group's twin goals. More importantly, MFD envisages a key role for the private sector — both as financier and as a source of knowledge.

In 2014, the Egyptian government began working with the World Bank Group to address its energy problems, bringing together local and global experts to develop a national strategy that prioritized energy sustainability and private sector investment. This clear articulation of policy helped attract over $30 billion of private investment by March 2015 into Egypt's oil and gas production and in liquefied natural gas. In December 2015, IBRD approved the first of three programmatic loans to deliver the technical and financial support to achieve Egypt's energy sector reform goals, committing more than $3 billion over 2015–17.

A key part of the reform program was to leverage Egypt's abundant supply of sunshine. In 2015, IFC worked with the government to develop the contracts for the Photovoltaic Solar Feed-in Tariff (FiT) Program. In 2017, IFC finalized a $653 million debt package to finance the construction of the Benban PV Solar Park, which will be the world's largest when complete. Benban's 32 solar power plants will generate up to 752 megawatts of power, serve over 350,000 residential customers, and generate up to 6,000 jobs during construction. MIGA has received approval to provide up to $210 million in political risk insurance for 12 projects within the solar park. Overall, the World Bank Group and other lenders will mobilize a total of $2 billion of private investment under the FiT program to support 1,600 megawatts of power generation.

Egypt's energy sector is on the way to being transformed. Among other reforms, by 2016 the Government of Egypt halved subsidies to the sector — to 3.3 percent of GDP — while keeping electricity tariffs affordable relative to global benchmarks, with help from the World Bank Group. The energy sector has become more efficient and financially sustainable. The government has also improved the enabling environment for the private sector, freeing up more public resources for use in critical social sectors.

For more information, visit www.worldbank.org/mfd.

LETTER FROM PHILIPPE LE HOUÉROU

IFC Chief Executive Officer

Fiscal 2018 was a historic year for the World Bank Group. Our shareholders endorsed a $13 billion paid-in capital increase for IBRD and IFC — including $7.5 billion for IBRD and $5.5 billion for IFC. For IFC, this capital increase will more than triple the cumulative paid-in capital that we have received since inception.

$23.3B
IN INVESTMENTS

30%
OF OUR INVESTMENTS IN IDA COUNTRIES

36%
OF OUR INVESTMENTS WERE CLIMATE-RELATED

45%
OF NEW ADVISORY PROJECTS INCLUDED A FOCUS ON GENDER IMPACT

In addition, our shareholders agreed to suspend IFC transfers to the International Development Association (IDA). As a result, the paid-in capital plus the saved retained earnings from the suspension of IDA transfers will total $9.2 billion in additional capital to support IFC operations between now and 2030.

This constitutes a clear vote of confidence in our strategic priorities for the years ahead. But it comes with high expectations: We must deliver on our strategy to achieve high impact, particularly in some of the world's toughest markets. We project that by 2030, we will have to more than double our annual commitments to reach $48 billion in total. We pledged to significantly increase our investments in IDA countries and in fragile and conflict-affected areas. We also pledged to step up our climate investments and gender-related interventions.

This year, we started to roll out the new tools and instruments designed the year before. At the same time, we changed our organizational structure, and delivered record levels of investments.

ROLLING OUT NEW TOOLS AND APPROACHES

We rolled out new tools to reduce risks, select projects more strategically, and measure development results more rigorously:

- ***To Maximize Finance for Development,*** the World Bank Group adopted a methodical approach that we call the ***Cascade*** — a decision-making sequence that prioritizes private sector solutions. As you can see on the cover of this Annual Report, the Cascade can be visualized as a series of waterfalls — each waterfall representing a step along the private/public solution and financing mix.

- ***IDA18 IFC-MIGA Private Sector Window,*** a $2.5 billion de-risking facility that helps address high-risk projects and overcome the challenge of limited access to local-currency loans in IDA countries and in fragile and conflict-affected areas. In FY18, we delivered our first transactions and developed a pipeline of projects that will benefit from this window in the next two years.

- ***Country Private Sector Diagnostics and Sector Deep Dives,*** which enable us to identify what needs to be done to create markets in each country and in each sector. These two diagnostic pieces will serve as a base for strengthened country strategies. The latter will outline the upstream agenda required to enable the private sector to come in and help close development gaps. They will also identify IFC's specific advisory and investment program deliverables in every country.

- ***Creating Markets Advisory Window,*** a funding facility to support upstream work in IDA-eligible and fragile and conflict-affected countries. In FY18, resources from this window enabled diagnostic work that is helping us focus our advisory work to create markets and develop project pipelines.

- ***Improved Project Selection,*** with two new tools. The first is the ***Anticipated Impact Measurement and Monitoring*** (AIMM) system, which assesses proposed projects according to their ex-ante — or expected — development impact. The AIMM methodology and associated scoring is fully functional for all IFC investment projects since January 1, 2018; it will be expanded to advisory projects in FY19. The second is ***Carbon Pricing***, which began May 1 for all project-finance investments in the cement, chemicals, and thermal power sectors. This will help IFC select more low-emission projects, in line with the recommendations of the *Report of the High-Level Commission on Carbon Prices*.

LETTER FROM PHILIPPE LE HOUÉROU
IFC Chief Executive Officer

IFC delivered record levels of investment finance in FY18 — thanks to the talent and dedication of our staff.

NEW ORGANIZATIONAL STRUCTURE

To complement FY17's organizational changes — which included the creation of the Economics & Private Sector Development and the Partnerships, Communications & Outreach teams — in FY18, we focused on Operations and rebalanced the matrix between IFC's industry and regional teams to better leverage the full range of resources and capabilities available in IFC:

- ***A New Structure,*** which will allow us to fully benefit from our local presence and global sector knowledge and expertise. This includes a Chief Operating Officer to oversee all IFC operations. The teams under the new IFC Regional Vice Presidents are working in close collaboration with Global Industry Senior Directors to deliver tailored solutions for each country. Guided by substantive country strategies, stronger IFC regional teams also help us solidify our collaboration with the Bank and MIGA, and ensure that "the Cascade approach" is systematically designed and implemented at the country level.

- ***Advisory Reforms,*** which are establishing a tighter link between our advisory and investment work to prioritize upstream work and proactively develop projects. At the end of FY18, we moved most of the cross-cutting advisory teams with IFC investment staff. This will allow us to better leverage our advisory experience and insights and focus on Creating Markets priorities.

DELIVERING

Despite all these changes, IFC delivered record levels of investment finance in FY18 — thanks to the talent and dedication of our staff. IFC provided a record $23.3 billion in financing to private companies, up from $19.3 billion in FY17. This growth reflects an unprecedented level of mobilization — at $11.7 billion in FY18 compared with $7.5 billion in FY17.

Nearly 30 percent of our commitments went to support development in the poorest countries: those eligible to borrow from IDA. Climate-related investments accounted for a record 36 percent of our financing for the year. In addition, we increased our focus on gender by helping women access financial services, by supporting female entrepreneurs as they expand their businesses, and by fostering gender parity in the corporate world. We also continued to deliver advisory solutions to clients in developing countries — especially in IDA countries and in fragile and conflict-affected areas. About 57 percent of IFC's Advisory program was delivered to clients in IDA countries and 19 percent in fragile and conflict-affected areas. Twenty-seven percent of the program was climate-related. In addition, almost 45 percent of new advisory projects included a focus on gender impact in project design — up from a third last year.

We were also honored to receive more than 40 awards this year — a strong endorsement by third parties of our ability to deliver innovative projects and solutions.

This past year we laid the foundation for us to implement the new IFC strategy — with our capital increase, renewed support from our shareholders, a new structure, and new tools and approaches to deliver. This foundational work will position IFC to actively participate in the "billions to trillions" agenda and the reshaping of development finance.

Philippe Le Houérou
IFC Chief Executive Officer

OUR MANAGEMENT TEAM

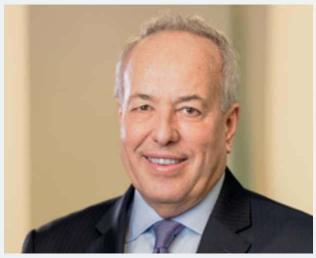
Philippe Le Houérou
IFC Chief Executive Officer

Our leadership team ensures that IFC's resources are deployed effectively, with a focus on maximizing development impact and meeting the needs of our clients. IFC's Management Team benefits from years of development experience, a diversity of knowledge, and distinct cultural perspectives. The team shapes our strategies and policies, positioning IFC to create opportunities where they are needed most.

Stephanie von Friedeburg
Chief Operating Officer

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

Elena Bourganskaia
Chief of Staff



Marcos Brujis
CEO, IFC Asset Management Company

Karin Finkelston
Vice President, Partnerships, Communication, and Outreach

Mohamed Gouled
Vice President, Risk and Financial Sustainability

Jingdong Hua
Vice President and Treasurer

Hans Peter Lankes
Vice President, Economics and Private Sector Development

Monish Mahurkar
Vice President, Corporate Strategy and Resources

Sérgio Pimenta
Vice President, Middle East and Africa

Nena Stoiljkovic
Vice President, Asia and Pacific

Ethiopis Tafara
Vice President, Legal, Compliance Risk and Sustainability & General Counsel

MAXIMI *the* PRIVATE SECTOR'S ROL

It is a new era.

Private sector solutions now stand at the forefront of development thinking — addressing more difficult challenges, in more countries, than ever before.

This requires mobilizing private investment at a far larger scale than in the past — and steering it where it is needed most.

IFC is the global leader in this field, leveraging our many partnerships — beginning with our Bretton Woods partner institutions, the World Bank and the International Monetary Fund.

Scaling Up

IFC helped European asset manager Amundi launch the world's largest green-bond fund focused on emerging markets. The fund is expected to deploy $2 billion in support of climate-finance needs.

ZING

E

CHANGING the Way We DO BUSINESS

Committed to Innovation

Using the Cascade approach, IFC and other World Bank Group institutions are helping Egypt attract $2 billion in financing for the Benban Solar Park.

NG

To help meet today’s ambitious development goals, IFC has hardwired its Creating Markets strategy for scaling up the private sector’s role and has begun implementing it widely.

The strategy begins with the Cascade — a priority-setting system central to the World Bank Group’s Maximizing Finance for Development approach. This sparks the innovations and reforms needed to attract new investment and increase the impact of every dollar mobilized — especially in the poorest countries and in fragile and conflict-affected areas.

This year, shareholders endorsed our new strategy with a record $5.5 billion capital increase.

It is the largest capital increase by far that we've received in more than six decades as the world's largest global development finance institution focused on the private sector. It will more than triple the cumulative paid-in capital we've received since inception.

Now is the time to deliver on this historic vote of confidence — by building on our strong base, and by working in new ways to extend the private sector's reach in creating jobs, reducing poverty, and increasing living standards in the toughest areas of the developing world.

STRENGT *Our* CAPITAL

Entering Tough Markets

Afghanistan's production of raisins is expected to double — benefiting 3,000 small-scale farmers — because of IFC's support for a state-of-the-art plant being built by Rikweda Fruit Processing Company.

HENING
BASE

FIND

New Ways t

RISK AND

ING
o Balance
RETURN

IFC uses a wide set of de-risking tools and platforms to clear the way for new investment and widen its impact. They increase investors' appetite for entering riskier markets, dismantling key barriers that have held back capital flows.

These new instruments include both blended finance vehicles and mobilization platforms. They help us catalyze new investment and expertise into high-need areas, filling critical gaps across the development landscape.

New Tools

Using the new IDA18 IFC-MIGA Private Sector Window, IFC is unlocking $500 million for housing finance in West Africa, where few can afford to buy their own home.

REDEFI IFC

It takes a broad approach to achieve big goals.

We start with new country strategies that identify the gaps and outline the ways we can help the private sector fill them. This helps us determine where we need to position our people, working alongside our many clients and partners. And we use a new upfront results-measurement system, rating our projects on their ability not just to achieve impact but also to create markets.

As we rebalance our portfolio to achieve greater results in the poorest countries, this integrated approach will be key to scaling up the impact of every dollar we invest while supporting our clients' business goals and improving people's lives.

We can do it. We must do it. We are doing it.

NING

AMBITIONS FOR 2030

- $25 billion in annual investments for IFC's own account and $23 billion in funds mobilized from others
- 40 percent of investments in IDA countries and in fragile and conflict-affected areas — including 15 to 20 percent in low-income and fragile and conflict-affected IDA countries
- 35 percent of investments for IFC's own account are climate-related
- $2.6 billion in annual commitments to financial institutions specifically targeting women
- A fourfold increase in annual financing dedicated to women and women-led SMEs
- 50 percent of the directors that IFC nominates to boards of companies where we have a board seat will be women

2018 GLOBAL AWARDS

IFC and our clients received more than 40 awards this year, highlighting our achievements in a broad range of areas.

COLUMBIA UNIVERSITY

School of International and Public Affairs

GLOBAL LEADERSHIP AWARD honoring "innovative or extraordinary contributions to the global public good"

PROJECT FINANCE INTERNATIONAL

GLOBAL MULTILATERAL DEAL OF THE YEAR for joint work with the European Bank for Reconstruction and Development in support of Egypt's solar power program

IJGLOBAL

DEVELOPMENT FINANCE INSTITUTION OF THE YEAR in the Middle East and North Africa

LATINFINANCE

MULTILATERAL DEVELOPMENT BANK OF THE YEAR for IFC's "innovative approach and commitment to Latin America"

FY18 AWARDS

GLOBAL AWARDS

Financial Times:

- **FT Global GC 25** recognition for IFC VP and General Counsel Ethiopis Tafara
- **Innovative Lawyers Award** for Innovation in Legal Expertise: New Markets and Capital

Fortune:
Top 50 Change the World List recognition for IFC client bKash (Bangladesh)

International Financial Law Review Asia Awards:
Project Finance Deal of the Year for Myingyan Independent Power Producer (Myanmar)

Partnerships Awards:
Best Utilities Project Gold Medal and **Projects Grand Prix** for Kigali Bulk Water Supply PPP (Rwanda)

TXF: **Soft Commodities Finance Deal of the Year** for IFC's financing of Mercon Coffee Group

Stevie Awards:
Best Annual Report in Banking, Financial Services, Insurance & Real Estate

ARC Awards:
Gold Award for Best Annual Report from International Development and Finance Institutions

Graphic Design USA:
American Graphic Design Award for IFC's Annual Report

League of American Communications Professionals: **Vision Award** for IFC's Annual Report

UN FRAMEWORK CONVENTION ON CLIMATE CHANGE

MOMENTUM FOR CHANGE CLIMATE SOLUTIONS AWARD for leveraging "private-sector capital to develop and construct the world's first large-scale concentrated solar power plant," KaXu Solar One in South Africa

GLOBAL WATER AWARDS

WATER DEAL OF THE YEAR for making "the biggest contribution to the advancement of private sector participation in the international water sector" with the Kigali Bulk Water Supply project in Rwanda

REGIONAL AWARDS

EAST ASIA AND THE PACIFIC

Project Finance International:
Asia-Pacific Deal of the Year for Myingyan IPP (Myanmar)

AsiaMoney China Green Finance Awards:
Best Green International Financial Institution

Singapore VC & PE Association:
VC Deal of the Year for IFC client Jungle Ventures

EUROPE

EMEA Finance:
Best Restructuring in Central and Eastern Europe for AES Kavarna (Bulgaria)

IJGlobal:
European Airports Deal of the Year for Greece's 14 Regional Airports

LATIN AMERICA AND THE CARIBBEAN

LatinFinance:
Best Loan, Best Sponsor, Best Infrastructure Financing: Mexico for Red Compartida Wireless Telecommunications PPP (Mexico)

PPP Awards & Conference:
Most Innovative PPP of the Year for São Paulo Roads PPP (Brazil)

IJGlobal:
Latin America Solar Deal of the Year for Solem 1 and Solem 2 (Mexico)

MIDDLE EAST AND NORTH AFRICA

IJGlobal:
Infrastructure Program for Egypt Solar Program

SOUTH ASIA

Global Agriculture Leadership Awards:
CSR Leadership Award for IFC client DCM Shriram Ltd. (India)

Greentech Foundation:
Gold Award in Chemical Sector for DCM Shriram Ltd.'s outstanding achievement in safety management (India)

Bureau of Energy Efficiency Ministry of Power, Government of India: **Best Performer in Energy Saving** for DCM Shriram Ltd. (India)

IJGlobal:
Power Deal of the Year for Sirajganj 4 Dual Fuel (Bangladesh), **Hydro Deal of the Year** for Karot Hydropower (Pakistan), **Water Deal of the Year** for Clean Ganga Varanasi Wastewater (India), **Midstream Oil & Gas Deal of the Year** for Moheshkhali Floating LNG Import Terminal (Bangladesh) and **Wind Deal of the Year** for Sapphire 150MW Wind Farm (Pakistan)

Partnerships Bulletin:
Special Award for the Bangladesh Dialysis PPP

The Asset Triple A Asia Infrastructure Awards:
PPP Deal of the Year for Sembcorp North-West Power Company (Bangladesh) and **Renewable Energy Deal of the Year** for Azure Power Energy (India)

SUB-SAHARAN AFRICA

Africa's Information Technology & Telecom Awards:
CSR Initiative Award of the Year for IHS Towers

GlobalCapital Bond Awards:
Most Innovative Sub-Saharan Africa Medium-Term Note Issuer

IJGlobal:
African Renewables Deal of the Year for Bangweulu Solar PV (Zambia), **African Water Deal of the Year** for Kigali Bulk Water Supply PPP (Rwanda) and **African Upstream Oil & Gas Deal of the Year** for Vitol Sankofa (Ghana)

REDEFINING DEVELOPMENT FINANCE

PAGE
24
MOBILIZING PRIVATE SOLUTIONS

PAGE
32
CREATING MARKETS

Across the world, debt has reached historic proportions. In the wealthiest countries, it is at levels unseen since World War II. In developing countries, it is at thresholds untested since the 1980s debt crisis. That poses a formidable challenge to the global effort to end extreme poverty by 2030 and boost shared prosperity. Overcoming this challenge requires a new mind-set.

PAGE

44

PROMOTING SUSTAINABILITY

PAGE

52

ENDING POVERTY

MOBILIZING PRIVATE SOLUTIONS

PAGE 26
DE-RISKING TOOLS: Removing a Barrier to Progress in Tough Markets

PAGE 28
MOBILIZATION: Putting Private Capital to Work for Development

IFC WORKS TO MAXIMIZE FINANCING FOR DEVELOPMENT.

PAGE

30

LOCAL CAPITAL MARKETS:
Building Private Sector Growth and Stability

Photo: In the least-developed countries, IFC helps reduce investment risks to attract private finance that will benefit the poor.

DE-RISKING TOOLS

REMOVING A BARRIER TO PROGRESS IN TOUGH MARKETS

Each year, more than $1.5 trillion moves across international borders — as foreign direct investment that helps businesses and economies innovate and grow. Most of it goes to just 10 countries. Barely 1 percent trickles into areas with the greatest need for investment: countries affected by conflict and instability.

A key reason is risk — or investors' perceptions of it. In choosing where to put their money, investors make complex judgments about an array of risks and uncertainties — financial, regulatory, legal, and political, among others. These tend to be greatest in the smallest, poorest, and most fragile economies. Reducing these risks — or enabling investors to share them more widely — can unlock significant private capital.

IFC and the World Bank Group have introduced several innovations to do exactly that. In FY18, we teamed up with the World Bank's International Development Association to create the $2.5 billion *IDA18 IFC-MIGA Private Sector Window,* a facility to accelerate private sector investment in IDA countries — with a special emphasis on fragile and conflict-affected areas. The facility enables IFC and other investors in these countries to share investment risks with development institutions.

We used the window for the first time to unlock $500 million for housing finance in West Africa, where fewer than 7 percent of households can afford to buy their own home. Using the window, IFC bought $9 million in long-term local-currency bonds issued by Caisse Régionale de Refinancement Hypothécaire de l'UEMOA, a leading mortgage-refinancing company. Our investment will enable the company to expand its portfolio of housing loans by $500 million while deepening the local bond market.

In the riskiest markets, IFC also works with a variety of development partners (see page 98) to help private investors transfer some of their risks. We do so, in part, through blended finance (see page 79) — which involves using concessional donor funds to mitigate specific investment risks. In FY18, IFC used $218 million of donor funds to catalyze $1.5 billion in private investment.

IFC also plays a prominent role in facilitating public-private partnerships (PPPs). Since 2004, IFC-structured PPPs have facilitated at least $27.5 billion in private investment.

FY18 marked a milestone for an IFC-led PPP project in Brazil that is modernizing infrastructure in the state of São Paulo: concessions for three of four roads in a 1,500-kilometer project were auctioned, setting records for concession fees to the government and establishing the foundation for about $4 billion in new investment to complete the project. Our innovative work prompted the national government to ask IFC to structure similar PPPs at the national level.

$500M

UNLOCKED FOR HOUSING FINANCE IN WEST AFRICA

MOBILIZATION

PUTTING PRIVATE CAPITAL TO WORK FOR DEVELOPMENT

Across the world, at least $100 trillion in financing is available from institutional investors — such as insurance companies, sovereign funds, and pension funds.

That's more than enough to cover the $4.5 trillion in financing that developing countries need each year to achieve the Sustainable Development Goals by 2030. But tapping the world's vast pool of private capital requires a new mind-set. Private investors can be mobilized to help address the most urgent development challenges — provided investment risks and returns are balanced appropriately.

IFC is a global leader in mobilizing private capital. We do it through two major channels. The first is our loan-syndications program, which since 1959 has mobilized $69 billion from over 500 financing partners for around 1,000 projects in 115 countries. The second, IFC Asset Management Company, has raised $10.1 billion in assets from institutional investors — including $2.3 billion from IFC.

The *Managed Co-Lending Portfolio Program* is our main loan-syndication platform. IFC created MCPP in 2013, when the People's Bank of China pledged $3 billion for investment in IFC projects. Since then, the platform has more than doubled in size by including a variety of global institutional investors. In 2017, the Hong Kong Monetary Authority committed $1 billion to MCPP. This will support financing of projects in over 100 countries.

We continue to introduce fresh innovations, including credit-mobilization transactions. These transactions enable us to provide more financing to our clients by leveraging the risk-bearing capacity of insurance companies. Two recent examples are our *MCPP Financial Institutions* and *MCPP Unfunded Risk Participation* initiatives, which will tap $500 million apiece in unfunded credit insurance from Munich Re, Liberty Specialty Markets, and Swiss Re Corporate Solutions.

Credit mobilization helped IFC provide $185 million to Vietnam International Commercial Joint Stock Bank, enabling the bank to expand its portfolio of affordable mortgages and loans to small and medium enterprises. Two global insurers, Liberty Mutual and Munich Re, provided credit insurance to benefit the project. Overall, in FY18, credit-mobilization transactions supported $325 million of investments made for IFC's own account.

In 2018, the IFC Emerging Asia Fund — managed by IFC Asset Management Company — reached final close, having raised $693 million to make growth-capital investments in 26 Asian countries. In Mozambique, we helped mobilize nearly $2.7 billion from a variety of lenders to support the Nacala Corridor railway project. The newly built 912-kilometer line will connect two land-locked countries — Zambia and Malawi — to the deepest port in southern Africa. It is expected to result in significant job creation in the region — up to 1 million jobs by 2040.

Photo: IFC financing is helping Vietnam International Commercial Joint Stock Bank widen its portfolio of affordable SME loans.

Photo (above): In Uzbekistan, IFC's sum-denominated bond raised $10 million to expand lending to micro, small, and medium enterprises.

LOCAL CAPITAL MARKETS

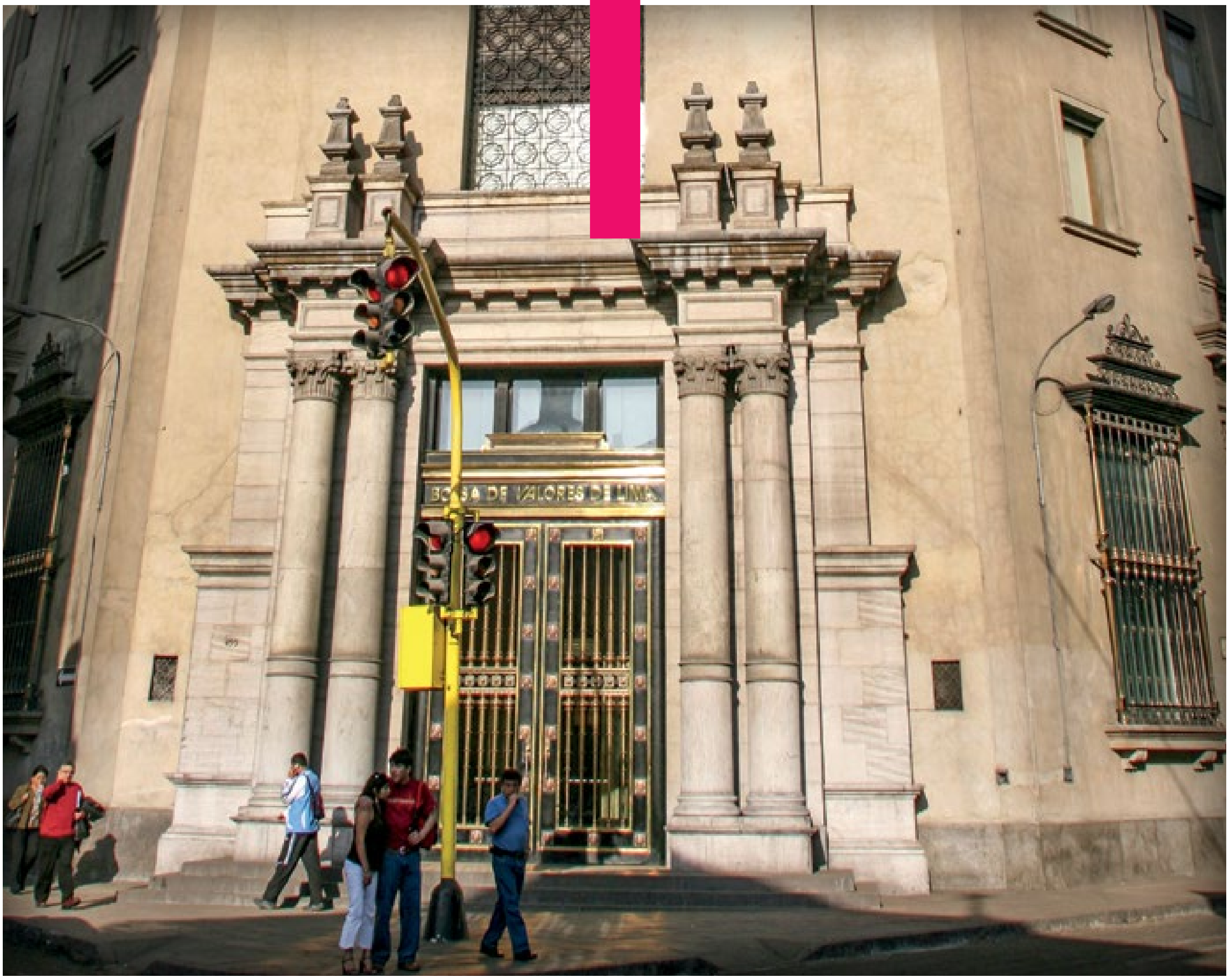
BUILDING PRIVATE SECTOR GROWTH AND STABILITY

Deep and efficient local capital markets are essential for lasting prosperity.

They drive growth, helping companies to expand and create more jobs. They help people buy homes, pay for college, and save for retirement. They help governments secure financing for roads, schools, and hospitals. They shield local economies against an array of financial hazards that can emerge from abroad.

Such markets, however, remain small in developing countries. Although they account for more than a third of the world's economic output, developing countries represent just 10 percent of the capitalization of stock markets worldwide. These countries also constitute a disproportionately small share of the global market for corporate bonds.

Photo (below): Peru is one of many countries that could benefit from the World Bank Group's Joint Capital Markets Program to strengthen local capital markets.



IFC plays a vital role in strengthening local capital markets in developing countries. We do so by issuing local-currency bonds, which can protect companies from the dangers of foreign-currency fluctuations. We encourage a variety of global investors to participate in the bond offerings. We help developing countries draft policies and regulations for stronger capital markets. Often, we are the first international issuer of bonds in these countries.

Since 2013, our local-currency bond issuances have more than quadrupled, climbing from $183 million to close to $806 million issued in FY18. During this period, we provided more than $13 billion in local-currency financing in 74 different currencies — through loans, swaps, guarantees, risk-sharing facilities, and securitized products.

In Ukraine, we issued our first hryvnia-denominated loan, providing the equivalent of $15 million to Auchan Retail — one of the largest food retailers in the world — to finance its long-term investments in the country. Our investment will help create jobs while enabling low- and middle-income households to obtain better-quality foods and goods at affordable prices. In Uzbekistan, we launched the first sum-denominated bond to be issued in international markets, raising $10 million to expand lending for micro, small, and medium enterprises in the country.

We take a systematic and coordinated approach to developing capital markets. The Joint Capital Markets Program, launched in 2017 by IFC and the World Bank, leverages the collective expertise of World Bank Group institutions to accelerate capital markets development wherever it is needed most — beginning with Bangladesh, Kenya, Morocco, Peru, Vietnam, and the countries of the West African Economic and Monetary Union. The first joint capital markets diagnostic mission to Bangladesh took place in December 2017.

IFC's Social Bond Program, launched in March 2017, continues to expand. IFC has issued 18 social bonds in public and private markets across six currencies, raising $980 million for more than 30 IFC projects that benefit women-owned enterprises and businesses that create opportunities for smallholder farmers and low-income people.

CREATING MARKETS

WE FOCUS ON SECTORS THAT HAVE THE GREATEST POTENTIAL TO CREATE JOBS AND IMPROVE PEOPLE'S LIVES.

PAGE

40

AGRIBUSINESS:
Boosting Farmers' Productivity and Incomes

PAGE

42

HUMAN CAPITAL:
Promoting Access to Better Education and Health

INFRASTRUCTURE

ACCELERATING SMART, SUSTAINABLE DEVELOPMENT

$7.4B
INVESTED IN FY18

79M
PEOPLE BENEFITED FROM POWER GENERATION

Photo: The IFC-funded Rewa Ultra Mega Solar Park in India will provide Delhi's Metro Rail Corporation with 80 percent of its daytime energy.

Few places are as barren as Egypt's Western Desert. But today, a 37-square-kilometer plot near the city of Aswan is buzzing with construction workers building what is expected to become the biggest solar installation in the world.

By 2019, the Benban Solar Park will churn out more than 1,600 megawatts of electricity — enough to power hundreds of thousands of homes and businesses. IFC spearheaded a $653 million financing package for the park — using the World Bank Group's Maximizing Finance for Development strategy to marshal support from other Bank Group members and a consortium of nine international banks.

Modern infrastructure is essential to growth, job creation, and quality of life. It requires $3.3 trillion in investments each year — far more than the $2.5 trillion currently being spent. IFC works to bridge the gap by helping improve access to energy, transportation, and municipal infrastructure.

In fiscal year 2018, IFC invested nearly $7.4 billion in core infrastructure projects, including funds mobilized from other investors. Our clients helped generate power for more than 79 million people in countries where such improvements are desperately needed.

In India, the IFC-funded Rewa Ultra Mega Solar Park is expected to become operational in late 2018, providing the Delhi Metro Rail Corporation with 80 percent of its daytime energy. IFC provided a financing package totaling $289 million — including funds mobilized from other investors — to develop the 750-megawatt plant.

Over the past decade, IFC has provided more than $12 billion in financing for 350 urban infrastructure projects in emerging markets. In Argentina, we provided a $300 million package to finance the construction of 17 kilometers of new roads, underpasses, and bridges to complete the ring road surrounding the city of Cordoba. The project will help promote economic growth and create job opportunities.

In Turkey, we agreed to finance a new tram line in the city of Antalya. IFC will provide a €140 million financing package to the city, enabling it to add 18 kilometers of track and 29 stations to its urban rail transit system. The new tram line will carry an additional 25 million passengers every year. In Kazakhstan, we helped put together a landmark public-private partnership to build and operate the city of Almaty's ring road, which will shorten commutes by up to an hour.

In Vietnam, we agreed to lend $15.3 million to DNP Water to help it increase access to clean water for urban households and residents in smaller cities across the country.

Rice. Eggs. Tomatoes. They top the grocery lists of many Bangladeshis. But for people in crowded cities like Dhaka, slogging through traffic to get to the store is often more time-consuming than the shopping itself.

That's why Waseem Alim started his successful e-grocery delivery company, Chaldal, in 2013. Chaldal leads a new wave of technology start-ups in Bangladesh, and has received venture capital from several investors, including IFC.

As Bangladesh and other emerging-market economies develop a start-up investment culture, IFC is committed to their active participation in the global e-marketplace. Modern information and communication technologies make it easier for the poor to obtain access to services and resources. These technologies create opportunities and make markets more efficient.

IFC expands the availability of such technologies by channeling investments toward private companies that build modern communications infrastructure and information-technology businesses. In FY18, we invested $376 million in initiatives related to technology, including funds mobilized from other investors — expanding our portfolio in this sector to more than $2.4 billion.

In Mexico, Red Compartida, the largest telecommunications project in the country's history, went live in 2018 — well ahead of schedule. By 2024, the IFC-backed 4G-LTE voice and data platform is expected to provide access to online banking, health, communications, and education services to more than 92 percent of Mexicans.

Technology is also transforming Africa. In 2018, IFC helped Partech Ventures launch a €100 million fund that is expected to become the largest venture-capital fund focused on digital-technology start-ups in sub-Saharan Africa. IFC's €15 million equity investment is our first in a mainstream venture-capital fund in the region. We also invested $6 million in Africa's Talking, a mobile-tech company that creates critical digital-infrastructure software for entrepreneurs across the continent.

Large-scale changes are underway in China, too. Truck drivers and freight shippers across the country have improved their logistics operations by connecting through Full Truck Alliance, an online marketplace also known as "Uber for trucks." The platform connects long-haul drivers with shippers throughout the country — which means these drivers no longer have to share up to half of their earnings with intermediaries. IFC invested $15 million for our own account. IFC Asset Management Company mobilized an additional $32 million through the IFC Catalyst Fund and the IFC Global Emerging Markets Fund of Funds.

TECHNOLOGY

DELIVERING HIGH-TECH SOLUTIONS

Photo (left): Employees of IFC-backed Chaldal in Bangladesh use technology to deliver more than 1,500 grocery orders a day.

Photo (right): An IFC fund helped Santiago Zavala set up 500 Luchadores, a Mexico City company that finances and coaches technology start-ups.

ACCESS TO FINANCE

TURNING ENTREPRENEURS' IDEAS INTO OPPORTUNITIES

$365B

IN SME LOANS PROVIDED BY IFC CLIENTS

Zeina Khoury Daoud started selling artisanal olive oil in Lebanon at age 22. Eager to make her mark as an entrepreneur, she later launched a produce delivery service and opened a franchise of organic grocery stores.

With each venture, she faced the biggest obstacle confronting small and medium enterprises: access to finance. But BLC Bank, an IFC client known for backing Lebanon's SMEs, stood by Khoury Daoud's ideas, providing loans and advice at every step. Her businesses have grown and she continues to hire more employees.

Access to finance turns ideas into opportunities for entrepreneurs everywhere — it's essential to economic growth. In developing countries, however, 2.5 billion adults lack a bank account and 200 million businesses go without much-needed credit.

IFC works through financial institutions to provide access to finance to far more SMEs than we would be able to reach on our own. In FY18, our clients provided nearly $365 billion in SME loans. In addition, since 2005, we have invested over $18 billion and worked with over 550 inclusive businesses in more than 90 countries. These businesses serve low-income and underserved populations.

In Lao PDR, IFC and Thailand's TMB Bank teamed up in 2017 to provide $9.1 million in financing to ACLEDA Bank Lao. The funding will help the bank bolster access to finance for the country's SMEs, especially those owned by women.

To reach even more people across emerging markets, IFC worked with Crédit Agricole CIB on an innovative transaction that will enable the bank to boost its trade-finance activities and lend an additional $510 million to support health, education, and other key services. Through the Synthetic Risk Transfer transaction, we provided $85 million in credit-risk protection on Crédit Agricole CIB's $2 billion portfolio of emerging-market trade finance and corporate loans, enabling it to expand lending.

IFC's $200 million investment through offshore local-currency bonds in India's Housing Development Finance Corporation is also helping to expand affordable housing. HDFC will allocate $600 million from its own resources to create a fund that will finance the construction of 80,000 homes by 2022 — helping to fulfill the country's ambitious "Housing for All" plan.

In Turkey, where women entrepreneurs face a credit gap of $5 billion, IFC invested $75 million in the first private sector gender bond in emerging markets. The bond, issued by Garanti Bank, is expected to triple the number of loans to the bank's women clients over the next five years.

Photo: Lebanese organic farmer Zeina Daoud launched a successful organic-grocery franchise and delivery service, backed by financing from an IFC client.

AGRIBUSINESS

BOOSTING FARMERS' PRODUCTIVITY AND INCOMES

Kakuy Ouanko's family has relied — for generations — on the sale of cotton and cereals to earn a living. The size of the crop determines how much food his family will have for the year — and whether he can afford to send his children to school.

Without access to proper inputs or technology, there's little Kakuy can do to reduce his vulnerability to bad weather.

But a project being implemented by the Société Burkinabè des Fibres Textiles (SOFITEX) — with support from IFC and the World Bank — aims to address this challenge in west Burkina Faso, where Kakuy lives. The project provides farmers with financing and training for soil and water management, rainwater capture, and irrigation to stabilize and increase cotton yields, boosting their incomes. The goal is to reach 1,000 farmers in four years — Kakuy being one of them.

Making smallholder farmers more productive and resilient is an important step in the effort to end global poverty. About three-quarters of the world's poor live in rural areas, toiling on tiny plots of land that yield barely enough to support basic family needs.

OUR CLIENTS CREATED OPPORTUNITIES FOR ABOUT

3.7M

FARMERS

IFC supports programs that link smallholder farmers to modern supply chains, enabling them to adopt farming practices that will increase productivity and profitability. This is one element of our comprehensive approach to agribusiness. In FY18, our overall investments in agribusiness and forestry totaled nearly $1.6 billion, including funds mobilized from other investors. Our clients created opportunities for about 3.7 million farmers.

We work with the entire supply chain to build sustainable food-production systems. To help clients finance inventories, seeds, and farm chemicals, we offer working-capital facilities. To facilitate trade and reduce cost, we invest in infrastructure, including ports and warehouses.

In India, we worked with the state of Odisha on a public-private partnership to develop, finance, and maintain facilities for rice storage. The reserves will provide food security to the poor in remote areas of the state, which is often hit by cyclones and other natural disasters. The project is now being replicated in other locations in Odisha, potentially benefiting more than 300,000 people.

We also help agribusiness companies in developing countries become more competitive. In Argentina, we partnered with Rabobank to arrange a $410 million finance package to help Renova build a new grain port and boost its soy-processing capacity.

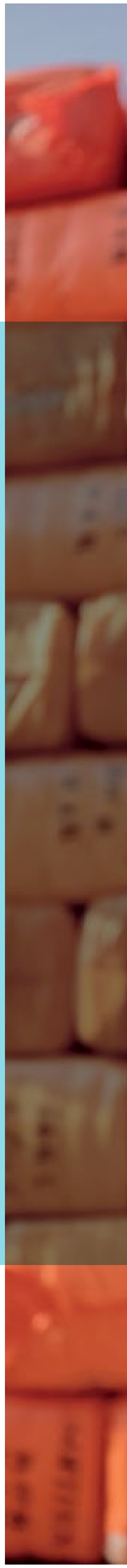


Photo: Ousmane Sie helps his company — IFC client SOFITEX — change the lives of cotton farmers through financing and better training.

HUMAN CAPITAL

PROMOTING ACCESS TO BETTER EDUCATION AND HEALTH

Byju Raveendran is among the few to score 100 percent on India's famously difficult Common Admission Test, a post-graduate entrance exam.

Having spent a few years teaching others how to ace the test, he became determined to solve a more basic problem — how to offer Indian students a world-class math education to prepare them for 21st-century jobs. Now, 900,000 users across India pay for subscriptions to Byju's, the interactive app Raveendran created. Bolstered by financing from IFC and other investors, the app is expected to help narrow India's education gap.

India is hardly the only country whose citizens crave high-quality services that can help their families thrive. Worldwide, IFC finances health and education companies that move societies forward. In FY18, we provided $769 million in financing to such companies, including funds mobilized from other investors. Our clients helped provide education for 5.7 million students and delivered health care to 41.2 million patients.

IFC's efforts in education reached Jordan — where our $8.8 million investment in Luminus is helping students gain skills tailored to economic needs — and Africa, where our client Andela helps train and place students in technology jobs across the globe. Market-responsive education is a focus of IFC's work in China, where we arranged a syndicated local-currency loan of about $200 million for the micro-loan unit of the technology company Baidu. This unit finances tuition fees for women enrolled in vocational training and business-focused institutions.

To assure the best match between a student's education and her career prospects, we introduced an Employability Assessment Tool that allows institutions to evaluate the effectiveness of professional placement services. The tool goes beyond indicators like graduation and placement rates to assess the quality and relevance of learning — guiding educators to tailor their offerings to better suit employers' needs.

We are working equally hard to improve people's access to quality health care. In the Kyrgyz Republic, an IFC public-private partnership is building six dialysis centers that will serve more than 70 percent of the population. It is making possible at-home dialysis, which citizens never had access to before — easing hospitals' load and reducing patients' time, travel, and expense. A similar PPP in Bangladesh resulted in an eightfold increase in the country's capacity to provide dialysis services. This addresses a significant social need in a nation where fewer than 10 percent of people with end-stage renal disease receive dialysis treatment.

In Kenya, expanding access to quality retail pharmacies is helping to transform health care. IFC's investment of $3 million in Goodlife Pharmacy helped the chain add over 70 new outlets. Goodlife has become East Africa's largest pharmaceutical retail company — operating over 100 licensed pharmacies with cutting-edge technology systems in high-traffic retail centers, gas stations, and health clinics.

Photo (left): IFC investee Goodlife Pharmacies is helping Kenyans access genuine high-quality drugs through more than 100 outlets across the country.

Photo (below): In Nairobi, Mbarak Mbigo trains software developers at Andela, an IFC client.

PROMOTING SUSTAINABILITY

SUSTAINABILITY IS AT THE HEART OF EVERYTHING WE DO — BECAUSE THE WORLD'S FUTURE DEPENDS ON IT.

PAGE
50
GENDER:
Investing in Women to Boost Prosperity

SUSTAINABILITY

A $12 TRILLION OPPORTUNITY FOR BUSINESSES

It's a formidable undertaking: Globally, as much as $7 trillion a year in investments will be needed to achieve the Sustainable Development Goals by 2030 — including up to $4.5 trillion in developing countries. But along with the massive costs come massive opportunities.

Businesses stand to gain at least $12 trillion a year in market opportunities by adopting sustainable practices and contributing in other ways to achieving the goals, according to the Business & Sustainable Development Commission. Surveys show businesses see many compelling reasons to boost their performance on sustainability — customers and employees expect it, regulators and investors demand it.

Emerging markets have joined the push toward sustainability as well. The first Global Progress Report of the IFC-supported Sustainable Banking Network shows that emerging markets have become a major force in driving development and fighting climate change: Thirty-four emerging-market countries have initiated banking reforms to expand sustainable lending.

Those 34 countries account for $42.6 trillion in bank assets — more than 85 percent of total bank assets in emerging markets — and all have made progress in advancing sustainable finance. Reforms implemented require banks to assess and report on environmental and social risks in their lending operations and put market incentives in place for banks to lend to green projects.

For more than six decades, IFC has led the way in helping businesses become more sustainable. The IFC Performance Standards (see page 102) have become a global benchmark for sustainability practices. With these as a guide, our clients can craft business solutions that are as good for communities and the environment as they are for the bottom line.

Fifteen years ago, IFC's environmental and social safeguards inspired the Equator Principles — the beginning of rigorous environmental and social standards for investment projects in the international banking industry. Today, 94 financial institutions in 37 countries have adopted the principles. Other leading development institutions — including the European Bank for Reconstruction and Development and the Asian Development Bank — have adopted practices rooted in our standards. In addition, our Corporate Governance Methodology (see page 103) has been adopted by 35 development finance institutions.

Our push for green buildings continues. In Indonesia — a leading emitter of greenhouse gases — we joined with local architects and construction companies to promote green initiatives in new housing projects. This will help cut annual greenhouse emissions by 1.2 million metric tons, avoid 500 megawatt-hours of energy use, and save almost $200 million per year by 2021.

This year, we launched the Disclosure and Transparency Toolkit, an ambitious effort to create environmental, social, and governance principles for capital markets. Global stock exchanges, regulators, investors, and development and donor organizations see the toolkit as important guidance for developing countries to use in advancing transparency in their capital markets.

Photo (top): Across the world, projects in which IFC invests must follow the IFC Performance Standards — a global benchmark for sustainability practices.

Photo (bottom): The Ciputra Residence — a green-buildings project in Indonesia — illustrates how IFC helps clients create business solutions that are good for the environment.

35

DEVELOPMENT INSTITUTIONS ADOPTED IFC'S CORPORATE GOVERNANCE METHODOLOGY

CLIMATE BUSINESS

DRIVING A GREENER PATH TO GROWTH

$8.4B
PROVIDED IN CLIMATE-SMART FINANCING

Photo: IFC helped the island nation of Fiji raise $50 million through a sovereign green bond.

Private investors increasingly have the appetite and capacity to invest in climate-smart projects in emerging markets. Yet they often lack the proper tools to make investments happen.

That leaves a significant gap in financing available to tackle climate change. Shifting to a greener path of growth could help countries accelerate job creation while cutting fuel costs and saving lives. By 2030, it could also open up at least $23 trillion in investment opportunities for businesses in some of the largest emerging-market economies.

IFC plays a key role in advancing private sector solutions to address climate change. In FY18, we provided $8.4 billion in climate-smart financing, including a record $4.5 billion mobilized from others. This accounted for 36 percent of our total commitments for the year — including funds mobilized from others — and exceeded our target for 2020. Our investments are expected to help our clients reduce greenhouse emissions by an estimated 10.4 million metric tons annually.

Our investment decisions increasingly are driven by climate-related considerations. In three industry sectors where greenhouse emissions tend to be high — thermal power generation, chemical and fertilizers, and cement — we now assign carbon prices to encourage the adoption of technologies and processes that will help lower emissions. This approach reflects the recommendations of the *Report of the High-Level Commission on Carbon Prices*.

Green bonds are an especially attractive financing tool for infrastructure projects as they provide a potentially low-cost and long-term source of capital. At the end of FY18, IFC had issued a total of $7.6 billion in green bonds over the years. In 2018, we — along with Amundi, Europe's largest asset manager — launched the world's largest targeted green-bond fund focused on emerging markets, the Amundi Planet Emerging Green One. The fund, which closed at $1.42 billion, is expected to deploy $2 billion into emerging markets green bonds over its lifetime as returns are reinvested.

In 2017, IFC led World Bank Group efforts, with support from Australia, to help the Pacific Island nation of Fiji raise $50 million through a sovereign green bond — the first to be issued by a developing nation, and the first of its kind to be listed on the London Stock Exchange. Fiji needs investment of more than $4 billion in the next 10 years to reduce its vulnerability to climate change.

Sustainable power generation is a priority area. In Serbia, we are helping the city of Belgrade turn its waste-disposal problem into energy. The city generates 500,000 tons of waste each year — and the current landfill constitutes a significant environmental threat. In September 2017, we helped the city create a public-private partnership to build and operate a complex that will transform waste into energy and heat for the city.

In the Dominican Republic, IFC and Canada completed an $80 million financing package — including $17 million in blended-finance support — for the construction and operation of a new, grid-connected, 50-megawatt wind farm. The Pecasa wind farm will be one of the country's largest and will reduce greenhouse gases by a volume equivalent to taking 20,000 cars off the road.

INVESTING IN WOMEN TO BOOST PROSPERITY

For years, Mansa Devi's family struggled to pay her children's school fees and buy their textbooks.

That changed in 2016, when she became an entrepreneur with Dharma Life, a distribution partner of IFC's Lighting Asia/India program. Devi, who lives in one of India's poorest states, now goes door-to-door selling solar-powered lamps. Her income meets her family's needs, and the training has sharpened her sales acumen. When she pitches the solar lamps, she reminds potential customers: "You can use them to charge your mobile phones."

Women like Devi constitute a powerful force for economic growth and opportunity across the world. In developing countries, they account for about a third of small and medium enterprises — the engine of job creation. They make up 41 percent of the formal workforce worldwide. Yet they remain significantly underrepresented in most economic activities. Research shows that increasing their participation could boost economic output by trillions of dollars a year.

IFC works to expand that participation — by providing investment and advice that enables our clients to create opportunities for women, by conducting research that highlights the business case for gender inclusion, and by developing global and country-specific partnerships that support women as employees, entrepreneurs, consumers, and business leaders. In FY18, our clients provided more than 800,000 jobs to women in emerging economies, and delivered $11.4 billion in loans to small and medium enterprises owned by women.

For women entrepreneurs, access to finance is key to their success. But they also need linkages to markets and advice to overcome policy and legal barriers. To address their needs, IFC and the World Bank helped set up the Women Entrepreneurs Finance Initiative, or We-Fi, with financial support from 14 governments. Under the initiative, several multilateral development banks will offer finance and advice to public and private institutions. We-Fi's first round of financing is expected to drive $1.6 billion in investments.

Through the Women Entrepreneurs Opportunity Facility (WEOF), launched in 2014 by IFC's Banking on Women program and Goldman Sachs' 10,000 Women initiative, IFC has made over $1.1 billion in investments in 41 financial intermediaries in 29 countries — surpassing its original target size of $600 million. It has also funded 9 advisory projects in 9 countries with total project value of $4.2 million.

IFC also publishes research that underscores the business case for reducing the gender gap. Our *Tackling Childcare* report, for example, was designed to help companies identify the type of childcare support they can offer to their employees — while reaping gains through improved productivity. Another report, *Driving toward Equality,* explored how new technologies like ride-hailing apps can enable women's equal participation in the economy.

We also promote diversity in corporate leadership. Our *Women on Boards* program, and our collaborations with regional women's networks, encourage corporations to retain diverse talent, cultures, and perspectives.

Photo (left): IFC's *Lighting Asia/India* program turned housewives like Mansa Devi into successful earners. She sells solar lamps.

Photo (right): Ung Sopheap, who runs a weaving center in Phnom Penh, Cambodia, grew her business with a loan from IFC client ACLEDA Bank.

ENDING POVERTY

PAGE 54
IDA AND CONFLICT-AFFECTED AREAS: Combating Poverty in the Toughest Areas

PAGE 56
SUB-SAHARAN AFRICA: A Continent of Opportunity for Businesses

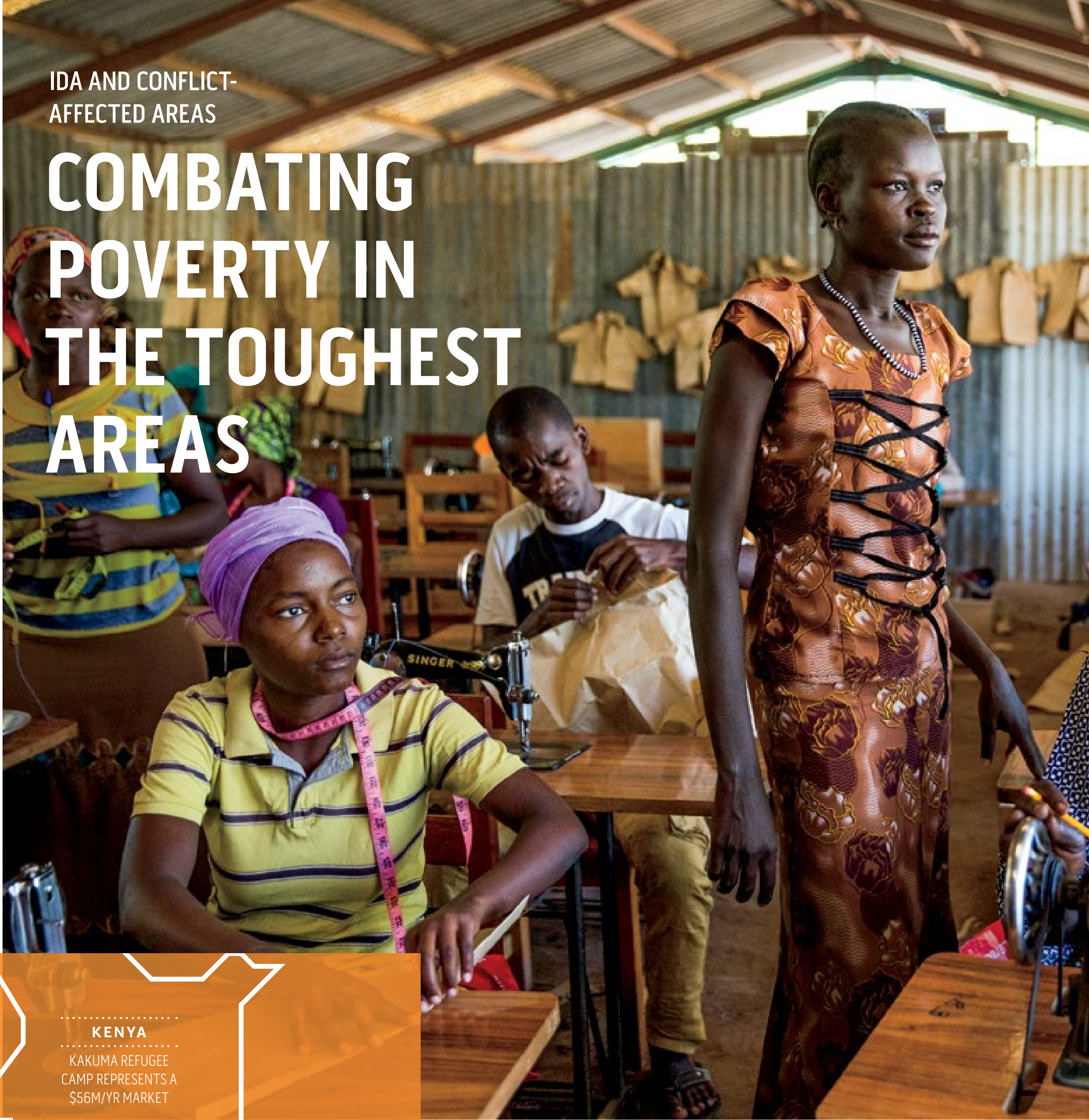
BY 2030, ABOUT HALF THE WORLD'S POOR WILL LIVE IN AREAS TORN BY CONFLICT AND VIOLENCE — PARTICULARLY IN AFRICA, SOUTH ASIA, AND THE MIDDLE EAST.

PAGE
58
SOUTH ASIA:
Helping 250 Million People Escape Extreme Poverty

PAGE
60
MIDDLE EAST AND NORTH AFRICA:
Accelerating Growth and Job Creation

IDA AND CONFLICT-AFFECTED AREAS

COMBATING POVERTY IN THE TOUGHEST AREAS



Poverty increasingly is concentrated in areas where it's hardest to eradicate.

About 1.3 billion people live in 75 of the world's poorest countries — those eligible to borrow from the World Bank's International Development Association. By 2030, nearly half of the world's extremely poor will live in fragile and strife-torn areas.

IFC is taking a comprehensive approach to eradicate poverty in these countries. We are helping to create or strengthen institutions, mobilize investment, and promote private entrepreneurship. By 2030, we expect 40 percent of IFC's annual investment commitments to be in IDA countries and in fragile and conflict-affected areas.

Photo (above): The IFC-funded Rikweda raisin-processing plant is helping 3,000 smallholder farmers in Afghanistan — by buying their produce at higher prices.

Photo (left): Refugees learn new skills at the Kakuma camp in Kenya. An IFC report found that the refugee camp represents a $56 million-a-year market.

IFC's long-term investment commitments in IDA countries climbed to $6.8 billion in FY18, including funds mobilized from other investors. Fifty-seven percent of our advisory program is in these countries. In FY18, our investments in fragile and conflict-affected areas totaled $3.7 billion, including funds mobilized from other investors. Nearly 20 percent of IFC advisory programs was in such areas.

In 2018, the World Bank Group used a new tool — *the IDA18 IFC-MIGA Private Sector Window* — to help Afghanistan's Rikweda Fruit Processing Company build a state-of-the-art raisin-processing plant. Once operational, the plant will double the country's production of raisins and support 3,000 smallholder farmers by buying their produce.

We began implementing the *Creating Markets Advisory Window,* which addresses the growing need for advisory solutions. Funding from the window is helping increase access to affordable housing, promote clean electricity, and boost the value of agriculture around industrial parks in Haiti's northeast corridor. It is supporting key agribusiness initiatives in Nicaragua and strengthening environmental and social standards in the Honduran financial sector.

In addition, IFC and the United Nations High Commissioner for Refugees published a report that identified how private investment can improve the lives of people in refugee camps. More than 160,000 refugees and displaced people live in a refugee camp near the town of Kakuma, Kenya. The refugees and the town depend on each other for business and employment and represent a market of at least $56 million a year, the report found.

In Myanmar, we are helping remote communities connect to the outside world by supporting Yoma Micropower, which is using blended finance to set up hundreds of solar-based micro power plants across the country. By 2022, about 2,000 of these plants will power communications towers and supply power to remote off-grid communities.

In Cambodia, we helped strengthen the local furniture industry and integrate it with international markets. IFC lent the equivalent of $26 million to Morris Holdings, a China-based manufacturer of affordable furniture, to help the company build a modern production facility in Sihanoukville.

SUB-SAHARAN AFRICA

A CONTINENT OF OPPORTUNITY FOR BUSINESSES

Sub-Saharan Africa is home to the largest number of people in extreme poverty — about 400 million, more than the rest of the world combined. The region also has more conflict-affected countries than any other.

Yet it is a continent of vast opportunity for businesses, according to *Shaping the Future of Africa*, a new IFC report. By 2030, 100 million people are expected to join Africa's middle- and high-income groups, boosting the total to more than 160 million. Household consumption and business spending are growing rapidly — and could total $5.6 trillion by 2025.

That means the private sector has a crucial interest in addressing the region's most urgent development challenges — its inadequate infrastructure, its rapid urbanization, and its need for jobs that can lift people out of poverty. IFC plays a comprehensive role here — by helping businesses improve productivity and establish links to broader markets, by expanding financial and social inclusion, and by boosting prosperity in ways that help limit conflict.

In FY18, our long-term investments in sub-Saharan Africa totaled $6.2 billion, including $4.6 billion mobilized from other investors. Our clients supported more than 278,000 jobs, created opportunities for more than 1 million farmers, and treated more than 1.4 million patients. One-third of our global advisory program was in the region.

Sub-Saharan Africa needs to create a large number of jobs to keep up with its rapid population growth — a challenge small and medium enterprises are best suited to address. In South Africa, we designed the SME Push Program, which is creating partnerships with the country's largest banks to channel up to $3 billion in investment into SMEs over the next seven years. Under the program, we agreed to lend up to $200 million to FirstRand to be used to support small and medium enterprises.

In Zambia, we finalized financing — including $25.3 million in blended-finance support — for the construction of the country's first large-scale solar power plants under the World Bank Group's *Scaling Solar* program. Low-cost renewable power from the two plants will help offset a drought-induced decline in hydropower. We also expanded the program to Senegal, where we are helping the government add 60 megawatts to the country's power-generation capacity — at tariffs 60 percent lower than those that prevailed in the past.

IFC provided $7 million in financing — half of it blended finance — to Bonne Viande de Madagascar, or BoViMa, to revitalize the country's dwindling population of Zebu cattle. The company is building a modern feedlot and slaughterhouse that will create an export market for Zebu beef and goat meat, helping rebuild the country's cattle industry and creating jobs. Meanwhile, a World Bank initiative will train veterinarians, rehabilitate laboratories, and help provide better animal care, allowing Madagascar to issue internationally recognized animal health certificates. Zebu meat will be shipped overseas through a modern port at Tolanaro, partly funded by the World Bank.

ZAMBIA

$25.3M

IN BLENDED FINANCE FOR THE CONSTRUCTION OF THE COUNTRY'S FIRST LARGE-SCALE SOLAR POWER PLANTS UNDER THE WORLD BANK GROUP'S *SCALING SOLAR* PROGRAM

Photo: Jackie Adriano is a construction manager at BoViMa, an IFC client that is building a world-class feedlot and slaughterhouse.

Photo: A fisherwoman in the Ganga River in India. IFC is helping the government clean up one of the world's most polluted rivers.

SOUTH ASIA

HELPING 250 MILLION PEOPLE ESCAPE EXTREME POVERTY

In a busy textile factory in Bangladesh, Krisno Kumar Das carefully guides fabric into a dyeing machine, secure in the knowledge that precious resources and money are no longer swirling down the drain.

Not long ago, his employer, Textown, joined forces with the IFC-led Partnership for Cleaner Textile (PaCT) to switch to more sustainable production methods. This slashed the amounts of energy, dye, and chemicals the company used, and cut water consumption by 11 million liters per year — equal to more than four Olympic-size swimming pools.

PaCT — which is funded by Australia, Canada, Denmark, and the Netherlands — has provided on-site assessments to more than 200 factories over the past five years. Its advice has helped reduce water use by 21 billion liters per year in Bangladesh. These factories also cut energy consumption and reduced greenhouse emissions by 460,000 tons annually — equivalent to taking 100,000 cars off the road.

South Asia's GDP growth rate of 6.5 percent is driven mainly by India and Bangladesh. Private consumption is strong and investment is buoyed by infrastructure projects and reforms. Yet, despite the region's recent economic progress, more than 250 million South Asians still live in extreme poverty.

That is why the region is a strategic priority for IFC. In FY18, we provided $3.4 billion in financing for businesses in South Asia, including $1.3 billion mobilized from other investors. Our clients distributed gas to about 1.1 million customers, provided more than 590,000 jobs, and created opportunities for more than 1.6 million farmers.

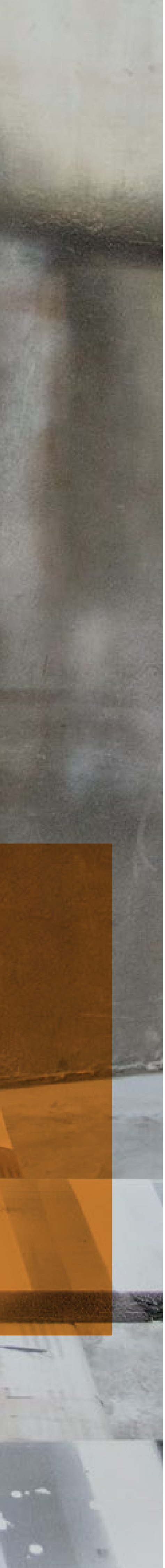
In 2017, we arranged a $125.7 million financing package for Bangladesh's first liquefied natural-gas import terminal. When complete, the terminal will enable the state-owned Petrobangla to increase the country's natural-gas supply by up to 20 percent, enough to support 3,000 megawatts of power-generation capacity.

In India, we are supporting the country's ambitious program to clean up the Ganga River. In FY18, we helped structure the first public-private partnership to enable private companies to build sewage treatment plants in Haridwar, Mathura, and Varanasi — cities that discharge millions of liters of untreated sewage into the river. The three plants will process more than 200 million liters of sewage per day, improving water quality for millions of people.

In Nepal, which depends heavily on tourism, we invested $1.7 million in Himalayan Chain Resorts. IFC's investment will help the company to expand its current chain of three lodges to 10 along the Gokyo Lakes Trail and Everest Base Camp Trail in the Khumbu/Everest region of Nepal. The expansion is expected to create 120 jobs.

MIDDLE EAST AND NORTH AFRICA

ACCELERATING GROWTH AND JOB CREATION



Ibrahim Hassouna isn't surprised when electricity fails at the Gaza plastics company where he works.

On most days, up to dozens of blackouts halt assembly lines and render the company's 130 employees idle. "Every time the current goes out, it delays production for up to 30 minutes," says Hassouna, a 41-year-old manager.

Hassouna's frustration is felt across Gaza, which is facing one of its worst power crises. Gaza's only power plant suffers from lack of fuel, aging feeding lines, and damage caused by wars. Blackouts have devastated the territory's manufacturing sector, which has shriveled by 60 percent since the late 1990s.

IFC is helping reverse that decline. In 2018, we launched a Maximizing Finance for Development initiative — working with other members of the World Bank Group — to finance a $12 million solar project in Gaza to ease the energy shortage. The 7-megawatt rooftop solar-power plant will provide critical energy to 32 factories in the Gaza Industrial Estate — much more cheaply than before. The project will create around 800 jobs.

Across the Middle East and North Africa, economic growth rates have halved since 2011. Youth unemployment is high, and conflict has displaced vast numbers of people. That's why the region is a priority for IFC. In FY18, we invested more than $2 billion in the region, including $1 billion mobilized from other investors. Our clients provided jobs for more than 119,000 people, health care for more than 2.9 million people, and phone connections for about 1 million people.

In Jordan, we helped IrisGuard improve the lives of Syrian refugees. IrisGuard's e-payment solutions — using iris-scanning technology — help refugees access cash or goods quickly and easily. The company's point-of-sale devices throughout Jordan and the region will allow 2.3 million Syrian refugees to withdraw cash at ATMs or pay for goods.

IFC is also helping to transform Iraq's Salahaddin Holding — a leading player in banking, construction, and manufacturing — by bringing more internal discipline and control to management decision-making, clarifying responsibility, authority and roles, and improving the training of leaders.

In Egypt, IFC made a $75 million equity investment in Apex International Energy, which aims to be the country's largest oil-and-gas production platform. IFC Asset Management Company mobilized an additional $25 million for the project. The project is expected to increase Egypt's oil-and-gas reserves by the equivalent of 100 million barrels of oil by 2023.

Photo (above): A worker making plastic parts in a Gaza industrial park, where IFC financed a 7-megawatt solar plant that helped create 800 jobs.

Photo (left): Nancy El Asmar, co-owner of Madera Creation in Beirut, launched a thriving furniture business with financing from an IFC client.

JORDAN

2.3M

SYRIAN REFUGEES ABLE TO WITHDRAW CASH

IRAQ

IFC IS HELPING TO TRANSFORM SALAHADDIN HOLDING — A LEADING PLAYER IN BANKING, CONSTRUCTION, AND MANUFACTURING

EGYPT

$75M

EQUITY INVESTMENT IN APEX INTERNATIONAL ENERGY

IFC Year in Review

In FY18, IFC invested $23.3 billion, including nearly $11.7 billion mobilized from other investors. Our comprehensive approach helped businesses innovate, build internationally competitive industrial sectors, and create better jobs.

EAST ASIA AND THE PACIFIC:

$3.4
BILLION
in long-term investment commitments

$209
BILLION
in micro, small, and medium loans provided

$5.7
BILLION
in goods and services purchased from domestic suppliers

554,000
jobs provided

EUROPE AND CENTRAL ASIA:

$2.9
BILLION
in long-term investment commitments

4.7
MILLION
patients cared for

$10
BILLION
in goods and services purchased from domestic suppliers

20
POLICY REFORMS
in 11 countries to support growth and promote investments

LATIN AMERICA AND THE CARIBBEAN:

$5
BILLION
in long-term investment commitments

$103
BILLION
in micro, small, and medium loans provided

$3.5
BILLION
in financing facilitated for infrastructure through public-private partnerships

2.1
MILLION
students educated

MIDDLE EAST AND NORTH AFRICA:

$2.0
BILLION
in long-term investment commitments

3
MILLION
patients cared for

$1.6
BILLION
in goods and services purchased from domestic suppliers

3.4
MILLION
people gained access to power

SOUTH ASIA:

$3.4
BILLION
in long-term investment commitments

$49.7
BILLION
in micro, small, and medium loans provided

153
MILLION
non-cash retail transactions facilitated, totaling $7.9 billion

$84
MILLION
in new investment generated through policy reforms

SUB-SAHARAN AFRICA:

$6.2
BILLION
in long-term investment commitments

33
POLICY REFORMS
in 12 countries to support growth and promote investments

1.3
MILLION
farmers benefited

46.7
MILLION
people gained access to power

Operational Highlights

Dollars in millions, for the years ended June 30

	2018	2017	2016	2015	2014
Long-Term Investment Commitments					
FOR IFC'S OWN ACCOUNT	$11,629	$11,854	$11,117	$10,539	$ 9,967
Number of projects	366	342	344	406	364
Number of countries	74	75	78	83	73
CORE MOBILIZATION[1]	$11,671	$ 7,461	$ 7,739	$ 7,133	$ 5,142
Syndicated loans[2]	$ 7,745	$ 3,475	$ 5,416	$ 4,194	$ 3,093
IFC Initiatives & Other	$ 2,619	$ 2,207	$ 1,054	$ 1,631	$ 1,106
Asset Management Company (AMC) Funds	$ 263	$ 531	$ 476	$ 761	$ 831
Public-Private Partnership (PPP)[3]	$ 1,044	$ 1,248	$ 793	$ 548	$ 113
TOTAL INVESTMENT COMMITMENTS	$23,301	$19,316	$18,856	$17,672	$15,109
Investment Disbursements					
For IFC's account	$11,149	$10,355	$ 9,953	$ 9,264	$ 8,904
Syndicated loans[4]	$ 1,984	$ 2,248	$ 4,429	$ 2,811	$ 2,190
TOTAL INVESTMENT DISBURSEMENTS	$13,133	$12,602	$14,382	$12,075	$11,094
Committed Portfolio					
Number of firms	1,977	2,005	2,006	2,033	2,011
For IFC's account	$57,173	$55,015	$51,994	$50,402	$51,735
Syndicated loans[5]	$16,210	$16,047	$16,550	$15,330	$15,258
TOTAL COMMITTED PORTFOLIO	$73,383	$71,062	$68,544	$65,732	$66,993
Short-Term Finance					
Average Outstanding Balance	$ 3,435	$ 3,185	$ 2,807	$ 2,837	$ 3,019
Advisory Services					
Advisory Services program expenditures	$ 273.4	$ 245.7	$ 220.6	$ 202.1	$ 234.0
Share of program in IDA countries[6]	57%	63%	62%	65%	66%

1. Defined as "core mobilization"—financing from entities other than IFC that becomes available to client due to IFC's direct involvement in raising resources.
2. Includes B-Loans, Parallel Loans, and MCPP Loans.
3. Third-party financing made available for public-private partnership projects due to IFC's mandated lead advisor role to national, local, or other government entities.
4. Includes B-Loans, Agented Parallel Loans, and MCPP Loans.
5. Includes B-Loans, A-Loan Participations (ALPs), Structured A-Loan Participation Sales (SALPS), Agented Parallel Loans, Unfunded Risk Participations (URPs) and MCPP Loans.
6. All references in this report to percentages of advisory program expenditures in IDA countries and fragile and conflict-affected areas exclude global projects.

Financial Highlights

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

	2018	2017	2016	2015	2014
Net income (loss) attributable to IFC	1,280	1,418	–33	445	1,483
Grants to IDA	80	101	330	340	251
Income before grants to IDA	1,360	1,523	296	749	1,739
Total assets	94,272	92,254	90,434	87,548	84,130
Loans, equity investments and debt securities, net	42,264	40,519	37,356	37,578	38,176
Estimated fair value of equity investments	14,573	14,658	13,664	14,834	14,890

Key Ratios

	2018	2017	2016	2015	2014
Return on average assets (GAAP basis)	1.4%	1.6%	0.0%	0.5%	1.8%
Return on average capital (GAAP basis)	5.0%	5.9%	–0.1%	1.8%	6.4%
Cash and liquid investments as a percentage of next three years' estimated net cash requirements	100%	82%	85%	81%	78%
Debt-to-equity ratio	2.5:1	2.7:1	2.8:1	2.6:1	2.7:1
Total resources required ($ billions)	20.1	19.4	19.2	19.2	18.0
Total resources available ($ billions)	24.7	23.6	22.5	22.6	21.6
Total reserve against losses on loans to total disbursed loan portfolio	5.1%	6.1%	7.4%	7.5%	6.9%

*See Management's Discussion and Analysis and Consolidated Financial Statements for details on the calculation of these numbers: http://www.ifc.org/FinancialReporting

FY18 Long-Term Commitments

Dollar amounts in millions, for IFC's own account as of June 30, 2018

Total	$11,629	100.00%
By Industry		
Financial Markets	$ 5,509	47.37%
Infrastructure	$ 2,073	17.83%
Agribusiness & Forestry	$ 956	8.22%
Tourism, Retail & Property	$ 764	6.57%
Funds	$ 747	6.42%
Health & Education	$ 739	6.36%
Manufacturing	$ 536	4.61%
Telecommunications & Information Technology	$ 207	1.78%
Oil, Gas & Mining	$ 97	0.83%
By Region[1]		
Latin America and the Caribbean	$ 2,509	21.58%
Europe and Central Asia	$ 2,256	19.40%
South Asia[2]	$ 2,080	17.88%
East Asia and the Pacific	$ 1,940	16.89%
Sub-Saharan Africa	$ 1,566	13.25%
Middle East and North Africa[2]	$ 1,010	8.69%
Global	$ 268	2.31%
By Product		
Loans[3]	$ 9,804	84.30%
Equity[4]	$ 1,300	11.18%
Guarantees	$ 442	3.80%
Risk-management products	$ 83	0.71%

FY18 Committed Portfolio

Dollar amounts in millions, for IFC's own account as of June 30, 2018

Total	$57,173	100%
By Industry		
Financial Markets	$20,017	35%
Infrastructure	$11,370	20%
Funds	$ 4,640	8%
Manufacturing	$ 4,515	8%
Agribusiness & Forestry	$ 3,866	7%
Trade Finance	$ 3,527	6%
Health & Education	$ 2,828	5%
Tourism, Retail & Property	$ 2,678	5%
Oil, Gas & Mining	$ 1,976	3%
Telecommunications & Information Technology	$ 1,757	3%
By Region[1]		
Latin America and the Caribbean	$12,313	22%
Europe and Central Asia	$10,345	18%
South Asia[2]	$ 9,898	17%
East Asia and the Pacific	$ 9,045	16%
Sub-Saharan Africa	$ 8,824	15%
Middle East and North Africa[2]	$ 4,905	9%
Global	$ 1,842	3%

1. Amounts include regional shares of investments that are officially classified as global projects.
2. Afghanistan and Pakistan, which previously were grouped under the Middle East and North Africa region, are now grouped under South Asia. In FY18, these countries accounted for $2 million of IFC's commitments.
3. Includes loan-type, quasi-loan products.
4. Includes equity-type, quasi-equity products.

FY18 Long-Term Commitments by Environmental and Social Category

CATEGORY	COMMITMENTS ($ MILLIONS)	NUMBER OF NEW PROJECTS
A	817	12
B	4,225	148
C	139	23
FI[5]	23	0
FI–1	754	12
FI–2	3,907	100
FI–3	1,764	71
Total	**11,629**	**366**

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

IFC's Largest Country Exposures[6]

June 30, 2018 (Based on IFC's Account)

GLOBAL COUNTRY RANK		COMMITTED PORTFOLIO ($ MILLIONS)	% OF GLOBAL PORTFOLIO
1	India	6,127	10.71%
2	Turkey	4,957	8.67%
3	China	3,378	5.91%
4	Brazil	2,877	5.03%
5	Bangladesh	1,520	2.66%
6	Argentina	1,411	2.47%
7	Egypt, Arab Republic of	1,406	2.46%
8	Colombia	1,343	2.35%
9	Pakistan	1,196	2.09%
10	Mexico	1,192	2.09%

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

Weighted and Unweighted Investment Services DOTS Scores

FY18		
776	59%	Unweighted
$45,275	71%	Weighted
FY17		
828	55%	Unweighted
$31,526	69%	Weighted
FY16		
834	58%	Unweighted
$32,751	68%	Weighted

Unweighted Weighted

Numbers at the left end of each bar for unweighted DOTS score are the total number of companies rated. Numbers at the left end of each bar for weighted DOTS score represent total IFC investment (US$ millions) in those projects.

FY18 Investment Services DOTS Score by Industry

IFC Total	776	(45,275)	59%
Funds	98	(1,700)	64%
Manufacturing	58	(2,569)	64%
Financial Markets	216	(26,282)	62%
Infrastructure	143	(6,454)	62%
Health & Education	56	(1,540)	61%
Oil, Gas & Mining	17	(1,351)	59%
Agribusiness & Forestry	100	(3,047)	54%
Tourism, Retail & Property	46	(1,277)	48%
Telecommunications & Information Technology	42	(1,054)	31%

Numbers at the left end of each bar are the total number of companies rated and the total IFC investment (US$ millions) in those projects at the end of FY18.

FY18 Investment Services DOTS Score by Region

IFC Total	776	(45,275)	59%
Middle East and North Africa	64	(3,733)	66%
East Asia and the Pacific	97	(6,452)	63%
Europe and Central Asia	140	(10,295)	61%
South Asia	123	(5,330)	59%
Sub-Saharan Africa	158	(8,228)	55%
Latin America and the Caribbean	173	(10,418)	54%

Numbers at the left end of each bar are the total number of companies rated and the total IFC investment (US$ millions) in those projects at the end of FY18.

FY18 Advisory Services Program Expenditures

Dollar amounts in millions

Total	273.4	100%

By Region

Sub-Saharan Africa	86.4	32%
East Asia and the Pacific	45.9	17%
South Asia*	42.0	15%
Europe and Central Asia	37.3	14%
Latin America and the Caribbean	29.6	11%
Middle East and North Africa*	15.2	6%
Global	17.1	6%

By Business Area

Financial Sector	78.8	29%
Investment Climate	60.3	22%
Cross-Industry Areas	55.3	20%
Public-Private Partnerships	34.5	13%
Energy & Resource Efficiency	25.3	9%
Agribusiness	19.1	7%

* Afghanistan and Pakistan, which previously were grouped under the Middle East and North Africa region, are now grouped under South Asia. In FY18, these countries accounted for $2 million of IFC's commitments.

World Bank Group 2018 Summary Results

The Institutions of the World Bank Group

The World Bank Group is one of the world's largest sources of funding and knowledge for developing countries, consisting of five institutions with a common commitment to reducing poverty, increasing shared prosperity, and promoting sustainable development.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (IBRD)

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

INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA)

Provides interest-free loans and grants to governments of the poorest countries.

INTERNATIONAL FINANCE CORPORATION (IFC)

Provides loans, equity, and advisory services 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	2014	2015	2016	2017	2018
Commitments[a]	58,190	59,776	64,185	61,783	66,868
Disbursements[b]	44,398	44,582	49,039	43,853	45,724
IBRD					
Commitments	18,604	23,528	29,729	22,611	23,002
Disbursements	18,761	19,012	22,532	17,861	17,389
IDA					
Commitments	22,239	18,966	16,171	19,513[c]	24,010[d]
Disbursements	13,432	12,905	13,191	12,718[c]	14,383
IFC					
Commitments[e]	9,967	10,539	11,117	11,854	11,629
Disbursements	8,904	9,264	9,953	10,355	11,149
MIGA					
Gross issuance	3,155	2,828	4,258	4,842	5,251
Recipient-Executed Trust Funds					
Commitments	4,225	3,914	2,910	2,962	2,976
Disbursements	3,301	3,401	3,363	2,919	2,803

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

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

c. Figures include the commitment and disbursement of a $50 million grant for the Pandemic Emergency Financing Facility.

d. Figure does not include $185 million in approved IDA18 IFC-MIGA Private Sector Window instruments, of which IDA has exposure of $36 million in guarantees and $9 million in derivatives.

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

World Bank Group Global Commitments

The World Bank Group maintained strong support for developing countries over the past year as the organization focused on delivering results more quickly, increasing its relevance for its clients and partners, and bringing global solutions to local challenges.

$66.9 BILLION

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

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

$6.8 BILLION

EAST ASIA AND THE PACIFIC

$8.8 BILLION

EUROPE AND CENTRAL ASIA

$8.7 BILLION

LATIN AMERICA AND THE CARIBBEAN

$8.2 BILLION

MIDDLE EAST AND NORTH AFRICA

$14.1 BILLION

SOUTH ASIA

$19.8 BILLION

SUB-SAHARAN AFRICA

About Us

IFC strives to deliver what cannot be obtained elsewhere. We call that special edge our "additionality." Using it to maximize our development impact is a cornerstone of our strategy.

MEASURING UP

IFC offers clients a unique combination of investment and advice designed to promote sustainable private sector development in emerging markets. We use this special edge to maximize our development impact.

How We Help End Poverty and Boost Shared Prosperity

Our activities are guided by our determination to create markets and mobilize private solutions wherever they are needed most.

1

Expand our activities in focus regions—wherever poverty and fragility are greatest.

2

Strengthen industries linked to productivity growth, job creation, and inclusion.

3

Help address climate change and promote environmental and social sustainability.

4

Strengthen local capital markets and mobilize private capital.

IFC's Performance in Key Areas

Focus Regions	INDICATOR	FY18	FY17
Middle East and North Africa	Long-Term Investment Total Commitments (millions)	$2,032	$898[1]
South Asia	Long-Term Investment Total Commitments (millions)	$3,406	$3,342[1]
Sub-Saharan Africa	Long-Term Investment Total Commitments (millions)	$5,953	$3,513
IDA and Conflict-Affected Areas			
IDA	Long-Term Investment Total Commitments (millions)	$6,837	$4,590
IDA	% Share of Advisory Services Program	57%	63%
FCS[2]	Long-Term Investment Total Commitments (millions)	$3,721	$902
FCS	% Share of Advisory Services Program	19%	20%
Infrastructure, Health & Education, Agribusiness & Forestry, and Financial Markets			
Infrastructure	Long-Term Investment Total Commitments (millions)	$7,439	$3,122
Health & Education	Long-Term Investment Total Commitments (millions)	$763	$929
Agribusiness & Forestry[3]	Long-Term Investment Total Commitments (millions)	$2,640	$2,121
Financial Markets	Long-Term Investment Total Commitments (millions)	$8,595	$8,576
Climate Change and Environmental & Social Sustainability			
	Climate-Related Investment Commitments (millions)	$8,452	$4,776
	% Share of Advisory Services Program	27%	26%
Mobilization			
	Core Mobilization	$11,671	$7,461

Total commitments include funds invested for IFC's own account as well as funds mobilized from other investors.

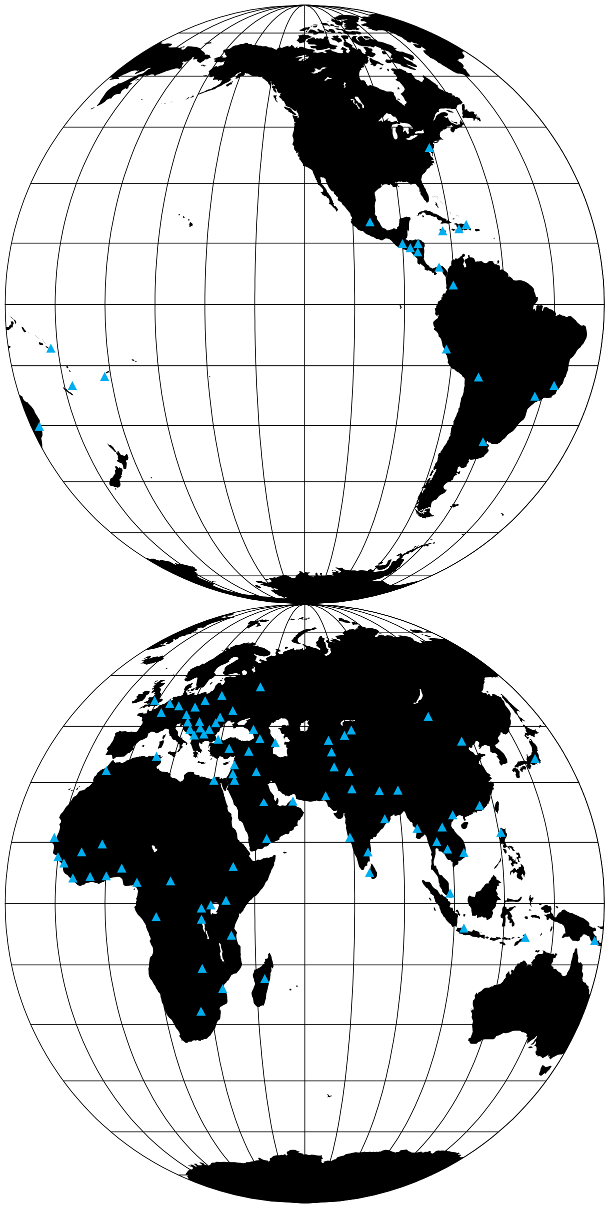
1. Pakistan and Afghanistan, which were previously grouped under the Middle East and North Africa, are now grouped under South Asia. FY17 data have been revised to reflect that change.
2. FCS (Fragile and Conflict Situations). Since FY15, IFC's data on FCS investments has included projects in countries that have been on the World Bank's Harmonized List of FCS at any time during the previous three fiscal years. This is designed to reflect the long gestation period for investment projects and to encourage a longer-term organizational focus on these countries.
3. Agribusiness & Forestry includes fertilizers.

OUR EXPERTISE

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

Where We Work

As the largest global development institution focused on the private sector, IFC operates in nearly 100 countries. We apply lessons learned in one region to solve problems in another. We help local companies make better use of their own knowledge, by matching it to opportunities in other developing countries.



What We Do

IFC provides investment, advice, and asset management. These are mutually reinforcing, and deliver financing and global expertise to clients in developing countries.

Together, they give us a special advantage in helping the private sector create opportunity—our investment and advice can be tailored to a client's specific needs, and in ways that add value. Our ability to attract other investors brings additional benefits, introducing our clients to new sources of capital and better ways of doing business.

INVESTMENT

Our financial products enable companies to manage risk and expand their access to foreign and domestic capital markets. IFC operates on a commercial basis. We invest exclusively in for-profit projects in developing countries, and we charge market rates for our products and services.

Our offerings are designed to meet the specific needs of IFC clients in different industries—with a special focus on infrastructure, manufacturing, agribusiness, services, and financial markets. In FY18, we made $11.6 billion in long-term investments in 366 projects. In addition, we mobilized nearly $11.7 billion to support the private sector in developing countries.

PRODUCT LINES

Loans

IFC finances projects and companies through loans from our own account, typically for seven to 12 years. We also make loans to intermediary banks, leasing companies, and other financial institutions for on-lending.

While IFC loans traditionally have been denominated in the currencies of major industrial nations, we have made it a priority to structure local-currency products. IFC has provided financing in 74 local currencies.

In FY18, we made commitments for $9.8 billion in new loans for our own account.

Equity

Equity investments provide developmental support and long-term growth capital that private enterprises need. We invest directly in companies' equity, and also through private-equity funds. In FY18, equity investments accounted for about $1.3 billion of commitments we made for our own account.

IFC generally invests between 5 percent and 20 percent of a company's equity. We encourage the companies we invest in to broaden share ownership through public listings, thereby deepening local capital markets. We also invest through profit-participating loans, convertible loans, and preferred shares.

Trade and Commodity Finance

The IFC Global Trade Finance Program guarantees trade-related payment obligations of approved financial institutions. The program extends and complements the capacity of banks to deliver trade finance by providing risk mitigation on a per-transaction basis for more than 287 banks across 87 countries.

In FY18, IFC had an average outstanding balance of more than $3.4 billion in trade finance.

Syndications

IFC's Syndicated Loan Program is the oldest and largest among multilateral development banks. In FY18, it accounted for nearly two-thirds of the funds mobilized by IFC.

In FY18, IFC syndicated $7.7 billion in B-loans, parallel loans, MCPP loans, structured A-loan participations, and unfunded risk participations provided by financial institutions. These included commercial banks, institutional investors, development finance institutions, and an emerging-markets central bank. The syndicated loan portfolio totaled $16.2 billion at the end of FY18.

More than 40 percent of the financing we provided through syndications—$3.57 billion in all—went to borrowers in IDA countries.

Derivatives and Structured Finance

IFC makes derivatives products available to our clients, solely for hedging purposes. By allowing these companies to access international derivatives markets to hedge currency, interest-rate or commodity-price risks, we enable them to enhance their creditworthiness and improve their profitability. In offering risk-management products, IFC acts generally as an intermediary between the market and private companies in emerging markets. IFC also provides structured-finance products for clients seeking to raise funds on global and local capital markets and manage financial risk. IFC has assisted first-time client issuers in accessing the markets through partial credit guarantees. We also assist clients in structuring and placing securitizations with capital-markets investors.

Blended Finance

IFC uses several tools to crowd in private financing that would otherwise not be available for high-impact development projects. We blend concessional funds—typically from development partners—with our own financing and that of our co-investors. Blended finance can help mitigate early-entrant costs or project risks, enabling pioneering investments and creating a track record that paves the way for commercial investments. IFC has historically applied this approach in climate change, agribusiness and food security, and SME financing—although the introduction of the *IDA18 IFC-MIGA Private Sector Window* (see page 27) has opened up opportunities for us to support many other sectors. Our approach to blended finance is principled and judicious—designed to address market failures, avoid market distortions, uphold transparency, and enhance development impact. In FY18, we committed more than $218 million of concessional donor funds, catalyzing $1.5 billion in private investment.

ADVICE

Providing advice is a critical part of IFC's strategy to create markets and mobilize private investment. Through this work, we help establish the necessary conditions that will attract the most private capital, enabling the private sector to grow.

That's why we have shifted to a more strategic approach, systematically linking our advisory programs to the greatest needs identified in World Bank Group country and sector strategies. We will focus increasingly on developing high-impact projects that can help our clients attract the financing they need—particularly in the poorest and most conflict-affected areas of the world.

- We help companies attract private investors and partners, enter new markets, and increase their impact. We provide tailored market insights as well as advice on how to improve companies' operational performance and sustainability.
- We help industries adopt good practices and standards to increase competitiveness and productivity.
- We help governments structure public-private partnerships to improve people's access to high-quality infrastructure and basic services. We help governments implement reforms that encourage private investment.

IFC's advisory platform consists of seasoned experts, and about 80 percent of our advisory staff are based in the field. In FY18, our advisory portfolio grew to $1.5 billion, encompassing 741 advisory projects in about 100 countries. Fifty-seven percent of IFC's advisory program was in IDA countries, 19 percent in fragile and conflict-affected areas, and 27 percent of our advisory program was climate-related.

HOW WE WORK WITH COMPANIES

Agribusiness: We help companies improve productivity and standards—among other things, by creating efficient value chains, ensuring food security, and providing strong economic, social, and environmental benefits for smaller farming enterprises and communities.

Infrastructure and Natural Resources: We help companies provide benefits to local communities and mitigate local risks in projects.

Corporate Finance Services: We help companies enter new markets, attract investors, and structure complex projects, offering advice on the design and execution of mergers, acquisitions, and partnerships.

Energy and Water Advisory: We help companies use energy and water more efficiently to enhance performance and environmental sustainability. We also accelerate the development of renewable-energy markets and improve people's access to modern energy services.

Green Buildings: We offer tools and training to help companies construct buildings that use energy, water, and materials more efficiently. We also help governments establish related policy frameworks and work with banks to launch green-finance products.

Small and Medium Enterprises and Value Chains: We help SMEs strengthen their skills and performance, improving their ability to participate in the supply and distribution networks of larger firms. We advise companies and governments on how to improve working conditions and boost the competitiveness of the textile sector's supply chain.

Gender Equality: We work with companies to enhance the recruitment, retention, and promotion of women. We also help them increase women's access to financial services, technology, information, and markets.

Strategic Business Solutions: We help companies resolve complex business challenges, structure innovative programs, and create new market opportunities.

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

Environmental and Social Risk Management: We help integrate environmental and social risk-management considerations into companies' operations to achieve long-term success.

HOW WE WORK WITH FINANCIAL INSTITUTIONS AND FUNDS

Financial Institutions: We help clients strengthen risk management and diversify product offerings in categories such as SME finance, gender, housing finance, and sustainable energy. We also promote universal access to finance, strengthen capital markets, and establish credit bureaus and collateral registries.

Fund Managers: We help develop the private equity industry in frontier markets and provide advice to fund managers and SMEs in which the funds invest.

HOW WE WORK WITH GOVERNMENTS

Public-Private Partnerships: We help governments design and implement PPPs that are tailored to local needs, help solve infrastructure bottlenecks, and achieve national development goals.

Financial Sector: We work with governments and the private sector to build resilient, transparent, and smooth-functioning financial systems and capital markets.

Investment Climate: We help improve the business environment through reforms that promote investment, spur growth, and create jobs.

2030 Water Resources Group: We bring together governments, civil society, and the private sector to identify investment needs and drive reform to address water scarcity.

IFC ASSET MANAGEMENT COMPANY

IFC Asset Management Company, LLC, a wholly owned subsidiary of IFC, mobilizes and manages capital for businesses in developing countries and frontier markets. Created in 2009, AMC provides investors with unique access to IFC's emerging-markets investment pipeline, while also expanding the supply of long-term capital to these markets. AMC enhances IFC's development impact and generates profits for investors by leveraging IFC's global platform and investment standards.

As of June 30, 2018, AMC had raised approximately $10.1 billion, including about $2.3 billion from IFC. It manages 12 investment funds covering equity, debt, and fund-of-fund products on behalf of a wide variety of institutional investors, including sovereign wealth funds, pension funds, and development-finance institutions.

AMC FUNDS

IFC Capitalization Fund

The $3 billion IFC Capitalization Fund consists of two sub-funds—an equity fund of $1.3 billion and a subordinated debt fund of $1.7 billion. Launched in 2009, the fund helped strengthen systemically important banks in emerging markets, bolstering their ability to cope with financial and economic downturns. As of June 30, 2018, the fund had made 41 investment commitments totaling $2.8 billion.

IFC African, Latin American, and Caribbean Fund

The $1 billion IFC African, Latin American, and Caribbean Fund was launched in 2010. The fund invests in equity and equity-related investments across a range of sectors in sub-Saharan Africa and in Latin America and the Caribbean. As of June 30, 2018, the fund had made 38 investment commitments totaling $879 million.

Africa Capitalization Fund

The $182 million Africa Capitalization Fund was launched in 2010 to invest in systemically important commercial-banking institutions in Africa. As of June 30, 2018, the fund had made eight investment commitments totaling $130 million.

IFC Catalyst Fund

The $418 million IFC Catalyst Fund was launched in 2012 and invests in funds that provide growth capital to companies developing innovative ways to address climate change in emerging markets. It also may invest directly in those companies. As of June 30, 2018, the fund had made 19 commitments totaling $382 million.

IFC Global Infrastructure Fund

The $1.2 billion IFC Global Infrastructure Fund was launched in 2013 and co-invests with IFC in equity and equity-related investments in the infrastructure sector in emerging markets. As of June 30, 2018, the fund had made 21 investment commitments totaling $662 million.

China-Mexico Fund

Launched in 2014, the $1.2 billion China-Mexico Fund is a country-specific fund that makes equity, equity-like, and mezzanine investments along with IFC in Mexico. It focuses on infrastructure, oil and gas, and other sectors, including manufacturing, agribusiness, services, and banking. As of June 30, 2018, the fund had made three investment commitments totaling $270 million.

IFC Financial Institutions Growth Fund

The $505 million IFC Financial Institutions Growth Fund is a follow-on fund to the IFC Capitalization Fund and makes equity and equity-related investments in financial institutions in emerging markets. As of June 30, 2018, the fund had made four investment commitments totaling $133 million.

IFC Global Emerging Markets Fund of Funds

Launched in 2015, the $800 million IFC Global Emerging Markets Fund of Funds invests mainly in private equity funds that are focused on growth companies in various sectors across emerging and frontier markets. The fund also invests directly in such companies. As of June 30, 2018, the fund had made 18 investment commitments totaling $397 million.

IFC Middle East and North Africa Fund

Launched in 2015, the $162 million IFC Middle East and North Africa Fund makes equity and equity-related investments in the MENA region. As of June 30, 2018, the fund had made three investment commitments totaling $52 million.

Women Entrepreneurs Debt Fund

The $115 million Women Entrepreneurs Debt Fund, launched in 2016, extends senior loans to commercial banks for on-lending to women-owned small and medium enterprises in emerging markets. This is a component of the $600 million Women Entrepreneurs Opportunity Facility, a partnership established in March 2014 between IFC and the Goldman Sachs 10,000 Women initiative. As of June 30, 2018, the fund had made investment commitments to eight banks amounting to $87 million.

IFC Emerging Asia Fund

The $693 million IFC Emerging Asia Fund, launched in 2016, makes equity and equity-like investments across all sectors in emerging markets in Asia. As of June 30, 2018, the fund had made three investment commitments of $90 million.

Our Industry Expertise

IFC's leadership role in sustainable private sector development reflects a special advantage — the depth and breadth of expertise we have acquired over 60 years of helping emerging-market firms succeed and grow.

We have moved to leverage our global industry knowledge to tackle the biggest development challenges of the coming years — including unemployment, climate change, and food and water security.

AGRIBUSINESS AND FORESTRY

Agribusiness has an important role to play in poverty reduction. The agricultural sector often accounts for at least half of GDP and employment in many developing countries, making it a priority for IFC.

IFC provides support for the private sector to address demand for agricultural commodities in an environmentally sustainable and socially inclusive way. To help clients finance inventories, seeds, fertilizers, chemicals, and fuel for farmers, IFC offers working-capital facilities. To facilitate trade and lower costs, we pursue investments in infrastructure such as warehouses and cold-storage facilities. To bring land into sustainable production, we work to improve productivity by transferring technologies and making the best use of resources.

In FY18, our new long-term commitments for our own account in agribusiness and forestry totaled about $956 million.

FINANCIAL INSTITUTIONS

Sound, inclusive, and sustainable financial markets are vital to development because they ensure efficient resource allocation. IFC's work with financial intermediaries has helped strengthen financial institutions and overall financial systems. It has also allowed us to support far more micro, small, and medium enterprises than we would be able to on our own.

Working through financial intermediaries enables IFC to encourage them to become more involved in sectors that are strategic priorities—such as women-owned businesses and climate change—and in underserved regions such as fragile and conflict-affected states as well as in housing, infrastructure, and social services.

In FY18, our new long-term commitments for our own account in financial markets totaled about $5.5 billion.

HEALTH AND EDUCATION

Health and education are basic human needs—but they remain beyond the reach of many people in developing countries.

Expanding access to health and education is a central element of any strategy to end poverty and boost prosperity. IFC supports health care and life-sciences companies—by providing financing, sharing industry knowledge, raising management and clinical standards, helping shape government policy, and supporting public-private collaboration. In education, we help private enterprises complement the work of the public sector and create more opportunities for children, youth, and working adults.

IFC is the world's largest multilateral investor in private health care and education. In FY18, our new long-term commitments for our own account in health and education totaled $739 million.

INFRASTRUCTURE

Modern infrastructure spurs economic growth, improves living standards, and can represent an opportunity to address emerging development challenges, including rapid urbanization and climate change.

It is also an area in which the private sector can make a significant contribution, providing essential services to large numbers of people—efficiently, affordably, and profitably. This is IFC's focus: supporting private infrastructure projects whose innovative, high-impact business models can be widely replicated.

We help increase access to power, transportation, and water. We advise client governments on public-private partnerships. We work to improve urban infrastructure and related services. We mitigate risk and leverage specialized financial structuring and other capabilities. In FY18, our new long-term commitments for our own account in this sector totaled about $2 billion.

MANUFACTURING

The manufacturing sector plays a vital role in creating opportunity and reducing poverty in developing countries. IFC's manufacturing clients tend to create or maintain more employment than those in any other sector.

We have increased our activities in the sector, which includes chemicals, construction materials, energy-efficient machinery, and transportation machinery. We invest in and advise companies that are developing new products and markets, and are restructuring and modernizing to become internationally competitive.

As these industries represent some of the most carbon-intensive sectors, we are helping clients develop and undertake investments that help reduce carbon emissions and energy consumption.

In FY18, our new long-term commitments for our own account in the manufacturing sector totaled $536 million.

OIL, GAS, AND MINING

Industries that can harness natural resources are vital for many of the world's poorest countries. They are a key source of jobs, energy, and government revenues. They also provide a wide array of other benefits for local economies. In Africa, in particular, large-scale sustainable investments in these industries can create equally large-scale gains in economic development.

IFC's mission in the oil, gas, and mining sector is to help developing countries realize these benefits, while helping promote sustainable energy sources. We provide financing and advice for private sector clients, and also help governments adopt effective regulations and strengthen their capacity to manage these industries across the value chain.

We support private investment in these industries, and we work to ensure that local communities enjoy tangible benefits. In FY18, our new long-term commitments for our own account in the sector totaled $97 million.

TELECOMMUNICATIONS AND INFORMATION TECHNOLOGY

Modern information and communication technologies make it easier for the poor to obtain access to services and resources. They expand opportunity and make markets and institutions more efficient. IFC works to extend the availability of such technologies. We channel investments toward private companies that build modern communications infrastructure and information-technology businesses, and develop climate-friendly technologies.

IFC helps clients move beyond their own national borders and into other developing markets. In FY18, our new commitments for our own account in this sector totaled $207 million.

TOURISM, RETAIL, AND PROPERTY

The tourism, retail, and property sectors contribute significantly to job creation, tax revenues, and economic growth for developing countries.

IFC works to strengthen all three in developing countries. Our investments promote the development of critical infrastructure—in places where there is often a shortage of high-quality hotels for tourists and business visitors. We work with our retail clients to create jobs, contribute to the tax base, build local banking capacity, improve infrastructure, and raise labor standards. We also invest in property companies to expand affordable housing and commercial real estate.

In FY18, our new long-term commitments for our own account in tourism, retail, and property totaled $764 million.

OUR PEOPLE & PRACTICES

IFC's commitment to alleviating poverty and creating opportunity for the developing world's most vulnerable people is reflected in our corporate culture.

Understanding Our Development Impact

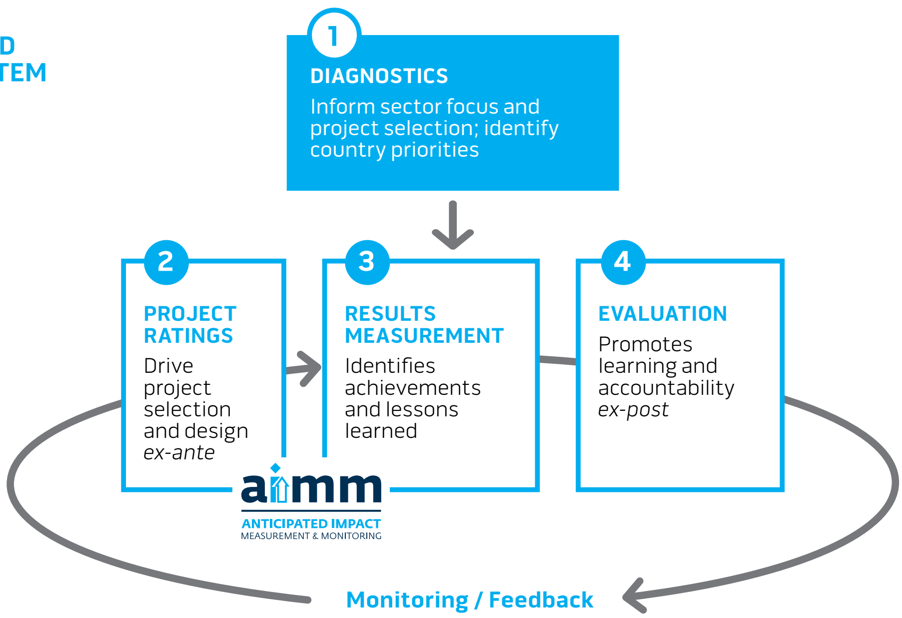
IFC is at the forefront of development-impact measurement for private sector operations. We are one of the few international financial institutions that set corporate targets for direct development impact. Measuring the results of our work is at the heart of what we do. It is critical to understanding how well our strategy is working—and whether IFC and our clients are reaching the people and markets that most need our help.

IFC'S IMPACT ASSESSMENT AND RESULTS-MEASUREMENT SYSTEM

IFC has developed a comprehensive system to guide operations to achieve strong development impact and improve our performance each year. The process begins with country and sector diagnostics and identification of priorities and potential projects. It is buttressed by an assessment of anticipated development impact that informs project selection and design. It is deepened by regular monitoring of operational project results and, eventually, selective evaluation of mature projects to identify impacts achieved and lessons learned.

Diagnostics: Our work begins with a diagnosis of the needs of the private sector in specific countries. IFC introduced a new tool—Country Private Sector Diagnostics (CPSDs)—to identify constraints to

AN END-TO-END SUPPORT SYSTEM FOR IMPACT ASSESSMENT



private sector investment, pinpoint sectors that have the greatest potential for private sector engagement, and recommend specific activities to drive developmental priorities. This approach enables the World Bank Group, governments, and partners to define development challenges and take concrete actions to address them.

Working closely with the World Bank, IFC has completed CPSDs for Ghana and Kazakhstan and has started work in 13 other countries across the globe. More will follow over the next three years.

AIMM: IMPROVING PROJECT SELECTION AND DESIGN

In 2017, IFC introduced a new project-impact-assessment tool that strengthens our results measurement framework—the Anticipated Impact Measurement and Monitoring (AIMM) system. Under this system, proposed projects are rated and selected on the basis of their ex-ante—or expected—development impact. This approach enables us to set ambitious yet achievable targets, select projects with the greatest potential for development impact, and optimize project design. With the system in place, IFC is now better able to select a mix of projects that deliver high development impact and solid financial returns. We continue to work to refine the system.

The AIMM system enables IFC to assess a project's outcomes as well as its effect on market creation. It looks at how investment beneficiaries—including employees, customers, and suppliers—are affected. It also examines broader effects on the economy and on society. The system enables IFC to examine how a project promotes objectives that underpin IFC's efforts to create markets—by promoting competitiveness, resilience, integration within and across markets, inclusiveness, and sustainability.

In 2018, IFC began scoring all new investment projects using the AIMM framework. The part of the system that involves monitoring is being integrated with the current Development Outcome Tracking System (DOTS). The AIMM system for advisory services will be developed during FY19.

MONITORING: IDENTIFYING ACHIEVEMENTS AND LESSONS LEARNED

Our results-measurement system uses a multi-tiered approach to enhance IFC's contributions to the World Bank Group's twin goals—by helping improve new business decisions and increasing the value of monitoring and evaluation. Since 2006, IFC has tracked development impact through DOTS—a framework that helps us monitor and assess the performance of all IFC's active investment client companies. Over the next few years, the AIMM system will progressively incorporate relevant elements of the DOTS system, providing an "end-to-end" approach to results measurement.

An important feature of the AIMM system is its capacity to link ex-ante project ratings with real-time results-measurement findings. It is an evidence-based system—in which estimates of expected development impact are explicitly tied to monitoring indicators. Under the AIMM system, there is at least one tracking indicator associated with every impact claim used to justify an ex-ante rating.

EVALUATIONS: PROVIDING EVIDENCE AND PROMOTING ACCOUNTABILITY

Evaluations of mature or completed projects provide the final link in the impact-assessment framework. Each year, IFC undertakes self-evaluations of a sample of maturing investment operations and completed advisory services projects. These ratings form the basis of performance assessments for IFC overall and feed into sector, thematic, and regional assessments. They are then validated by the Independent Evaluation Group.

IFC also conducts in-depth evaluations of mature projects or clusters of projects. Since 2017, IFC has adopted a more strategic approach to evaluations designed to fill critical knowledge gaps. We undertook 27 evaluations and applied-research efforts focusing on practical issues facing operations and affecting the effectiveness of our interventions. In doing so, we are able to assess IFC's impact beyond individual projects—we also capture useful lessons that inform industry strategies and operations.

For example, an assessment of the *Global Agriculture and Food Security Program (GAFSP)*, one of IFC's blended-finance facilities, showed that IFC's unique approach—involving a combination of investment and advisory services—adds significant value to agricultural markets in IDA-only countries. By blending IFC's commercial financing with GAFSP's concessional funds, IFC was able to reach new clients and markets in countries that are often perceived as too risky by investors.

In FY17, GAFSP-supported projects reached over 874,000 farmers in countries with high poverty rates and severe food insecurity. GAFSP also leveraged significant additional capital—investments of approximately $250 million catalyzed a total of $1.6 billion in investment.

IFC's 2012 investment in the Abengoa KaXu Project, a 100-megawatt concentrated solar plant (CSP) in South Africa, also illustrates the value of evaluations. The KaXu Project, partly financed with concessional funding from the Clean Technology Fund, was the first privately financed CSP in sub-Saharan Africa. The project provided 1,700 construction jobs and 80 full-time positions—well above employment targets. It also produced enough energy to serve an additional 33,000 customers while avoiding an estimated 306,000 metric tons of carbon dioxide a year.

THE IFC DEVELOPMENT GOALS: SUPPORTING THE IFC STRATEGY

The IFC Development Goals complement the AIMM system to identify reach-related goals that our projects are expected to achieve. These goals cover five areas aligned with our strategy that have a direct impact on people's lives in the markets we serve:

- Creating sustainable farming opportunities
- Improving health and education services
- Providing more access to financial services for microfinance and SME clients
- Increasing or improving infrastructure services
- Reducing greenhouse emissions

We work with our clients to estimate specific development impacts we expect to achieve over time with every investment and advisory commitment we make. In the second year of the current three-year cycle (FY17–19), IFC made good gains in commitments toward the goals in FY18. More information is available on our website at https://www.ifc.org/developmentgoals.

IFC'S CONTRIBUTION TO THE SDGs

IFC's results monitoring is aligned with the United Nations' Sustainable Development Goals (SDGs) adopted in September 2015. In particular, the AIMM system helps IFC maintain a line of sight from our own strategic objectives to the World Bank's twin goals and the SDGs. By design, the AIMM system measures project-level and systemic outcomes against SDG-related objectives. This approach has positioned IFC to play a key role among international finance institutions in reporting how we—and our clients—contribute to achieving the SDGs. More information about how IFC contributes to the SDGs is available online at https://www.ifc.org/sdgalignment.

IFC THOUGHT LEADERSHIP IN RESULTS MEASUREMENT

Among multilateral development banks and development finance institutions, IFC is at the forefront of monitoring and evaluation for private sector operations. One illustration of this is our work to create a Community of Practice among international finance institutions for evaluation of private sector operations.

In March 2018, IFC jointly hosted the second *Annual Evaluating Private Sector Development Impact Conference* in London with the CDC Group, the United Kingdom's development finance institution. Representatives from 31 development partners, multilateral development banks, and international finance institutions attended. The conference highlighted the importance of producing clear, credible evidence of how private investment contributes to achieving the SDGs. It also underscored the challenges of assessing market-creation impacts.

IFC'S PERFORMANCE AND DEVELOPMENT IMPACT

As the Independent Evaluation Group has noted, IFC's development-effectiveness ratings have declined in recent years for both investment and advisory services—partly because of slower economic growth, depressed commodity prices, and political turmoil in many countries. Weaknesses in project selection and supervision have also contributed to the decline.

IFC is taking several steps to address these issues—including strengthening accountability in the project selection and implementation process. IFC is also conducting semi-annual portfolio reviews of all advisory projects to ensure proactive management and timely corrective actions.

In FY18, 59 percent of our investments were positively rated—up four points from FY17. The improvement showed across all performance areas. These DOTS rating scores are based on a cohort of 776 investments approved between 2009 and 2014 that were mature enough to be rated.

Larger IFC investments performed better, with 71 percent rated positively.

Among industry sectors, investments in private equity funds performed the best—with 64 percent of investments rated positively. Investments in the tourism, retail, construction & real estate sector registered the biggest improvement—48 percent of investments were rated positively, up 14 points from FY17. This increase was driven principally by improved DOTS scores in sub-Saharan Africa and Latin America and the Caribbean, where two-thirds of IFC's projects in this sector are located.

The DOTS score declined for the telecommunications, media, and technology sector. Thirty-one percent of investments in this sector were rated positively—a decline of six points from FY17. The decline was concentrated in three regions—Latin America and the Caribbean, Europe and Central Asia, and South Asia, where clients' financial performance was weaker than expected.

Among regions, investments in the Middle East and North Africa performed best. Sixty-six percent of investments in the region were rated positively—up 16 points from FY17. The increase reflected stronger performance of investments in the nonfinancial sector.

In FY18, 66 percent of completed advisory projects were rated positively—down four points from FY17, but still above our target of 65 percent. This score reflected the performance of 136 projects that were completed during the year and were eligible for development-effectiveness ratings.

Three regions showed a marked improvement in performance. Europe and Central Asia was the strongest performer, with 88 percent of projects rated positively. Projects in South Asia, sub-Saharan Africa, and Latin America and the Caribbean experienced a performance decline.

CLIENTS' DEVELOPMENT REACH AND RESULTS

Across the globe, IFC investment and advisory clients reached many people and recorded some remarkable achievements (see page 89). Here are a few highlights:

Improving Access to Finance:

- IFC provides investment and advice to financial institutions that serve individuals and micro, small, and medium enterprises. These institutions provided about 54.4 million micro and 8.3 million small and medium loans totaling nearly $439 billion. They also provided 2.3 million housing finance loans totaling $69.8 billion.
- We supported our partners in digital financial services to facilitate over 366 million non-cash retail transactions, totaling $10 billion.
- We helped strengthen country financial markets by working with collateral registries and credit bureaus that facilitated $146.8 billion in financing. More than 302,000 micro, small and medium enterprises received loans secured with movable property.
- Loans totaling $444 million were disbursed to agri-borrowers and in the housing sector for energy efficiency.
- We helped create or enhance five credit-bureau operators in Morocco, Mongolia, Nigeria, Jordan, and Azerbaijan.

Providing Solutions and Services:

- More than 17 million people benefited from IFC advisory work in support of off-grid solar solutions.
- Our clients generated and distributed power to 97.2 million people, many of them in sub-Saharan Africa and South Asia. They provided phone connections to 186.7 million people, mostly in South Asia. They distributed gas to 3.1 million people, mostly in South Asia.
- Our clients helped educate 5.7 million students. Our agribusiness clients supported 4 million farmers through improved access to finance and markets and through sustainable farming practices. These benefits are expected to improve farmers' productivity and income and enhance their ability to cope with unexpected events.
- We worked with firms to adopt new practices and technologies that attracted financing of $121.2 million through resource-efficient technologies projects.
- IFC helped governments sign 17 contracts with private operators. These transactions are expected to improve access to infrastructure and health services for 6.1 million people and mobilize over $4.6 billion in private investment in infrastructure.

Improving the Business Environment:

- In collaboration with the World Bank, we supported 35 national and local governments to implement 73 reforms that helped improve the enabling environment for private sector development and foster competitive markets and job creation. Fifty-one reforms were in IDA countries, including 13 in fragile and conflict-affected areas.
- These reforms led to $85.5 million in private sector savings and contributed to more than $142 million in new investments.

Development reach by IFC's clients

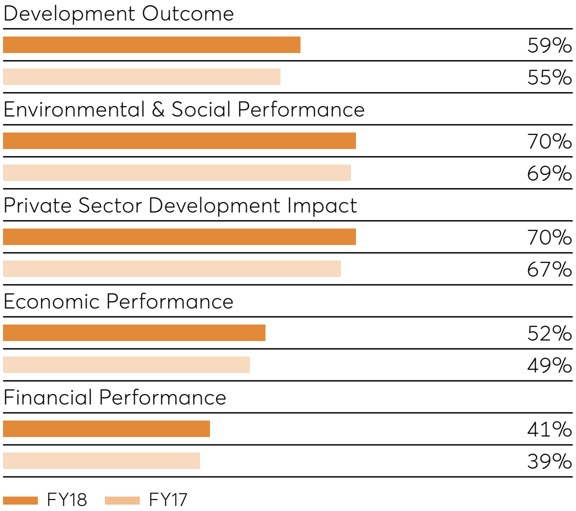
Investments	PORTFOLIO CY16	PORTFOLIO CY17
Employment (millions of jobs)[1]	2.4	2.5
Microfinance loans[2,3]		
Number (millions)	53.7	54.4
Amount ($ billions)	60.7	73.9
SME loans[2,3]		
Number (millions)	8.3	8.3
Amount ($ billions)	351.1	364.7
Trade Finance[4]		
Number (millions)	1.8	1.7
Amount ($ billions)	255.9	280.4
People reached with services		
Power generation (millions of people)[5]	78.1	79.2
Power distribution (millions of people)	24.8	18.0
Water distribution (millions of people)	14.3	18.2
Gas distribution (millions of people)	59.9	3.1
Phone connections (millions of people)	345.3	186.7
Patients served (millions)	34.0	41.2
Students reached (millions)	4.9	5.7
Farmers reached (millions)	3.0	3.7
Payments to suppliers and governments		
Domestic purchases of goods and services ($ billions)	36.6	38.3
Contribution to government revenues or savings ($ billions)	14.6	15.8

These figures represent the total reach of IFC clients as of end of CY16 and CY17. CY16 and CY17 portfolio data are not strictly comparable, because they are based on a changed portfolio of IFC clients. For microfinance and SME loans, the results also reflect contributions from Advisory Services. While numerous controls are performed on the data provided by clients, they are sometimes based on estimates, and the understanding of the indicator definitions may vary slightly between clients.

1. Portfolio figures for employment include jobs provided by fund investee companies, representing 35% of the total.
2. Portfolio reach figures represent the micro, small and medium outstanding loan portfolio of IFC's financial institution clients with MSME-oriented finance.
3. Reported Microfinance and SME data include a substantial contribution from a large institution in Asia.
4. The total number and dollar volume of trade transactions financed by the Global Trade Finance Program's network of emerging-market banks are based on actual data from 76% (number) and 79% (dollar volume) of the network's active banks for CY17. The figures are not directly comparable to last year's due to variance in the number of active banks who submitted survey responses. Numbers reflect transactions directly guaranteed by IFC as well as those executed by network banks that have been supported by the program. CY16 data have been updated to reflect prior-year data corrections from survey participants.
5. The number of CY16 total power generation customers reached has been revised due to the restatement of one client value in South Asia and one client value in Latin America and the Caribbean.

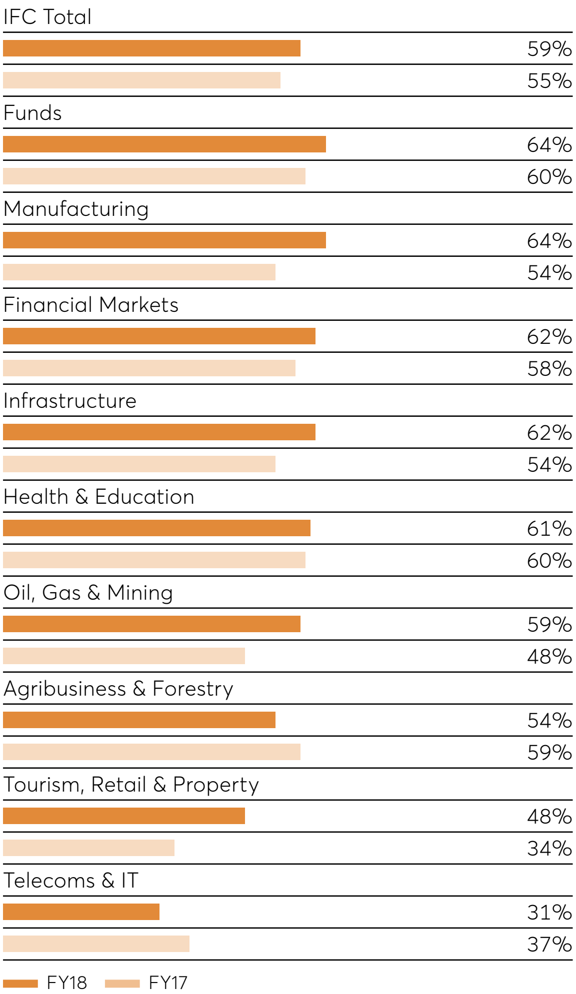
Investment Services DOTS score by performance area, FY17 vs. FY18

% Rated Positively



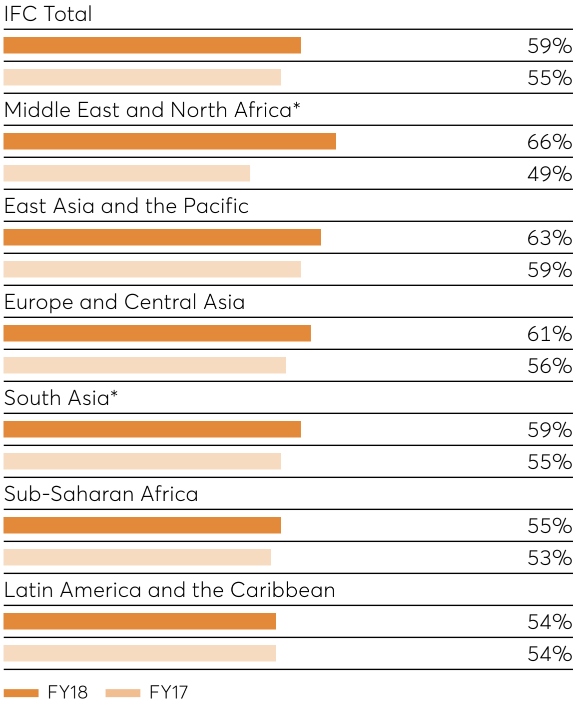
Investment Services DOTS score by industry, FY17 vs. FY18

% Rated Positively



Investment Services DOTS score by region, FY17 vs. FY18

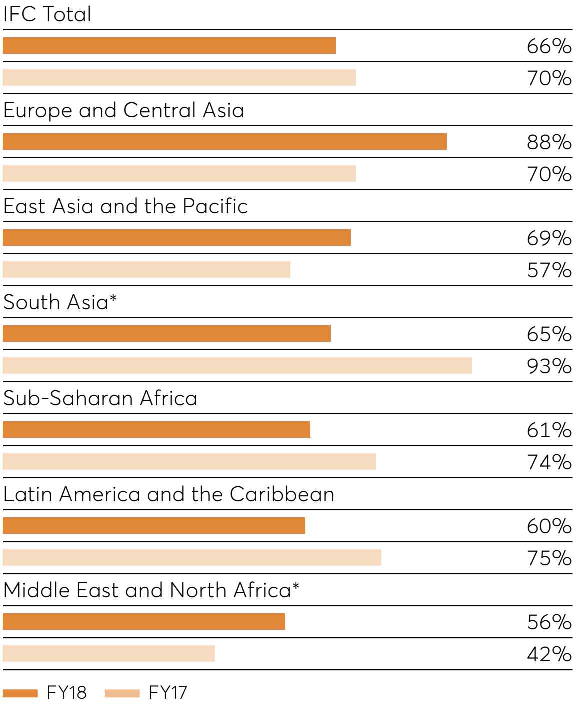
% Rated Positively



*Projects in Afghanistan and Pakistan, which previously were grouped under the Middle East and North Africa region, are now grouped under South Asia. The FY17 number has been recalculated to incorporate the change.

Advisory Services DOTS score by region, FY17 vs. FY18

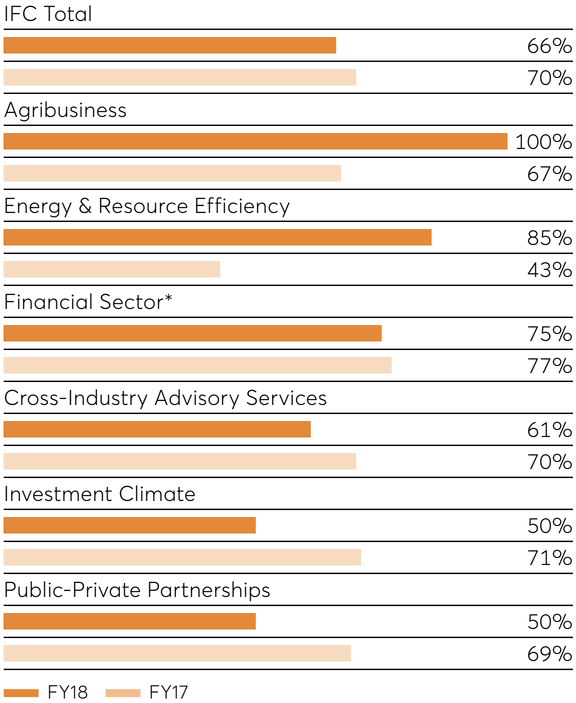
% Rated Positively



*Projects in Afghanistan and Pakistan, which previously were grouped under the Middle East and North Africa region, are now grouped under South Asia. The FY17 number has been recalculated to incorporate the change.

Advisory Services DOTS score by business area, FY17 vs. FY18*

% Rated Positively



*"Financial Sector" also includes projects undertaken by the integrated World Bank Group team in the Finance & Markets Global Practice.

Corporate Responsibility

IFC's corporate responsibility commitment is to make sustainability an integral part of our internal business operations—holding ourselves accountable to the same environmental and social standards we ask of our clients. Our commitment to walk our talk connects IFC's mission with how we run our business.

OUR STAFF

IFC's employees are our most important asset, bringing innovative solutions and global best practices to our clients. Their knowledge, skills, diversity, and motivation are a key part of our comparative advantage.

INDICATOR	FY16	FY17	FY18
Total full-time staff	3,757	3,860	3,921
Non-U.S.-based staff (%)	56.5%	55.9%	54.9%
Short-term consultants/ temporaries (FTEs)	904	1,018	1,092
Employee engagement index	72%	75%	75%
Diversity			
Women managers (%)	34.8%	35.5%	39.5%
Part II managers (%)	40.6%	38.9%	40.5%
Women GF+ Technical (%)	45.7%	46.2%	46.7%
Sub-Saharan/ Caribbean GF+ (%)	10.5%	10.9%	11.2%
Average days of training per staff in headquarters	3.35	3.21	2.8
Average days of training per staff in country offices	4.08	3.71	2.95

Note: FTE = full-time equivalent (staff); GF+ refers to salary grade GF or higher—i.e., professional staff.

Advancing diversity and inclusion: At IFC, our work reaches clients across the globe—people, places, languages, and ideals. That diversity is reflected in our staff, representing people of 151 nationalities who work out of 95 countries. Their unique insights and perspectives are the cornerstone of our development work.

IFC is committed to going beyond the inherent diversity we have as an international institution. In 2018, IFC made progress across all diversity index indicators—notably on including more women and nationals from sub-Saharan Africa and the Caribbean in senior-professional and manager-level positions. We did so by implementing targeted recruitment initiatives.

IFC joined leading companies to obtain EDGE (Economic Dividends for Gender Equality) certification—an assessment of the organization's alignment with global best practices on gender equality. In FY18, IFC—as a member of the World Bank Group—became the first international financial institution to receive global EDGE certification. IFC has in place a suite of initiatives to maintain gender balance across the talent pipeline, proactively manage gender pay equity, implement gender-equality policies and practices, and foster an inclusive workplace culture.

Promoting ethical culture: IFC promotes a positive and respectful workplace. The World Bank Group is revising its Code of Conduct around five core values refreshed this fiscal year—impact, integrity, respect, teamwork, and innovation. Initiatives to reinforce these values are being rolled out in our performance management, recruitment, internal communications, and staff-training programs.

Enriching staff development: IFC has a Leadership and Management Framework that provides development programs for leaders across the organization. IFC has two flagship programs for high-potential staff: the Global Business Leadership Program (GBLP) and the Corporate Leadership Program (CLP). These best-in-class leadership development programs inspire personal mastery and leadership at all levels in the organization. In FY18, 60 staff participants completed the GBLP and CLP programs—joining an alumni network of more than 850 staff who coach and mentor employees and advance corporate priorities through stretch assignments.

IFC had its first cohort of 19 staff complete an executive Sponsorship Program this fiscal year—the newest initiative in a suite of programs developing a pipeline of diverse talent. Staff are nominated through IFC's talent-review process. Participants gain sponsor-advisee relationships with Vice Presidents, along with enriched career networks.

Ensuring competitive compensation and benefits: IFC applies the World Bank Group's compensation framework, with salaries based on the U.S. market for staff recruited in Washington, D.C., and based on local competitiveness determined by independent local market surveys for all other staff. IFC also has variable-pay programs consisting of recognition programs and performance awards. IFC provides a competitive package of benefits, including a retirement plan, medical, life, accidental death, workers' compensation, and disability insurance.

Staff salary structure (Washington, D.C.)

As of June 30, 2018, the salary structure (net of tax) and annual average net salaries/benefits for World Bank Group staff were as follows:

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	27,200	38,900	50,600	0.02%	38,995	21,129
GB	Team Assistant, Information Technician	33,200	47,500	61,800	0.23%	46,393	25,137
GC	Program Assistant, Information Assistant	40,700	58,100	75,500	6.69%	59,947	32,481
GD	Senior Program Assistant, Information Specialist, Budget Assistant	47,900	68,500	89,100	6.21%	74,009	40,101
GE	Analyst	65,200	93,100	121,000	10.44%	85,303	46,220
GF	Professional	85,300	121,800	158,300	21.06%	111,642	60,491
GG	Senior Professional	112,800	161,200	209,600	33.68%	155,672	84,349
GH	Manager, Lead Professional	153,000	218,600	284,200	18.72%	218,903	118,609
GI	Director, Senior Advisor	233,100	291,400	349,700	2.50%	289,412	156,813
GJ	Vice President	278,900	328,100	377,300	0.37%	359,193	194,623
GK	Managing Director, Executive Vice President, Chief Executive Officer	310,000	364,700	419,400	0.08%	408,904	263,497

Note: Because World Bank Group staff, other than U.S. citizens, usually are not required to pay income taxes on their Bank Group 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 Bank Group 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.

OUR OFFICES

Minimizing IFC's impact on the environment is a priority for us. That's why we design and manage our buildings in a sustainable way, and offset emissions that cannot be eliminated.

Using natural resources efficiently: IFC's largest office, our headquarters in Washington, D.C., accounts for nearly half of our global real estate by square foot. Efficiency efforts have reduced total electricity consumption at our headquarters by 18 percent since 2007. We also continue to upgrade our lighting systems to LEDs from compact fluorescent lighting while adjusting temperature setpoints for water use and heating and cooling systems. In FY17, these energy-saving projects saved nearly 60,000 kilowatt hours of electricity.

In FY18, IFC made significant advancements toward our zero-waste goal for our headquarters building. We upgraded the building-wide recycling system and launched a reusable food-container program, eliminating nearly 250,000 disposable containers annually. The program helped reduce our total waste by an estimated 26 percent from 2015, according to our latest waste audit. In addition, IFC is sorting more recyclables and diverting them from landfill waste, the audit found.

Designing sustainably: Nearly 60 percent of IFC's real estate footprint by square foot is LEED-certified or equivalent. IFC is leading the development and engineering of a new net-zero energy-use World Bank Group office building in Dakar, Senegal. The project is slated for completion in 2020. IFC is also studying the potential for adding on-site solar-energy generation at our other owned properties.

Maintaining climate neutrality: IFC continues to be carbon-neutral for global business operations. In FY17, the latest year for which data are available, carbon emissions from our global business operations totaled 43,672 metric tons of carbon-dioxide equivalent—of which business travel accounted for 71 percent. Office electricity consumption accounted for an additional 23 percent—half of which was attributable to IFC headquarters. Over the past three years, IFC's carbon emissions per full-time employee have declined by 2 percent to the equivalent of 8.95 metric tons of carbon dioxide. These numbers reflect emission factors that were updated in FY18; data for prior years were updated accordingly.

We purchased carbon credits from four projects. IFC chose projects that bring tangible development benefits to the communities in which they take place. For example, one project provides solar cookers to residents of the Iridimi refugee camp in Chad, helping avoid the use of firewood. IFC also purchases renewable-energy certificates (RECs) equal to the consumption of our headquarters office. IFC annually reports its greenhouse emissions in the United Nations' Climate Neutral Now initiative, and through the Carbon Disclosure Project. More details can be found at http://www.ifc.org/footprint.

FY17 carbon emissions inventory for IFC's global operations

METRIC TONS OF CARBON-DIOXIDE EQUIVALENT	
Business Travel	30,933
Country Office Electricity	5,099
HQ Office Electricity	4,781
Other	2,859
TOTAL EMISSIONS	**43,672**

Note: Emission factors were updated in FY18 under the World Bank Group's Inventory Management Plan.

Our Governance

OUR PLACE IN THE WORLD BANK GROUP

The World Bank Group is a vital source of financial and technical assistance to developing countries. Its mission is to fight poverty with passion and professionalism, for lasting results.

IFC is one of five members of the Bank Group, though it is a separate legal entity with separate Articles of Agreement, share capital, financial structure, management, and staff. Membership in IFC is open only to member countries of the World Bank. As of June 30, 2018, IFC's paid-in capital of about $2.56 billion was held by 184 member countries. These countries guide IFC's programs and activities.

IFC works with the private sector to create opportunity where it's needed most. Since our founding in 1956, we have committed more than $234 billion of our own funds for private sector investments in developing countries, and we have mobilized more than $51 billion from others.

In working to end extreme poverty and boost shared prosperity, we collaborate closely with other members of the Bank Group.

Our member countries—strong shareholder support

OUR MEMBER COUNTRIES	PERCENTAGE OF CAPITAL STOCK
United States	22.19
Japan	6.33
Germany	5.02
France	4.72
United Kingdom	4.72
India	4.01
Russian Federation	4.01
Canada	3.17
Italy	3.17
China	2.41
174 OTHER COUNTRIES	**40.25**

OUR BOARD

Each of our member countries appoints one governor and one alternate. Corporate powers are vested in the Board of Governors, which delegates most powers to a board of 25 directors. Voting power on issues brought before them is weighted according to the share capital each director represents.

The directors meet regularly at World Bank Group headquarters in Washington, D.C., where they review and decide on investments and provide overall strategic guidance to IFC management. The President of the World Bank Group is also President of IFC.

EXECUTIVE COMPENSATION

The salary of the President of the World Bank Group is determined by the Board of Directors. The salary structure for IFC's CEO 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's CEO, Philippe Le Houérou, receives an annual salary of $419,400, net of taxes.

Accountability

INDEPENDENT EVALUATION GROUP

The Independent Evaluation Group is an independent unit that reports directly to IFC's Board of Directors. IEG's mission is to strengthen World Bank Group institutions through evaluations that inform strategies and future work—and lead ultimately 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. This year, IFC and IEG formed a joint working group to boost improvement of the development effectiveness of advisory projects.

IEG's most recent annual review of World Bank Group results and performance focuses on assessing the development-outcome indicator for environmental and social effects. This and other major reports are available on IEG's website at http://ieg.worldbankgroup.org.

OFFICE OF THE COMPLIANCE ADVISOR OMBUDSMAN

Affected communities have unrestricted access to the Compliance Advisor Ombudsman (CAO), the independent accountability mechanism for IFC. CAO is mandated to address complaints from people affected by IFC-supported business activities in a manner that is fair, objective, and constructive—with the goal of improving environmental and social project outcomes and fostering greater public accountability of IFC.

Independent of IFC and MIGA management and reporting directly to the President of the World Bank Group, CAO works to resolve complaints using a flexible, problem-solving approach through its dispute-resolution arm and oversees investigations of IFC's environmental and social performance through its compliance arm. CAO's advisory arm provides independent advice on broader environmental and social concerns with the goal of systemic improvements in IFC performance.

During FY18, CAO addressed 55 cases related to IFC projects in 32 countries. More information about how IFC is engaging with CAO's work is available at www.cao-ombudsman.org.

Global Partnerships

IFC and our development partners work together in innovative ways to maximize finance for development. In line with IFC's new strategy for creating markets and mobilizing private sector investment to solve development problems, our partnerships serve a range of functions. They incubate new ideas. They allow proven solutions to be scaled up. They facilitate knowledge transfer. They build business and institutional capacity. Together we support initiatives that strengthen our impact—particularly in cross-cutting areas such as climate change and gender equality—and channel resources to regions of the world where private investment is needed most.

WORKING WITH DEVELOPMENT PARTNERS

IFC collaborates with more than 30 governments, 20 foundations and corporations, and a variety of multilateral and institutional partners. In FY18, we gained a new development partner, the United Kingdom's Foreign and Commonwealth Office. Our partnerships support IFC's advisory and investment services—including through blended finance, which has grown significantly as an instrument to support strategic priority areas (see page 75). In FY18, our development partners committed more than $268 million to support IFC advisory services and $469 million for blended-finance initiatives.

In FY18, our partnerships focused on several development priorities:

SCALING UP OUR ACTIVITIES IN AFRICA

Our partners' financial commitments to advisory programs in the African continent increased 35 percent over the previous year, allowing us to address key development challenges.

Denmark, Ireland, Japan, the Netherlands, Norway, Sweden, and the United Kingdom supported our work to promote economic growth and stability in sub-Saharan African countries. They did so not only through longstanding platforms such as the Conflict-Affected States in Africa (CASA) initiative but also through new country-specific advisory interventions such as our private sector development programs in Somalia, Ethiopia, Mozambique, and Kenya.

The IFC Support Program for the Compact with Africa Initiative (ISCA), created in FY18, received support from Germany and Norway to help the G-20 Compact with Africa Initiative to promote private sector development in 10 African countries. It will work in close collaboration with the multi-donor Public-Private Infrastructure Advisory Facility (PPIAF) and other existing platforms to ensure that funding and operational activities are complementary.

EXPANDING INNOVATIVE SOLUTIONS FOR CLIMATE CHANGE

Our partners' advisory and blended-finance commitments in support of solutions to address climate change globally grew more than tenfold from the previous year to $536 million—a record increase. Such initiatives included:

- The new *Canada-IFC Blended Climate Finance Program*, which aims to support developing countries in their transition to low-carbon, sustainable, and more climate-resilient economies.
- The *Finland-IFC Climate Change Program*, which focuses on climate mitigation, investments in renewable energy, energy efficiency, green buildings, climate-smart agriculture, and forestry. The program will also seek investments that support developing countries' efforts to adapt to climate change. Finland became the first European bilateral partner with IFC to establish a returnable-capital blended-finance program for climate.
- The *Ukraine Energy Efficiency Fund*, which enables homeowners' associations to conduct energy-efficiency renovations in multi-family residential buildings. IFC has partnered with the European Union and Germany in support of this program.

- The *Green Bond Technical Assistance Program*, which promotes green-bond issuance in emerging markets. The program supported the new Amundi Emerging Green One fund (see page 49). Switzerland and Luxembourg provided funding to facilitate adoption of the Green Bond Principles, policy reform, and awareness of the potential of green bonds as a financing instrument.
- The *Canada-IFC Renewable Energy Program for Africa*, which aims to improve access to affordable and sustainable energy services and reduce fossil-fuel dependency in sub-Saharan Africa. Canada is now IFC's largest bilateral partner in blended finance.
- The *Green Finance* program, which focuses on building awareness of and delivering finance products to support renewable energy projects in Ukraine, thereby reducing or avoiding greenhouse emissions by 200,000 metric tons per year. The program is supported by Austria.

SUPPORTING GENDER EQUALITY

The Women Entrepreneurs Finance Initiative (We-Fi) is a new collaborative partnership hosted by the World Bank Group. It is supported by 14 governments, eight multilateral development banks, and other public and private sector stakeholders. IFC received We-Fi funding to address financial and nonfinancial constraints faced by women entrepreneurs in developing countries. This work involves a mix of blended finance, research, and advisory services.

We also introduced the new MENA Women Banking Champions Program, which is supported by Switzerland. The program aims to increase access to financial services for women—including women entrepreneurs—by working with financial intermediaries in Egypt, Morocco, and Tunisia.

STRENGTHENING THE INFRASTRUCTURE SECTOR

The new Korea-IFC Partnership Program represents the largest commitment to date by the Republic of Korea to IFC advisory services. The program addresses constraints in key areas of infrastructure, including information and communication technologies globally. The partnership will support IFC advisory efforts involving power, transportation, water, waste, utilities, subnational finance, extractives, digital services, and public-private partnerships.

WORKING WITH INTERNATIONAL INSTITUTIONS

IFC engages with key international institutions across a variety of issues to enhance the role of the private sector in development finance. This includes the United Nations, the Organisation for Economic Cooperation and Development, the Group of 20 leading economies, the Group of Seven nations, multilateral development banks (MDBs), and development finance institutions (DFIs).

IFC has built strong partnerships while sharing lessons from our six decades of experience in emerging markets. We have shaped the global agenda on private sector solutions for development impact, and engaged our clients to align their business models to the new market opportunities presented by the Sustainable Development Goals. This engagement is helping confirm the central role of the private sector in achieving development impact.

IFC collaborates with MDBs through the MDB Heads platform, where our management regularly discusses issues of strategic importance to the MDB system. Key achievements include harmonizing the way we define and measure mobilization of private finance, climate finance, blended finance, and alignment of development outcomes. We also collaborate with these institutions to address climate change and scale up investment in infrastructure.

In FY18, we worked with other MDBs to publish a second joint report on the mobilization of private finance by MDBs and DFIs, using a common measurement framework and methodology. The report found that MDBs and DFIs mobilized more than $160 billion from private investors. This included mobilization by the European Development Finance Institutions (EDFIs). EDFIs and the MDB Heads also adopted the *Enhanced Principles for DFI Blended Concessional Finance for Private Sector Projects* and agreed to their implementation.

Development partner commitments

FINANCIAL COMMITMENTS TO IFC ADVISORY SERVICES (US$ MILLION EQUIVALENT)

Summary	FY17	FY18
Governments	256.76	192.01
Institutional/Multilateral Partners	8.32	76.34
Corporations, Foundations, and NGOs	3.07	0.00
Total	**268.15**	**268.35**

Governments	FY17	FY18
Australia	62.92	3.05
Austria	6.47	8.19
Canada	0.00	3.78
Denmark	9.17	5.02
France	2.12	0.00
Germany	2.62	23.24
Ireland	0.96	1.08
Israel	0.00	0.80
Italy	5.09	0.00
Japan	21.17	6.25
Korea, Republic of	0.00	9.00
Luxembourg	3.98	9.28
The Netherlands	11.00	4.91
New Zealand	4.82	1.24
Norway	0.94	13.72
Sweden	0.00	7.12
Switzerland	68.68	24.89
United Kingdom	38.74	70.43
United States	18.08	0.00
Total	**256.76**	**192.01**

Institutional/Multilateral Partners	FY17	FY18
Climate Investment Funds	4.70	0.25
European Commission	3.08	50.54
MENA Transition Fund	0.54	0.00
TradeMark East Africa (TMEA)	0.00	0.35
Women Entrepreneurs Finance Initiative (We-Fi)	0.00	25.20
Total	**8.32**	**76.34**

Corporations, Foundations, and NGOs	FY17	FY18
BHP Billiton Foundation	2.57	0.00
The William and Flora Hewlett Foundation	0.50	0.00
Total	**3.07**	**0.00**

FINANCIAL COMMITMENTS TO IFC BLENDED FINANCE INITIATIVES (US$ MILLION EQUIVALENT)

Development Partner	FY17	FY18
Canada	0.00	310.54
Finland	0.00	134.31
United Kingdom	36.40	0.00
Women Entrepreneurs Finance Initiative (We-Fi)	0.00	24.20
Total	**36.40**	**469.06**

Portfolio Management

Building and proactively managing a portfolio that produces strong financial results and development impact is at the core of IFC's approach to portfolio management. We achieve this through a combination of strong presence on the ground and deep sector expertise. This enables us to stay close to our clients and markets, monitor trends, and anticipate impacts on our clients.

An IFC Management committee—the Corporate Portfolio Committee—regularly reviews the entire portfolio of nearly $57.2 billion for IFC's own account, looking at broad trends as well as select individual projects. This review is complemented by monthly in-depth discussions of IFC's key sector and country exposures. Quarterly reviews of IFC's portfolio results are presented to the Board, along with an in-depth analysis at the end of each fiscal year. Our investment and portfolio teams, largely based in field offices, complement global reviews with asset-by-asset quarterly assessments, for both debt and equity investments.

At the corporate level, IFC combines analysis of our portfolio performance with sector expertise, local market intelligence, and projections of global macroeconomic and market trends to inform decisions about future investments. We also regularly conduct stress tests to assess the performance of the portfolio against possible macroeconomic developments, and to identify and address risks.

At the project level, our multidisciplinary teams—including investment and sector specialists—closely monitor investment performance and compliance with investment agreements. We do this, among other things, through site visits to evaluate project implementation, and through active engagement with sponsors and government officials, where relevant, to identify potential problems early on and formulate appropriate solutions. We also track environmental and social performance in a timely and risk-based manner, and measure financial and development results.

Following the strong growth of our equity portfolio in recent years, IFC has implemented a new equity approach, leading to more moderate growth and greater selectivity. We are also proactively assessing our equity portfolio to identify assets ready for divestments, where IFC's development role has been completed. This rebalancing of the equity portfolio results from an analysis that takes into account market conditions, opportunities, expected returns, and risks—and is adjusted periodically as required. This approach is supported by the appointment of IFC's Equity Heads of Industry, who provide central oversight and are required to effectively manage IFC's larger and more complex equity positions.

For projects in financial distress, our Special Operations Department determines the appropriate remedial actions. It seeks to keep the project operational to achieve the development impact intended at its onset. It also negotiates agreements with creditors and shareholders to share the burden of restructuring. Investors and other partners participating in IFC's operations are kept regularly informed on project developments. IFC consults them or seeks their consent as appropriate.

Active portfolio management depends on timely and accurate information to drive business decisions. IFC continues to invest in information-technology systems to better support the management of our portfolio. We are also strengthening our portfolio support structure by creating a corporate Operations Support Unit, to be extended over time to sector and regional teams.

Managing Risks

ENTERPRISE RISK MANAGEMENT

IFC provides long-term investments to the private sector in emerging markets, which includes expanding the investment frontier into the most challenging markets. In doing so, IFC is exposed to a variety of financial and nonfinancial risks. Active monitoring and sound management of evolving risks are crucial to fulfilling our mission.

IFC's enterprise-risk-management framework is designed to enable the prudent management of financial and reputational impacts that originate from our business activities. In this context, IFC's risk-management efforts are designed specifically to help align our performance with our strategic direction.

IFC has developed risk-appetite statements that set the direction for our willingness to take on risks in fulfilment of our development goals. These statements reflect our core values of maximizing development impact, preserving our financial sustainability, and safeguarding our brand.

TREASURY

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

Issuances include benchmark bonds in core currencies such as U.S. dollars, thematic issuances to support strategic priorities such as climate change, and issuances in emerging-market currencies to support capital-market development. 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 support local capital markets.

Over the years, IFC's funding program has grown to keep pace with our lending—in FY18, new core and short-term borrowings totaled approximately $16.7 billion.

FY18 total borrowing

CURRENCY		AMOUNT (US$ EQUIVALENT)	PERCENT
U.S. dollar	USD	9,106,890,500	54.5%
Australian dollar	AUD	1,436,546,360	8.6%
Japanese yen	JPY	815,159,597	4.9%
Russian ruble	RUB	239,001,013	1.4%
Brazilian real	BRL	434,491,970	2.6%
Turkish lira	TRY	1,180,551,179	7.1%
Indian rupee	INR	608,468,320	3.6%
Other		2,893,671,464	17.3%
Total		**16,714,780,403**	**100.0%**

LIQUIDITY MANAGEMENT

Liquid assets on IFC's balance sheet totaled $38.9 billion as of June 30, 2018, compared with $39.2 billion a year earlier. Most liquid assets are held in U.S. dollars. The exposures arising from assets denominated in currencies other than U.S. dollars are hedged into U.S. dollars or matched by liabilities in the same currency to eliminate overall currency risk. The level of these assets is determined with a view to ensuring sufficient resources to meet commitments even during times of market stress. IFC maintains liquid assets in interest-bearing instruments managed actively against stated benchmarks.

The level of liquid assets is determined to ensure that IFC has sufficient resources to meet cash-flow requirements for both a normal planning horizon and a period of market stress. We use liquidity coverage ratios to assess IFC's liquidity needs.

TREASURY RISK MANAGEMENT

Treasury risks are managed through a two-tier risk framework: (1) a comprehensive policy framework; and (2) a hard economic-capital limit for treasury activities. The policy framework is based on four principles:

(1) Investment in high-quality assets
(2) Diversification via position size/concentration limits
(3) Tight limits on market risks (credit spread, interest rate, and foreign-exchange risk)
(4) Proactive portfolio surveillance

In line with the changes that are occurring in the global financial markets, we enhanced our Treasury policy framework in FY18, including changes to economic-capital methodology.

CAPITAL ADEQUACY AND FINANCIAL CAPACITY

Sound risk management plays a crucial role in ensuring IFC's ability to fulfill our development mandate. The very nature of IFC's business, as a long-term investor in dynamic yet volatile emerging markets, exposes us to financial and operational risks.

Prudent risk management and a solid capital position enable us to preserve our financial strength and maintain our lending during times of economic and financial turmoil. IFC's financial strength results in low borrowing costs, allowing us to provide affordable financing to our clients.

The soundness and quality of IFC's risk management and financial position can be seen in our triple-A credit rating, which has been maintained since coverage began in 1989.

We assess IFC's minimum capital requirement in accordance with our economic capital framework, which is aligned with the Basel framework and leading industry practice. Economic capital acts as a common currency of risk, allowing us to model and aggregate the risk of losses from a range of different investment products as well as other risks.

Consistent with industry and regulatory practice, IFC calculates economic capital for the following risk types:

- *Credit risk:* the potential loss due to a client's default or downgrade
- *Market risk*: the potential loss due to changes in market variables (such as interest rates, currency, equity, or commodity prices)
- *Operational risk*: the potential loss resulting from inadequate or failed internal processes, people, and systems or from external events

IFC's total resources available consist of paid-in capital, retained earnings net of designations and certain unrealized gains, and total loan-loss reserves. The excess available capital, beyond what is required to support existing business, allows for future growth of our portfolio while also providing a buffer against unexpected external shocks. As of June 2018, total resources available stood at $24.7 billion, while the minimum capital requirement totaled $20.1 billion.

Our Sustainability Framework

Sustainability is critical to companies' business success. It's critical, too, for their customers, surrounding communities, and broader stakeholders.

IFC research shows that companies perform better financially when their environmental, social, and corporate-governance performance is strong. Nearly 90 percent of our clients believe that our work is key in helping them reach their long-term business goals, improve their relations with stakeholders and local communities, and boost their brand value and recognition. IFC's Sustainability Framework and our Corporate Governance Methodology are designed to help our clients achieve those objectives.

IFC helps clients understand and manage the risks they face, partnering with industry and other stakeholders to find innovative solutions that open up opportunities for economically, socially, and environmentally sustainable private investment—which contribute in turn to jobs and inclusive growth. This may include leveraging the capacity of other institutions of the World Bank Group to address environmental, social, and governance challenges that are beyond the ability or responsibility of a company to solve alone.

In all of our investment decisions, IFC gives the same weight and attention to environmental, social, and governance risks as we do to credit and financial risks. This enables us to take informed risks to achieve both development impact and financial sustainability.

IFC PERFORMANCE STANDARDS

At the core of our Sustainability Framework are the IFC Performance Standards—which help our clients avoid, mitigate, and manage risk as a way of doing business sustainably. They help clients devise solutions that are good for business, good for investors, and good for the environment and communities.

Our Performance Standards have become a global benchmark of sustainability practices. The Equator Principles, which are modeled on these standards, have been adopted by 94 financial institutions in 37 countries. In addition, other financial institutions reference the IFC Performance Standards—including export-import banks and export credit agencies. IFC also serves as the Secretariat for the *Sustainable Banking Network*, a global knowledge-sharing group of banking regulators and banking associations, to help develop guidance and capacity for banks to incorporate environmental and social risk management into credit decision-making.

The Performance Standards guide our environmental and social due-diligence process, which integrates the client's assessment of environmental and social risks with an understanding of the client's commitment and capacity to mitigate and manage these risks. This review identifies any gaps between client practice and the IFC Performance Standards in order to agree on a plan of action to ensure compliance. We supervise our projects throughout the life of our investment.

The IFC Performance Standards

1

RISK MANAGEMENT

Anticipate risks, avoid, minimize, and compensate for any impacts.

2

LABOR

Treat workers fairly and provide safe and healthy working conditions.

3

RESOURCE EFFICIENCY

Promote energy efficiency, use resources sustainably, and cut greenhouse emissions.

4

COMMUNITY

Protect local communities from worksite accidents and other project-related dangers.

INTEGRATED GOVERNANCE

Corporate governance is a paramount consideration in investors' decision making. But investors are increasingly paying equal attention to the way companies behave on a variety of environmental and social indicators. Investors see businesses' management of environmental and social issues as a test of how they would handle all strategic and operational challenges.

It's essential, therefore, to assess environmental, social, and governance practices in an integrated fashion.

IFC has developed comprehensive market guidance and practical tools to do this in the context of emerging markets, drawing on our track record in applying our Performance Standards and Corporate Governance Methodology.

One new tool—the IFC Corporate Governance Progression Matrix—guides companies, investors, regulators, corporate-governance evaluators, and other stakeholders in assessing and improving a company's environmental, social, and governance framework. It emphasizes the importance of continuing progress—rather than static minimum standards—in the governance practices of a company.

The matrix focuses the assessment along six corporate-governance parameters—key environmental and social policies and practices, the structure and functioning of the board of directors, the control environment, disclosure and transparency, treatment of minority shareholders, and governance of stakeholder engagement (which includes civil society and communities affected by a company's operations).

Another tool is the IFC Transparency and Disclosure Toolkit and Guidance—which helps companies in emerging markets prepare comprehensive and best-in-class annual reports that are appropriate for their size and organizational complexity and adapted to the context of operation. The objective is to provide useful information for investors and other stakeholders.

We apply this integrated approach beyond the companies we invest in. We also use it in our advisory work with regulators and stock exchanges—to help them apply higher disclosure standards to corporate listings, reporting requirements, and other disclosure obligations.

5

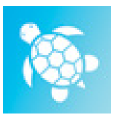
LAND RESETTLEMENT

Avoid involuntary resettlement and minimize the impact on those displaced.

6

BIODIVERSITY

Protect biodiversity and ecosystems.



7

INDIGENOUS PEOPLES

Protect the rights, dignity, and culture of indigenous populations.

8

CULTURAL HERITAGE

Protect cultural heritage and promote equitable sharing of related benefits.

Reporting under the Task Force on Climate-related Financial Disclosures

CLIMATE-RELATED FINANCIAL DISCLOSURE

In December 2015, the Financial Stability Board launched the Task Force on Climate-related Financial Disclosures (TCFD), which in July 2017 released recommendations for companies to voluntarily disclose how they evaluate and mitigate climate-related financial risks. This is IFC's first disclosure under the TCFD framework, although IFC has been annually disclosing its climate-related investments and net emission reductions for several years.

STRATEGY AND GOVERNANCE

Strategy: IFC was an early investor in climate businesses and began tracking its climate-related investments in 2005. By the end of FY18, over a third of IFC's total commitments were climate-related. In 2016, IFC developed a *Climate Implementation Plan*. This plan—part of the World Bank Group's Climate Change Action Plan—lays out four elements that drive IFC's climate activities: (1) increase climate investments to 28 percent of IFC's own account commitments by 2020; (2) mobilize $13 billion per year in private capital by 2020; (3) account for climate risks; and (4) maximize impact.

The plan identifies how to increase climate investments in five priority sectors—clean energy, green buildings, climate-smart cities, climate-smart agribusiness, and green finance. In each area, IFC identifies the market potential today, where the market is moving, and how IFC can accelerate investments in each sector. IFC also specifies the tools and resources needed to achieve the plan's goals, including prime areas for technical assistance, geographic priorities for each sector, and where blended finance can help open new markets.

The Climate Implementation Plan was created in conjunction with investment departments to support the mainstreaming of climate activities in IFC operations. It was approved by the IFC Management Team. IFC reports annually to the Board of Directors on progress made toward climate goals. IFC's most recent report to the Board was in June 2018, when IFC reported climate business to be at 34 percent of its total own-account commitments for FY18, exceeding the annual climate target for the second year in a row, and exceeding the FY20 target. IFC has increased its core investments in clean energy while substantially building its investments in climate-smart agriculture, green buildings, and green finance.

Governance: IFC created the Climate Business Department (CBD) in 2010 to support a corporate focus on climate. It complements the work of the IFC department that oversees environmental, social, and governance performance standards for each IFC investment—including environmental risks more broadly.[1] CBD's role is to help increase climate business and build market opportunities to invest in tomorrow. CBD staff includes dedicated experts on climate-business sectors, metrics, strategy, policy, and climate-finance innovation.

To integrate climate business throughout the Corporation, IFC established a Climate Anchors Network. Anchors in each industry sector and region are responsible for building climate business in their respective areas. Each anchor reports to her/his department director and the Director of the Climate Business Department.

RISK MANAGEMENT

IFC recognizes that climate change potentially poses a risk to its financial returns, particularly for its longer-hold investments. In 2011 and 2015, IFC supported two Mercer studies to identify financial risk implications—focusing on risks to institutional investors and providing related insights to financial institutions.[2] The reports found significant risks to investing in a business-as-usual scenario. Since then, IFC has increased its proportion of climate-related investments, and is developing tools for systematically evaluating climate risk in key new investments.

Physical risks: This describes how the physical impact of climate change on an investment will affect its financial returns. IFC initiated a pilot to incorporate physical climate-risk analysis into IFC's investment due diligence, going beyond the existing environmental and social risk assessment. IFC is introducing tools to assess this risk in its investments

1. Download at: https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/policies-standards/performance-standards/performance-standards
2. Download at: https://www.ifc.org/wps/wcm/connect/6b85a6804885569fba64fa6a6515bb18/ClimateChangeSurvey_Report.pdf?MOD=AJPERES
https://www.mercer.com/content/dam/mercer/attachments/global/investments/mercer-climate-change-report-2015.pdf

in key sectors, including ports, waterways, roads, airports, forestry, pulp and paper, and insurance. IFC will evaluate the outcomes of the pilot in FY19, adjusting and extending the approach as necessary.

Transition risks: To address government policies and stranded-asset risk and systematically incorporate climate-related considerations in its investment decisions, in November 2016, the IFC Management Team approved a pilot to use an internal carbon price for project-finance investments in selected sectors. This involved stress-testing prior investments in these sectors and using a carbon price in calculating the economic rate of return for new investments.

In March 2018, the Management Team approved full implementation of carbon pricing for project-finance transactions in select high-emitting sectors. Beginning in May 2018, IFC has applied a carbon price—in line with the 2016 *Report of the High-Level Commission on Carbon Prices*[3]—to the economic analysis of project-finance transactions with annual emissions of more than 25,000 metric tons of carbon dioxide equivalent in thermal power generation, cement, and chemicals. For these projects, IFC provides a carbon-price sensitivity analysis and reports outcomes to the Board. Other sectors and other types of transactions are currently being analyzed for potential future inclusion.

TARGETS AND METRICS

Targets: IFC has two publicly stated quantifiable targets for climate business, as set forth above under the Climate Implementation Plan. IFC creates internal incentives to reach these targets by including climate performance in corporate and individual units' scorecards.

In April 2018, as part of the capital-increase package approved for IFC, IFC's Board set a new target of 35 percent climate business for IFC's own-account investments by 2030. As IFC's total investment increases, this new target is expected to almost triple IFC's dollar volume in climate-related commitments compared with FY17. IFC will also implement a plan to systematically screen transactions for climate risk, building on its current pilot described above.

Climate metrics: 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, and are publicly available.[4]

Investment disclosure: IFC reports on its climate finance commitments in the Annual Report (see page 75) and in the *Joint Report on Multilateral Development Banks' Climate Finance.*[5] In its annual Green Bond Impact Report, IFC also reports on the environmental and market impact of projects financed through green bonds that IFC issues.[6]

Emissions disclosure: IFC reports aggregated net reductions in greenhouse emissions from its climate investments in this Annual Report (see page 49). In FY18, net aggregate reductions were 10.4 million metric tons, up from 6.7 million metric tons the year before. Under IFC Performance Standard 3, emissions of projects with estimated annual emissions over 25,000 metric tons of carbon dioxide equivalent are disclosed through the Environmental and Social Review Summary (ESRS) for each project.

3. Download at: https://www.carbonpricingleadership.org/report-of-the-highlevel-commission-on-carbon-prices
4. Available at: https://www.ifc.org/wps/wcm/connect/8ea3b242-c6bb-4132-82b1-ee4bd7007567/IFC+Climate+Definitions+v3.1+.pdf?MOD=AJPERES
5. Access report at: http://pubdocs.worldbank.org/en/266191504817671617/2016-joint-report-on-mdbs-climate-finance.pdf
6. https://www.ifc.org/wps/wcm/connect/37ad9090-df3f-489e-b3d7-66d3ca2ff69c/201710-IFC-Green-Bond-Impact-Report-FY17-v2.pdf?MOD=AJPERES

Independent Assurance Report on a Selection of Sustainable Development Information

In response to a request made by IFC, we performed a review on a selection of sustainable development information in the Annual Report for the financial year ended June 30, 2018, including quantitative indicators ("the Indicators") and qualitative statements ("the Statements"). We selected indicators and statements that were deemed to be of particular stakeholder interest, to involve a potential reputation risk for IFC, and/or to value IFC's corporate responsibility management and performance.

The Statements in the following sections have been reviewed: "Redefining Development Finance" (pp. 24–61), "Measuring Up" (pp. 73–75), "Understanding Our Development Impact" (pp. 85–91), "Corporate Responsibility" (pp. 92–94), "Our Sustainability Framework" (pp. 102–103), and "Reporting under the Task Force on Climate-related Financial Disclosure" (pp. 104–105).

The following indicators have been reviewed:

MATERIAL AREAS	INDICATORS
FY18 DOTS scores (pp. 90–91)	Investments DOTS scores (percentages, weighted and unweighted) by performance area, industry and region, Advisory services DOTS scores (percentage) by performance area, industry and region
CY17 Reach indicators (p. 89)	Employment (millions of jobs), Patients served (millions), Students reached (millions), Farmers reached (millions), Gas distribution (millions of people reached), Water distribution (millions of people reached), Power distribution (millions of people reached), Power generation (millions of people reached), Phone connections (millions of people reached), Number of transactions (millions) and amount ($ billions) in Trade Finance, Number (millions) and amounts ($ billions) of microfinance loans and SME loans, Financing facilitated through advisory services ($ billions)
FY18 long-term commitments by Environmental and Social category (p. 66)	Long-term commitments ($ millions) and projects (number) by Environmental and Social category
FY18 climate-related achievements (p. 75)	Commitments in Climate-related investments ($ billions)
FY17 emissions from IFC's global business operations (p. 94)	Carbon emissions (tCO_2e) for IFC's own operations

Our review aimed to provide limited assurance[1] that:

1. The Indicators were prepared in accordance with the reporting criteria applicable during fiscal year 2018 (the "Reporting Criteria"), consisting of IFC instructions, procedures and guidelines specific to each indicator, a summary of which is provided in the Annual Report, for the indicators related to Commitments by Environmental and Social Category (p. 66) and development effectiveness of investments and advisory services, and on IFC's website for the others;
2. The Statements have been presented in accordance with "IFC's Access to Information Policy," which is available on IFC's website[2] and the principles of relevance, completeness, neutrality, clarity and reliability as defined by international standards.[3]

It is the responsibility of IFC to prepare the Indicators and Statements, to provide information on the Reporting Criteria and to compile the Annual Report.

It is our responsibility to express a conclusion on the Indicators and the Statements based on our review. Our review was conducted in accordance with ISAE 3000, International Standard on Assurance Engagements from IFAC.[4] Our independence is defined by IFAC professional code of ethics.

NATURE AND SCOPE OF OUR REVIEW

We performed the following review to be able to express a conclusion:

- We assessed the Reporting Criteria, policies and principles, with respect to their relevance, their completeness, their neutrality and their reliability.
- We reviewed the content of the Annual Report to identify key statements regarding the sustainability and development areas listed above.
- At the corporate level, we conducted interviews with more than 20 people responsible for reporting to assess the application of the Reporting Criteria or to substantiate the Statements.
- At the corporate level, we implemented analytical procedures and verified, on a test basis, the calculations and the consolidation of the Indicators.
- We collected supporting documents for the Indicators or Statements, such as reports to the board of directors or other meetings, loan agreements, internal and external presentations and reports, or survey results.
- We reviewed the presentation of the Statements and the Indicators in the Annual Report and the associated notes on methodology.

1. A higher level of assurance would have required more extensive work.
2. https://disclosures.ifc.org
3. ISAE 3000 from IFAC, Global Reporting Initiative (GRI), or AA1000 Accountability Standard.
4. ISAE 3000: "Assurance Engagement other than reviews of historical data," International Federation of Accountants, International Audit and Assurance Board, December 2003.

LIMITATIONS OF OUR REVIEW

Our review was limited to the Statements and the Indicators identified in the table above and did not cover other disclosures in the Annual Report.

Our tests were limited to document reviews and interviews at IFC's headquarters in Washington, D.C. Within the scope of work covered by this statement, we did not participate in any activities with external stakeholders or clients and only conduct limited testing aimed at verifying the validity of information on a sample of individual projects.

INFORMATION ABOUT THE REPORTING CRITERIA AND THE STATEMENT PREPARATION PROCESS

With regards to the Reporting Criteria and the Statement preparation policies and principles, we wish to make the following comments:

Development Reach indicators

Reach indicators sum up the development achievement of IFC's clients. Thus, Reach figures do not show the additional development benefit brought by IFC's investments.

Furthermore, these indicators are based on information provided by individual clients and are therefore subject to the following precautions:

- Even if IFC engages its clients during the reporting campaign, in some cases, data from client cannot be obtained. Thus, the perimeter of the Reach indicators might vary from one year to another, depending on clients' responsiveness. For microfinance loans, SME loans and trade finance indicators, IFC applies conservative extrapolations, which leads to a certain margin of error, acceptable to us. Other Reach indicators are not extrapolated and may therefore be underestimated.
- At the time of their receipt, the consistency of the collected data may vary from IFC definitions and calculation guidelines. IFC performs consequently a series of advanced controls and follow-ups, especially for the biggest contributors. These controls are even more important for microfinance loans, SME loans and trade finance indicators, where such misinterpretations have been identified by IFC.

Lastly, in order to assess the final number of beneficiaries for gas distribution, power distribution and water distribution indicators, IFC uses country averages of number of people per household—which are four for non-IDA countries and five for IDA countries. These averages have been defined in the past and in accordance with other Multilateral Development Banks but they may differ from the demographic evolution of certain countries.

Development Outcome Tracking System (DOTS) scores

DOTS, the current ex-post rating system that assesses IFC projects' development impact, is currently reviewed and will be progressively replaced by an end-to-end approach (from ex-ante to ex-post) named the Anticipated Impact Measurement and Monitoring (AIMM) system.

For investment services, DOTS scores reflect the degree to which investment projects deliver outcomes during portfolio supervision. These outcomes are grouped into four performance areas:

- They are a mix of development outcomes (Economic Performance and Private Sector Development Impact), financial return (Financial Performance) and management of environmental and social risks (Environmental & Social Performance). Developing AIMM, the new framework will focus solely on development outcomes, other aspects being addressed separately.
- They are assessed relative to the development impact claims asserted ex-ante. IFC is developing the rules governing how ex-ante AIMM scores evolve during portfolio supervision and these rules will allow IFC to eventually replace DOTS ratings with portfolio AIMM scores.

Climate-related investments

As part of the World Bank Group Climate Change Action Plan, IFC is strongly committed to reaching the four climate-related targets set in its 2016 Climate Implementation Plan. With the progress of knowledge and in coordination with other Multilateral Development Banks, IFC has refined periodically the definitions and typology used for identifying, promoting, and tracking climate-related investment and advisory projects. While the typology has been stable for the past two years, these fine-tunings can make it harder to compare the figures year over year, although IFC indicates when methodology has changed and specifies its impact on the figures.

IFC has developed ex-ante GHG calculation tools that allow IFC and its clients to assess, when feasible, the potential greenhouse gas emissions savings of the projects invested. These tools are regularly upgraded and customized to specific sectors and activities. Currently, the actual reductions are not systematically tracked ex-post and IFC does not monitor the gross emissions and the net emissions (compared to a baseline) of its annual commitments, although it intends to begin doing that next year.

Given the difficulties associated with data availability in its areas of operation and the current methodological debates, IFC is not yet able to assess the compatibility of its annual commitments with a global warming of no more than 2°C above pre-industrial temperatures, as per the recommendations of the Task Force on Climate-related Financial Disclosures. However, IFC is gradually applying a shadow carbon price to the economic analysis associated with investment decisions.

CONCLUSION

Based on our review, nothing has come to our attention that causes us not to believe that:

- The Indicators were established, in all material aspects, in accordance with the Reporting Criteria;
- The Statements were presented, in all material aspects, in accordance with "IFC's Policy on Disclosure of Information" and the principles of relevance, completeness, neutrality, clarity and reliability as defined by international standards.

Paris-La Défense, August 8, 2018

The Independent Auditor
ERNST & YOUNG et Associés

Building a better
working world

Caroline Delérable
Partner, Sustainable Performance & Transformation

Financial Performance Summary

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

ELEMENTS	SIGNIFICANT INFLUENCES
Net income:	
Yield on interest earning assets	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, 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 and commodity markets and company-specific performance for equity investments. Performance of the equity portfolio (principally realized capital gains, dividends, equity impairments, gains on non-monetary exchanges and unrealized gains and losses on equity investments).
Provisions for losses on loans and guarantees	Risk assessment of borrowers and probability of default and loss given default.
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, and the approved and actual administrative expenses and other budgets.
Gains and losses on other non-trading financial instruments accounted for at fair value	Principally, differences between changes in fair values of borrowings, including 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 are valued using internally developed models or methodologies utilizing inputs that may be observable or non-observable.
Grants to IDA	Level of the Board of Governors-approved grants to IDA.
Other comprehensive income (loss):	
Unrealized gains and losses on listed equity investments and debt securities accounted for as available-for-sale	Global climate for emerging markets equities, fluctuations in currency and commodity markets and company-specific performance. Such equity investments are valued using unadjusted quoted market prices and debt securities are valued using internally developed models or methodologies utilizing inputs that may be observable or non-observable.
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.

Global equity markets in emerging economies have been volatile in recent years but there was an overall improved operating environment in FY18, despite a decline in the fourth quarter of FY18 (FY18 Q4). IFC's major investment currencies remained relatively stable against IFC's reporting currency, the US$, through much of FY18 until significant depreciation in a number of such currencies during FY18 Q4. Overall commodity prices rose during FY18, although there were mixed results across the various sectors.

The market volatility, together with project-specific developments, impacts the valuations of IFC's investments and overall financial results. IFC recorded higher income from equity investments and associated derivatives in FY18, compared to FY17, driven largely by lower impairments. IFC also recorded higher income from loans and guarantees due to the increase in interest rates and an increase in income from debt securities driven by higher average balances. FY17 income from loans was positively impacted by a onetime recognition of interest income as a result of a full prepayment of a loan. However, IFC also recorded higher borrowing charges, consistent with the increase in interest rates, and lower income from liquid asset trading activities. Specific provisions for losses on loans declined substantially in FY18, led by project-specific developments, but was offset by an increase in general provisions on loans as FY17 included a one-time release of $156m from the implementation of a new risk rating system.

IFC has reported income before net unrealized gains and losses on non-trading financial instruments accounted for at fair value, grants to IDA and net gains and losses attributable to non-controlling interest of $1,272 million in FY18, as compared to $1,129 million in FY17. The $143 million increase in FY18 when compared to FY17 was principally a result of the following:

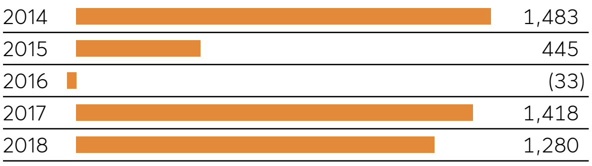
Change in income before net unrealized gains and losses on non-trading financial instruments accounted for at fair value, grants to IDA and net gains and losses attributable to non-controlling interests FY18 vs FY17 (US$ millions)

	INCREASE (DECREASE) FY18 VS FY17
Higher foreign currency transaction gains on non-trading activities	$ 311
Lower other-than-temporary impairments on equity investments and debt securities	150
Higher income from loans and guarantees, realized gains and losses on loans and associated derivatives	79
Higher debt securities income	66
Higher unrealized gains on equity investments and associated derivatives, net	50
Higher other income	50
Lower pension expenses	49
Higher administrative expenses	(67)
Lower realized gains on equity investments and associated derivatives, net	(81)
Lower income from liquid asset trading activities	(146)
Higher charges on borrowings	(329)
Other, net	**11**
Change in income before net unrealized gains and losses on non-trading financial instruments accounted for at fair value, grants to IDA and net gains and losses attributable to non-controlling interests	**$ 143**

IFC's net income (loss) for each of the past five fiscal years ended June 30, 2018 is presented below (US$ millions):

IFC's net income (loss), fiscal years 2014–2018

Fiscal year ended June 30 (US$ millions)



Income Available for Designations (a non-GAAP measure)[1] was $1,318 million, compared with $1,233 million in FY17 and $770 million in FY16.

1. Income available for designations generally comprises net income excluding unrealized gains and losses on investments and unrealized gains and losses on other non-trading financial instruments, income from consolidated VIEs, and expenses reported in net income related to prior-year designations.

Reconciliation of reported net income to income available for designations (US$ millions)

	FY18	FY17	FY16
Net income (loss) attributable to IFC	**$1,280**	**$1,418**	**$ (33)**
Add: Net gains (losses) attributable to non-controlling interests	–	4	(1)
Net income (loss)	**$1,280**	**$1,422**	**$ (34)**
Adjustments to reconcile Net Income to Income Available for Designations			
Unrealized losses and (gains) on borrowings	93	(74)	(62)
Grants to IDA	80	101	330
Advisory Services Expenses from prior year designations	60	64	57
Unrealized (gains) and losses on investments	(198)	(287)	470
Other	3	7	9
Income Available for Designations	**$1,318**	**$1,233**	**$770**

Based on the new Board-approved distribution policy, the maximum amount available for designation was $230 million. On August 9, 2018, the Board of Directors approved a designation of $70 million of IFC's retained earnings for IFC's CMAW, $45 million of IFC's retained earnings for Advisory services, and, subject to the conditions, a designation of up to $115 million of IFC's retained earnings for grants to IDA. These designations are expected to be noted with approval by the Board of Governors, and, subject to the above conditions, concluded, in FY19.

Selected financial data as of and for the last five fiscal years (US$ millions)

AS OF AND FOR THE YEARS ENDED JUNE 30	2018	2017	2016	2015	2014
Consolidated income highlights:					
Income from loans and guarantees, including realized gains and losses on loans and associated derivatives	**$1,377**	$1,298	$1,126	$1,123	$1,065
Provision for losses on loans, guarantees, accrued interest and other receivables	**(90)**	(86)	(359)	(171)	(88)
Income from equity investments and associated derivatives	**853**	707	518	427	1,289
Income from debt securities, including realized gains and losses on debt securities and associated derivatives	**363**	282	129	132	89
Income from liquid asset trading activities	**771**	917	504	467	599
Charges on borrowings	**(1,041)**	(712)	(409)	(258)	(196)
Other income	**578**	528	501	505	461
Other expenses	**(1,662)**	(1,617)	(1,464)	(1,423)	(1,418)
Foreign currency transaction gains and losses on non-trading activities	**123**	(188)	(46)	53	(19)
Income before net unrealized gains and losses on non-trading financial instruments accounted for at fair value and grants to IDA	**1,272**	1,129	500	855	1,782
Net unrealized gains and losses on non-trading financial instruments accounted for at fair value	**88**	394	(204)	(106)	(43)
Income before grants to IDA	**1,360**	1,523	296	749	1,739
Grants to IDA	**(80)**	(101)	(330)	(340)	(251)
Net income (loss)	**1,280**	1,422	(34)	409	1,488
Less: Net (gains) losses attributable to non-controlling interests	**–**	(4)	1	36	(5)
Net income (loss) attributable to IFC	**$1,280**	$1,418	$ (33)	$ 445	$1,483

AS OF AND FOR THE YEARS ENDED JUNE 30	2018	2017	2016	2015	2014
Consolidated balance sheet highlights:					
Total assets	**$94,272**	$92,254	$90,434	$87,548	$84,130
Liquid assets[1]	**38,936**	39,192	41,373	39,475	33,738
Investments	**42,264**	40,519	37,356	37,578	38,176
Borrowings outstanding, including fair value adjustments	**53,095**	54,103	55,142	51,265	49,481
Total capital	**$26,136**	$25,053	$22,766	$24,426	$23,990
of which					
Undesignated retained earnings	**$23,116**	$21,901	$20,475	$20,457	$20,002
Designated retained earnings	**190**	125	133	184	194
Capital stock	**2,566**	2,566	2,566	2,566	2,502
Accumulated other comprehensive income (loss) (AOCI)	**264**	458	(431)	1,197	1,239
Non-controlling interests	**–**	3	23	22	53

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

KEY FINANCIAL RATIOS	2018	2017	2016	2015	2014
Financial ratios[a]:					
Return on average assets (GAAP basis)[b]	**1.4%**	1.6%	0.0%	0.5%	1.8%
Return on average assets (non-GAAP basis)[c]	**1.4%**	1.3%	0.5%	1.3%	1.8%
Return on average capital (GAAP basis)[d]	**5.0%**	5.9%	(0.1)%	1.8%	6.4%
Return on average capital (non-GAAP basis)[e]	**5.1%**	4.9%	1.8%	4.6%	6.5%
Overall liquidity ratio[f]	**100%**	82%	85%	81%	78%
External funding liquidity level[g]	**N/A**	N/A	504%	494%	359%
Debt to equity ratio[h]	**2.5:1**	2.7:1	2.8:1	2.6:1	2.7:1
Total reserves against losses on loans to total disbursed portfolio[i]	**5.1%**	6.1%	7.4%	7.5%	6.9%
Capital measures:					
Total Resources Required ($ billions)[j]	**20.1**	19.4	19.2	19.2	18.0
Total Resources Available ($ billions)[k]	**24.7**	23.6	22.5	22.6	21.6
Strategic Capital[l]	**4.6**	4.2	3.3	3.4	3.6
Deployable Strategic Capital[m]	**2.2**	1.8	1.0	1.1	1.4
Deployable Strategic Capital as a percentage of Total Resources Available	**9%**	8%	4%	5%	7%

a. Certain financial ratios, as described below, are calculated excluding the effects of unrealized gains and losses on investments, other non-trading financial instruments, AOCI, and impacts from consolidated Variable Interest Entities (VIEs).

b. Net income for the fiscal year as a percentage of the average of total assets at the end of such fiscal year and the previous fiscal year.

c. Return on average assets is defined as Net income, excluding unrealized gains/losses on investments accounted for at fair value, income from consolidated VIEs and net gains/losses on non-trading financial investments, as a percentage of total disbursed loan and equity investments (net of reserves), liquid assets net of repos, and other assets averaged for the current and previous fiscal year.

d. Net income for the fiscal year as a percentage of the average of total capital (excluding payments on account of pending subscriptions) at the end of such fiscal year and the previous fiscal year.

e. Return on average capital is defined as Net income, excluding unrealized gains/losses on investments accounted for at fair value, income from consolidated VIEs and net gains/losses on non-trading financial investments, as percentage of the paid-in share capital and accumulated earnings (before certain unrealized gains/losses and excluding cumulative designations not yet expensed) averaged for the current and previous fiscal year.

f. Overall Liquidity Policy states that IFC would at all times maintain a minimum level of liquidity, plus undrawn borrowing commitments from the IBRD, that would cover at least 45% of the next three years' estimated net cash requirements.

g. This ratio was discontinued at the end of FY17 since it was no longer considered a key ratio for IFC.

h. Leverage (Debt/equity) ratio is defined as the number of times outstanding borrowings plus committed guarantees cover paid-in capital and accumulated earnings (net of retained earnings designations and certain unrealized gains/losses).

i. Total reserves against losses on loans to total disbursed loan portfolio is defined as reserve against losses on loans as a percentage of the total disbursed.

j. Total resources required (TRR) is the minimum capital required to cover the expected and unexpected loss on IFC's portfolio, calibrated to maintain IFC's triple-A rating. TRR is the sum of the economic capital requirements for IFC's different assets, and it is determined by the absolute size of the committed portfolio, the product mix (equity, loans, short-term finance, and Treasury portfolio assets), and by operational and other risks.

k. Total resources available (TRA) is the total capital of the Corporation, consisting of (i) paid-in capital; (ii) retained earnings net of designations and some unrealized gains and losses; and (iii) total loan loss reserves. TRA grows based on retained earnings (profit minus distributions) and increases in reserves.

l. Total resources available less total resources required.

m. 90% of total resources available less total resources required.

COMMITMENTS

In FY18, the Long-Term Finance program was $11,630 million, as compared to $11,854 million in FY17 and Core Mobilization was $11,671 million, as compared to $7,462 million for FY17, a total increase of 21%.

In addition, the average outstanding balance for Short-Term Finance was $3,435 million at June 30, 2018, as compared to $3,185 million at June 30, 2017.

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. IFC finances only a portion, usually not more than 25%, of the cost of any project. All IFC-financed projects, therefore, require other financial partners.

FY18 and FY17 long-term finance and core mobilization (US$ millions)

	FY18	FY17
Total Long-Term Finance and Core Mobilization	**$23,301**	**$19,316**
Total Long-Term Finance	$11,630	$11,854
Total Core Mobilization	$11,671	$ 7,462

Asset Management Company (AMC)

Funds managed by AMC and their activities FY18 vs FY17 (US$ millions unless otherwise indicated)

	THROUGH JUNE 30, 2018				FOR THE YEAR ENDED JUNE 30, 2018	
	TOTAL FUNDS RAISED SINCE INCEPTION					
	TOTAL	FROM IFC	FROM OTHER INVESTORS	CUMULATIVE INVESTMENT COMMITMENTS**	INVESTMENT COMMITMENTS MADE BY FUND***	INVESTMENT DISBURSEMENTS MADE BY FUND
Investment Period						
IFC Catalyst Fund, LP, IFC Catalyst Fund (UK), LP and IFC Catalyst Fund (Japan), LP (collectively, Catalyst Funds)	$ 418	$ 75	$ 343	$ 379	$ 73	$ 70
IFC Global Infrastructure Fund, LP (Global Infrastructure Fund)*	1,430	200	1,230	891	23	44
China-Mexico Fund, LP (China-Mexico Fund)	1,200	–	1,200	320	–	75
IFC Financial Institutions Growth Fund, LP (FIG Fund)	505	150	355	133	–	–
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	397	189	120
IFC Middle East and North Africa Fund, LP (MENA Fund)	162	60	102	52	25	2
Women Entrepreneurs Debt Fund, LP (WED Fund)	115	30	85	87	19	32
IFC Emerging Asia Fund, LP (Asia Fund)	693	150	543	90	20	11
Post Investment Period						
IFC Capitalization (Equity) Fund, L.P. (Equity Capitalization Fund)	1,275	775	500	1,226	–	–
IFC Capitalization (Subordinated Debt) Fund, L.P. (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	–	25
Africa Capitalization Fund, Ltd. (Africa Capitalization Fund)	182	–	182	130	–	–
IFC Russian Bank Capitalization Fund, LP (Russian Bank Cap Fund)****	550	250	300	82	–	–
Total	**$10,055**	**$2,265**	**$7,790**	**$6,277**	**$349**	**$379**

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

** Net of commitment cancellations.

*** Excludes commitment cancellations from prior periods.

**** The Russian Bank Cap Fund has completed the exit from all its investments and was liquidated during FY18.

	THROUGH JUNE 30, 2017				FOR THE YEAR ENDED JUNE 30, 2017	
	TOTAL FUNDS RAISED SINCE INCEPTION					
	TOTAL	FROM IFC	FROM OTHER INVESTORS	CUMULATIVE INVESTMENT COMMITMENTS**	INVESTMENT COMMITMENTS MADE BY FUND***	INVESTMENT DISBURSEMENTS MADE BY FUND
IFC Capitalization (Equity) Fund, L.P. (Equity Capitalization Fund)	$1,275	$ 775	$ 500	$1,226	$ –	$ –
IFC Capitalization (Subordinated Debt) Fund, L.P. (Sub-Debt Capitalization Fund)	1,725	225	1,500	1,619	–	–
IFC African, Latin American and Caribbean Fund, LP (ALAC Fund)	1,000	200	800	901	36	14
Africa Capitalization Fund, Ltd. (Africa Capitalization Fund)	182	–	182	130	–	–
IFC Russian Bank Capitalization Fund, LP (Russian Bank Cap Fund)****	550	250	300	82	–	–
IFC Catalyst Fund, LP, IFC Catalyst Fund (UK), LP and IFC Catalyst Fund (Japan), LP (collectively, Catalyst Funds)	418	75	343	306	49	48
IFC Global Infrastructure Fund, LP (Global Infrastructure Fund)*	1,430	200	1,230	868	189	151
China-Mexico Fund, LP (China-Mexico Fund)	1,200	–	1,200	320	180	43
IFC Financial Institutions Growth Fund, LP (FIG Fund)	505	150	355	133	–	37
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	207	99	44
IFC Middle East and North Africa Fund, LP (MENA Fund)	162	60	102	27	15	15
Women Entrepreneurs Debt Fund, LP (WED Fund)	110	30	80	70	40	45
IFC Emerging Asia Fund, LP (Asia Fund)	440	150	290	69	67	70
Total	**$9,797**	**$2,265**	**$7,532**	**$5,958**	**$675**	**$467**

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

** Reported net of commitment cancellations in FY18. FY17 amounts have been updated for consistency with the FY18 methodology.

*** Excludes commitment cancellations from prior periods.

**** The Russian Bank Cap Fund has completed the exit from all its investments and was liquidated during FY18.

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. Jim Yong Kim, President of IFC and Chairman of the Board of Directors, has submitted this report with the audited financial statements to the Board of Governors. The Directors are pleased to report that, for the fiscal year ended June 30, 2018, IFC expanded its sustainable development impact through private sector investments and advice.

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 2018 Annual Report, www.ifc.org/annualreport, provides downloadable PDFs of all materials in this volume and translations as they become available. Follow the report on social media: #ifcar18

IFC ONLINE

IFC website
ifc.org

Annual Report
ifc.org/AnnualReport

Social Media Index
ifc.org/SocialMediaIndex

Facebook
facebook.com/IFCwbg

Twitter
twitter.com/IFC_org

LinkedIn
linkedin.com/company/IFClinkedin

YouTube
youtube.com/IFCvideocasts

Instagram
instagram.com/IFC_org/

Medium
medium.com/@IFC_org

SoundCloud
soundcloud.com/IFC_org

Scribd
scribd.com/IFCpublications

CREDITS

IFC ANNUAL REPORT TEAM:

Mame Annan-Brown
Manager, IFC External Relations

Joseph Rebello
Chief Editor

Rob Wright
Lead, Brand Management and Marketing

Aaron Rosenberg
Chief of Public Affairs

M.A. Deviah
Editorial Consultant

Alice Ngoc-Anh Cao
Communications Consultant

Adrian Romero Cazares
Team Assistant

Design:
Addison
www.addison.com

Printing:
Sandy Alexander
www.sandyinc.com

Cover
Lucamanieri/Getty

Page 1
Dominic Chavez/IFC

Page 2
Grant Ellis/World Bank

Page 3
Marcia Juzga/World Bank

Page 7
Cameron Davidson

Page 9
Cameron Davidson
David Hills
Grant Ellis/World Bank

Page 11
Sven Torfinn/Panos Pictures

Page 12–13
Kessudap/iStock

Page 14–15
Victor J. Blue/Bloomberg

Page 16–17
Dhiraj Singh/Bloomberg

Page 18
Scott Wallace/World Bank

Page 19
Dhiraj Singh/Bloomberg

Page 26–27
Karel Prinsloo/IFC

Page 28–29
Truong Vu Minh Hieu/IFC

Page 30
Sun_Shine/Shutterstock

Page 31
Paul Kennedy/Alamy

Page 34–35
Bluedog Studio/Shutterstock

Page 36
Chaldal

Page 37
500 Luchadores

Page 38–39
Dominic Chavez/IFC

Page 40–41
Dominic Chavez/IFC

Page 42
Goodlife

Page 43
Dominic Chavez/IFC

Page 46–47
ARTESP
Autif Sayyed/IFC

Page 48–49
Jason Chute

Page 50
Thommen Jose/IFC

Page 51
Chor Sokunthea/IFC

Page 54
Dominic Chavez/IFC

Page 55
Nicholas Bertrand/Taimani Films/World Bank

Page 56–57
Karel Prinsloo/IFC

Page 58–59
Raju Ghosh/National Mission for Clean Ganga

Page 60
Dominic Chavez/IFC

Page 61
Wissam Nassar/IFC

IFC International Finance Corporation
WORLD BANK GROUP
Creating Markets, Creating Opportunities

2121 PENNSYLVANIA AVENUE, NW
WASHINGTON, DC 20433 USA

IFC.ORG