

STEPPING UP

IN A TIME OF UNCERTAINTY

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

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

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

Three common themes ran through our work this year:

INNOVATION

INCLUSION

SETTING STANDARDS

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





Supervising climate-smart refrigeration system upgrades, Romania

CLIENT AND PARTNER VOICES

WORKING TOGETHER,

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

ACHIEVING RESULTS

Oleksandr Mostipan

Owner of Nyva Pereyaslavshchyny, Ukraine

Support During Crisis

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

Her Majesty Queen Máxima

OF THE NETHERLANDS

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

Furthering Global Support for Inclusive Finance

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

Tarek Assaad

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

Financing a Vision

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

Rafael Benini

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

Promoting Innovation

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

Simballa Sylla

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

Raising Standards

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

Yasmine Mokhtar

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

Maintaining Operations

"IFC's working capital funding was a critical enabler for us."

Iván Duque

PRESIDENT OF COLOMBIA 2018–2022

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

Achieving Climate Goals

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

Strive Masiyiwa

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

Developing Africa's Digital Economy

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



Strengthening agribusiness supply chains, Kenya

STAFF VOICES

RESILIENCE AND OPPORTUNITY

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

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

Oleg Kudashov

Vienna, Austria

“We’re not walking away. Our message to the government is ‘We stand by you. We’re eager to support Ukraine’s reconstruction.’”

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





**Milica
Sredanovic**

Belgrade, Serbia

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

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

**Angelo
Tan**

Manila, Philippines

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

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





Steffie Mahoro

Bujumbura, Burundi

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

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

Marcela Ponce

Mexico City, Mexico

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

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

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





**Anissa
Kanoun**

Dubai, United
Arab Emirates

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

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

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



**Saramory (Sary)
Kampo**

AND

**Fatoumata (Mimi)
Keita**

Conakry, Guinea



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

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

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

BENEFICIARY VOICES

FROM THE PEOPLE WE SERVE

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

Gabriel Muli

Kenya

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

Pivoting in the Pandemic

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

Remzi Bala

Kosovo

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

Improving Living Standards

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

Hina Khan

Pakistan

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

Giving Peace of Mind

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

Javier Hernández

Honduras

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

Rural Credit

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

Siny Samba

Senegal

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

Entrepreneurial Energy

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

Malek Sukkar

Pakistan

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

Expanding for Impact

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

Geetha Manjunath

India

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

Offering Global Recognition

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

COVID-19 RELIEF

**FOCUSED ON A
RESILIENT
RECOVERY**

Photo left & right:
Biological E. Limited, India

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

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

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

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

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



**\$8.6B
FUNDING**

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

UKRAINE INVASION AND FOOD INSECURITY

RESPONDING TO INTERRELATED CRISES

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

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

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

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

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



TRADE

KEEPING TRADE FLOWS ALIVE

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

\$200B+

of trade supported in developing economies since 2004

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

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

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





PARTNERSHIPS

COLLABORATING TO
CREATE MARKETS
AND
MOBILIZE PRIVATE
INVESTMENT
FOR DEVELOPMENT

Family healthcare,
Pakistan

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

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

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

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

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

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



ESSENTIAL TOOLS IN IFC'S TOOLKIT

The IDA Private Sector Window

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





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

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

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

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

Local Currency Financing

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

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

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

LEANING INTO THE FUTURE

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

Digital payment systems for small business owners, Egypt

Mobilizing Finance to Reduce Climate Change Vulnerability

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

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

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

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

Accelerating Investment in Mini-Grids

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

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

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

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

Making Healthcare Systems in Africa More Resilient

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

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

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

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





Digital Transformation for Small-Scale Retailers

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

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

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

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

Sayurbox links farmers and markets, Indonesia

A woman with braids and glasses is focused on her laptop in a meeting room. The room has a stone wall and other people are visible in the background. A large blue graphic with a globe and arrows is overlaid on the left side of the image.

UPSTREAM

**FROM
IDEAS TO
IMPACT**



IFC'S EARLY-STAGE MARKET AND PROJECT PREPARATION WORK

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

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

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

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

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

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

UNLOCKING INVESTMENT:

Establishing a New Trade Hub in Southeast Asia

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

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

Enabling investment

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

DELIVERING REPLICABLE PRODUCTS AT SCALE:

Helping Utilities Adapt to Climate Change

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

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

Enabling investment

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



Corsan, Brazil



RAPID INNOVATION, DELIVERED AT SCALE:

Enabling the Digital Transformation
of Higher Education

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

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

Enabling investment

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

CLEAN ENERGY SOLUTIONS:

Privately Financed Hydropower
in Africa

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

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

Enabling investment

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

OPENING NEW DOORS

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

Narrowing the Gender Gap for Women-Led Startups

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

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

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

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

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



Supporting Refugees and Migrants in Accessing Financial Services

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

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

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

A Seat in the Boardroom

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

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

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



Giving Creative Industries the Spotlight

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

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

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

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

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

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

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

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

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

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



REACHING FARTHER FOR GREATER IMPACT

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





Guiding Investments to Support the Blue Economy

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

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

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

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

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

Providing an International Standard for Green Buildings

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

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

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

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

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

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





Building a Market for Sustainability-Linked Bonds

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

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

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