IFC

BUILDING
A BETTER FUTURE

IFC ANNUAL REPORT 2023

On the cover: By investing in a growth fund for promising technology startups, IFC brings job opportunities and hope for a better future to Ukraine.

Below: An IFC investment is helping African financial technology firm M-KOPA expand financial services to delivery drivers and other underbanked consumers in East Africa, allowing them to purchase productive assets such as smartphones and home solar-energy systems.

CONTENTS

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

ABOUT IFC

IFC — a member of the World Bank Group — is the largest global development institution focused on the private sector in emerging markets and developing economies. We work in more than 100 countries, using our capital, mobilization capacity, expertise, and influence to create jobs and raise living standards, especially for the poor and vulnerable.

In fiscal year 2023, IFC committed a record $43.7 billion to private companies and financial institutions in developing countries, leveraging the power of the private sector to improve people's lives as economies grapple with the impacts of global compounding crises. For more information, visit www.ifc.org.

IFC BOARD

LETTER FROM THE IFC BOARD

Over the past year, the World Bank Group Executive Directors have engaged with World Bank Group leadership about persisting global crises and the urgent need for approaches to restore progress toward the Sustainable Development Goals. More than 574 million people are projected to be living in extreme poverty by 2030, most of them in Africa. More broadly, nearly half the world — over 3 billion people — lives on less than $6.85 per day. Spillover effects from the COVID-19 pandemic, Russia's invasion of Ukraine, and extreme climate events are among the major issues on which the Executive Directors led World Bank Group interventions to support countries, including a focus on opportunities for women and young people. From July 2022 to June 2023, support from the World Bank Group for developing countries totaled $122.9 billion, including $38.6 billion from IBRD, $34.2 billion from IDA, $43.7 billion (including mobilization) from IFC, and $6.4 billion in guarantees from MIGA.

At the Annual Meetings in October 2022, Development Committee members asked the World Bank Group to review its vision, mission, and operating and financial models to enhance the institution's capacity to respond to global challenges. In response, the World Bank Group created the Evolution Roadmap, with the aim of better addressing the scale of challenges facing the world today. The Roadmap provides a basis for World Bank Group management and the Board to discuss priorities for the institution's evolution and begin to implement collective reform.

Led by the Boards of Executive Directors in partnership with management, the Evolution Roadmap gained momentum this year. At the 2023 Spring Meetings, Governors at the Development Committee commended the World Bank Group for identifying measures to increase financial capacity by roughly $50 billion over the next 10 years and discussed priorities to further strengthen the institution for the next phase of the Roadmap process ahead of the October 2023 Annual Meetings in Marrakech.

The important work of the Evolution comes as the World Bank Group continues to respond at record pace, scale, and impact to help countries address compounding crises and increasingly complex development challenges. In April 2022, the World Bank Group outlined the Global Crisis Response Framework, which focused on responding to food insecurity, protecting people and preserving jobs, boosting resilience, and strengthening policies, institutions, and investments to build back better. Between April 2022 and June 2023, the World Bank Group provided unprecedented crisis financing of $171.6 billion, including $53.1 billion from IBRD, $51.8 billion from IDA, $57.6 billion from IFC, and $9.1 billion in guarantees from MIGA.

In addition to its impact on food security, Russia's invasion of Ukraine has exacerbated trends in energy access, international trade, and other major sectors. Recognizing the invasion's potentially long-term consequences, the Board approved several operations to help restore and improve access to essential health care, provide financial protection for the Ukrainian people, and repair Ukraine's energy infrastructure. To date, the World Bank Group has mobilized over $37.5 billion in emergency financing for Ukraine, including IBRD and IDA loans, IBRD loans guaranteed by partners, donor grants, short and long-term IFC financing, and MIGA guarantees.

Climate action remains a crucial global priority. The Executive Directors welcome the efforts the World Bank Group has made as the world's largest multilateral provider of climate finance for developing countries by mobilizing more public and private finance. The Executive Directors are encouraged that, in addition to work combining country diagnostics, policy advice, financing, and scalable mechanisms to mobilize funding, the World Bank is on track to align 100 percent of new operations with the goals of the Paris Agreement from July 1, 2023. For IFC and MIGA, 85 percent of new operations will be aligned starting July 1, 2023, and 100 percent from July 1, 2025.

The world witnessed devastating natural disasters this year that caused tragic losses of life and widespread destruction. The earthquakes in Türkiye are among the most recent events to which the World Bank Group has responded. The Executive Directors continue to recognize the hardships encountered in fragile and conflict-affected situations around the world, including the challenges and complexities of migration, as discussed in this year's *World Development Report*. The Executive Directors commend the ongoing and coordinated efforts by the World Bank, IFC, and MIGA to swiftly address fragility and disasters, including by leveraging the IDA Private Sector Window and Contingency Emergency Response Components in operations. The Board also recently approved the establishment of an IDA Crisis Facility, which will boost support for the world's poorest countries in tackling urgent development challenges, particularly food security and climate change.

In addition to the many operations and country engagements the Board discussed and approved this year, Executive Directors also visited operations in several client countries. In February and May 2023, Board members traveled to Belize, Guatemala, Panama, the Republic of Congo, and São Tomé and Príncipe. During these missions, the Executive Directors engaged with key government entities, the private sector, civil society, and donor stakeholders and met with World Bank Group staff and the people who have benefited from these operations.

As the World Bank Group's leadership and Boards of Directors prepare for the October 2023 Annual Meetings in Marrakech, the Executive Directors and management are moving forward on the Evolution Roadmap. The Executive Directors extend their sincere gratitude to David Malpass for his strong and steadfast leadership of the World Bank Group through a historically challenging period. His commitment to the mission, diversity and inclusion, debt transparency and sustainability, and country-level development outcomes have seen the institution deliver record commitments for development. The Board warmly welcomes his successor, Ajay Banga, as the 14th President of the World Bank Group. Finally, the Executive Directors extend their thanks to all staff for their tireless dedication and hard work in these challenging times. Thanks to them, the World Bank Group continues to make a difference in the lives of many who deserve a life in dignity.

PHOTO OF IFC EXECUTIVE DIRECTORS

Seated (left to right):
Erivaldo Gomes Brazil, **Cecilia Nahon** Argentina, **Ayanda Dlodlo** South Africa, **Dominique Favre** Switzerland, **Junhong Chang** China — *Co-Dean*, **Koen Davidse** The Netherlands — *Dean*, **Khalid Bawazier** Saudi Arabia, **Adriana Kugler** United States, **Matteo Bugamelli** Italy, **Ernesto Acevedo** Mexico, **Takashi Miyahara** Japan, **Lene Lind** Norway

Standing (left to right):
Wempi Saputra Indonesia, **Parameswaran Iyer** India, **Mansour Alshamali** Kuwait, **Michael Krake** Germany, **Katharine Rechico** Canada, **Roman Marshavin** Russian Federation, **Velavan Gnanendran** United Kingdom, **Il-Young Park** Korea, **Hayrettin Demircan** Türkiye, **Naveed Baloch** Pakistan, **Abdoul Salam Bello** Niger, **Arnaud Buissé** France

Absent: **Floribert Ngaruko** Burundi

LETTER FROM AJAY BANGA

President of the World Bank Group

Deeply intertwined challenges — poverty, pandemics, climate change, debt, conflict, food insecurity, and fragility — are eroding decades of hard-won development progress; the world is looking to us for solutions. Fortunately, the World Bank is built to take on difficult challenges. To truly make a difference, we will need a greater appetite for risk, meaningful private sector financing, and a sense of urgency.

This urgency motivates us to write a new playbook that will drive impactful development and lead to a better quality of life for people everywhere. Pandemics and climate change don't respect lines on a map. If we fail to work together to address these crises, we all lose. Our approach must be inclusive of everyone, including women, young people, and others too often left behind. It must be resilient to shocks, including climate and biodiversity catastrophes, pandemics, and fragility. And it must be sustainable — through economic growth, human development, fiscal and debt management, food security, and access to clean air, water, and affordable energy.

To help countries achieve these goals and address their most urgent development needs, we offer innovative solutions that can be implemented at scale to maximize impact. Through our knowledge and research, we help countries make informed, impactful decisions. Central to these efforts are our partnerships and convening power, which further extend our reach as we work to realize our shared vision.

Under the umbrella of our Evolution Roadmap, we are working to become a better Bank. We will become more efficient and do more in less time — incentivizing output, not input. Keeping focus on how many girls are in school, how many jobs are created, how many tons of carbon dioxide emissions are avoided, and how many private sector dollars are mobilized.

We are digging deep to boost our lending capacity, finding ways to leverage callable capital, and creating new mechanisms like hybrid capital that could unlock untold resources to deliver results. We want to expand and evolve concessional financing to help more low-income countries achieve their development goals, while thinking creatively about how to encourage cooperation across borders and tackle shared challenges.

As we face a new era in development, we remain committed to creating a world free of poverty on a livable planet.

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

Photo: World Bank Group President Ajay Banga visits Jamaica's Kirkvine Community Council Greenhouses, June 2023.

WE OFFER INNOVATIVE SOLUTIONS THAT CAN BE IMPLEMENTED AT SCALE TO MAXIMIZE IMPACT. THROUGH OUR KNOWLEDGE AND RESEARCH, WE HELP COUNTRIES MAKE INFORMED, IMPACTFUL DECISIONS.

LETTER FROM MAKHTAR DIOP

IFC MANAGING DIRECTOR

This year brought a continued wave of challenges with global growth slowing sharply, extreme poverty increasing, the climate crisis intensifying, and new conflicts emerging. As these overlapping crises continued to intensify, IFC responded with scale and speed. Most importantly, we recognized that business as usual wouldn't do, and we raised our ambition to meet the moment.

And in FY23, we delivered. We made over $43 billion in total investment commitments — the largest volume in our history. We set a record for climate commitments, which surpassed $14 billion. We exceeded our gender targets. And we mobilized over $15 billion from external partners — another record.

These are impressive numbers, but what they really represent is jobs created, women entrepreneurs getting access to financial services, greenhouse gas emissions being slashed, and much more. Our achievements this year also speak to how we are reshaping IFC. We have made several changes to how we work that cut bureaucracy and empower frontline staff to take more risks and respond to emerging needs faster. The result? Bold interventions that disrupt crises and drive impact.

Across the world, we are deploying our full arsenal of tools to achieve scale: setting standards, developing innovative financial solutions, using public-private partnerships to build sustainable infrastructure, and mobilizing capital. We are supporting the ingenuity of entrepreneurs who form the backbone of economies around the world — helping small businesses from Cameroon to the Kyrgyz Republic get access to financing. We are focusing on the massive untapped potential of female entrepreneurs in our efforts to address a more than $5 trillion financing gap for micro, small, and medium enterprises (MSMEs).

To ensure the most vulnerable have access to food, we launched a $6 billion Global Food Security Platform and have worked to stabilize volatile food markets and provide much-needed finance to companies along the food supply chain.

In tackling global challenges — from food security to climate change — we must bridge the gap for private investors to access emerging markets and developing economies by mitigating the risks of pioneering investments. That's why we deployed a record level of blended concessional finance to de-risk high-impact investments, and we continue to launch new facilities to address emerging needs in middle-income countries. IFC now has over 30 different mobilization vehicles, including MCCP One Planet, the world's first portfolio of emerging market loans aligned with the Paris Agreement.

The World Bank Evolution Roadmap calls on us to do more to address intertwined global challenges. This year we continued retooling IFC to help unlock innovation and deliver more sustainable private sector solutions that lift people up. I am especially heartened by our team, who are behind the projects and initiatives detailed in this report. With talent, passion, and purpose on our side, I am confident that a more virtuous cycle — one that ends poverty, protects the planet, and creates inclusive growth — is within reach.

Makhtar Diop
Managing Director

Photo above: Ildys Karazhieva, in the Chuy region of Kyrgyz Republic, has relied on micro loans from Elet-Capital to support her business raising chickens. IFC's loan to Elet-Capital is under IFC's Base of the Pyramid program, which helps financial services providers deliver funding to help MSMEs, informal enterprises, and low-income households.

WE ARE CONTINUING TO RETOOL IFC TO HELP UNLOCK INNOVATION AND DELIVER MORE SUSTAINABLE PRIVATE SECTOR SOLUTIONS THAT LIFT PEOPLE UP.

Photo: Ngo Thi Xuyen harvests peppercorns on a farm in Vietnam. An IFC partnership with McCormick & Co. is helping build a more sustainable, traceable, certified, and quality-compliant pepper supply chain through capacity development and the empowerment of women farmers.

OUR MANAGEMENT TEAM

Makhtar Diop
Managing Director

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

Elena Bourganskaia
Vice President,
Corporate Support

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

Federico Galizia
Vice President,
Risk and Finance

John Gandolfo
Vice President and
Treasurer

Mohamed Gouled
Vice President,
Industries

Susan M. Lund
Vice President,
Economics and Private
Sector Development

Alfonso Garcia Mora
Regional Vice President,
Europe, Latin America
and the Caribbean

Mary-Jean Moyo
Chief of Staff

Ramit Nagpal
Vice President and
General Counsel

Emmanuel Nyirinkindi
Vice President,
Cross-Cutting Solutions

Sérgio Pimenta
Regional Vice President,
Africa

Riccardo Puliti
Regional Vice President,
Asia and the Pacific

IFC FY23: REACHING NEW HEIGHTS

$43.7B

in total investment commitments

CLIMATE

$14.4B

in climate financing

TRADE AND SUPPLY CHAIN

$12.0B

in short-term finance

68%

was committed in IDA and fragile and conflict-affected economies

HIGHLIGHTS OF ANTICIPATED IMPACT FROM FY23 PROJECTS

11.5M TONS
GHG emissions reduction of CO2 equivalent each year

2.2–3.1M
Estimated number of direct, indirect, and induced jobs created[1]

2.2M
Number of additional outstanding MSME loans, of which 1.4 million are to women

$11.2B
Volume of additional trade finance supported

496K
Additional farmers reached

34.5M
Number of additional direct fixed/mobile internet connections

1. Employment estimates are computed for individual projects using IFC's economic impact estimation framework. The framework comprises sector-specific models and a variety of assumptions across countries and sectors. For financial intermediaries, the estimate includes on-lending of IFC funds only. Client banks' portfolios grow more than the IFC funding alone, partly because IFC's contribution catalyzes additional funding and partly because the growth is contractually agreed with IFC. This additional expansion, which is hard to attribute precisely, could represent the creation of several million jobs.

WORLD BANK GROUP 2023 SUMMARY RESULTS

GLOBAL COMMITMENTS

In fiscal 2023, the World Bank Group provided much-needed financing; conducted data collection, in-depth analysis, and research; and partnered with governments, the private sector, and other institutions to support countries' development and address global challenges.

$128.3B

(BILLION)

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

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

EAST ASIA AND THE PACIFIC	EUROPE AND CENTRAL ASIA	LATIN AMERICA AND THE CARIBBEAN	MIDDLE EAST AND NORTH AFRICA	SOUTH ASIA	SUB-SAHARAN AFRICA
$13.0B (BILLION)	$36.2B (BILLION)	$18.2B (BILLION)	$6.8B (BILLION)	$15.4B (BILLION)	$38.6B (BILLION)

The Institutions of the World Bank Group

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

International Bank for Reconstruction and Development (IBRD)

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

International Development Association (IDA)

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

International Finance Corporation (IFC)

Provides loans, guarantees, equity, advisory services, and project development services and mobilizes capital from other sources to grow 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, mediation, and arbitration of investment disputes.

World Bank Group Financing for Partner Countries

By fiscal year, millions of dollars

	2023	2022	2021	2020	2019
World Bank Group					
Commitments[1]	128,341	104,370	98,830	83,547	68,105
Disbursements[2]	91,391	67,041	60,596	54,367	49,395
IBRD					
Commitments[3]	38,572	33,072	30,523	27,976	23,191
Disbursements	25,504	28,168	23,691	20,238	20,182
IDA					
Commitments[3, 4]	34,245	37,727	36,028	30,365	21,932
Disbursements[4]	27,718	21,214	22,921	21,179	17,549
IFC					
Commitments[5]	27,704	22,229	20,669	17,604	14,684
Disbursements	18,689	13,198	11,438	10,518	9,074
MIGA					
Gross issuance	6,446	4,935	5,199	3,961	5,548
Recipient-Executed Disbursing Account					
Commitments	21,374	6,407	6,411	3,641	2,749
Disbursements	19,480	4,461	2,546	2,433	2,590

1. Includes IBRD, IDA, IFC, Recipient-Executed Disbursing Account (REDA) commitments, and MIGA gross issuance. REDA commitments include all recipient-executed grants.
2. Includes IBRD, IDA, IFC, and REDA disbursements.
3. Amounts are net of full terminations and cancellations relating to commitments approved in the same fiscal year.
4. Commitments and disbursements exclude IDA-IFC-MIGA Private Sector Window (PSW) activities.
5. Includes long-term commitments for IFC's own account and short-term finance commitments. Does not include funds mobilized from other investors.

IFC 2023 YEAR IN REVIEW

IFC operations are guided by our Board-approved IFC 3.0 strategy and the IFC Strategy and Business Outlook Update FY23–25.

Financial Highlights

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

	2023	2022	2021	2020	2019
Net income (loss)	**$ 672**	$ (464)	$ 4,209	$(1,672)	$ 93
Grants to IDA	**–**	–	213	–	–
Income (loss) before grants to IDA	**672**	(464)	4,422	(1,672)	93
Total assets	**$110,547**	$99,010	$105,264	$95,800	$99,257
Investments	**51,502**	44,093	44,991	41,138	43,462
Key Financial Ratios					
Overall liquidity ratio	**104%**	111%	114%	96%	104%
Debt-to-equity ratio	**1.6**	1.6	2.1	2.2	2.2
Capital available ($ in billions)	**34.8**	32.5	30.7	28.2	27.8
Capital required ($ in billions)	**21.1**	20.1	20.5	20.3	21.8
Capital utilization ratio[1]	**60.7%**	62.0%	66.6%	72.1%	78.4%
Total reserve against losses on loans to total disbursed portfolio	**3.7%**	4.4%	4.9%	6.3%	4.7%

1. Starting in FY22, IFC began using Capital Utilization Ratio (CUR), defined as (Capital Required divided by Capital Available), as a measurement of capital adequacy under IFC's updated capital adequacy framework. The CUR replaces the previous Deployable Strategic Capital (DSC) ratio. CUR and DSC ratio have a one-to-one mapping expressed as (CUR = 90% – DSC ratio).

Operational Highlights

Dollars in millions, for the years ended June 30

	2023	2022	2021	2020	2019
Investment Commitments[1]	**$43,728**	$33,592	$ 31,803	$28,616	$25,520
Long-Term Investment Commitments					
FOR IFC'S OWN ACCOUNT	**$16,677**	$12,569	$12,474	$11,135	$ 8,920
Number of projects	**325**	296	313	282	269
Number of countries	**78**	68	71	67	65
MOBILIZATION[2]	**$15,029**	$10,596	$10,831	$10,826	$10,206
Syndicated loans	**$ 5,492**	$ 3,475	$ 3,647	$ 4,989	$ 5,824
IFC initiatives & other	**$ 5,810**	$ 3,311	$ 3,693	$ 3,370	$ 2,857
Asset Management Company (AMC) Funds	**$ 14**	$ 248	$ 244	$ 50	$ 388
Advisory Mobilization[3]	**$ 3,712**	$ 3,562	$ 3,246	$ 2,417	$ 1,137
TOTAL LONG-TERM INVESTMENT COMMITMENTS	**$31,705**	$23,166	$23,305	$21,961	$19,126
Short-Term Investment Commitments					
For IFC's own account[4]	**$11,027**	$ 9,659	$ 8,195	$ 6,469	$ 5,764
Mobilization	**$ 996**	$ 767	$ 303	$ 186	$ 630
TOTAL SHORT-TERM INVESTMENT COMMITMENTS	**$12,023**	$10,426	$ 8,498	$ 6,655	$ 6,394
Investment Disbursements					
For IFC's account	**$18,689**	$13,198	$11,438	$10,518	$ 9,074
Syndicated loans	**$ 2,443**	$ 2,589	$ 1,309	$ 2,231	$ 2,510
TOTAL INVESTMENT DISBURSEMENTS	**$21,132**	$15,787	$12,747	$12,749	$11,584
Portfolio Exposure[5]					
Number of firms	**1,928**	1,848	1,822	1,880	1,930
For IFC's account	**$70,069**	$63,763	$64,092	$58,650	$58,847
Syndicated loans	**$15,312**	$15,235	$15,658	$16,161	$15,787
TOTAL PORTFOLIO EXPOSURE	**$85,381**	$78,998	$79,750	$74,811	$74,635
Advisory Services					
Advisory Services program expenditures	**$ 260.2**	$ 250.6	$ 244.0	$ 274.4	$ 295.1
Share of program in IDA countries[6]	**54%**	51%	54%	57%	59%

1. Investment Commitments include Long-Term Investment Commitments and Short-Term Investment Commitments.
2. Defined as "core mobilization" — non-IFC financing or risk sharing arranged on commercial terms due to the active and direct involvement of IFC for the benefit of a client. Excludes $1,128 million of unfunded risk transfers that are accounted for under IFC's own account.
3. Advisory Mobilization includes third-party private financing that has been mobilized for public-private partnerships, as a result of IFC's role as lead transaction advisor. It also includes Corporate Finance Services, for projects in which IFC has provided transaction advisory services to help private sector clients expand into new markets, diversify and restructure operations, or bring in new equity investors.
4. Short-Term Finance includes Global Trade Finance Program (GTFP) and Global Trade Supplier Finance Program (GTSF).
5. Portfolio exposure is defined as the sum of the (i) committed exposure for IFC's debt investments, (ii) fair market value of IFC's equity investments, and (iii) total undisbursed equity commitments.
6. All references in this report to percentages of advisory program expenditures in IDA countries and fragile and conflict-affected areas exclude global projects.

FY23 Long-Term Commitments

Dollar amounts in millions, for IFC's own account as of June 30, 2023

TOTAL	**$16,677**	**100%**
By Industry		
Financial Markets	$ 8,602	51.58%
Infrastructure	$ 2,447	14.67%
Manufacturing	$ 1,519	9.11%
Agribusiness & Forestry	$ 1,100	6.60%
Funds	$ 990	5.94%
Tourism, Retail & Property	$ 765	4.59%
Telecommunications & Information Technology	$ 747	4.48%
Health & Education	$ 505	3.03%
Natural Resources[1]	$ 2	0.01%
By Region		
Latin America and the Caribbean	$ 3,885	23.29%
Africa	$ 3,755	22.52%
East Asia and the Pacific	$ 2,439	14.63%
Europe	$ 2,190	13.13%
South Asia	$ 2,130	12.77%
Central Asia and Türkiye	$ 1,784	10.70%
Middle East	$ 413	2.48%
Global	$ 81	0.49%
By Product		
Loans[2]	$14,135	84.76%
Equity[3]	$ 1,761	10.56%
Guarantees	$ 704	4.22%
Risk-management products	$ 76	0.46%

1. Includes IFC's activities in oil, gas, and mining.
2. Includes loan-type, quasi-loan products.
3. Includes equity-type, quasi-equity products.

FY23 Portfolio Exposure[4]

Dollar amounts in millions, for IFC's own account as of June 30, 2023

TOTAL	**$70,069**	**100%**
By Industry		
Financial Markets	$26,986	39%
Infrastructure	$10,146	14%
Funds	$ 6,929	10%
Manufacturing	$ 5,240	7%
Tourism, Retail & Property	$ 4,210	6%
Agribusiness & Forestry	$ 4,075	6%
Health & Education	$ 3,901	6%
Telecommunications & Information Technology	$ 3,778	5%
Trade Finance	$ 3,544	5%
Natural Resources[1]	$ 1,260	2%
By Region[5]		
Africa	$15,042	21%
Latin America and the Caribbean	$14,688	21%
East Asia and the Pacific	$12,910	18%
South Asia	$ 9,005	13%
Europe	$ 5,615	8%
Central Asia and Türkiye	$ 5,387	8%
Global	$ 5,111	7%
Middle East	$ 2,312	3%
By Product		
Loans[2]	$49,713	71%
Equity[3]	$14,760	21%
Guarantees	$ 5,145	7%
Risk-management products	$ 451	1%

4. Portfolio exposure is defined as the sum of the (i) committed exposure for IFC's debt investments, (ii) fair market value of IFC's equity investments, and (iii) total undisbursed equity commitments.
5. Excludes individual country shares of regional and global projects.

IFC's Largest Country Exposures[6]

As of June 30, 2023 (Based on IFC's account)

GLOBAL COUNTRY RANK	PORTFOLIO EXPOSURE[7] ($ MILLIONS)	% OF GLOBAL PORTFOLIO
1 India	$ 7,284	10.40%
2 Brazil	$ 5,600	7.99%
3 Türkiye	$ 4,650	6.64%
4 China	$ 3,711	5.30%
5 South Africa	$ 3,234	4.62%
6 Colombia	$ 2,348	3.35%
7 Vietnam	$ 2,187	3.12%
8 Indonesia	$ 2,171	3.10%
9 Nigeria	$ 2,021	2.88%
10 Romania	$ 1,729	2.47%

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

7. Portfolio exposure is defined as the sum of the (i) committed exposure for IFC's debt investments, (ii) fair market value of IFC's equity investments, and (iii) total undisbursed equity commitments.

Fy23 Long-Term Commitments by Environmental and Social Category

CATEGORY	COMMITMENTS ($ MILLIONS)	NUMBER OF NEW PROJECTS
A	$ 1,154	9
B	$ 5,683	106
C	$ 142	29
FI[8]	$ 6	0
FI-1	$ 572	5
FI-2	$ 7,122	126
FI-3	$ 1,998	50
TOTAL	**$16,677**	**325**

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

Fy23 Advisory Services Program Expenditures

Dollar amounts in millions

TOTAL	$260.2	100%
By Region		
Africa	$ 98.5	38%
East Asia and the Pacific	$ 34.2	13%
Global	$ 31.7	12%
Latin America and the Caribbean	$ 26.7	10%
South Asia	$ 22.6	9%
Europe	$ 21.2	8%
Middle East	$ 13.1	5%
Central Asia and Türkiye	$ 12.3	5%
By Business Area		
Advisory in IFC Industries	$171.8	66%
Financial Institutions Group	69.5	27%
Transaction Advisory	42.8	16%
Manufacturing, Agribusiness & Services	37.3	14%
Infrastructure & Natural Resources	17.1	7%
Disruptive Technologies & Funds	5.2	2%
Creating Markets Regional Advisory	$ 54.7	21%
Other Advisory, including Environment, Social & Governance	$ 33.7	13%

CLIMATE HIGHLIGHTS

Efforts to combat climate change will not succeed without massive increases in private capital flows to emerging markets and developing economies, which represent more than 60 percent of global decarbonization investment needs.

In FY23, IFC committed a record $14.4 billion in climate finance, mobilizing $6.8 billion of additional capital alongside our own investment of $7.6 billion to help client countries address the climate crisis. This represented a record 46 percent of the total of long-term investments for our own account. Our work accelerates an inclusive transition by catalyzing green growth, supporting private companies to decarbonize and manage risks, and supports societies adapting to a warmer planet. As a result, we help create markets and jobs so that countries continue to reduce poverty and improve living standards while increasing resilience and shifting to a low-carbon world.

As of July 1, 2023, 85 percent of *all* new investments will be consistent with the goals of the Paris Agreement, increasing to 100 percent by July 1, 2025. This means that we will now factor climate change mitigation and adaptation into all investment decisions. For example, if we are financing a new manufacturing facility, our teams will engage with the client to identify possible low-carbon and commercially viable solutions. We will also assess measures that could be taken to reduce possible climate risks expected in that location — for instance by installing drainage systems to protect from intense rainfall or mitigating impacts of extreme heat events on employees and equipment.

We mobilize every tool at our disposal to increase our impact — from co-investment platforms and advice for clients to blended finance and public-private partnerships. Our role also goes beyond our investments. We contribute to the World Bank Group's Country Climate and Development reports, which diagnose how each country's development goals can also help reduce carbon emissions and increase resilience. And we play an important standard-setting role in a range of markets. In FY23, we launched the Biodiversity Finance Reference Guide, a practical guide for investors interested in commercial transactions that address the loss of nature and biodiversity, and Guidelines for Blue Finance, to unlock the potential of the ocean economy.

Photo: Community programs in the São Paulo neighborhood Vila das Pratas teach children about climate and clean water. More than 7,000 homes in the region now have basic sanitation thanks to the Pinheiros River clean-up.

BLUE ECONOMY

PROJECT: Companhia de Saneamento Básico de Estado de São Paulo (SABESP)
Reducing the discharge of untreated effluent in Brazil's Pinheiros River.

IFC FINANCING: $150 million

66,000 TONS
annually of methane emissions reduction, equivalent to 5.5M tons annually of GHG over a 20-year time frame

SUSTAINABLE FORESTRY

PROJECT: Suzano S.A., Brazil
Brazil's first fossil-fuel-free pulp mill.

IFC FINANCING AND MOBILIZATION: $1.5 billion

180MW
of surplus renewable energy fed into the grid and 3,000 jobs created

MOBILITY

PROJECT: Green Vehicle Fleet for ALD Automotive
Affordable electric vehicle (EV) and hybrid leases in seven countries where the EV market is in its infancy.

IFC FINANCING: $400 million

15,000
hybrid and electric vehicles added to the leasing market

GREEN HOUSING AND THE BUILT ENVIRONMENT

PROGRAM: EDGE
Contributing to more than 60 million green-certified square meters in buildings worldwide and resulting in 1.3 million tons in annual GHG savings.

15M
square meters of green buildings certified in FY23

REDUCING EMISSIONS IN KEY INDUSTRIAL SECTORS

PROJECT: Sococim, Senegal
Low-carbon cement production.

IFC FINANCING AND MOBILIZATION: €242 million

300,000 TONS
annually of GHG emissions reduction by 2030

NEW TECHNOLOGY INNOVATION

PROJECT: BOSTON METAL
Commercialization of steel-production process free of CO2 emissions and extraction of high-value metals from mining waste.

IFC EQUITY INVESTMENT: $20 million

ZERO
carbon steel-production technology

CAPITAL MARKETS

PROJECT: Cyfrowy Polsat S.A.
Poland's first corporate sustainability-linked bond to support company's shift into renewable energy and green hydrogen.

IFC FINANCING: $99 million equivalent in Polish zloty

$5.4B
invested by IFC in labeled sustainable bonds in FY23

ENERGY TRANSITION

PROJECT: AMEA Power, Egypt
A windfarm and a solar park that together will bring electricity to 1 million Egyptians at the lowest prices in Africa (2 US cents/kilowatt hour for solar and 3 US cents/kilowatt hour for wind).

IFC FINANCING AND MOBILIZATION: $770 million

1.7M TONS
annually of GHG emissions reduction

GREEN BONDS

PROJECT: DCM JKB Green Bond
Jordan's first green bond.

IFC FINANCING: $50 million, including blended finance co-investments

285
Emerging market financial institutions across 70+ countries trained on labeled sustainable bonds by IFC, resulting in the issuance of over $10B in labeled bonds

BUILDING A BETTER FUTURE

Working within the World Bank Group, IFC is the largest global development finance institution focused on mobilizing private sector solutions to achieve a world free of poverty on a livable planet. At a time of unprecedented global challenges, we are raising our private capital mobilization, investment, and advisory services to new levels, harnessing the potential of the private sector to deliver meaningful impact for the people and places that need it most.

In our work, we focus on solutions that are innovative, inclusive, and equip leaders with knowledge and skills to address development challenges. The summaries that follow highlight some of our most impactful work in FY23.

Photo: Mamounata Velegda is one of Burkina Faso's most successful women entrepreneurs. She owns a flourishing cereal, nuts, and rice-processing factory in Ouagadougou. With support from IFC client Coris Bank International, she has developed a thriving business and created employment opportunities for over 300 individuals and empowered numerous women across the country with starter kits for their retail businesses. Her latest venture involves an investment of 5 billion CFA to establish a cutting-edge rice-processing facility, aiming to position Burkina Faso as a leading regional rice producer.

INNOVATION

Simplifying our internal business processes this year allowed us to do more than ever—moving faster, working more flexibly, and taking on more risks.

In today's challenging global conditions, we must open our minds to new ways of doing business. We are supporting innovative business models that drive the development outcomes governments desire but cannot achieve with their own resources.

Breaking new ground means working with new clients and partners, engaging early in the process, experimenting with new tools and approaches, and sometimes mitigating risks with blended finance. But these are risks that must be taken. They allow us to find opportunities amid the challenges, proving the business case time and again for others to follow.

Photo: Ukraine's tech firms are a pillar of the economy — and a key focus of IFC's commitment to keeping the economy going.

UKRAINE: INVESTING IN ENTREPRENEURS

Keeping Ukraine's economy moving amid the impact of Russia's invasion requires a concerted international effort. This effort must go well beyond the military aid dominating the headlines. Businesses need to continue to provide goods and services, and people need to earn a living. IFC is helping to sustain Ukraine's private sector, including through a targeted investment to help the country's strong technology sector retain its momentum and keep 285,000 specialized workers employed.

The World Bank Group is deeply committed to financing large-scale relief and recovery efforts in Ukraine, combining public sector support through the World Bank's multi-donor coordination PEACE project for the government with IFC's Economic Resilience Action Program. IFC's $2 billion support package includes trade finance, help for reconstructing the critical energy sector, financing for agribusinesses and women-owned enterprises, and more.

IFC has signaled its commitment to Ukraine's private sector through its $60 million investment in Horizon Capital Growth Fund IV. IFC is the largest investor in the fund, which is supporting the tech industry and accelerating the growth of private equity markets in Ukraine and Moldova. It aims to support visionary entrepreneurs "who dare to be bold," according to founding partner and CEO Lenna Koszarny.

Ukraine's private sector is the backbone of the country's economy, providing goods, services, and jobs. The tech sector in particular has shown remarkable resilience during the last year. It was the country's only export industry to expand in 2022, a time when overall GDP shrank by nearly 30 percent. But the ongoing instability is a major deterrent to Ukraine's growth, making continued access to growth capital essential for leading companies. IFC's investment in Horizon Capital Fund helped it exceed its $250 million target in a high-risk environment, mobilizing approximately $80 million from other development finance institutions.

Ketevan Liparteliani
Investment Officer,
IFC, Paris

"It was probably the point when I fully internalized IFC's mission and why we exist, and the power the World Bank Group has to be a game changer."

Ketevan Liparteliani led IFC's team investing in Horizon Capital Growth Fund IV for Ukraine. Working tirelessly in the months after Russia's invasion of Ukraine, she organized a group of other development finance institutions to participate alongside IFC, just in time for an initial closing in London in September 2022.

Ukraine's President Volodymyr Zelensky attended the ceremony via video link, showing appreciation for all the investor group's efforts. He also attended a follow-up event in Kyiv in April 2023, where the IFC-backed Horizon Capital Fund announced it had raised even more money than expected to invest in growing Ukrainian tech firms—supporting job opportunities at a critical time.

JAMAICA:
THE POWER OF PUBLIC-PRIVATE PARTNERSHIPS

Following a deep recession in the wake of the COVID-19 pandemic, Jamaica's economy is on the upswing. The leaders of the island nation have a vision to spur future growth with critical infrastructure such as roads and reliable and affordable internet, and they are turning to IFC to help realize their ambition of attracting $1.5 billion of new private investment in infrastructure through public-private partnerships (PPPs).

PPPs are a proven tool for enhancing limited public resources with significant new injections of private capital, expertise, and innovation. IFC is well-placed to provide guidance—having advised on and closed more than 160 PPP projects globally since 2014.

Jamaica's north coast is home to pristine beaches sought after by travelers across the world, but traffic congestion has become so bad that tourists, commercial deliveries, and residents frequently get stuck in gridlock. IFC is now the government's lead adviser in organizing a competitive tender to attract a private operator that will finance, expand, and operate three important road segments on the island's north coast.

"We are looking at one stretch of road, for example, that should just take 20 minutes to travel, but during peak hours you can sit in traffic for up to two hours," says Michelle Ottey, IFC lead on PPP Transaction Advisory in the Caribbean. "Consider how challenging this is for business, for visitors, and for everyday life along that northern corridor."

The approximately $600 million project will help reduce travel time, improve safety, support tourism, and open access to new areas for development.

Similarly, Jamaica's digital highways need an upgrade. The government plans to install a national broadband network to improve internet reliability and bring costs down, as currently the monthly online subscription price represents more than 10 percent of Jamaica's GDP per capita each month. For this project too, the government has mandated IFC to advise on bringing in private investors.

"The work we are doing has an impact that can potentially change the Jamaican economy's profile," says Ottey. "Road networks are important to everyday citizens and tourism. The national broadband network would support the government's digital transformation initiatives. Now is the time to help Jamaica bring in more private investment to make these projects a reality."

The Honorable
Nigel
Clarke, DPhil., MP
Jamaica's Minister of Finance and the Public Service

"As a transaction advisor with a development bias, IFC, the private sector arm of the World Bank, has unparalleled global expertise. The opportunities are ripe to partner with them to bring to market, possibly, highway, broadband, healthcare, water, sanitation, and other infrastructure projects."

TRADE FINANCE: MITIGATING RISK AND MAXIMIZING FINANCING

When commerce stalls, economies suffer. But through financial innovation, IFC is greasing the wheels of trade in emerging markets to reignite economic growth.

Our landmark $50 million guarantee agreement with BNP Paribas, France's largest bank, exemplifies this approach. By backing $1 billion of BNP Paribas' trade finance portfolio, IFC provided a crucial risk buffer so the bank could rapidly expand lending to importers and exporters across developing regions.

Trade finance oils the machinery of international commerce by mitigating payment risks inherent to cross-border transactions. But uncertain conditions have hindered trade financing flows, constraining growth in emerging economies.

That's why IFC leveraged its AAA credit rating to guarantee BNP Paribas' trade finance risks, freeing up capital for new lending. This synthetic risk transfer structure, widely used in advanced markets, extends a vital financing tool to economies with limited short-term credit access. With risk coverage from IFC, BNP Paribas can now finance billions in new trade annually, allowing businesses to thrive and catalyzing multiplier effects across markets.

In this way, trade finance is central to turning the wheels of global commerce. By innovating to expand trade finance through partnerships like ours with BNP Paribas, IFC is supporting prosperity worldwide. Our guarantee agreement frees up capital to facilitate trade flows, keeping the engine of emerging economies running through uncertain terrain.

Photo: Bangladesh's garment sector employs more than 3 million women. A partnership between IFC and Levi Strauss & Co. helps factories identify and implement cleaner and more resource-efficient production options.

DRIVING ADOPTION OF ELECTRIC VEHICLES IN INDIA

With transport standing as the fastest-growing contributor to climate change, it is no longer a question of whether electric vehicles (EVs) should be adopted at scale, but rather how quickly. In India, IFC is investing in a leading EV manufacturer that is helping drive the local transport sector's move away from fossil fuels.

Our $73 million-equivalent rupee stake in Mahindra Last Mile Mobility Limited — a subsidiary of Mahindra & Mahindra — will help the firm scale up its production of electric three wheelers and small trucks while also enabling the development and manufacturing of new products. EVs enable vibration- and noise-free operations and are also more affordable options for India's microentrepreneurs. The business will further generate employment for women, driving equality and inclusion while bolstering India's climate action agenda.

By supporting this leading market player, IFC hopes to encourage other large automotive manufacturers to follow suit. The goals: drive EV adoption across India, the world's largest three-wheeler market, and help the Indian government deliver on its climate target.

Photos: Devkanya Pandey drives her Mahindra electric auto in the city of Indore, Madhya Pradesh.

IFC's Strategy: Scaling up Electric Vehicles

Electrification of transport is essential to the transition to a low-carbon economy. Electric vehicles (EVs) bring many benefits in developing countries — lower emissions, improved last-mile connectivity in remote places, reduced dependency on imported fuel, and better air quality. But despite these advantages, they remain a relative rarity in developing countries.

IFC has now invested nearly $3 billion in the e-mobility value chain, helping scale up the industry and increase its impact by working across the sector's entire value chain in all regions of the world, focusing on large, globally replicable investment opportunities. Our focus includes:

POLICY AND REGULATION: Encouraging increased private sector participation

INVESTMENTS: FINANCING GROWTH ACROSS THE VALUE CHAIN

- MINING
- MATERIALS & COMPONENTS
- CHARGERS & SWAPPING INFRASTRUCTURE
- E-BUSES
- COMMERCIAL FLEETS
- PERSONAL MOBILITY
- ASSET FINANCING & LEASING
- TECHNOLOGY SERVICES
- REUSE & RECYCLING

UZBEKISTAN: ENERGIZING REFORMS

Across Central Asia, frequent power shortages plunge millions into darkness and disruption. But in Uzbekistan, rays of light are emerging to chart a new energy future — not just for the country but the entire region.

With the flick of a switch, Uzbekistan illuminated its inaugural solar power plant, Nur Navoi. Built through a first-of-its-kind public-private partnership, the shimmering sea of panels now powers 31,000 homes with affordable, sustainable energy.

"When we started the solar project, we were testing the waters," said Bahrom Umarbekov of Uzbekistan's Ministry of Energy. Today, Nur Navoi is a symbol of Uzbekistan's energy transition and a model for the region.

Through an innovative competitive bidding process, Uzbekistan tapped Abu Dhabi's Masdar Clean Energy to construct Nur Navoi. IFC advised on the landmark deal, then helped finance the project alongside the Canada-IFC Blended Climate Finance Program.

Encouraged by Nur Navoi's success, Uzbekistan is doubling down on renewables, aiming to double its clean energy share by 2025. It has already attracted $580 million in investments, including from IFC, for the region's largest wind project. The mammoth 500-megawatt Zarafshan wind farm will power 500,000 homes annually and prevent over 1 million tons of GHG emissions each year.

Uzbekistan is charting a new path for the Central Asia region — one powered by private expertise and investment in renewable energy. And with each new solar panel and wind turbine, Uzbekistan is bringing much-needed light and power to the region.

Photo: Uzbekistan's Nur Navoi Solar field.

Bekzat Oishynov
Investment Officer,
IFC, Almaty

"It wasn't an easy job. But that's what we're here for: making landmark projects like this one happen, so they become success stories for their countries."

Bekzat Oishynov spent over 18 months arranging IFC's financing for Uzbekistan's inaugural wind power project — the $580 million Zarafshan power plant that is due to be operational in 2025, displacing more than 1 million tons of GHG emissions a year. There were many ups and downs along the way as he managed relationships with various stakeholders: the sponsor, the government, and six different lenders. Environmental safeguards were especially important, including the utilization of advanced technology to ensure the safety of birds from the wind turbines.

The challenging work paid off in the end: Zarafshan was honored by three leading industry publications, named Central Asia Deal of the Year by *Project Finance International*, Asia-Pacific Renewables Deal of the Year by *IJGlobal*, and Central Asia Deal of the Year by *The Asset Triple A*.

GAME-CHANGING TECHNOLOGY FOR SENEGAL'S SMALLHOLDER FARMERS

Photo: Through agCelerant, these smallholder farmers in Senegal are benefitting from IFC's investment in rice production.

Across Africa, smallholder farmers, particularly women, lack access to quality agricultural inputs, including high-yield seeds and fertilizers. They are shut out from traditional forms of banking and have limited access to formalized financing. In Senegal, where agriculture contributes 15 percent of the overall GDP and employs 77 percent of the workforce, lending to farmers and farmer groups stands at just 1.2 percent of banking sector lending. Financial institutions, wary of perceived high risks, are hesitant to lend to farmers—posing an acute challenge to farmers' ability to feed a growing population.

IFC's Africa Agriculture Accelerator Program (AAAP), aimed at demonstrating the financial viability of smallholder financing through the combined use of technology, insurance, agent monitoring, and field extension services, is helping address those barriers. With support from the Private Sector Window of the Global Agriculture and Food Security Program (GAFSP), IFC partnered with agCelerant and the Bank of Africa as part of an AAAP pilot to help smallholder farmers and small businesses in Senegal's rice value chain get access to finance more easily to grow their operations. The risk-sharing facility supports Bank of Africa-Senegal's lending to thousands of smallholder rice farmers and small rice-producing businesses, helping them access insurance, inputs, and equipment.

Bank of Africa is leveraging the support of agCelerant, an agritech company that offers data-driven solutions and training to ensure farmers receive the financial and technical support they need to increase their productivity. Using satellite imagery and other technologies, agCelerant controls the delivery of inputs such as fertilizers and agrochemicals, insurance coverage, and farm services.

Improving food security and reducing import dependence, particularly for rice, is a key strategic priority for Senegal's government. Rice, a critical commodity, is largely imported and despite favorable conditions for cultivation, the country produces less than 40 percent of the rice it consumes.

The project is part of IFC's Global Food Security Platform, a $6 billion financing facility designed to support vulnerable communities, boost the flow of vital commodities to emerging markets, and help reduce food insecurity.

SUPPORTING STARTUPS IN CHALLENGING MARKETS

Photo: IFC's Startup Catalyst Program is investing in tech-enabled ventures like Toters, a delivery service connecting local merchants with more than 500,000 customers in Lebanon and Iraq. Toters delivers food, grocery, and convenience products on-demand from more than 4,000 partner SMEs. Toters represents IFC's first venture capital investment in Lebanon and Iraq.

Risk-taking entrepreneurs build thriving new companies that create jobs, foster innovation, and drive competitiveness. But the road can be rough. The support they need is often lacking in emerging markets and developing economies—and almost nonexistent in lower-income countries.

IFC helps fill this gap with an integrated investment and advisory package called IFC Startup Catalyst that covers the full range of promising new companies' needs. Under our innovative business model, we help build nascent startup ecosystems by investing in both earliest-stage support vehicles like incubators, accelerators, and seed funds, as well as venture capital funds that then take equity stakes of between $50,000 and $500,000 in emerging startups.

Since its launch in 2016, the initiative has supported more than 2,800 entrepreneurs in 24 countries through 19 funds. Companies supported by Startup Catalyst have raised $4.5 billion in follow-on funding—86 times the amount of IFC's original investments.

One example is Egyptian client accelerator Flat6Labs, which provided early backing to Chefaa, a local women-led online pharmacy. It has since raised more than $3.6 million in funding to expand partnerships with 1,000 pharmacies, offering services to 7.5 million users who benefit from automatic refills of prescriptions, dosage reminders, and the ability to consult an Arabic-speaking pharmacist at any time.

The Entrepreneurial Ecosystem

IFC Startup Catalyst works across the startup spectrum, building key components of the growth environment:

INCUBATORS
foster early-stage companies through their first developmental phases until they have the financial, human, and physical resources to run on their own.

ACCELERATORS
help startups step up their rate of growth, taking partial ownership in companies that participate in intensive, time-limited programs.

SEED CAPITAL FUNDS
invest in exchange for a preliminary equity stake or share in profits; their support is often seen as a key first step in helping startups become established businesses.

VENTURE CAPITAL FUNDS
provide the next stage of investment for startups and small businesses with long-term growth potential, often providing technical or managerial expertise as well as investment.

Photo: Now being replicated in Africa, IFC's She Wins Arabia initiative helps women-led startups across the Middle East and North Africa get the advice, mentorship, and financing they need to grow.

Complementary IFC Initiatives

Africa/MCAT VC Platform

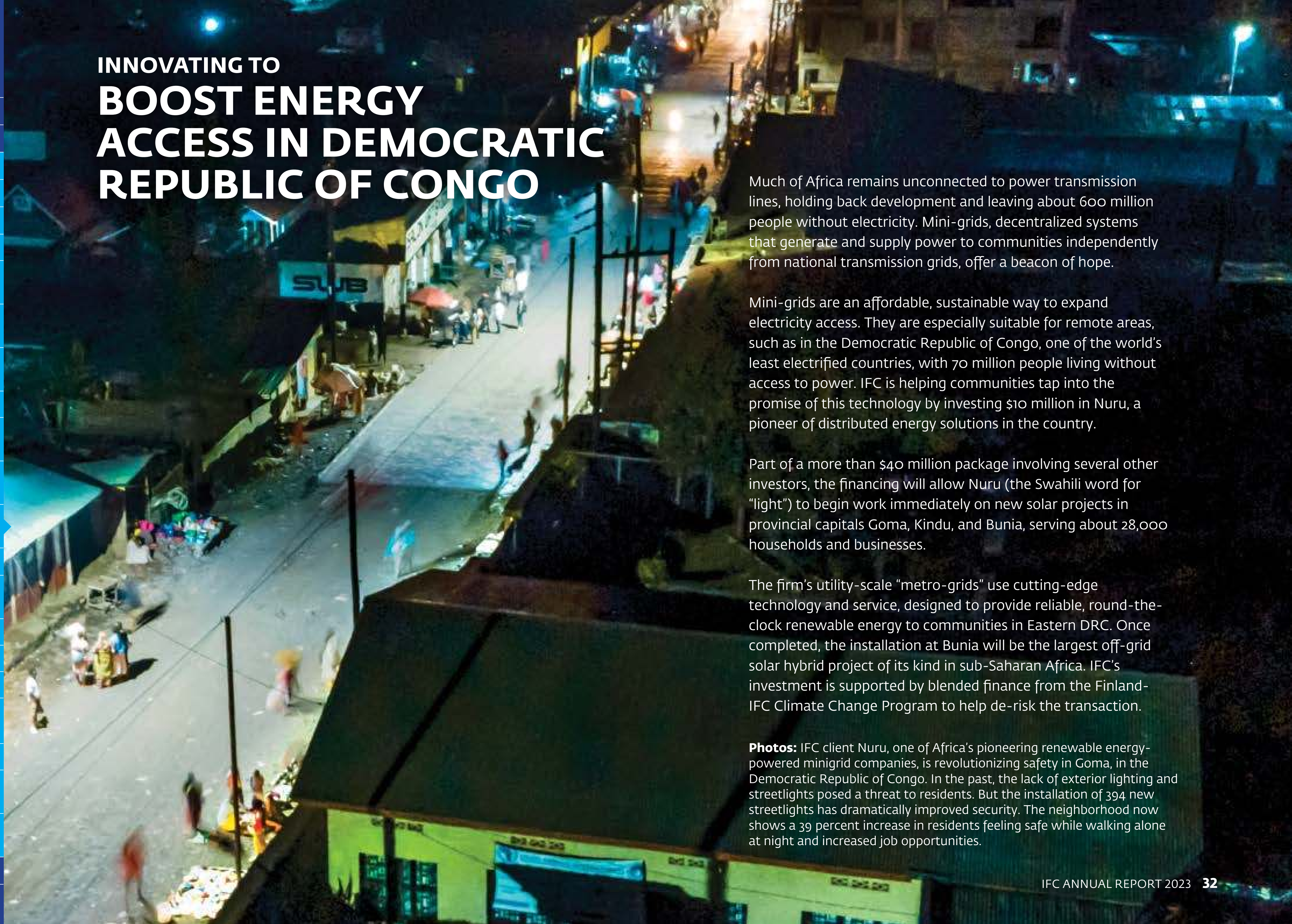
To help build the digital economy in Africa, the Middle East, Central Asia, and Pakistan, IFC launched a new $225 million platform in 2022 to strengthen venture capital ecosystems and invest in early-stage companies addressing development challenges through technological innovations in climate, healthcare, education, agriculture, e-commerce, and other sectors. The platform is supported by the blended finance facility of the International Development Association's Private Sector Window to reach investors in low-income and fragile and conflict-affected countries.

VivaTech/IFC Partnership

Innovation accelerator VivaTech and IFC have teamed up to host the AfricaTech Awards. The initiative aims to recognize and support innovative Africa-focused companies with disruptive solutions in the climate tech, health tech, and fintech sectors. The AfricaTech Awards, now in their second year, are part of IFC's strategy to strengthen tech ecosystems in emerging markets and help innovative startups scale.

She Wins Africa

To support women entrepreneurs across sub-Saharan Africa, IFC launched She Wins Africa in 2023. The program is designed to unlock the potential of hundreds of women-owned startups by offering them advice, training, mentorship, and improved access to finance. She Wins Africa builds upon the success of IFC's She Wins Arabia program of 2021, which to date has provided training to more than 80 women entrepreneurs and support to more than 30 funds and accelerators.



INNOVATING TO BOOST ENERGY ACCESS IN DEMOCRATIC REPUBLIC OF CONGO

Much of Africa remains unconnected to power transmission lines, holding back development and leaving about 600 million people without electricity. Mini-grids, decentralized systems that generate and supply power to communities independently from national transmission grids, offer a beacon of hope.

Mini-grids are an affordable, sustainable way to expand electricity access. They are especially suitable for remote areas, such as in the Democratic Republic of Congo, one of the world's least electrified countries, with 70 million people living without access to power. IFC is helping communities tap into the promise of this technology by investing $10 million in Nuru, a pioneer of distributed energy solutions in the country.

Part of a more than $40 million package involving several other investors, the financing will allow Nuru (the Swahili word for "light") to begin work immediately on new solar projects in provincial capitals Goma, Kindu, and Bunia, serving about 28,000 households and businesses.

The firm's utility-scale "metro-grids" use cutting-edge technology and service, designed to provide reliable, round-the-clock renewable energy to communities in Eastern DRC. Once completed, the installation at Bunia will be the largest off-grid solar hybrid project of its kind in sub-Saharan Africa. IFC's investment is supported by blended finance from the Finland-IFC Climate Change Program to help de-risk the transaction.

Photos: IFC client Nuru, one of Africa's pioneering renewable energy-powered minigrid companies, is revolutionizing safety in Goma, in the Democratic Republic of Congo. In the past, the lack of exterior lighting and streetlights posed a threat to residents. But the installation of 394 new streetlights has dramatically improved security. The neighborhood now shows a 39 percent increase in residents feeling safe while walking alone at night and increased job opportunities.

Upstream: Unlocking Opportunities for New Investment

One of the biggest barriers to sustainable private sector investment in emerging markets and developing economies is the shortage of well-prepared, commercially viable investment opportunities.

To address this gap, IFC has significantly increased its focus on early-stage market and project preparation work. These proactive and hands-on efforts, referred to as "Upstream," help remove investment barriers and create opportunities to attract private capital where it is needed most. And these efforts are bearing fruit — IFC's pipeline of Upstream-supported projects for the next five years now exceeds $30 billion, taking on key challenges in climate, water supply, digitalization, healthcare, and other areas.

Upstream work over the past four years helped pave the way for IFC's investment in Nuru, assisting the firm with financial models, feasibility studies, and identification of new partners. Similar Upstream efforts have supported 47 other investee companies this year, resulting in the dramatic growth of IFC's annual Upstream-enabled investments from $1.1 billion in FY20 to $4.4 billion in FY23.

While not all Upstream efforts will convert into IFC investments, those that don't may serve as drivers of investment for others. It is experimental, resource-intensive work that takes patience and tolerance for risk — but opens the doors to new investments that change lives.

INCLUSION

Across everything we do, IFC works to support inclusive business models that improve livelihoods and create opportunities for the people who need them most.

This means opening doors to business opportunities for women entrepreneurs and job creation for those at the base of the economic pyramid, such as refugees. More broadly, it also means widening the private sector's role in countries that receive little investment or face other major challenges. However it is defined, inclusive business models are needed for growth to be sustainable and effective in reducing poverty.

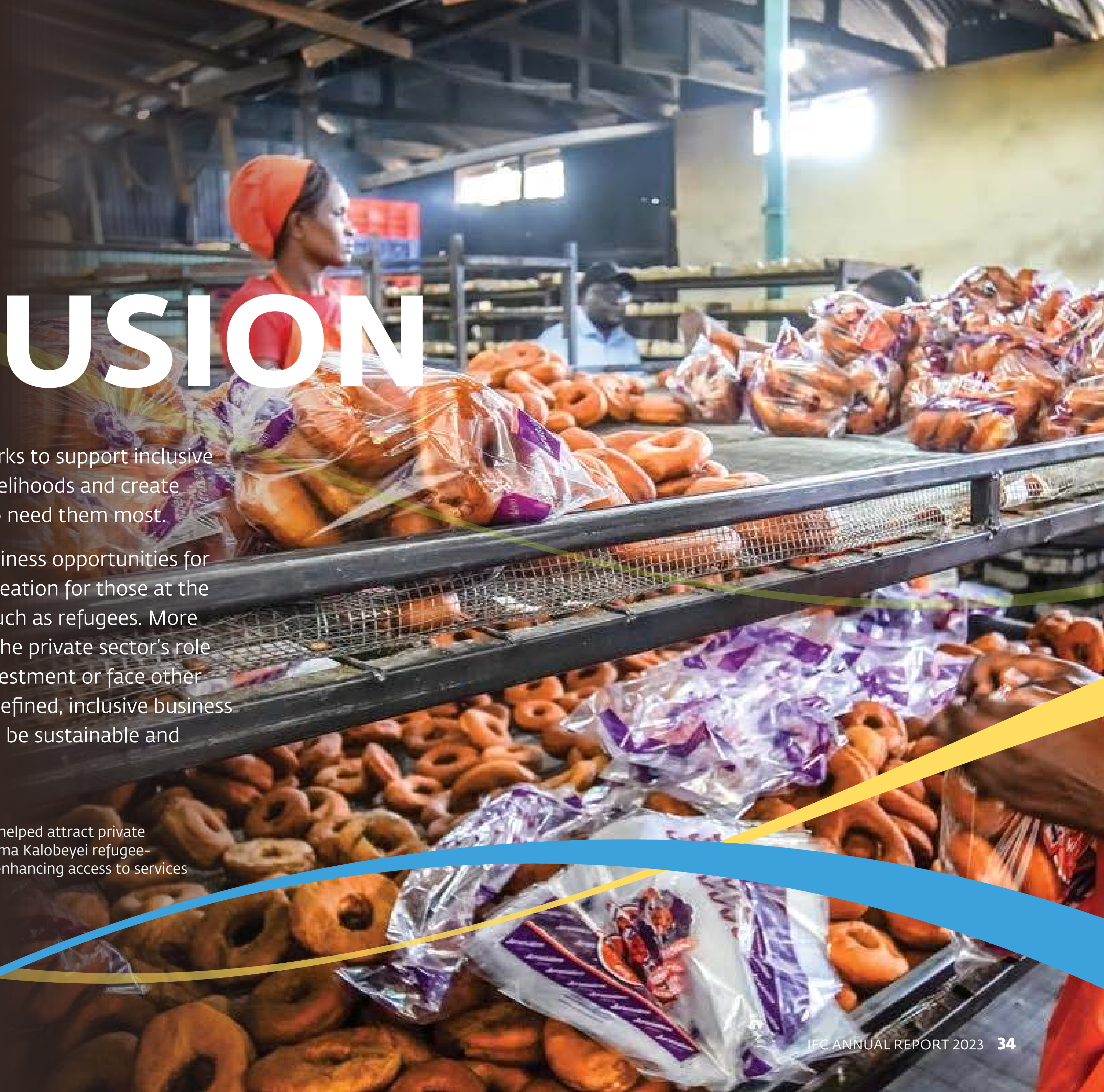
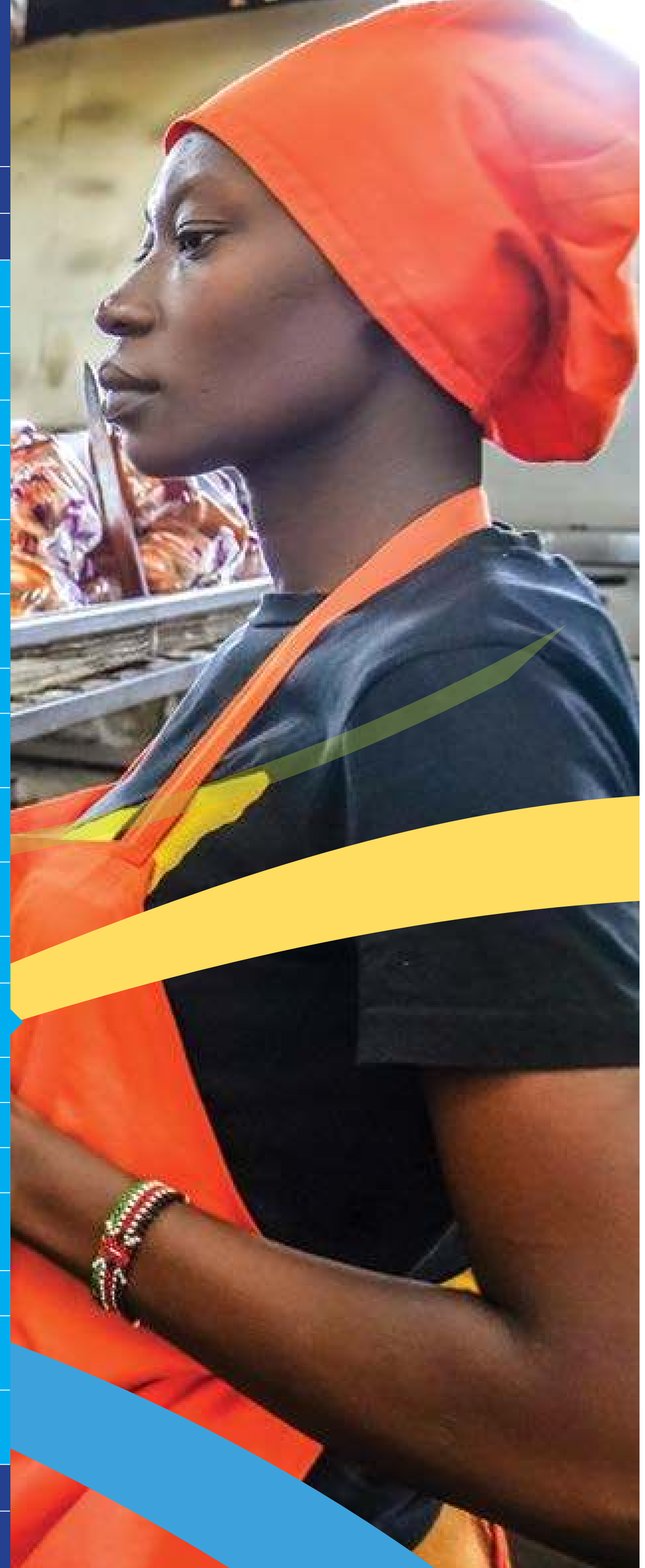


Photo: In Kenya, joint IFC and UNHCR work helped attract private businesses, including this bakery, to the Kakuma Kalobeyei refugee-hosting area, creating job opportunities and enhancing access to services for refugees and host communities.



PRIVATE SECTOR SOLUTIONS FOR

REFUGEES AND HOST COMMUNITIES

The number of people around the world who have been forcibly displaced from their homes reached 110 million in 2023—a record high. An estimated three out of four of these people are hosted in low- and middle-income countries, often by communities facing similar socioeconomic challenges.

This grim statistic calls for innovative approaches to address a crisis that shows no signs of abating. In 2018, the United Nations General Assembly affirmed a Global Compact on Refugees, a historic framework calling for greater support for people forced to flee, as well as the communities that host them. It envisages a more significant role for the private sector to help create an enabling environment for refugees to become more self-reliant so they can build their own futures and contribute to their host communities.

In response to this call to action, in December 2022, IFC and UNHCR (the UN Refugee Agency) established a Joint Initiative to create opportunities for refugees and their host communities. The Joint Initiative provides operational support to IFC and UNHCR teams and promotes knowledge sharing to facilitate the engagement of private sector stakeholders in refugee-hosting areas. It taps into private sector expertise, financing, and innovation to improve the quality of life for those forcibly displaced and their hosts. Through job creation, affordable and inclusive services, financing infrastructure, and providing capital for small and medium enterprises, significant progress can be made in fostering economic growth and empowerment.

Since 2016, IFC and UNHCR have been working together on project implementation in countries including Brazil, Colombia, Ethiopia, Iraq, Jordan, Kenya, Lebanon, and Uganda.

IFC's new formal partnership with UNHCR will build on the experience of this work and allow them to have a more significant impact in supporting local economies and markets, in alignment with the spirit of the Global Compact on Refugees.

Photo: IFC and Colombian microfinance bank, Bancamía, launched a pilot program to help Venezuelans in Colombia integrate into social and economic life. Venezuelan migrant María José Noguera Martínez took out a Bancamia micro loan to start her business.

GENDER BONDS:
BREAKING DOWN BARRIERS

Photo: Brazilian entrepreneur Júlia Morais started her business, Flor de Maio, to provide natural and holistic healthcare products to women in her community. She was able to grow her business, thanks in part to a loan from Itaú Unibanco.

In the heart of Brazil, a small business owner had a vision, but like many women entrepreneurs in her region, she faced significant barriers in accessing the necessary capital. Meanwhile, thousands of miles away in Indonesia, another woman shared a similar dream and faced similar challenges.

In 2023, these women and thousands of female entrepreneurs like them saw their dreams begin to take shape, thanks to an innovative partnership between IFC and two commercial banks.

In Brazil, IFC partnered with Itaú Unibanco, subscribing to a $200 million gender bond. This marked the first gender bond issued by a private bank in Brazil, and it was a game changer for thousands of women. The bond supported Itaú Unibanco's lending program to women-owned small and medium enterprises (WSMEs), particularly those in underserved regions. With this support, entrepreneurs across the country were able to secure the funding needed to expand their businesses, hire more local artisans, and contribute to their local economies.

In Indonesia, IFC embarked on a landmark social and green bond deal with PT Bank BTPN Tbk (BTPN), worth up to $500 million. This investment was not just about green growth; it was also about empowering women business owners. The financing gap for MSMEs in Indonesia, exacerbated by COVID-19, was a significant hurdle for entrepreneurs, with women among the hardest hit. However, with half of the social bond proceeds now earmarked for WSMEs, thousands of entrepreneurs will be able to secure the necessary funding to grow a greener, more inclusive economy.

These initiatives are part of IFC's Banking on Women (BoW) business, which has been providing financial and business solutions to women-led SMEs through financial institution partners. Since 2012, IFC's BoW business has mobilized and invested more than $4.2 billion in financial institutions, specifically to finance women-led SMEs through 251 investment and advisory services in 76 countries.

Looking ahead, we remain committed to leveraging our capital, expertise, and influence to create markets and opportunities for women entrepreneurs. By doing so, we aim to build a better future where everyone, regardless of gender, has an equal opportunity to succeed.

From Brazil to Bali and everywhere in between, women entrepreneurs find themselves connected by shared experience. IFC's continuing support for social bonds is transforming women's entrepreneurial experience from hardship to opportunity.

PAKISTAN:
SUPPORT AT A CRITICAL TIME

In a year when Pakistan faced a crippling combination of catastrophic floods, an economic downturn in part due to the global energy crisis, and political instability, IFC more than doubled its annual investments in the country to nearly $1.5 billion, a new record and testament to our role as a countercyclical investor.

This unprecedented level of IFC support came as the country is confronting its worst economic crisis in decades. Amid Pakistan's declining foreign reserves, companies need hard currency to do business in industrial and manufacturing sectors. But commercial banks' ability to lend to the private sector has been low amid the broader uncertainty.

IFC has provided a lifeline with short-term finance, which rose by more than 80 percent this fiscal year. IFC's investments included the launch of a pioneering supply chain risk-sharing facility to increase our capacity to support clients in key sectors such as complex manufacturing and export-oriented products, as well as value chains of smaller businesses.

IFC is also helping address Pakistan's challenges by providing long-term financing. In healthcare, our financing for a private hospital in the Khyber Pakhtunkhwa province is helping improve access to high-quality healthcare services, especially for low-income patients. There is only one doctor for every 3,000 people in the province, less than a third of the national average and well below World Health Organization recommendations. The investment builds on earlier IFC advisory work that helped Northwest hospitals monitor and improve their quality of care, strengthen corporate planning, and improve internal processes and corporate governance. Approximately 25 percent of patients come from nearby Afghanistan.

IFC's investment in the hospital is supported by a co-investment from the blended finance facility of the International Development Association's Private Sector Window. The blended concessional finance co-investment is addressing a gap in the availability of the long-term financing that the project needs to deliver the anticipated impact.

Our global focus on addressing the impacts of climate change is also evident in Pakistan, a country that is responsible for only 0.3 percent of global emissions but is disproportionately affected by extreme weather events such as floods and cyclones. We are looking to scale up support for sustainable and climate-resilient infrastructure while also supporting micro, small, and medium enterprises and strengthening capital markets. In addition to financial support, IFC provides advice on partnerships between the government and private sector to improve the country's water supply, hospitals, and airports. Through this support, a first-of-its-kind framework has been developed for airport outsourcing in the country.

Photo: Northwest General Hospital and Research Center in Peshawar, Pakistan.

James Morley
Senior Investment Officer, IFC, Singapore

"There is a huge need for improved healthcare in this city of more than 2 million people with a large Afghan refugee population, but no other hospitals of this quality."

Amid the global COVID-19 pandemic, James Morley began working on IFC's $11 million investment in the expansion of two private hospitals serving low-income patients in Peshawar, Pakistan. For the first two years, travel was impossible. As time went on, a deep macroeconomic crisis began to emerge in Pakistan, decreasing the Pakistani rupee's value by 50 percent. Then the Taliban takeover of neighboring Afghanistan led to a flood of refugees, making conditions even more challenging in the province.

But thanks to the team's persistence, a committed client, and IFC support that included blended finance and Upstream/advisory, the client received the transformative IFC funding, increasing access to healthcare for thousands of people in this frontier region of the country.

AFFORDABLE HOUSING: FILLING THE GAP

The world faces a vast shortage of affordable housing. Demand greatly outstrips supply, affecting more than a billion people. IFC is mobilizing its toolkit to tackle this crisis with new urgency.

Consider Papua New Guinea, which struggles with a critical housing shortage in its capital, Port Moresby. An estimated 56 percent of the city's population will live in informal settlements by 2030 unless the issue is addressed. High prices and a lack of supply are pushing people to live in unsafe conditions.

IFC has signed an advisory agreement with the government to address this shortage through structuring and implementing a public-private partnership that will help provide a variety of single-unit family dwellings and affordable flats. IFC will assist the government in running an open and competitive bidding process to identify a highly experienced private developer to design, finance, build, and maintain the housing for a defined period. This affordable housing project will not only help address a housing shortage and problems associated with informal settlements, but will also provide a stock of climate-resilient homes that incorporate green design specifications.

Photo: New affordable urban housing under construction in the Mandeni Municipality of South Africa's iLembe District of KwaZulu-Natal.

Home ownership is one of the most important ways for people to build wealth and transfer it to the next generation. In South Africa, IFC is helping put more people on that path, which, in addition to improved access to finance, sometimes requires resolving complex legal issues that stand in the way.

South Africa's government has built more than a million subsidized houses for its low-income populations in recent decades. But in many cases, when people received the houses, title deeds were not transferred, leaving occupants unable to legally sell or borrow against the property. This has kept an estimated 242 billion rand (approximately $12 billion) in assets out of the hands of the country's poorest households. With the support of the Swiss State Secretariat for Economic Affairs (SECO), IFC advisory services has helped two municipalities near Durban locate the rightful owners, transfer full ownership to them, and make sure the problem does not repeat itself.

Photos left: Sifunda Amos Nkosi (above left, accompanied by Thobeka Cele) and Nonhlanhla Msweli are among the low-income homeowners who have now acquired titles to their property thanks to the advisory services IFC and SECO are providing to municipalities in South Africa.

Amina
Khaled El Zayat
Senior Operations Officer, IFC, Johannesburg

"This story touched me on a personal level, as I was able to see very immediate and tangible results on the ground as a consequence of our work."

Amina Khaled El Zayat says the South Africa Property Titling advisory project took her deeper into the grassroots than anything else in her 15-year career at IFC. It helped the KwaDukuza and Mandeni municipalities near Durban locate the owners of low-income housing and put the title deeds into their hands. The lessons from this pilot project are now discussed at the policy level to replicate its success on a larger scale.

THOUGHT LEADERSHIP AND CAPACITY BUILDING

Collaborating with partners to build expertise and share knowledge is an essential part of IFC's mission.

In addition to the hundreds of projects we carry out each year, we conduct regional and thematic research initiatives to provide evidence-driven recommendations on how the private sector can help address the most urgent challenges of development. These efforts help set a broader agenda for business and finance in the developing world, pointing the way to new solutions for a more sustainable and inclusive world.

Through partnerships, we also work to build the capacity of leaders in emerging and developing economies to develop their skills and knowledge.

Photo: IFC financing helps Kenyan financial technology firm M-KOPA expand its flexible credit model, giving customers access to everyday essential products by paying a small deposit followed by digital micropayments.

IFC AND WTO:
TRADE FINANCE IN AFRICA

At the height of the COVID-19 pandemic, the trade finance gap added to an array of disruptions in moving critical goods and commodities across borders. Restoring and increasing access to trade finance to boost trade flows is a critical policy priority to support economic growth prospects.

In FY23, IFC and the World Trade Organization (WTO) joined forces to understand how to scale access to trade finance in West Africa's four largest economies—Côte d'Ivoire, Ghana, Nigeria, and Senegal—which face a trade finance shortage of up to $14 billion annually.

The study, *Trade Finance in West Africa*, finds that the high cost and limited scope of existing trade finance products in these economies severely limits their trade. By lowering the costs and increasing the availability of trade finance, these countries could boost their exports and imports by up to $26 billion annually. Additionally, providing greater access to trade finance would bring major economic benefits and has become a key focus of IFC's work across the continent. This has included joint capacity-building workshops with WTO for banks, SMEs, industry associations, and government officials in Rwanda and Côte d'Ivoire.

Complementing that outreach is the African Trade and Supply Chain Recovery Initiative, launched by IFC in 2022 with the support of the International Development Association's Private Sector Window. It provides funding and risk mitigation through local financial institutions to importers and exporters of essential goods across Africa, especially in the poorest and fragile and conflict-affected countries. In its first year, the initiative provided seven banks with trade finance lines totaling $75 million in countries such as Burkina Faso, Burundi, Guinea, and Mauritania. This included a $5 million facility for Interbank Burundi, supported by advisory services, and $10 million to bolster the growing trade finance business of Mauritania's Banque Mauritanienne de l'Investissement.

Ngozi Okonjo-Iweala
WTO Director-General

"Our collaboration with IFC has helped us better understand what is happening with trade finance in Africa, enabling IFC to help plug the trade finance gaps. Our landmark study showed that only 25 percent of West Africa's trade was supported by trade finance, at high cost, marginalizing small traders and keeping them downstream in production."

IFC AND IEA:
SCALING UP INVESTMENT IN CLEAN ENERGY

Growth in emerging markets and developing economies will result in increasing energy demand that governments alone cannot fulfill — unless they cut other critical expenditures. A joint report by IFC and the International Energy Agency calls on the private sector to step up.

The report, *Scaling Up Private Finance for Clean Energy in Emerging and Developing Economies*, finds that annual clean energy investments in emerging and developing economies will need to more than triple by the early 2030s and stay at those levels for another 20 years to meet rising energy needs and align with the climate goals set out in the Paris Agreement.

It estimates that about 60 percent of this financing will have to come from the private sector, amounting to about $1 trillion annually by the early 2030s, up from $135 billion today. Encouragingly, new climate-friendly energy solutions are being introduced to the market, but they face risks of uneven development and deployment, potentially leaving many countries behind.

For the private sector to play its part, clean energy projects need to be developed that match investors' risk and return expectations. Currently, the cost of capital for a typical utility-scale solar project can be up to three times higher in emerging economies than in advanced ones, reflecting real and perceived risks at the country, sectoral, and project levels. The World Bank Group will be instrumental in de-risking projects through blended finance and in improving project preparation to scale up opportunities.

The report stresses the importance of de-risking for projects that involve newer technologies that have yet to scale and are not yet cost-competitive in many markets, such as battery storage, offshore wind, renewable-powered desalination, or low-emissions hydrogen. Projects using more traditional technologies but located in riskier markets will also require de-risking.

Photo: IFC-financed Cibuk 1 wind farm in the northern Serbian province of Vojvodina.

CAPITAL MARKETS: TRAINING THE NEXT GENERATION OF LEADERS

With sufficient financing, companies create jobs — providing the steady incomes that lift people out of poverty. Along with loans and equity investments, mature capital markets play a critical role in enabling business owners to access long-term financing, allowing them to grow their operations and hire more people.

But in many countries, capital markets remain underdeveloped because they lack a critical mass of knowledgeable regulators who can carry out reforms to modernize the financial sector and develop local capital markets. This is why IFC has teamed with the Milken Institute in the United States and Paris Europlace in France to train future leaders at the George Washington University and Paris Dauphine University.

Successful capital market development requires robust skills in financial regulation, market intermediation, and policy planning. Over the past seven years, the IFC-sponsored Capital Markets Program has addressed this need, educating mid-career professionals from ministries of finance, central banks, stock exchanges, and capital market authorities. Since its inception in 2016, the program has trained over 220 professionals across 58 countries.

"The program has really been very beneficial to our countries by preparing participants to be the next crop of governors, ministers of finance, and other positions in our countries," said Patrick Njoroge, governor of the Central Bank of Kenya.

"If such opportunities can be afforded to many people in developing countries, it can help to change Africa," said program alum Vusani Khoza of the Central Bank of Eswatini.

The students spend about eight months in Washington, D.C., or in Paris, first completing a certificate program at the George Washington University or an executive master's at Paris Dauphine, with courses on financial markets fundamentals, corporate governance, regulatory regimes, and other topics. Then they intern at investment banks, asset management firms, or international organizations like the World Bank Group.

Photo: May 2023 graduation ceremony for the ninth cohort of the IFC-sponsored Capital Markets program.

MEASURING UP: OUR IMPACT

Measuring the results of our work and evaluating our effectiveness are fundamental to IFC's approach to development.

MEASURING THE IMPACT OF IFC OPERATIONS

IFC's impact assessment tool, the Anticipated Impact Measurement and Monitoring (AIMM) system, enables IFC to better define, measure, rate, and monitor the development impact of each investment project.

The ex-ante AIMM rating system, which assesses a project's expected impact, is fully integrated into IFC's investment approval processes and allows development impact considerations to be weighed against a range of strategic objectives, including volume, financial return, risk, and thematic priorities.

For projects in IFC's portfolio, ex-ante AIMM scores are transitioned to a portfolio AIMM score that is reviewed annually. AIMM portfolio monitoring assesses a project's performance and the underlying risks to achieving expected development impact using results data from assigned outcome indicators. By comparing changes in indicator results to both ex-ante targets and AIMM sector framework benchmarks, we are able to link the ex-ante AIMM score to its evolving portfolio AIMM score and measure the extent to which the expected development impact is realized.

The AIMM system helps operationalize IFC's strategy by providing a robust operational framework that:

- Improves our ability to identify and design projects that maximize our development impact;
- Sets ambitious targets and incentives;
- Strengthens our capacity to deliver an optimal mix of projects that generate both high development impact and solid financial returns; and
- Provides an "end-to-end" approach to results measurement by linking ex-ante assessments with the learning and accountability function.

Since its introduction in FY18, the AIMM framework has delivered over 2,300 ex-ante and 4,400 portfolio impact scores. The framework is being continuously refined and streamlined to meet business needs.

AIMM SCORES

In FY23, IFC committed 243 investment projects that received ex-ante AIMM scores. The table below summarizes ratings over the past two years.

Investment Ex-Ante AIMM Ratings for Projects Committed in FY23 and FY22

SHARE OF PROJECTS

AIMM Rating Categories	FY23 (243 PROJECTS)	FY22 (225 PROJECTS)
Excellent	14%	11%
Good	68%	61%
Satisfactory	18%	28%
Low	0%	0%

The FY23 AIMM portfolio comprises 1,130 active projects that have received ex-ante AIMM scores. The table that follows summarizes ratings over the past two years.

Investment Portfolio AIMM Ratings, FY23 and FY22

	RATING DISTRIBUTIONS	
AIMM Rating Categories	**FY23 (1,130 Projects)**	**FY22 (1,034 Projects)**
Excellent	11%	8%
Good	54%	55%
Satisfactory	25%	27%
Low	10%	10%

Detailed AIMM scores by region and industry, as well as selected IFC client reach can be found on IFC's Annual Report website.

This is the fourth year IFC is publishing portfolio AIMM scores for investment projects under supervision. Changes in portfolio AIMM scores inform investment managers of progress in delivering development outcomes for active investment projects. The FY23 average portfolio AIMM score was 48. The average ex-ante AIMM score at approval for these same projects was 49, which suggests that at the portfolio level, overall, these projects are delivering on expected development impact during implementation.

Ratings of Advisory Projects: Development effectiveness of advisory projects is assessed at project completion. In FY23, 98 advisory projects qualified for ex-post evaluations, and 61 percent of these projects were self-rated to be mostly successful or better.

The FY23 overall success rates for the advisory services portfolio is trending lower relative to FY22, largely because of the effects of the COVID-19 pandemic and other externalities, particularly in Africa, Europe, and for global projects. Despite the decline of the overall IFC success rate, success rates for the advisory services portfolio increased in the Middle East, Central Asia, Türkiye, Afghanistan, and Pakistan Region. Additional details can be found on IFC's Annual Report website.

SETTING STANDARDS FOR IMPACT INVESTING

Since their launch in 2019, the **Operating Principles for Impact Management** (Impact Principles) have become the market standard for impact investors. By adhering to these principles, impact investors can help ensure that their investments meet a high standard for social and environmental impact, which can translate into more effective use of capital. Beginning with 58 founding signatories, the Impact Principles have grown significantly, and the number of signatories has tripled to 177. The signatories come from 39 countries and represent $516 billion in assets focused on impactful investments. IFC hosted the Secretariat for the Impact Principles until October 2022, when we transferred hosting responsibilities to the Global Impact Investing Network.

In addition, IFC is a founding partner of the **Harmonized Indicators for Private Sector Operations (HIPSO)**. The 28 development finance institutions (DFIs) in the HIPSO Whole Group work to develop metrics at the sector and sub-sector levels that could be leveraged by the signatories to the Impact Principles and the broader impact investing community. In the past year, the HIPSO partnership revised metrics for agribusiness, health, and education and drafted new indicators in increasingly topical areas like disruptive technologies and job quality. The HIPSO platform has a key role to play in ensuring best practices in metrics for monitoring development impact are made widely available to non-DFI partners. It is also designed to nurture a culture of sharing knowledge and learning, including sharing knowledge on impact management systems, theories of change and mapping evidence gaps, and harmonizing data collection templates.

ALIGNING WITH THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)

IFC operations contribute to several SDGs through direct investments and advisory services. Integral to IFC's mandate and aligned with the World Bank Group's goals are SDGs 1 and 10: "No Poverty" and "Reduced Inequalities." At the strategic sector level, IFC promotes projects in infrastructure, agriculture, financial inclusion, health, and education—aligned with SDGs 2, 3, 4, 6, 7, and 9.

IFC also actively partners with private investors to mobilize new sources of finance—aligned with SDG 17. IFC continues to promote job creation and economic growth, gender equality, cities development, environmental and social sustainability, and climate-change adaptation and mitigation—aligned with SDGs 8, 5, 11, 12, and 13, respectively. IFC's clients' contribution to the SDGs is highlighted on the IFC SDG Dashboard on IFC's website.

IFC, together with other DFIs who are HIPSO partners, has developed a common methodology to align DFI contributions with the SDGs, available for broader use by private impact investors and corporates. Additional information is available at: https://indicators.ifipartnership.org/dashboard/.

LESSONS FROM RESEARCH, ANALYTICS, AND SELF-EVALUATION PROGRAMS

IFC uses a combination of research, data analytics, and self-evaluations to fill knowledge gaps and provide real-time solutions to clients and operational staff. These insights generate important lessons that inform new client engagements. Notable examples from FY23 are detailed below:

- **Impact Evaluation on Africa Improved Foods Limited (AIF Project) in Rwanda:** IFC completed a six-year-long impact evaluation of the AIF Project in FY23, using a matched difference-in-difference quasi-experimental design to assess the impact on farmer livelihoods. Both IFC own-account and blended concessional finance from the Private Sector Window of the Global Agriculture and Food Security Program were used to finance the construction and operation of a 45,000 metric tons processing plant to produce fortified cereal bars for undernourished children and lactating mothers to combat chronic malnutrition. The evaluation found positive impacts for the treatment group on maize production, poverty rate, household livestock income, and household ownership of non-agricultural assets. These effects represent statistically significant positive differences from those of the comparison group, with the treatment group having 1.5 to 2 times higher increase in the production, sales, and revenue of planting maize as well as agricultural revenue. The likelihood of living below the international poverty line of $2.15 a day decreased by 4.7 percentage points for treatment cohorts supplying to the project for more than three years. An earlier assessment of the AIF Project found that, during the forecast period of 2016 to 2031, the project was expected to generate $758 million in net incremental benefits to the Rwandan economy, 70 percent ($532 million) of which is labor value added, mostly through reclaimed labor productivity on the consumer side from reduction in malnutrition and stunting.

- **The Impact of Shared Telecom Infrastructure on Digital Connectivity and Inclusion:** Published in collaboration with the Toulouse School of Economics, this working paper, using data from 150 countries spanning over 12 years, found that shared telecom infrastructure resulted in improved affordability of mobile internet and increased uptake by women and rural households. A substantial number of individuals remain unconnected to the internet despite an increasing emphasis on infrastructure-based competition. This paper investigates the impact of shared telecom infrastructure on digital connectivity and inclusion using a new dataset on mobile tower sharing transactions between 2008 and 2020, i.e., acquisitions of towers by independent companies from mobile network operators to be rented back to all operators. Estimates based on difference-in-differences with different timing of treatment suggest that these transactions resulted in a significant drop in the price of mobile connectivity as well as an increase in availability and uptake of mobile internet, especially by rural households and women. Our findings suggest that increased competition intensity through reduced market concentration appears to be the main driver of these outcomes.

- **Impact of the legal reforms on the e-payment market in Bangladesh:** IFC undertook an analysis to assess the contribution of the two e-payment regulations (the Bangladesh Payment and Settlement Systems and the Bangladesh Electronic Fund Transfer Regulations in 2014), supported by the Bangladesh Investment Climate Fund (BICF), to the development of the e-payment market in Bangladesh. The IFC-supported reforms are part of a larger World Bank Group package. The analysis found that IFC-supported regulations directly contributed to the licensing of 13 commercial fintech companies and the development of a consumer protection framework required to enable the growth of e-payments. It also finds that regulation was a necessary but not sufficient condition for market development. The analysis found that the number of transactions of all three e-payment instruments (payment cards, internet banking, and mobile financial services) have grown significantly over time. The number of mobile financial services transactions was approximately 10 times larger than card-based transactions and 100 times larger than internet banking transactions in 2021. The use of e-payment technologies grew exponentially during the COVID-19 pandemic. Bangladesh is a regional leader on mobile money but lags on mobile and internet banking. Yet, further growth of e-payments is contingent on reforms around market competition, financial literacy, and awareness.

- **Climate Change Impact Management by Financial Institutions Survey:** The survey sought to take stock of financial institutions' capacity and readiness to manage climate-change-related risks and opportunities and the key challenges they are facing in aligning with the objectives of the Paris Agreement. One hundred seventy-seven financial institution clients across 73 emerging markets and developing economies were asked to share their levels of preparedness in four areas, namely strategy and governance, risk, finance, and reporting and disclosure. The survey results indicated that awareness of climate risks is widespread but scarcity of data to inform decisions, inadequate regulation, and shortages of funding are preventing them from taking further action. Around a third of respondents see climate finance as a priority but their growing appetite for expansion of their green portfolios faces several hurdles, including low or insufficient customer demand for climate finance paired with the limited availability of longer-term funding and a limited breadth of climate finance products. The survey revealed that while only about a third of respondents have adopted three or more of the eleven recommendations by the Task Force on Climate-Related Financial Disclosures (TCFD), the share is set to reach 76 percent in the next two years. The results of the survey are valuable in identifying priority areas where further support from development finance institutions can have the most impact.

SUSTAINABILITY

IFC has long provided leadership in shaping the environmental, social, and corporate governance (ESG) landscape, from pioneering sustainability safeguards for the private sector to establishing rigorous ESG risk-management practices. The Sustainability Framework and Corporate Governance Methodology anchor IFC's ESG risk-management approach. They establish a solid foundation for growing IFC's own business sustainably, as well as building the capacity of our clients, the private sector, and future industry leaders.

As the global sustainability agenda advances, IFC has continued to innovate. Whether breaking new ground with digital tools that monitor project impact more efficiently or forging partnerships to tackle emerging ESG frontiers, IFC is playing a catalytic role in establishing standards for private sector growth and channeling financing to create more sustainable markets.

IFC AS A STANDARD SETTER

At the core of our Sustainability Framework are IFC's Performance Standards, which define how our clients avoid, mitigate, and manage environmental and social (E&S) risks. For nearly two decades, our Performance Standards have served as a global benchmark. The Equator Principles, which are built on these standards, have been adopted by 139 financial institutions in 39 countries. A growing number of other financial institutions and sustainability frameworks are either adopted from or influenced by IFC's Performance Standards.

The World Bank Group's Environmental, Health, and Safety (EHS) Guidelines are the technical reference documents of Good International Industry Practice (GIIP) for financial institutions, companies, and ESG practitioners across the globe. In close collaboration with the World Bank and MIGA, we have begun updating and modernizing the guidelines to reflect the current GIIP, including strengthened guidance on managing climate, community, and occupational health and safety issues. The first new-generation EHS guidelines on airports, electric transmission and distribution, and healthcare facilities are expected to be shared for public consultation in FY24.

Sustainable business relies on integrating corporate governance considerations into the decision-making process. IFC is continuing to set new benchmarks for corporate governance, including in evolving areas such as climate governance and reporting. Based on IFC's Corporate Governance Methodology, IFC has launched a Climate Governance Progression Matrix and tip sheet to assist boards of directors in identifying and overseeing climate-related risks and opportunities.

CAPACITY BUILDING

Through our ESG advisory services, we support our clients and the broader market in navigating ESG challenges. In FY23, we supported 94 clients in 32 countries in improving their ESG practices and approaches. We also continually develop open-source public goods on best practices related to sustainability issues. We published new tools and knowledge products, such as a tip sheet and case studies to enhance understanding around gender-based violence and harassment risk management, and a series of case studies on women leaders in fragile markets entitled Being Bold—Case Studies on Women's Business Leadership in Sierra Leone and Liberia. Our ESG resources are valued by our clients and the broader market, with more than one million page views and 300,000 downloads in FY23.

IFC is also helping companies build capacity to translate sustainability commitments into practical, measurable financial decisions. In FY23, we relaunched the FIRST (Financial Institutions: Resources, Solutions, and Tools) website, which provides financial institutions with information and tools to understand and manage E&S risks and introduces users to sustainable financing opportunities. The FIRST website was accessed more than 200,000 times over the past fiscal year, with the majority of users based in emerging markets.

IFC partnered with CDP, a non-profit focused on environmental disclosure systems, to examine more than 100 disclosure practices. The report, which was developed in consultation with the UN Sustainable Stock Exchanges Initiative, highlights practical examples for developing high-quality regulation to mobilize private capital flows toward sustainable solutions.

We are also continuing to strengthen IFC's E&S staff capacity. Our Professional Learning and Certification Program (PLCP) was launched in August 2022 to maintain the highest levels of E&S risk management competency. More than 120 hours of training were delivered to nearly 80 IFC E&S specialists. We're exploring how elements of the PLCP could be made accessible to external E&S practitioners.

INNOVATIVE TOOLS

IFC continues exploring how technology and digital tools can help monitor—and amplify—ESG impacts. IFC's Machine Learning ESG Analyst (MALENA) is being used by IFC specialists for ESG due diligence, portfolio monitoring, and insights. MALENA is an AI-powered platform that extracts meaningful insights from unstructured ESG data at scale, enabling rapid analysis and increasing productivity. IFC is beta testing an external version of MALENA, engaging with diverse institutions. In May 2023, for the second consecutive year, MALENA was selected by the International Research Centre on Artificial Intelligence (IRCAI) as a Global Top 100 project to meet the Sustainable Development Goals. This year, MALENA advanced by two categories from the previous year, from "Promising" to "Outstanding," and ranked in the top 10 projects.

IFC is also harnessing the power of digital tools with the development of the Sustainability Rating Tool (SRT), which has been designed to provide structured and consistent management of ESG risks and create operational efficiencies by helping to focus efforts and resources on managing material ESG risks. After a successful pilot test, SRT is now being rolled out to all IFC projects, including new business and portfolio projects.

Leveraging AI and Data Science to Drive Better Outcomes

There is growing interest in tapping AI to generate insights on the environmental, social, and governance (ESG) performance of companies, projects, even countries. Over 80 percent of the world's largest firms by revenue are reporting on sustainability aspects of their businesses, and 90 percent of S&P 500 companies disclose ESG data. Credit rating agencies who once ranked companies purely on financial performance are adding ESG metrics to their offerings, while new rating firms are now popping up that specialize in ESG rankings.

The United Nations has created the Sustainable Stock Exchanges Initiative that promotes networking and research among capital market stakeholders. Regulators are developing standards with the goal of making ESG ranking methodologies more transparent, which should make it easier for non-specialists to understand and compare ESG data sets. ESG was a central consideration in every individual investment from the more than $30 billion that IFC committed to emerging markets over the past year.

With the support of the Facility for Investment Climate Advisory Services (FIAS), Denmark, and the Republic of Korea, IFC started building its own tool, MALENA, in 2019 as an innovative way to use AI to help map out the ESG landscape for emerging markets. IFC's ESG experts trained MALENA to analyze the language contained in documents in a way that will generate the most useful ESG insights. Human language, as we know, is complex and nuanced. Understanding the context of what is written is key to grasping intended meaning—and preventing errors in interpretation.

Since its launch in 2022, MALENA has analyzed over 246,000 internal IFC and public documents—including impact assessments, news articles, and sustainability reports—which stretch back decades and cover over 10,000 projects in 186 countries. One of MALENA's big strengths is speed: it reads 19,000 sentences in a minute. After scouring the documents, MALENA generates dashboards on ESG performance. These dashboards can be a helpful reference source for IFC's ESG experts as they make their risk assessments.

With demand for ESG data growing exponentially, including in emerging markets where such data is often lacking, AI tools like MALENA have an important role in improving data quality. They can help investors meet their ESG goals in innovative ways.

PARTNERSHIPS

To amplify its reach, IFC partners with leading ESG networks and organizations. In FY23, in collaboration with the UN Sustainable Stock Exchanges Initiative and CDP, IFC offered training courses on the Task Force on Climate-Related Financial Disclosures (TCFD). These courses reached 20,000 participants in 60 markets, with 12,000 participants joining from emerging market locations.

In partnership with the Equator Principles Association, IFC published a report that examines the linkages between IFC's Performance Standards, the World Bank Group's EHS Guidelines, and the European Union Taxonomy's "do no significant harm" (DNSH) and minimum safeguards (MS) criteria. This research found that the Performance Standards and EHS Guidelines are a credible reference framework to assess the alignment of a business activity with the EU Taxonomy's DNSH and MS criteria to qualify as environmentally sustainable. This research contributes to global objectives to seek interoperability and alignment of sustainable finance regulations and standards on environmental and social risk management, which is critical to ensure their effectiveness and avoid greenwashing.

IFC continued to serve as the Secretariat and knowledge partner for the Sustainable Banking and Finance Network (SBFN), a global knowledge-sharing and capacity-building platform for financial regulators and industry associations from emerging markets. In FY23, SBFN membership grew to 80 member institutions representing 63 emerging market countries. In May 2023, SBFN launched a toolkit on developing sustainable finance roadmaps to assist members in moving from policy formulation to implementation. Through SBFN, IFC provided technical input to a new online learning course on Sustainable Finance Taxonomies, developed by Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ), an important resource for regulators in the design and implementation of sustainable finance taxonomies. SBFN continued to be the voice of emerging markets in global sustainable finance platforms such as the G20 Sustainable Finance Working Group and through reports such as the World Bank's Emerging Lessons & Considerations for Applying the G20 Principles on Alignment Approaches.

To advance efforts in identifying and managing labor risks, IFC's Managing Director and the International Labour Organization (ILO) Director General agreed on a Partnership Roadmap in March 2023. As part of this roadmap, IFC and ILO are discussing opportunities for further collaboration and synergies for knowledge sharing and exchange, capacity building, and promoting robust labor risk management.

ACCOUNTABILITY AND OVERSIGHT

Getting accountability right is critical for IFC and our clients. IFC has taken several actions in recent years to allow us to better address negative impacts felt by communities. This year, we gathered input from stakeholders on the proposed approach to remedial action and responsible exit principles. The consultation on the proposed IFC/MIGA Approach to Remedial Action took place from February to April 2023 and included options for stakeholders to attend meetings in various languages and time zones, as well as submit written feedback. IFC is in the process of analyzing the feedback we received from a broad spectrum of stakeholders, including civil society organizations (CSOs), international financing institutions, clients, and independent accountability mechanisms (IAMs) of multilateral development banks.

In addition to enhancing its accountability, IFC is also continuing its journey toward greater transparency, recognizing that this is one of the most important actions we can take as a development institution to maintain the trust of our stakeholders and engage them in developing new solutions to complex development challenges. We remain focused on working with our peers to achieve greater alignment in disclosure and reporting practices. This past year, IFC topped a DFI Transparency Index released by CSO Publish What You Fund. This was the organization's first comparative measure of the transparency of the world's leading development finance institutions.

Accountability

OFFICE OF THE COMPLIANCE ADVISOR OMBUDSMAN (CAO)

People affected by the environmental and social impacts of IFC projects may voice their concerns to CAO, the IAM for IFC. Reporting to the Board of Executive Directors, CAO's mandate is to facilitate resolution of complaints in a fair, objective, and constructive manner, enhance environmental and social project outcomes, and foster public accountability and learning to improve IFC's environmental and social performance. CAO's Dispute Resolution function helps resolve issues between affected people and IFC clients using a neutral, collaborative, problem-solving approach. CAO's Compliance function carries out reviews of IFC's compliance with its environmental and social policies, assesses related harm, and recommends remedial actions where appropriate. Through its Advisory function, CAO provides advice to improve IFC's systemic performance on environmental and social sustainability. In FY23, CAO handled 58 cases related to IFC projects in 29 countries. During the year, CAO received 12 new eligible complaints, of which two were referred to IFC. An additional two complaints that were referred to IFC in FY22 returned to CAO for assessment in FY23. CAO closed one case after early resolution in assessment and closed five cases after monitoring dispute resolution agreements reached between project-affected people and IFC clients. In addition, CAO closed one case after compliance appraisal as an investigation was not found to be merited and closed one case after monitoring IFC's actions in response to CAO's investigation findings. More information is available on CAO's website.

INDEPENDENT EVALUATION GROUP (IEG)

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

Oversight

GROUP INTERNAL AUDIT VICE PRESIDENCY (GIA)

The Group Internal Audit Vice Presidency (GIA) is an independent function reporting to the President and under the oversight of the Board of Executive Directors. GIA provides senior management and the Board with reasonable assurance that processes for managing and controlling risks and their overall governance are adequately designed and functioning effectively. GIA's work helps the World Bank Group serve its clients more effectively. It delivers audits, assurance, and advisory reviews that cover all key institutional areas: strategy, operations, finance, and corporate functions, including IT systems, applications, and processes. Its work is carried out in accordance with the Institute of Internal Auditors' International Professional Practices Framework. GIA collaborates with risk management and governance functions within management, as well as with the World Bank Group's other independent oversight and accountability units.

GIA's work program focuses on institutional and stakeholder priorities and significant risks; it delivers about 30 engagements per year. Key topics in FY23 included business continuity, conflicts of interest, IDA country allocations, innovative use of technology in project supervision, IFC's Upstream approach, treasury asset management, personal data privacy policy, website governance and security, and workforce planning.

GIA employs a flexible, risk-based delivery model to adjust its focus alongside changes in the World Bank Group's business and risk landscape. In FY23, GIA piloted the new Country Assurance and Advisory Program to enhance its coverage of governance, risk management, and internal controls of in-country processes. The program responds to internal developments such as decentralization as well as the findings and recommendations from GIA's 2022 External Quality Assessment. For more information on GIA, visit: www.worldbank.org/internalaudit.

SANCTIONS SYSTEM

The World Bank Group's Sanctions System is a multi-tier administrative process designed to address fraud, corruption, collusion, coercion, and obstruction by firms and individuals involved in its operations.

The **Integrity Vice Presidency (INT)** detects, deters, and prevents fraud and corruption in World Bank Group–financed operations and involving World Bank Group staff and corporate vendors. It investigates allegations of fraud, corruption, and other sanctionable practices; when these are substantiated, it pursues sanctions against external entities and provides its findings for human resources decisions on disciplinary measures against staff. INT also works to identify, monitor, and mitigate integrity risks in World Bank Group operations. The Integrity Compliance Office, an independent unit within INT, reviews the compliance posture of individuals and entities involved in the sanctions process and engages with those that are working to meet their conditions for release from sanction.

In FY23, INT convened the fifth International Corruption Hunters Alliance forum in Abidjan, Côte d'Ivoire, engaging with anticorruption practitioners from around the world on global challenges, with a focus on the nexus between corruption and development. This year's forum built on ongoing efforts to strengthen the network of anticorruption actors in confronting corruption at the local, regional, and global levels.

The **Office of Suspension and Debarment** is led by the World Bank's Chief Suspension and Debarment Officer and provides the first level of adjudication in the World Bank Group's Sanctions System. All sanctions cases that are not appealed to the Sanctions Board are resolved based on the officer's determinations, summaries of which are available to the public.

The **Sanctions Board** consists of seven members who are all external to the World Bank Group. It serves as the final decision maker in all contested sanctions cases and issues publicly available and fully reasoned decisions, which are not appealable.

In FY23, the World Bank Group sanctioned 23 firms and individuals through uncontested determinations of the Bank's Chief Suspension and Debarment Officer, decisions of the World Bank Group Sanctions Board, and settlement agreements. It removed 17 entities from sanction and converted the debarment with conditional release of one entity to conditional non-debarment. The World Bank Group also recognized 44 cross-debarments from other multilateral development banks (MDBs), and 12 World Bank Group debarments were eligible for recognition by other MDBs.

For more information about the World Bank Group Sanctions System and its annual report, visit www.worldbank.org/integrity.

To report suspected fraud or corruption in World Bank Group-financed projects, visit www.worldbank.org/fraudandcorruption.

DIVERSITY, EQUITY, AND INCLUSION

At IFC, we strive to build a diverse, equitable, and inclusive workplace that empowers and celebrates our staff as they deliver impactful results in private sector development. We remain committed to our strategic priorities of gender equality, data-driven accountability, and inclusive leadership.

Promoting diversity of thought starts with tracking workforce diversity data, which gives insight into our employees' wide range of backgrounds, skills, and experiences. As of June 30, 2023, IFC had over 4,300 employees, 54 percent of whom are women. Our staff represent more than 150 nationalities, work in over 100 countries, and speak more than 50 languages.

To achieve a more granular picture of our workforce representation, we rely on our ongoing iCount campaign. IFC's iCount initiative encourages staff to voluntarily self-identify in terms of nationality, race and ethnicity, sexual orientation and gender identity, and disability status. The iCount data we collect helps us understand with greater accuracy how IFC staff experience the workplace in terms of career progression and promotions, mobility, compensation, and performance management. We use this data to take targeted actions aimed at improving IFC's workplace experience.

In FY23, iCount data enabled us to view workforce diversity through different lenses: race and ethnicity, sexual orientation, and disability status.

ADVANCING OUR DEI STRATEGIC PRIORITIES

Our diversity enables us to think globally and act locally as we develop innovative and cross-cutting solutions to deliver on IFC's mission. Looking back on FY23, we are proud of advancing our three DEI strategic priorities, which reflect common needs across our organization's global footprint:

1. **Inclusive Leadership** *is our commitment to enable and set expectations for all staff in supervisory roles to lead by example and cultivate a value-based workplace culture that fosters inclusion and belonging.*

   Through learning programs and training, we aim to model the use of inclusive communication to create a supportive work environment for LGBTQI+ colleagues and allies. In FY24, we look forward to launching additional modules that highlight the role of inclusive communication in recruitment and performance management processes.

2. **Data-Driven Accountability, previously referred to as Performance Management Culture,** *is our commitment to strengthen our accountability and public disclosure efforts as we expand our data-driven action beyond just gender.*

   FY23 marked a milestone with the release of our first public DEI annual report. We also expanded our workforce representation disclosure beyond nationality and gender to include race/ethnicity, sexual orientation, and disability status. In FY24, we plan to undertake more detailed analyses of race and ethnicity data to understand with greater accuracy how IFC staff experience the workplace in terms of career progression and promotions, mobility, compensation, and performance management.

3. **Gender Equality** *is our commitment to build on our gender equality progress to sustain equity for women's career development at IFC.*

   In FY23, we continued to track the share of women in leadership positions. Our Gender Balance Index (GBI) score — a metric we use to promote, measure, and track gender distribution across our four grade groups — increased from 0.82 in FY18 to 0.87 in FY23.

For information on our staffing demographics and programs to create a more diverse, equitable, and inclusive work environment, visit www.ifc.org/en/about/diversity-equity-inclusion.

AUDITOR'S REPORT

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

Building a better working world

LETTER TO THE BOARD OF GOVERNORS

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

STAY CONNECTED

IFC's website, www.ifc.org, provides comprehensive information on our work. 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 2023 Annual Report, www.ifc.org/annualreport, provides downloadable PDFs of all materials in this volume and translations as they become available.

IFC ONLINE

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ifc.org

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Inside cover
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Page 3
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Page 5
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Page 6
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Page 7
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Page 8
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Page 18
Factstory for IFC

Page 21
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Page 22
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Page 25
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Page 26
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Page 28
IFC

Page 29
Birom Seck/IFC

Page 30
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Page 31
PlusFourFour Events for IFC

Pages 32-33
Photos courtesy of Nuru

Page 34
Amit Ramrakha for IFC

Page 35
Luis Ángel and Diego Dussan for IFC

Page 36
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Page 37
Saba Rehman for IFC

Pages 38-39
Mandeni Municipality

Page 40
Mwarv for IFC

Page 42
Djenno Bacvic/IFC

Page 43
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Back cover
Layepro for IFC

REPORTING UNDER THE TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

CLIMATE-RELATED FINANCIAL DISCLOSURE

This report is IFC's sixth consecutive disclosure under the guidelines recommended by the Task Force on Climate-related Financial Disclosures (TCFD). The report reflects IFC's perspective that climate change is a material risk and opportunity for our core business and therefore a key component of our non-financial disclosures and business strategy. It aims to provide our stakeholders with material information that accurately reflects the integration of climate considerations into our operations. Finally, it represents IFC's continued commitment to maintain and strengthen our climate-related financial risk assessment, management, and reporting practices. All six reports can be found online www.ifc.org/AnnualReport with links to relevant references.

IFC has its TCFD reporting audited by EY, a recognized third party, as part of the annual review of IFC's non-financial reporting. This review of our qualitative and quantitative disclosures helps us improve our TCFD reporting every year and ensures that the information provided is material to stakeholders and is aligned with global best practices. Since 2006, IFC has ensured that a third party audits its climate finance numbers to provide independent assurance on its climate finance results reporting.

This report follows the TCFD framework's four thematic areas: governance, strategy, risk management, and metrics and targets.

GOVERNANCE

What's New?

- Updated IFC's Board of Directors and management team on the progress of climate finance and Paris Alignment.
- Integrated the Climate Business Department with the Vice Presidency of Industries.
- Drafted and operationally tested the procedural framework for the implementation of the transaction-based approach to Paris Alignment.
- Finalized the frameworks for the counterparty approach to Paris Alignment in collaboration with the other multilateral development banks.
- Developed sector notes in collaboration with the World Bank.

IFC's Articles of Agreement outline the composition, roles, and responsibilities of IFC's senior governance body, its Board of Directors. The Audit Committee of its Board of Directors plays a key role in overseeing risk management at IFC. Under the direction of its Managing Director, IFC's management team is responsible for IFC's day-to-day operations including the management of existing and potential risks.

IFC's climate business and risk are overseen by IFC's Managing Director, who reports to the President of the World Bank Group on all climate commitments including climate business performance, climate risk evaluation, and Paris Alignment of IFC's operations. The World Bank Group President reports to the World Bank Group (IBRD, IDA, IFC, and MIGA) Board of Directors. Following the climate commitments as part of IFC's 2018 capital increase, in FY21 its Board approved IFC's commitment to align its investments with the goals of the Paris Agreement. As part of IFC's capital increase and Paris Alignment commitments, all investments are now screened for physical climate risk and IFC has committed to aligning all new investments with the goals of the Paris Agreement starting in July 2025 (85 percent starting in July 2023), and further scaling climate finance.

The President of the World Bank Group sets the Group's public climate targets. Progress on targets is reported to the IFC Board as part of IFC's quarterly Investment Operations Report Updates. Separately, the Group also reports annually to its Boards of Directors specifically on climate including progress toward all climate commitments (see Metrics and Targets section for further details). IFC's Board received climate updates and technical briefings on Paris Alignment and climate finance in July 2022 and in February and May 2023. In addition, IFC seeks formal Board approval for most projects, except those approved with delegated authority, many of which entail detailed engagement, particularly in hard-to-abate sectors. In the last fiscal year, there was significant engagement with IFC's Board and management on several projects in hard-to-abate sectors such as chemicals and airports, which resulted in the development of specific strategic approaches for investing in such sectors.

Additional touch points with the IFC Board and management team are **integrated into our business and reporting processes,** through written and verbal communications including the Annual Portfolio Review, Strategy and Business Outlook, Capital Package and the Forward Look Implementation Update, annual Climate Change Action Plan (CCAP) updates, updates on climate finance drivers and calculations as well as Paris Alignment of projects, carbon pricing and climate risk discussions in project Board papers, and deep dives and technical briefings as requested.

Climate is integrated into all aspects of IFC's operations. IFC's **Climate Business Department** is responsible for providing in-house expertise on climate and guiding the achievement of our climate targets. It serves as a hub that informs, trains, and enables IFC investment and other departments — the spokes — to integrate climate into IFC's operations, engage with our clients, and broaden our impact. The Climate Business Department helps set corporate climate strategy, shape policy, and support investment teams in identifying climate investment opportunities and mitigating climate risk. It also addresses medium to long-term climate risks by building the capacity of IFC staff and clients, providing advisory services, and developing thought leadership to create climate markets. The Department is responsible for developing approaches to help IFC meet its Paris Alignment commitment, as well as supporting investment teams with adhering to these requirements through project assessments, development of tools and support materials, and delivering training to IFC staff and clients as needed.

This year the Climate Business Department has been further integrated into IFC's operations. Previously under the purview of the Cross-Cutting Solutions Vice Presidency, the department is now under the Vice President of Industries, who reports to IFC's Managing Director. The Vice President of Industries also oversees all IFC's industry departments as well as the Corporate Portfolio and Operations Management departments. IFC's industry departments are responsible for originating and processing investments, including those that are reported as direct climate financing. This realignment reflects IFC's position that climate change is a material priority to be integrated across all projects, operations, investment cycles, and organizational processes.

IFC is actively integrating climate business throughout the institution through its **Climate Anchors Network.** This Network comprises senior staff in each industry and regional department as well as key operational departments including Legal and Compliance Risk, Corporate Risk Management, and Environmental and Social. Regional and departmental Climate Anchors report jointly to their department director and to the Climate Business Director. IFC has hired **Regional Industry Climate Business Development Leads** for each of its regions of operations, who report to their Regional Industry Directors and to leadership in the Climate Business Department. These leads are responsible for identifying opportunities to unlock more climate business in their regions, including cross-cutting opportunities. Regional and industry teams are hiring additional staff at all levels to enhance their climate-related competencies and offerings.

Industry anchors have been playing a similar role in championing IFC's climate business targets and the roll out of Paris Alignment in their respective sectors.

Beyond the Climate Business Department and the industry teams, climate is well integrated into other IFC operations and products. IFC's **Blended Finance team** deploys donor funds in conjunction with IFC's commercial funds to catalyze climate-smart investments with high development impact that would not occur under normal market conditions. By mitigating specific investment risks and rebalancing risk-reward profiles, the team addresses market failures, helps mobilize private investment in pioneering projects and challenging environments, and demonstrates their business case. IFC's **Upstream work** focuses on early-stage market and project preparation work to build a pipeline of well-prepared, commercially viable climate investment opportunities. IFC's **Treasury and Mobilization** Vice Presidency is responsible for issuing climate bonds and mobilizing private capital to reduce climate change vulnerability. The **Environmental and Social Policy and Risk** and **Environmental, Social, and Governance (ES&G) Sustainability Advice and Solutions** departments ensure that IFC implements appropriate E&S risk-management systems and procedures. The ES&G Sustainability Advice and Solutions department works closely with investment teams and clients to identify, evaluate, and manage ESG risks through clients' adoption of ESG standards.

Climate risk is being further integrated into IFC's enterprise risk framework and operations through a cross-organizational **Climate Risk Working Group (CRWG),** chaired by the Vice Presidents of Risk and Finance and the Vice President of Industries, and including members from IFC's Climate Business department, **Corporate Risk Management** department, ES&G Sustainability Advice and Solutions, Corporate Portfolio and Operations Management department, and others. In FY23, the Climate Risk Working Group led the efforts to identify and manage IFC's overall exposure to climate-related risks and opportunities. In June 2023, the CRWG presented the findings of an initial scoping exercise to IFC's Corporate Risk Committee (CRC) on a potential roadmap to integrate climate risk further into overall risk management practices, to be followed by identification of next steps. To further integrate climate considerations into all operations, the Climate Business Department has also begun training business units such as the **Corporate Portfolio and Operations Management** on climate risk and strategy, including Paris Alignment and climate finance.

IFC's **Sustainability Framework** applies to all investment and advisory clients' projects and includes eight Performance Standards (PS), which define clients' responsibilities for managing their environmental and social risks. Climate and Biodiversity risk considerations are mainstreamed into all IFC projects through these Environmental and Social Performance Standards.

IFC nominates directors to the boards of investee companies to add value in line with its development mandate. Throughout their board service, Nominee Directors are supported by a dedicated **IFC Nominee Directorship Center.** Recognizing the importance of embedding good climate governance into the boards of our client and investee companies, the Climate Business Department has developed training sessions for IFC Nominee Directors to build and improve capacity of investee companies on climate change, including climate finance and climate risk.

IFC has also developed climate governance guidance for the private sector through two online resources: **Climate Governance: Equipping Corporate Boards to Mitigate Climate Risks and Seize Climate Opportunities,** and IFC's **Climate Governance Matrix and Tip Sheet for Corporate Boards.** These resources recommend best practices to help boards identify and oversee climate-related risks and opportunities. IFC continues to provide peer review, advisory services, and technical assistance, as well as lend its convening power to support the development of additional taxonomies and standards around the world.

IFC staff actively engages with **civil society organizations** (CSOs) including during the World Bank Group Spring and Annual Meetings around issues of sustainable supply chains, Paris Alignment and sustainability in financial intermediary investments.

IFC continues to engage formally and informally with private, public, financial sector, and CSOs on climate risk and opportunities, and retains membership in several climate-related corporate leadership initiatives.

STRATEGY

What's New?

- IFC completed the pilot and has mainstreamed Paris Alignment for all new projects in real and financial sectors with defined use of proceeds.
- FY23 own-account investment in climate: $7.6 billion.
- FY23 mobilization of private capital for climate: $6.8 billion.
- IFC performed a transition scenario analysis exercise on its portfolio in select sectors.

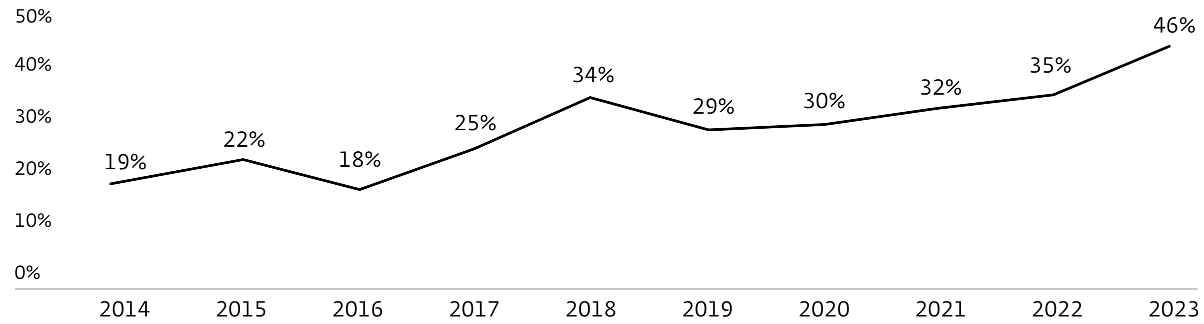
Climate Change Action Plan

IFC's strategic priorities for its climate business are anchored in its Capital Increase Package commitments and the FY21-25 World Bank Group Climate Change Action Plan (CCAP). In June 2021, the Board endorsed the CCAP for FY 2021-25. The CCAP focuses on increasing climate finance to reduce emissions, strengthening climate change adaptation, and aligning financial flows with the goals of the Paris Agreement. It provides a roadmap on aligning climate and development goals using new diagnostics, prioritizing transition in five key systems that generate 90 percent of emissions and face significant adaptation challenges: energy; agriculture, food, water, and land; cities; transport; and manufacturing. The CCAP also commits IFC to increase finance to support the transition, including by mobilizing private capital and supporting global efforts to raise and deploy concessional finance.

Table 1: Climate Change Commitments: Five-Year Trend

TOTAL CLIMATE FINANCE COMMITMENTS (US$ MILLIONS)	FY23	FY22	FY21	FY20	FY19
Own Account Long-Term Finance (LTF)	$ 7,628	$4,401	$4,021	$3,324	$2,603
Core Mobilization	$ 6,769	$3,346	$3,610	$3,500	$3,172
Total	**$14,396**	**$7,747**	**$7,631**	**$6,824**	**$5,775**

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



As part of this plan, IFC will **increase its direct climate financing** to 35 percent of total commitments on average over the five-year period, significantly higher than the 26 percent average achieved between FY16 and FY20. Additionally, IFC will **align its financial flows with the objectives of the Paris Agreement**. Starting July 1, 2023, 85 percent of all new investments in all sectors are aligned with the Paris Agreement's goals, and 100 percent of these will be aligned starting July 1, 2025.

Climate Financing

In FY23, IFC's total climate-related commitments (both own account and core mobilization) were $14.4 billion, making it a record year for IFC. At $7.6 billion, our own account long-term finance in climate accounted for 46 percent of our new investments (see Table 1).

These climate volumes are a record high for IFC. This achievement is the result of significant efforts to mainstream climate into operations and the introduction of new and innovative products. Screening projects for Paris Alignment has also enabled the climate team to identify and flag climate finance opportunities to investment teams at the earliest stages of project design.

IFC creates a pipeline of climate opportunities through direct investments, providing thought leadership, advisory and capacity building services, and private capital mobilization and issuance of bonds through its Treasury operations.

IFC continues to diversify its climate business, identifying new areas of growth. In FY23, IFC retained strong climate business (our long-term own-account investment as well as mobilization) through financial intermediaries ($4.6 billion), and in renewable energy ($4.3 billion), urban, transport, and waste ($2.4 billion), green buildings ($1.8 billion) and resource efficiency ($950 million). IFC's industry departments are responsible for originating and processing investments, including those that are considered climate finance.

Our climate finance represents the climate-related value add of our business. This is different from our commitment to Paris Alignment, which ensures that every project adheres to a certain minimum standard.

Paris Alignment

Our work on Paris Alignment has helped us define an overall climate risk and opportunities strategy that incorporates governance structures, risk management, and metrics and targets.

> An IFC investment is considered aligned when new financing flows and guarantees provided will be consistent with the objectives of the Paris Agreement and a country's pathway toward low greenhouse gas emissions and climate-resilient development. IFC directly applies the MDB Principles for Direct Investment operations, Financial Intermediary and General Corporate Financing. The outcome of a Paris Alignment assessment for an operation is "aligned" or "nonaligned." For operations to be aligned, a client may be required to take action before and during the tenor of the financing, as needed.

Since the signing of the Paris Agreement in 2015, IFC has worked closely with the World Bank, MIGA, and eight other multilateral development banks (MDBs) to develop the Joint MDB Methodological Principles for Assessment of Paris Agreement Alignment, which consider the specific contexts of the emerging markets within which IFC and the other MDBs operate. IFC has coordinated closely with the other MDBs to develop and publish the Joint MDB Methodological Principles for Assessment of Paris Agreement Alignment of New Operations: Direct Investment Lending Operations (real sectors) and, along with the European Bank for Reconstruction and Development, led the development of the Joint MDB Methodological Principles for Assessment of Paris Agreement Alignment of New Operations: Intermediated Financing. Joint methodological principles have also been prepared for General Corporate Purpose Financing. Paris Alignment includes alignment with both mitigation (Building Block, or BB, 1 of the Joint MDB Framework) and adaptation and resilience (Building Block, or BB, 2 of the Joint MDB Framework) components.

The integration of Paris Alignment into our operations has changed how IFC does business. Paris Alignment requirements are best met when integrated into existing business processes. Our implementation plan recognizes and reflects this, with project cycle integration. Climate considerations are included early in the project design process, allowing investment teams to both address any climate risks that are foreseen as well as take advantage of the business opportunities presented through adaptation measures and helping clients transition to a low-carbon pathway.

Providing Market Enabling, Advisory, and Capacity-Building Services

Market Enabling Activities. Critical to identifying climate opportunities for IFC's operations are the regulatory, legal, and market environments of the countries in which we operate. A crucial part of taking advantage of these opportunities is engaging with stakeholders and helping build the market-enabling environments that are conducive to climate investment and resilient to both transition and physical risks at a macro level.

Recognizing the **need for bankable green projects** as a key hurdle to scaling private climate finance under the Scaling up Climate Finance through the Financial Sector Program, IFC is working in four pilot countries — Egypt, Mexico, Philippines, and South Africa — to help catalyze the development of a pipeline of green projects in target sectors. This project involves engaging with stakeholders from the public, private, and financial sectors to develop solutions to incentivize the development of private sector projects in the identified sector for each country. It also involves engaging with regulators on developing national green finance taxonomies and collaborating with client banks on climate risk management as well as increasing the proportion of green investments in their portfolios to green the domestic financial sector and generate climate finance at scale.

We continue to **develop and set environmental and social standards** through our Performance Standards as well as our work on developing national and subnational taxonomies for green finance, green buildings, and other key sectors. In addition to numerous global frameworks including the work on climate finance and Paris Alignment standards and methodologies with other MDBs, our work on **national and subnational taxonomies and standards** encompasses over 25 countries, across Southeast Asia, Sub-Saharan Africa, Latin America and the Caribbean, South Asia, Eastern Europe, and the Middle East and North Africa. A few highlights of this work in FY23 include:

- Global Guidelines for Blue Finance for structuring, evaluating, and monitoring blue bond issuances and blue loans.
- A report on Deep Blue Opportunities for Blue Carbon Finance in Coastal Ecosystems, highlighting the role of tidal wetlands as a potential source of blue carbon credits.
- In collaboration with the World Bank and Global Environment Fund (GEF), we launched IFC's Practices for Sustainable Investment in Livestock Operations, building on IFC Performance Standards that are especially relevant to the livestock sector, and include the promotion of decarbonization pathways, enhancement of climate resilience of operations and prevention of the loss of biodiversity.
- The Sustainable Banking and Finance Network (SBFN), of which IFC is the Secretariat, launched the SBFN Toolkit: Developing Sustainable Finance Roadmaps, in May 2023.

To support our clients in implementing robust systems, we have done substantial work on **promoting standardization and comparability** across such frameworks. In FY23, IFC published its first joint research report and accompanying tools with the Equator Principles Association entitled "Promoting Interoperability Across Environmental and Social Risk Management Frameworks — How the IFC Environmental and Social Performance Standards and World Bank Group Environmental, Health and Safety Guidelines Align with the EU Taxonomy's 'Do No Significant Harm' and Minimum Safeguards Criteria."

Capacity Building. IFC recognizes that bringing our clients along on the climate journey will be critical to managing our climate risk, engaging in new business opportunities, and implementing our overarching climate strategy. To do so, we work closely with our clients in both real and financial sectors to build capacity on key topics.

We have issued IFC Green Bond Procedures, a **Guide to Green Bond Issuance for Financial Institutions** and work extensively through our **Green Bonds Technical Assistance Program (GB-TAP)** to provide technical assistance to financial institutions on green bond issuances and deliver global public goods through a range of activities and initiatives. To date, GB-TAP has trained over 1,000 professionals from over 300 financial institutions across over 70 emerging market countries and stimulated more than $2.1 billion in green bonds and $3.4 billion in social and sustainability bonds. The GB-TAP continued to offer online training in partnership with the International Capital Market Association and several partner universities.

Our in-house expertise helps us develop several **business tools and systems** over the years to build client capacity. For example, our Climate Assessment for Financial Institutions (CAFI)[1] platform helps our client financial institutions assess the climate eligibility of their investments and estimate the development impact of their climate-related activities. By the third quarter of FY23, 252 active climate partner financial institutions were registered to use the tool and over $14.4 billion in climate finance was monitored and reported through CAFI. We are applying lessons from a decade of work through IFC's Excellence in Design for Greater Efficiencies **(EDGE)** Green Building certification system to expand to green cities through the Advanced Practices for Environmental Excellence in Cities program.

In FY23, IFC conducted more than 16 **Paris Alignment training** sessions reaching 800 staff across IFC's regions and sectors and intends to conduct several more in FY24. Through this training, IFC has provided internal guidance materials to support capacity building, including Paris Alignment assessment questionnaires, case studies, and factsheets. We have developed tools, guidance notes, and training for investment staff to communicate and guide clients on aligning with the Paris Agreement. These measures will help our clients in emerging markets to improve their climate risk management capacity and enable them to report in line with the recommendations of the TCFD.

Supported by the governments of Japan and the Netherlands, IFC has developed and delivered virtual climate training to 90 staff in three financial institutions to improve capacity in managing climate risk and leveraging climate opportunities. Through the **TCFD for Financial Institutions** advisory program, we have delivered training on climate risk to almost 3,500 participants to help banks that are ready to integrate climate into their governance, strategy, risk management, and metrics and targets per the recommendations of the TCFD.

IFC's **Green Banking Academy** trains financial institutions on the four pillars of a green bank (eco-efficiency, environmental risk management, green products and services, and green strategic commitment) and offers a green finance certificate to professionals.

These programs not only help us build capacity for IFC clients but also let us set and raise market standards on climate finance, climate risk management, issuance of green bonds, and other important topics. In this way, we are helping to develop a potential future pipeline of low carbon and climate resilient investments in both real and financial sectors.

Exploring Creative Solutions to Target New Areas of Growth

In addition to expanding its existing climate business, IFC continues to target new areas of climate-smart growth using innovative tools and solutions.

Building a Pipeline of Low-Carbon and Resilient Projects. IFC's Upstream units are embedded across industries and regions to lay the groundwork for investment opportunities within a three-to-five-year horizon. In the last year, IFC has prioritized climate-related business development through Upstream and related activities such as scaling up climate finance by greening the financial sector and catalyzing a pipeline of green investments in target markets. IFC is also investigating business models for Upstream activities in adaptation and resilience. Upstream activities consist of pre-investment work in three categories, often in collaboration with the World Bank and MIGA: (i) creating markets (regulatory reform or standard setting), (ii) creating opportunities (through technical assistance to private sector clients), and (iii) crystalizing opportunities (project risk structuring and investor mobilization). IFC's management team is regularly updated on the climate share of the Upstream pipeline, allowing a line of sight on green business opportunities.

Sustainability-Linked Finance. We are helping our clients green their operations based on a clearly identified decarbonization roadmap with innovative financial arrangements. In FY23, IFC continued its sustainability-linked financing by investing 3.75 billion Indian rupees (about $50 million) for IFC's own account in a sustainability-linked bond issued by Tata Cleantech Capital Limited (TCCL) in India to increase financing for renewable energy projects and diversify its on-lending into the energy efficiency and e-mobility sectors over the next three years. This is the first such instrument

1. IFC, with donor support, created the CAFI platform, a transparent algorithm harmonized with other MDBs to support the tracking of growing climate finance volumes of IFC client banks and other MDBs to which IFC selectively licenses the tool.

issued by a private financial institution in India and will support the country's shift to a clean energy economy. Under the structure, TCCL will benefit from a reduction in coupon rate should it achieve the key performance indicator targets as set under its sustainability performance targets.

Country Climate and Development Reports. In FY23, IFC, the World Bank, and MIGA continued to strengthen the Country Climate and Development Report (CCDR) as a diagnostic tool, and lead the development of the CCDRs, along with support from the IMF, and active engagement with the private sector, government counterparts, academia, think tanks, and civil society organizations. In FY23, the World Bank Group published 23 CCDRs covering 27 countries. The CCDRs aim to (i) integrate climate change and development considerations and help client countries prioritize the most impactful actions that can reduce greenhouse gas (GHG) emissions and boost adaptation; (ii) explore opportunities, reforms, and policy instruments to leverage private sector resources and solutions for both climate change adaptation and mitigation; and (iii) inform World Bank Group country engagement products, including IFC's Country Private Sector Diagnostics. These reports will form the foundation for building internal climate capacity, engaging in market development activities, and integrating climate opportunities and risks into the core strategic decisions.

Industry-Specific Decarbonization Strategies. IFC has been conducting deep dives to embed climate into sectoral strategies for high-emitting sectors like chemicals and power. IFC's focus on manufacturing has evolved to be centered around carbon abatement, industry transition to lower carbon pathways, greening of supply chains, waste reduction, and circularity. A core aspect of this strategy is to ensure that our investment evaluation takes a nuanced approach to the development status, needs, and economic complexity of a country. In subsectors where full GHG abatement is not possible (heavy industries), we focus on climate transition and lower carbon pathway approaches. These pathways make explicit the steps to be taken by clients during the tenor of IFC financing to support the reduction of their GHG emissions over the project lifetime by incorporating innovative technologies, practices, or knowledge, and managing carbon lock-in and stranded asset risk. We have developed comprehensive sector strategies and roadmaps for key sectors, such as chemicals, and are developing more for circular economy, construction materials, electric vehicles value chain and battery manufacturing value chain.

Biodiversity Finance and Nature-Based Solutions. IFC recognizes that climate and biodiversity are deeply interlinked and managing the risks and opportunities for one is incomplete without addressing the other. This principle is enshrined within the CCAP for FY 2021-25, and we are working to articulate the business case for biodiversity finance and nature-based solutions for both climate mitigation and for green infrastructure solutions. We continue to engage with stakeholders on this issue, intend to grow our own biodiversity finance business, and contribute to the growth of the biodiversity finance market globally. IFC is an active member of the Network of Central Banks and Supervisors for Greening the Financial System (NGFS) Working Group on Nature and the World Economic Forum Working Group on Biodiversity Credits and is engaged with other MDBs through the Nature Heads and Climate Heads fora. We sit on the Advisory Committee on Resource Mobilization established by the UN Secretariat of the Convention on Biological Diversity. IFC was an early member of the Informal Working Group that shaped the Task Force on Nature-Related Financial Disclosures (TNFD), and we continue to be a part of the TNFD Forum with organizations that recognize the impetus for and opportunity in biodiversity finance. IFC is currently assessing its own capabilities on reporting along TNFD guidelines and helping clients do the same, pending finalization of the framework expected in calendar year 2023.

In FY23, IFC developed and launched the world's first Biodiversity Finance Reference Guide, which builds upon the Green Bond Principles and Green Loan Principles and provides an indicative list of investment projects, activities, and components that help protect, maintain, or enhance biodiversity and ecosystem services, as well as promote the sustainable management of natural resources. This reference guide helps IFC and other investors identify investment activities that generate biodiversity co-benefits, support nature restoration and conservation, and integrate nature-based solutions into infrastructure projects. IFC has also updated the guide to map the investment activities to the targets in the Global Biodiversity Framework.

Private Capital Mobilization and Bond Issuances. ***IFC's Treasury Operations:*** IFC is one of the earliest issuers of green bonds, having launched a Green Bond Program in 2010 to help catalyze the market and unlock investment for private sector projects that support renewable energy and energy efficiency. In FY23, IFC raised $2 billion in green bonds across 20 trades in six different currencies.

In FY23, IFC issued its first green bond in the Australian dollar market, raising 900 million Australian dollars for climate-friendly projects, which is the largest Australian dollar green bond issued by a multilateral development bank in 2022 and is also IFC's largest "Kangaroo" transaction in over a decade. The proceeds of the bond will be earmarked for climate-smart projects, including clean energy, energy-efficient buildings, transport, green banking, agriculture, and climate adaptation in developing economies.

Resilience of Strategy (Scenario Analysis). IFC continues to develop an approach to ensure the resilience of our business in the face of physical and transition impacts of climate change. We engage with MDBs, financial institutions, industry specialists, consulting firms and other stakeholders on the most appropriate factors, indicators, tools, scenarios, and data sources to deploy. While we work to develop a cohesive methodology and strategy to fully integrate climate risk into our overall risk management, in the interim we are trying to build resilience at different levels of our business:

- **Project and asset level.** IFC has begun to implement several interim bottom-up measures to ensure the resilience of our investments. Many of these have been integrated into our Paris Alignment approach and implementation — individual assets and

SPOTLIGHT:

Private Capital Mobilization through the **Managed Co-Lending Portfolio Program One Planet**

Climate transition has created opportunities for IFC to develop innovative structures to attract and mobilize private capital from institutional investors leveraging IFC's environmental, social, and corporate governance (ESG) practices. At COP26, IFC announced its intention to develop MCPP One Planet, the world's first portfolio of Paris Aligned emerging market senior loans. $2.5 billion have been raised to-date from three investors for One Planet which was operationalized in September 2022. Under this platform IFC shares with investors enhanced impact reporting, mapping to the Sustainable Development goals, assisting the investors to tangibly demonstrate their contributions to the climate agenda and development more broadly. In addition, One Planet also provides enhanced ESG risk reporting on underlying investments to assist investors in meeting the "do no harm" disclosure requirements resulting from a growing body of regulation, such as the Sustainable Finance Disclosure Regulation (SFDR) in the EU. In FY23, IFC committed $1.75 billion with borrowers under the One Planet program.

projects are assessed using tools that incorporate climate scenarios. We are evaluating the resilience of our portfolio by considering carbon lock-in risk, potential stranded asset risk, and exposure to physical climate risks in of our investments, in a longer time horizon than simply our project tenor. With each project now assessed for both mitigation as well as adaptation and resilience components of Paris Alignment, IFC is building a green, low-carbon, climate resilient portfolio.

- **Portfolio and balance sheet level.** IFC continues to explore approaches to integrating climate risk into our overall risk-management framework. Our portfolio mainly comprises unlisted, private clients in emerging markets, which limits the applicability of existing tools, climate data, and approaches available today in the market. In FY23, IFC piloted an approach to conduct an exploratory transition scenario analysis on selected clients in sectors with potentially material high-risk exposure to transition risk such as the oil, gas, mining, and power sectors. This exercise leveraged the scenario framework of the Central Banks and Supervisors Network for Greening the Financial System (NGFS) and industry-based emissions intensity data, and assessed the financial, credit risk, and market risk impact to their portfolios. A bottom-up approach was taken to project each selected client's financial statements over several time horizons under different climate scenarios and several assumptions.

RISK MANAGEMENT

What's New?

- 100 percent physical climate risk screening for all IFC's operations in real sectors with tools, methodologies, and approaches in place.
- Physical and transition risk incorporated into Paris Alignment approaches and roll-out.

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

Integrating Risk Assessment in Paris Alignment Frameworks. In FY23, IFC integrated our existing climate-risk management of both physical and transition risk into IFC's Paris Alignment frameworks. IFC's systems were updated to enhance accurate documentation, calculations, and reporting of climate volume and climate percentages of projects. We also equipped our IT systems with Paris Alignment transaction-based assessment questions to evaluate adaptation risk for all projects and mitigation-related risk for all financial institution projects.

Physical Risk.[2] During project appraisal, IFC's project teams assess potential direct and indirect effects that climate-related impacts may have on the project's financial, environmental, and social performance. Potential risks are further explored and, where necessary, addressed and mitigated through a variety of measures that may include operational or CAPEX interventions. Physical risk screening for

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

IFC's projects has been integrated into the adaptation and resilience (BB2) component of Paris Alignment, whose assessment poses explicit questions on exposure to climate risk and potential opportunities, measures for climate risk mitigation, levels of residual risk after adaptation, potential for maladaptation, and consistency with national contexts for climate resilience. IFC has developed general guidance and Sectoral Notes for the assessment of physical risk and alignment with the adaptation and resilience component of the Paris Agreement, for all projects with defined use of proceeds across all sectors.

IFC is operationalizing Paris Alignment through IFC's Climate Risk Portal, a one-stop-shop platform used by IFC teams to identify and manage the exposure and vulnerabilities of potential projects to physical climate risks. The portal comprises the Geoviewer tool and Sectoral Climate Risk Screening toolkits and is used to assess over 400 new investments annually.

- The *GeoViewer* tool assesses a project's exposure to climate hazards based on its location and provides investment teams a comprehensive high-level climate exposure and risk assessment for adaptation and resilience. It uses over 50 climate indicators and provides data on potential hazards for four different time horizons based on two Representative Concentration Pathway scenarios for 50th and 66th percentile probability.
- IFC has developed *Sectoral Climate Risk Screening Toolkits* to screen projects in Airports, Roads, Railways, Mass Transport, Ports, Insurance, Financial Institutions, Forestry, and other sectors for exposure to physical climate risk. In addition, in FY23, IFC developed climate risk sectoral notes covering all sectors that IFC invests in, and which provide granular sector and sub-sector specific guidance for the systematic screening of physical risk and adaptation assessment.

Transition Risk.[3] This bottom-up approach to evaluating each project's emissions and a commitment to climate finance has allowed IFC to develop a robust and climate resilient portfolio over time. As a result, IFC has limited or no exposure to fossil fuels, coal power generation and upstream oil and gas investments. The majority of IFC's power sector investments are now in the renewables sector.

IFC has also developed a Green Equity Approach (GEA) to help our financial sector clients take on ambitious commitments to reduce coal in their portfolio and continue to do business in a changing climate. This more formalized approach and its application to equity, sub-debt, and convertible loans is consistent with the Paris Agreement. As part of our efforts to address climate risks and minimize indirect exposure to coal-related projects, IFC does not provide loans to financial institutions for coal-related activities. Since January 1, 2023, IFC has required a commitment from FI clients to not originate and finance any new coal projects from the time IFC becomes a shareholder. To further reduce exposure to coal, IFC does not provides general-purpose loans to financial institutions. Targeted loans are directed to key strategic sectors such as micro, small, and medium-size enterprises, women-owned businesses, climate-related projects, and housing finance. The use of proceeds is disclosed on IFC's Project Information Portal. Through the GEA, IFC seeks to help our financial institution clients increase their climate lending and reduce their exposure to coal-related projects.

IFC calculates and discloses in the Environment and Social Review Summary (ESRS) the emissions for all real-sector projects with annual emissions of over 25,000 metric tons of carbon dioxide equivalent (mtCO2e). IFC's experience with climate finance has enabled us to ensure that our projects are evaluated for and use best available technologies that reduce emissions and enhance climate resilience to the degree possible.

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

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

IFC has mapped decarbonization pathways for hard-to-abate sectors such as chemicals and mining and continues this work for other carbon-intensive sectors. Our counterparty-based approach for Paris Alignment of financial intermediaries and corporates also requires clients to commit to decarbonization pathways and better climate-related risk management, where needed.

Enhancing Clients' Climate Risk-Management Capacity. IFC offers a range of technical climate assistance, advisory, and investment services according to the client's level of maturity and readiness for investment. This includes capacity building support for climate risk assessment and management to support alignment with the goals of the Paris Agreement.

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

We have developed and continue to expand training on climate risk management and TCFD for both financial institutions and real sector companies. IFC is working with stock exchanges to help them develop disclosure guidelines for listed entities, and we have developed an executive training program with the UN Sustainable Stock Exchange to help emerging market banks understand, identify, and manage climate risk. IFC is the Secretariat of the Sustainable Banking and Finance Network of central banks and regulators, which is helping banks in member countries to implement the recommendations of the TCFD as well as develop national green taxonomies.

IFC continues to use the CAFI tool to improve transparency in climate reporting by the financial services industry, assess the climate eligibility of our investments, and estimate the development impact of our climate-related activities. In FY23, IFC enhanced the functionality of the CAFI tool by linking it to IFC's EDGE database for green buildings, to enable users to automatically import data on green building project impact, thereby improving the efficiency and reliability of the tool. The tool was also updated to reflect the most recent Common Principles for Climate Finance Mitigation Tracking, exponentially increasing its efficiency and usage across both investment and advisory financial intermediary projects.

METRICS AND TARGETS

What's New?

- Climate investments comprise 46 percent of IFC's own-account FY23 commitments.
- 90 percent of new real sector projects and 100 percent of new financial sector projects with known use of proceeds were assessed for Paris Alignment at the concept review stage.

At IFC, climate-tagged investments are those that reduce GHG emissions or increase climate resiliency, as measured by the **Joint MDB Methodology for Climate Finance Tracking**, which is regularly updated to account for the evolving market context, limit climate-related risks, and take advantage of new climate opportunities. IFC has been actively involved in the development and updating of the methodology for both mitigation and adaptation. IFC has applied this updated methodology across its operations since July 2021. The revised metrics include detailed criteria and guidance across sectors. In October 2021, the methodology was published as the **Common Principles for Climate Mitigation Finance Tracking**, which are applied to the operations of all MDBs, including IFC. To improve climate finance tracking, the Common Principles are updated every two years jointly by the MDBs and members to incorporate their experiences and address comparability of reporting processes. IFC is leading the midterm update of the **Common Principles for Climate Mitigation Finance Tracking**, which are due to be published at the end of 2023. IFC has also developed internal climate finance methodologies to expand upon and interpret the Common Principles in the context of our business, such as the Climate Smart Agriculture approach and the Excellence in Design for Greater Efficiencies (EDGE) Green Building certification.

For tracking adaptation finance, IFC applies the Joint MDB Methodology for Adaptation Finance, which was reviewed and updated by MDBs over the 2021-2022 period. IFC is also exploring the potential of additional metrics for adaptation and resilience finance, which would measure the outcomes of resilience investments and interventions.

Climate Finance Targets & Results. In FY23, IFC's climate investments[4] comprised 46 percent of total own-account commitments, exceeding the corporate target of 35 percent. *For additional details, please refer to the Strategy section of this TCFD report.* The IFC corporate target is translated to departmental and regional climate business targets. In institutional departmental scorecards, IFC reports against the 35 percent target of climate projects as a percentage of long-term finance own account commitments.

Paris Alignment Targets & Results. As stated earlier, IFC committed to aligning 85 percent of all new investments with the goals of the Paris Agreement starting July 1, 2023, and 100 percent of these starting on July 1, 2025. Meeting Paris Alignment targets is part of the corporate performance scorecard for the Climate Business Department. IFC's Paris Alignment assessment covers both mitigation (greenhouse gas) and adaptation (risk and resilience) goals of the Paris Agreement. For mitigation, the methodology covers Scope 1 and 2, and Scope 3 where significant. Assessments are conducted at the concept development stage to ensure that the principles of Paris Alignment are enshrined at the earliest stages of project development.

In FY23, IFC screened 90 percent of eligible real-sector projects with defined use of proceeds at concept stage for alignment with the Paris Agreement. Similarly, IFC exceeded its target by assessing and aligning 100 percent of eligible financial sector projects, amounting to 111 projects with defined use of proceeds, of which 47 were committed in the last fiscal year. The corporation is committed and on track to achieve both 2023 and 2025 targets for real and financial sector operations.

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

Investment Disclosure. IFC reports climate finance commitments in this annual report and in the *Joint Report on Multilateral Development Banks' Climate Finance*. In our annual *Green and Social Bond Impact Report*, IFC also reports on the expected environmental impact of projects financed through the green bonds that IFC issues. The IFC Green Bond Program follows best practices and the Green Bond Principles, a voluntary set of guidelines for transparency and disclosure. IFC's Green Bond Program has been reviewed by the Center for International Climate and Environmental Research at the University of Oslo (CICERO), now a part of the S&P Global, which provided a second opinion on IFC's framework and guidance for assessing and selecting eligible projects for green bond investments. As a signatory of the Principles for Responsible Investment (PRI), IFC is mandated to report under PRI's TCFD-aligned indicators.

Emissions Calculations. IFC continues to estimate and report aggregate GHG emissions reductions from IFC investments (Scope 3 emissions). Through the IFI GHG Accounting Group, IFC works with the United Nations Framework Convention on Climate Change (UNFCCC), other MDBs, some commercial banks, and bilateral DFIs to harmonize Standards for GHG accounting. This includes development of GHG accounting methodologies and standard emission factors for power grid GHG emissions in more than 100 countries. IFC applies the IFI Harmonized Approach to GHG Accounting and IFI sector-specific approaches, where available, to estimate absolute, baseline and relative ex-ante GHG emissions where use of proceeds is defined. IFC estimates gross GHG emissions for all real sector projects with emissions over 25,000 metric tons of carbon dioxide equivalent, and net emissions on a project-by-project basis for real sector projects where possible. IFC continues to disclose ex-ante aggregate estimated annual gross GHG emissions through the publicly available *Environmental and Social Review Summary*,[5] and project level emissions through the Project Disclosure Portal in support of the review of projects and clients under Performance Standard 3.

In FY23, IFC transferred responsibility for the calculation of ex-ante absolute GHG project emissions from the E&S Department to the Climate Business Department to consolidate climate-related metrics in one team. This involved working through the project cycle to improve climate knowledge management and merge processes for Paris Alignment, GHG accounting, climate finance, and climate impact data assessment for every investment. The objective is to ensure more consistent, robust ex-ante GHG estimates and disclosures using methodologies that are both feasible and practical for implementation in the real world to eventually facilitate ex-post GHG data.

IFC continues to provide guidance and resources to build capacity in emerging markets through publications such as *Technical Guidance for Financial Institutions — Assessment of Greenhouse Gases* to guide financial institutions in the disclosure of GHG emissions.

IFC Corporate. IFC has been carbon neutral in all our business operations including business travel (Scope 1 and 2 emissions) since FY2009. Prior initiatives have cut energy use in IFC's headquarters by 18 percent including installing lighting occupancy sensors, adjusting building-wide heating and cooling set points, and reducing an hour of heating, cooling, and lighting standard operations for the facility. In FY2019, IFC set a global, internal carbon-reduction commitment to cut our facility-related emissions (Scope 1 and 2) by 20 percent by 2026, from a 2016 baseline. This target is in line with the World Bank Group's commitment to reduce facility-related emissions by 28 percent over the same period. All remaining emissions are compensated via carbon offsets. More information, visit: www.ifc.org/en/about/corporate-responsibility

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

Essential Information

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

Compensation and Benefits

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

As of June 30, 2023, the salary structure (net of tax) and annual average net salaries/benefits for World Bank Group staff were as follows:

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

GRADES	REPRESENTATIVE JOB TITLES	MINIMUM (US$)	MIDPOINT (US$)	MAXIMUM (US$)	STAFF AT GRADE LEVEL (%)	AVERAGE SALARY/ GRADE (US$)	AVERAGE BENEFITS[a] (US$)
GA	Office Assistant	31,300	44,700	58,100	0.01%	44,620	21,216
GB	Team Assistant, Information Technician	37,100	53,000	68,900	0.04%	48,415	23,020
GC	Program Assistant, Information Assistant	45,400	64,900	84,400	4.83%	67,732	32,205
GD	Senior Program Assistant, Information Specialist, Budget Assistant	54,100	77,300	100,500	5.68%	82,765	39,353
GE	Analyst	74,100	105,900	137,700	9.51%	97,640	46,425
GF	Professional	98,300	140,500	182,700	23.61%	127,171	60,466
GG	Senior Professional	127,600	182,300	237,000	38.93%	178,089	84,677
GH	Manager, Lead Professional	171,800	245,500	319,200	14.75%	249,956	118,848
GI	Director, Senior Advisor	259,900	324,900	389,900	2.22%	324,889	154,477
GJ	Vice President	316,000	371,800	427,600	0.36%	379,286	180,341
GK	Managing Director, Executive Vice President, Senior Vice President	351,300	413,300	475,300	0.07%	431,211	170,666

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

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

EXECUTIVE COMPENSATION

The salary of the President of the World Bank Group is determined by the Board of Directors.

The salary of the IFC Managing Director is determined based on the U.S. WB salary structure and positioned in the salary range for the GK grade. The executive salary structure is reviewed annually and updated based on the U.S. labor market movement or IMF's projected U.S. CPI movement, whichever is lower. The compensation of our executive leadership is transparent.

IFC MD Makhtar Diop received an annual salary of $437,680 net of taxes.

Financial Commitments to IFC Trust Funds (ADVISORY & UPSTREAM, US$ MILLION EQUIVALENT)

Summary	FY23	FY22
Governments	155.75	148.94
Institutional/Multilateral Partners	7.70	20.20
Corporations, Foundations, and NGOs	7.11	6.00
Total	**170.56**	**175.14**

Governments	FY23	FY22
Australia	3.86	17.00
Austria	5.22	5.63
Canada	4.35	0.00
Czechia	1.00	0.00
Denmark	0.00	2.65
France	2.10	0.00
Germany	0.00	27.85
Ireland	1.82	1.08
Italy	0.27	0.00
Japan	28.35	8.93
Korea, Republic of	20.00	0.00
Luxembourg	8.76	0.00
Netherlands	1.00	1.08
New Zealand	2.68	0.00
Norway	0.00	2.26
Spain	3.92	0.00
Sweden	2.33	6.57
Switzerland	52.10	68.67
United Kingdom	14.99	0.51
United States	3.00	6.71
Total	**155.75**	**148.94**

Institutional/Multilateral Partners	FY23	FY22
European Commission (EC)	4.77	5.55
Global Environment Facility (GEF)	0.00	4.20
Global Infrastructure Facility (GIF)	2.93	1.77
Women Entrepreneurs Finance Initiative (We-Fi)	0.00	8.68
Total	**7.70**	**20.20**

Corporations, Foundations, and NGOs	FY23	FY22
Bill & Melinda Gates Foundation	7.11	1.00
Rockefeller Foundation	0.00	5.00
Total	**7.11**	**6.00**

Financial Commitments to IFC Trust Funds (BLENDED FINANCE, US$ MILLION EQUIVALENT)

Governments	FY23	FY22
Canada	68.23	0.00
Germany	31.97	0.00
Korea, Republic of	10.00	0.00
Netherlands	44.23	0.00
Switzerland	10.00	0.00
United Kingdom	31.07	13.15
Total	**195.50**	**13.15**

Institutional/Multilateral Partners	FY23	FY22
Women Entrepreneurs Finance Initiative (We-Fi)	0.00	2.27

Corporations, Foundations, and NGOs	FY23	FY22
Rockefeller Foundation	0.00	25.00
Total	**195.50**	**40.42**

Funding

IFC raises funds in the international capital markets for private sector lending and to safeguard IFC's triple-A credit ratings by ensuring adequate liquidity. Issuances include benchmark bonds in core currencies such as U.S. dollars, thematic issuances to promote strategic priorities such as addressing climate change, and issuances in emerging-market currencies to support the development of capital markets. Most of IFC's lending is denominated in U.S. dollars, but we borrow in many currencies to diversify access to funding, reduce borrowing costs, and encourage the growth of local capital markets.

FY23 Total Borrowing

CURRENCY		AMOUNT (US$ EQUIVALENT)	%
U.S. dollar	USD	5,220,120,000	38.14%
Australian dollar	AUD	3,671,717,500	26.83%
British pound	GBP	1,147,568,000	8.38%
Hong Kong dollar	HKD	726,431,893	5.31%
New Zealand dollar	NZD	601,772,500	4.40%
Swedish Krona	SEK	497,146,376	3.63%
Canadian dollar	CAD	366,972,477	2.68%
Norwegian Krone	NOK	298,237,466	2.18%
Chinese yuan (Renminbi)	CNY	219,257,109	1.60%
Romanian Leu	RON	144,860,060	1.06%
Brazilian Real	BRL	135,601,113	0.99%
Hungarian forint	HUF	129,213,116	0.94%
Uzbekistani so'm	UZS	99,784,232	0.73%
Mexican peso	MXN	89,386,698	0.65%
Other		338,699,019	2.47%
Total		**13,686,767,558**	**100%**

Financial Performance Summary

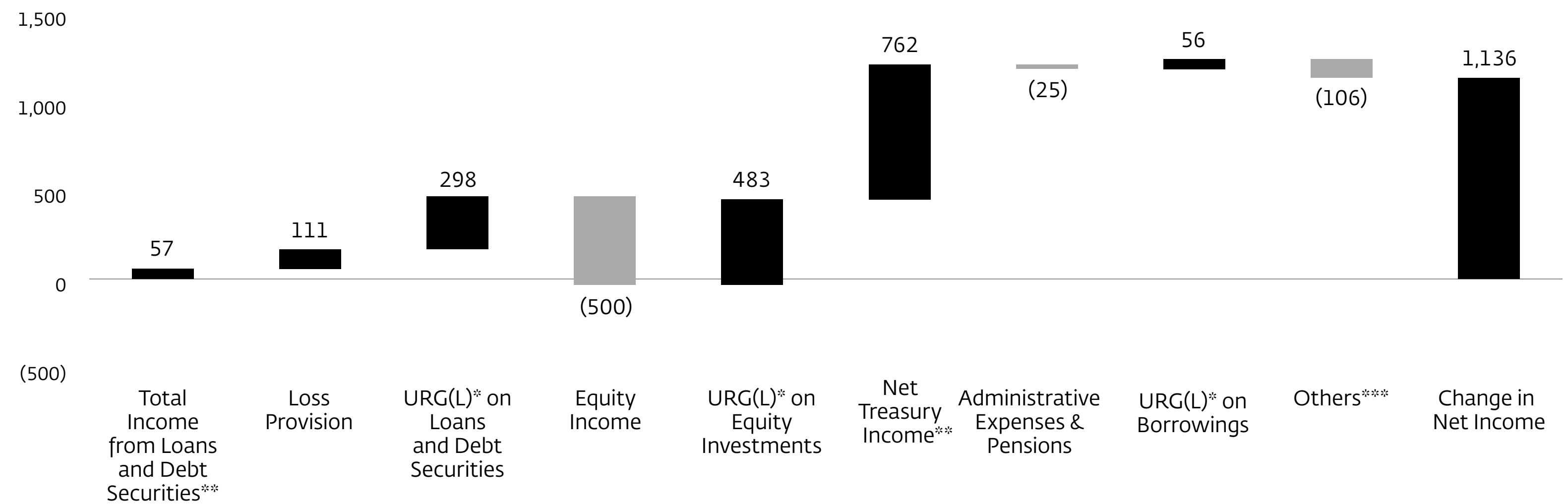
The overall market environment has a significant influence on IFC's financial performance. The main elements of IFC's net income and other comprehensive income, and influences on the level and variability of net income and other comprehensive income from year to year are:

Main Elements of Net Income and Other Comprehensive Income

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

Net income for FY23 was $672 million compared to a net loss of $464 million in FY22, primarily driven by reversal of mark-to-market losses from the previous year and additional interest income in Treasury, as well as higher income from loans and debt securities. The $1.1 billion increase in FY23 when compared to FY22 was principally a result of the following factors:

Change in Net Income FY23 vs FY22 (US$ MILLIONS)



* Unrealized gains (losses).

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

*** Others mainly represents foreign exchange gains/losses, service fees, and net advisory service expenses.

Equity investment portfolio returned $191 million in FY23 compared to $208 million in FY22. The FY23 return comprised dividends ($164 million), realized gains on sales ($161 million) and unrealized losses ($134 million).

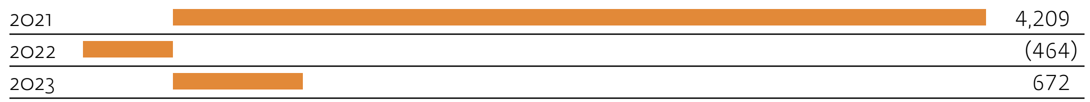
Net income from loans, debt securities and associated derivatives, net of allocated charges on borrowings, was $1.6 billion in FY23 compared to $1.1 billion in FY22. Unrealized gains from loans and debt securities were $175 million in FY23 compared to unrealized losses of $123 million in FY22. IFC recorded provisions for losses of $29 million in FY23 compared to $140 million in FY22. Included in the FY22 provision was a qualitative overlay of $135 million, which remained unchanged at FY23-end.

IFC reported income of $241 million on liquid assets in FY23, net of allocated charges on borrowings, compared to a loss of $521 million in FY22. The FY23 treasury income benefited from more favorable market movements.

IFC's administrative expenses were $1.2 billion in FY23 compared to $1.1 billion in FY22, an increase of $73 million primarily driven by higher staff costs and higher travel expenses. Pension expenses decreased by $48 million to $214 million in FY23 from $262 million in FY22.

IFC's net income or loss for the past three fiscal years are presented below:

IFC's Net Income (Loss) FY21–FY23 (US$ MILLIONS)



IFC uses Income Available for Designations (a non-U.S. GAAP measure) as a basis for designations of retained earnings. Income Available for Designations comprises net income excluding unrealized gains and losses on investments and borrowings and grants to IDA in the year ended June 30, 2021.

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

(US$ MILLIONS) FOR THE YEAR ENDED JUNE 30	2023	2022	2021
Net income (loss)	**$ 672**	**$ (464)**	**$ 4,209**
Adjustments to reconcile Net income (loss) to Income Available for Designations			
Unrealized (gains) losses on investments	(41)	740	(3,285)
Unrealized losses (gains) on borrowings	50	106	(71)
Grants to IDA	–	–	213
Income Available for Designations	**$ 681**	**$ 382**	**$ 1,066**

Summary of Financial Results

(US$ MILLIONS) FOR THE YEAR ENDED JUNE 30	2023	2022	2021
Consolidated statement of operations highlights:			
Income from loans and guarantees, including realized gains and losses on loans and associated derivatives	**$ 2,290**	$ 1,156	$ 1,116
(Provision) release of provision for losses on loans, off-balance sheet credit exposures and other receivables	**(22)**	(126)	201
Income from equity investments and associated derivatives	**191**	208	3,201
Income from debt securities, including realized gains and losses on debt securities and associated derivatives	**518**	414	340
Provision for losses on available-for-sale debt securities	**(7)**	(14)	(3)
Income (loss) from liquid asset trading activities	**1,464**	(413)	327
Charges on borrowings	**(2,598)**	(302)	(326)
Other income	**518**	419	595
Other expenses	**(1,721)**	(1,653)	(1,687)
Foreign currency transaction (losses) gains on non-trading activities	**(86)**	76	(148)
Income (loss) before net unrealized gains and losses on non-trading financial instruments accounted for at fair value and grants to IDA	**547**	(235)	3,616
Net unrealized gains (losses) on non-trading financial instruments accounted for at fair value	**125**	(229)	806
Income (loss) before grants to IDA	**672**	(464)	4,422
Grants to IDA	**–**	–	(213)
Net income (loss)	**$ 672**	$ (464)	$ 4,209

(US$ MILLIONS) AS OF THE YEAR ENDED JUNE 30	2023	2022
Consolidated balance sheets highlights:		
Total assets	**$ 110,547**	$ 99,010
Liquid assets[a]	**40,120**	41,717
Investments	**51,502**	44,093
Borrowings outstanding, including fair value adjustments	**52,443**	48,269
Total capital	**$ 35,038**	$ 32,805
of which		
Undesignated retained earnings	**$ 11,589**	$ 10,840
Designated retained earnings	**221**	298
Accumulated other comprehensive income (loss) (AOCI)	**632**	(82)
Paid-in capital	**22,596**	21,749

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

Key Financial Ratios

(US$ BILLIONS, EXCEPT RATIOS) AS OF THE YEAR ENDED JUNE 30	2023	2022
Overall liquidity ratio[a]	**104%**	111%
Debt-to-equity ratio[b]	**1.6**	1.6
Total reserve against losses on loans to total disbursed portfolio[c]	**3.7%**	4.4%
Capital measures:		
Capital available[d]	**34.8**	32.5
Capital required[e]	**21.1**	20.1
Capital utilization ratio[f]	**60.7%**	62.0%

a.Overall Liquidity Policy states that IFC would at all times maintain a minimum level of liquidity, plus undrawn borrowing commitments from the IBRD, such that it would cover at least 45% of the next three years' estimated net cash requirements. IFC's overall liquidity as a percentage of the next three years' estimated net cash needs stood at 104% as of June 30, 2023, above the minimum requirement of the Board of 45%.

b.Debt-to-equity (leverage) ratio is defined as outstanding borrowings plus committed guarantees divided by total capital (comprises paid-in capital, retained earnings and Accumulated other comprehensive income (loss)). IFC's debt-to-equity ratio was 1.6 as of June 30, 2023, well within the maximum of 4 required by the policy approved by IFC's Board of Directors.

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

d.Capital available: Resources available to absorb potential losses, calculated as: Balance Sheet Capital less Designated Retained Earnings.

e.Capital required: Aggregate minimum Economic Capital required to maintain IFC's AAA rating.

f.CUR is defined as Capital Required divided by Capital Available.

COMMITMENTS

Total commitments (Long-Term Finance and Short-Term Finance) was $43.7 billion in FY23 as compared to $33.6 billion in FY22. Long-Term Finance (LTF) Commitments comprise Own Account and Core Mobilization and totaled $31.7 billion in FY23, an increase of $8.5 billion or 37% from FY22. IFC's FY23 LTF Own Account Commitments were $16.7 billion ($12.6 billion in FY22) and Core Mobilization was $15.0 billion ($10.6 billion in FY22). Short-Term Finance (STF) Commitments Own Account were $11.0 billion in FY23 ($9.7 billion in FY22) and Core Mobilization was $996 million in FY23 ($767 million in FY22).

In direct response to the COVID-19 pandemic, IFC committed $4.1 billion in FY23 including $1.0 billion under its Fast Track COVID-19 Facility in support of IFC's existing clients. Outside of the facility, IFC committed an additional $3.1 billion in financing to support clients in response to COVID-19. Since the start of the COVID-19, IFC committed $8.4 billion under the Fast Track COVID-19 Facility and an additional $17.0 billion outside of the facility.

CORE MOBILIZATION

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

Total Commitments (Own Account and Core Mobilization)

(US$ MILLIONS) FOR THE YEAR ENDED JUNE 30	2023	2022
Total Commitments (Own Account and Core Mobilization)	**$ 43,729**	**$ 33,591**
Long-Term Finance Own Account	16,677	12,569
Long-Term Finance Core Mobilization	15,029	10,596
Short-Term Finance Own Account	11,027	9,659
Short-Term Finance Core Mobilization	996	767

AMC

IFC Equity Mobilization Department (AMC), invests third-party capital and IFC capital, enabling outside investors to invest alongside IFC in developing markets. Investors in funds managed by AMC have included sovereign wealth funds, national pension funds, multilateral and bilateral development institutions, national development agencies and international financial institutions (IFIs). The Funds managed by AMC and their activities as of and for the years ended June 30, 2023 and 2022 are summarized as follows:

Funds Managed by AMC

	THROUGH JUNE 30, 2023				FOR THE YEAR ENDED JUNE 30, 2023	
	TOTAL FUNDS RAISED SINCE INCEPTION					
(US$ MILLIONS)	TOTAL	FROM IFC	FROM OTHER INVESTORS	CUMULATIVE INVESTMENT COMMITMENTS[a]	INVESTMENT COMMITMENTS MADE BY FUND[b]	INVESTMENT DISBURSEMENTS MADE BY FUND
Post Investment Period						
IFC Capitalization (Equity) Fund, LP (Equity Capitalization Fund)	$ 1,275	$ 775	$ 500	$1,214	–	–
IFC Capitalization (Subordinated Debt) Fund, LP (Sub-Debt Capitalization Fund)	1,725	225	1,500	1,614	–	–
IFC African, Latin American and Caribbean Fund, LP (ALAC Fund)	1,000	200	800	864	–	–
IFC Catalyst Fund, LP, IFC Catalyst Fund (UK), LP and IFC Catalyst Fund (Japan), LP (collectively, Catalyst Funds)	418	75	343	363	–	8
IFC Global Infrastructure Fund, LP (Global Infrastructure Fund)[c]	1,430	200	1,230	902	–	–
IFC Global Emerging Markets Fund of Funds, LP and IFC Global Emerging Markets Fund of Funds (Japan Parallel), LP (collectively, GEM Funds)	800	150	650	757	–	86
Women Entrepreneurs Debt Fund, LP (WED Fund)	115	30	85	110	–	–
IFC Middle East and North Africa Fund, LP (MENA Fund)	162	60	102	86	4	8
China-Mexico Fund, LP (China-Mexico Fund)	1,200	–	1,200	362	–	10
IFC Financial Institutions Growth Fund, LP (FIG Fund)	505	150	355	344	–	3
IFC Emerging Asia Fund, LP (Asia Fund)	693	150	543	573	16	97
Post Investment Period Total	9,323	2,015	7,308	7,189	20	212
Liquidated Funds						
Africa Capitalization Fund, Ltd. (Africa Capitalization Fund)	182	–	182	130	–	–
IFC Russian Bank Capitalization Fund, LP (Russian Bank Cap Fund)	550	250	300	82	–	–
Liquidated Funds Total	732	250	482	212	–	–
Grand Total	**$10,055**	**$2,265**	**$7,790**	**$7,401**	**$20**	**$212**

a. Net of commitment cancellations.

b. Excludes commitment cancellations from prior periods.

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

Funds Managed by AMC

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

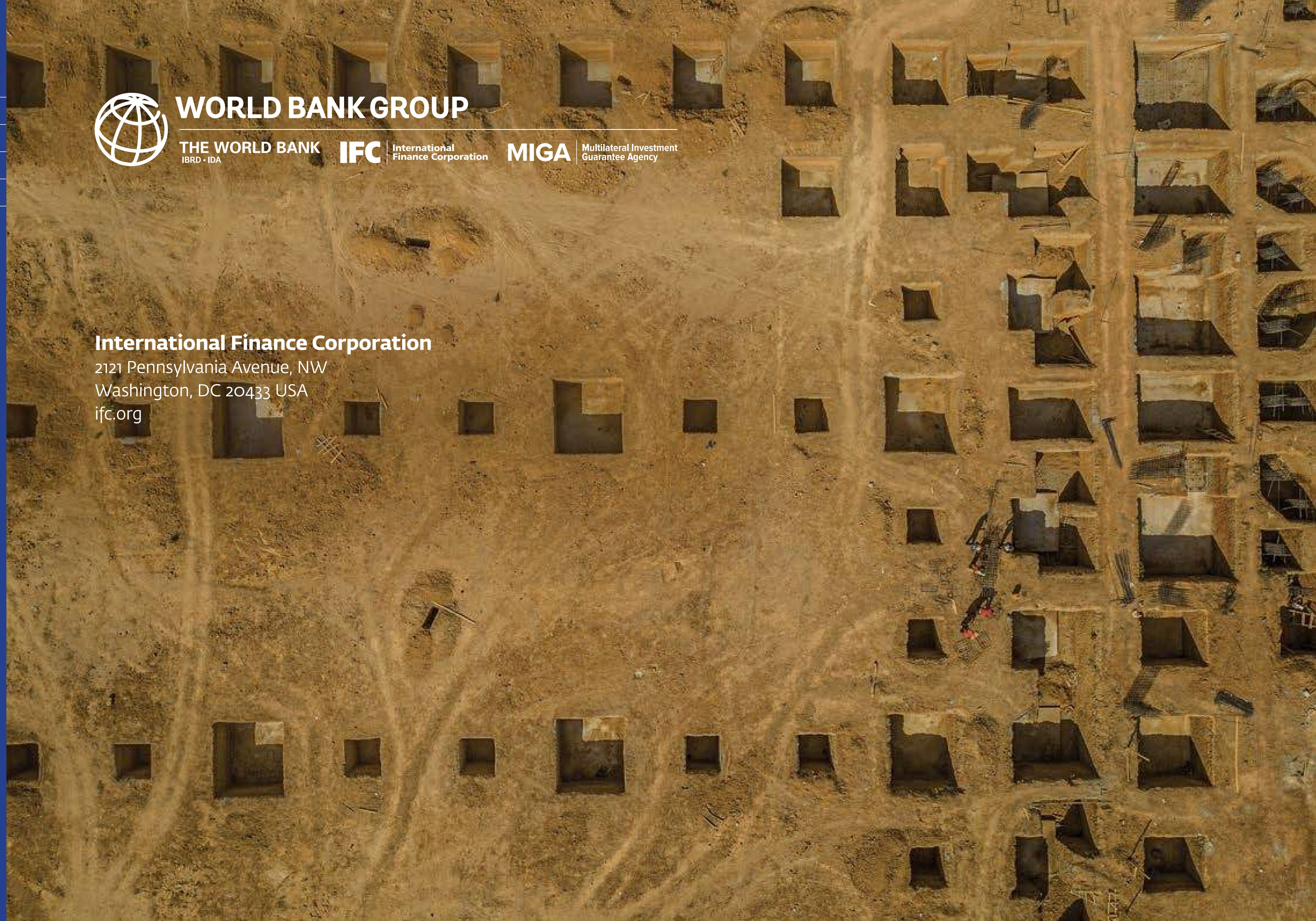
a. Net of commitment cancellations.

b. Excludes commitment cancellations from prior periods.

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

On the back cover: Aerial photo of a cutting-edge rice-processing facility that entrepreneur Mamounata Velegda is building that aims to position Burkina Faso as a leading regional rice producer. Her venture is financed by IFC client, Coris Bank International.

LEADERSHIP PERSPECTIVES
RESULTS
STRATEGY IN ACTION
CRITICAL FUNCTIONS



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