INTERNATIONAL FINANCE CORPORATION

STRATEGY AND BUSINESS OUTLOOK FY24-26

EXTENDING OUR AMBITION

Version redacted and disclosed in accordance with IFC's 2012 Access to Information Policy following discussion with IFC's Board on May 2, 2023.

Contents

Figures and Tables

GLOSSARY

ADM - Accountability and Decision-Making
AFR - Africa
AgTech - Agriculture Technology
AIMM - Anticipated Impact Measurement and Monitoring
AMC - IFC Asset Management Company
AS - Advisory Services
ATRI - Africa Trade Recovery Initiative
BOP - Base of the Pyramid
CAT - Central Asia and Türkiye
CCAP - Climate Change Action Plan
CCDR - Country Climate and Development Report
CIP - Capital Increase Package
CMA - Creating Markets Advisory
COVID-19 - Coronavirus Disease 2019
CPSD - Country Private Sector Diagnostic
CSC - Corporate Scorecard
CUR - Capital Utilization Ratio
DARP - Distressed Asset Recovery Program
DE - Development Effectiveness
DFI - Development Finance Institution
DO - Development Outcome
EAP - East Asia and the Pacific
EdTech - Education Technology
EC - European Commission
EIB - European Investment Bank
EMDE - Emerging Market and Developing Economy
ERP - Enterprise Resource Planning
ESG - Environment, Social, and Governance
EU - European Union
EUR - Europe
FCS - Fragile and Conflict-Affected Situations
FCV - Fragility, Conflict, and Violence
FDI - Foreign Direct Investment
FDP - Forcibly Displaced Person
FI - Financial Institution
FIG - Financial Institutions Group
FinTech - Financial Technology
FTCF - Fast-Track COVID-19 Facility
GCC - Gulf Cooperation Council
GDP - Gross Domestic Product
GEM - Global Emerging Markets Risk Database
HR - Human Resource
GHP - Global Health Platform
GTFP - Global Trade Finance Program
IBRD - International Bank for Reconstruction and Development
IDA - International Development Association
IEG - Independent Evaluation Group
IFC - International Finance Corporation
INR - Infrastructure and Natural Resources
LAC - Latin America and the Caribbean
LGBTI - Lesbian, Gay, Bisexual, Transgender, and Intersex
LIC - Low-Income Country
LTF - Long-Term Finance
M2D - Mandate to Disbursement
MAS - Manufacturing, Agribusiness, and Services
MCPP - Managed Co-Lending Portfolio Program
MDB - Multilateral Development Bank
ME - Middle East, Pakistan, and Afghanistan
MIC - Middle-Income Country
MIGA - Multilateral Investment Guarantee Agency
MSCI - Morgan Stanley Capital International
MSME - Micro, Small, and Medium Enterprise
O/A - Own Account
PCE - Private Capital Enabled
PCM - Private Capital Mobilization
PPP - Public-Private Partnership
PSW - Private Sector Window
RAROC - Risk-Adjusted Return on Capital
RSE - Real Sector Crisis Response Envelope
SA - South Asia
SBO - Strategy and Business Outlook
SDG - Sustainable Development Goal
SME - Small and Medium Enterprise
SOE - State-Owned Enterprise
STF - Short-Term Finance
U4C - Utility for Climate
UNHCR - United Nations High Commissioner for Refugees
US$ - United States Dollar
VC - Venture Capital
VPU - Vice Presidential Unit
WB - World Bank
WBG - World Bank Group
WESP - Warehouse Enabled Securitization Platform
WLD - World Region
WTO - World Trade Organization
YoY - Year on Year

WORLD BANK GROUP'S STRATEGIC PRIORITIES

This section provides an overview of the World Bank Group's (WBG) strategic priorities and the alignment of work programs and resources with these priorities. It was prepared jointly by the World Bank (WB), the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA) and forms a common chapeau of each institution's Strategy and Business Outlook (SBO) paper.

I. STRATEGIC CONTEXT AND PRIORITIES

1. ***The unexpected confluence of global crises has upended development progress and resulted in declines in growth, increases in poverty and vulnerability, and reversals in hard-won human development.*** The overlapping crises of COVID-19, rising levels of conflict, natural disasters and a protracted global downturn have pushed many people into extreme poverty and reversed decades of development progress. Even before the crises, progress toward poverty eradication and shared prosperity was slowing down, and vulnerability to falling back into poverty was rising. Threats to prosperity are increasingly originating from global challenges, with cross-border effects and consequences that stretch far into the future and are often irreversible. These include accelerating impacts of climate change, natural disasters and environmental degradation, more frequent occurrence of pandemics, and a rise in fragility, conflict and forced displacement.

2. ***Over the past three years, the WBG has responded with unprecedented urgency, scale and impact to help clients respond and adapt to these multiple and overlapping crises.*** The World Bank Group (WBG) responded at a record pace, scale and impact to help clients respond to multiple, overlapping and compounding crises and increasingly complex development challenges. In April 2022, the WBG outlined the Global Crisis Response Framework to respond to this environment of poly-crises, drawing on lessons learned from past crises.[1] Efforts focused on: (i) responding to food insecurity; (ii) protecting people and preserving jobs; (iii) strengthening resilience; and (iv) strengthening policies, institutions and investments for building back better. The WBG provided unprecedented crisis financing which reached US$330 billion since the onset of the pandemic. The WBG also deployed a range of instruments and facilities to support countries' response to the crises, delivered global knowledge and stepped-up engagement with other partners to find effective development solutions for our clients.

3. ***While responding to these challenges, the WBG also made significant progress on the implementation of the commitments under the IBRD and IFC capital package as well as those under the IDA19 Replenishment, IFC's 3.0*** Implementation of the IBRD and IFC capital package policy commitments is on track, with significant progress already made towards reaching the capital package targets over FY19-30.[2] IDA19 implementation has been strong, the IDA20 Replenishment negotiation was successfully concluded with a significant funding and policy package and its implementation started in FY23.[3] IFC has stayed the course on the execution of the IFC 3.0 strategy to create opportunities and markets that attract capital at a greater scale. MIGA continued to make progress across its strategic priority areas. The

[1] "Building Back Better from the Crisis: Toward a Green, Resilient and Inclusive Future", December 2021.
[2] "IBRD-IFC Capital Package and the Forward Look Implementation Update", Oct. 13, 2022.
[3] The IDA20 Replenishment's Deputies Report "Building Back Better from the Crisis – Toward a Green, Resilient and Inclusive Future", December 2021; "IDA19: Implementation Status and Proposed Reallocations", October 9, 2021.

strategy and MIGA's FY21-23 strategy.

WBG also increased its financing related to the global challenges of climate change, pandemics and fragility to roughly half of the Bank Group lending between FY20-22. It is currently the largest provider of climate finance to developing countries with US$34 billion in FY22. WBG support for FCVs has also continued to grow to US$32 billion in FY22. The WBG has delivered this unprecedented response by stretching its available financial, budgetary and human resources, with tight budget discipline and operating under a very challenging and almost virtual environment.

4. ***Over the coming years, the WBG will need to further step-up its work program to help client countries accelerate their recovery and realize their development goals, while addressing global challenges.***

Scaled-up action is needed to resume and accelerate progress to end extreme poverty and boost shared prosperity, with a strong focus on sustainability, resilience and inclusivity, recognizing that achieving the twin goals is closely linked to progress in addressing global challenges such as climate change, pandemics and fragility. It is in this context that the WBG is working with shareholders on the next phase of its evolution. Accordingly, in response to the request of shareholders at the 2022 Annual meetings, the WBG is engaging in a dialogue on an Evolution Roadmap to adapt its vision and mission, operating model and financial capacity to scale up its response to today's development context and challenges. The Development Committee paper for the 2023 Spring Meetings outlines proposals to enhance the WBG mission; strengthen its operating model; and adapt its financial model in line with the needs and priorities of WBG clients and shareholders. Based on the Governors' guidance, Management and the Board will advance implementation of the agreed actions and continue to develop further proposals.

5. ***Management continues to provide regular reports on the WBG delivery of the crisis response and corporate priorities, and on results and performance.***

Over the past year, Management has actively engaged with the Board on the delivery of the WBG strategic priorities and implementation of its work programs. There have been several Board engagements on progress in implementing the Global Crisis Response Framework, advancing selected topics and reporting quarterly on various operational, financial, staffing and budgetary issues.[4] Management also updated the Board in the Fall on progress in delivering on the commitments set out in the IBRD-IFC Capital Package and the Forward Look. Implementation updates on the IDA20 Replenishment are being provided to the Board. The WBG and individual WB, IFC and MIGA Scorecards report annually on results and performance against global and corporate priorities – confirming that the WBG is performing well across key indicators and is making remarkable progress in helping clients respond to multiple crises.

II. STRATEGIC ALIGNMENT OF RESOURCES AND WBG INDICATIVE PLANNING TRAJECTORIES

6. ***The WBG institutions coordinate their strategic***

Achievement of the WBG strategic priorities guides the WBG client engagement and related work planning, costing and resource allocation

[4] "Navigating Multiple Crises, Staying the Course on Long-Term Development - The World Bank Group's Response to the Crises Affecting Developing Countries", June 20, 2022.

planning, budgeting and performance monitoring through the "W" process, actively pursuing synergies and complementarities.

process. Pending the outcome of discussions with shareholders on the WBG Evolution Roadmap, in FY24 the World Bank, IFC and MIGA will continue to lean forward to **help countries regain momentum to achieve a green, resilient and inclusive development and address unprecedented development challenges**. This will be anchored in a continued focus on the WBG twin goals, with a strong emphasis on sustainability, resilience and inclusivity. The WBG corporate priorities in FY24 will continue to meet the commitments reflected in the IBRD and IFC Capital Package, the IDA20 Replenishment, the Climate Change Action Plan, the FCV and gender strategies, and decisions from ongoing discussions with shareholders on the Evolution Roadmap. Implementation of these corporate priorities informs the three WBG institutions' resource allocation and budget trajectories.

At the global, regional and national levels, the WB, IFC and MIGA continue to witness expansion in demand for programs and initiatives related to financing, knowledge and policy commitments, partnerships and technical assistance. The focus in FY24 for the WBG will be on stepping up our work to restore growth, promote private sector development and boost private capital facilitation, improve service delivery, accelerate climate action, address food insecurity, strengthen resilience and crisis preparedness and close the gender and infrastructure gaps.

In this context, the three WBG institutions will continue to collaborate closely, leveraging each other's capabilities in several areas where synergies and complementarities can be pursued to strengthen/create markets and mobilize private capital, and develop our analytical and advisory work (especially upstream work). This will be pursued by intensifying our efforts to further operationalize the Bank's strategic directions through the "One WBG" approach that brings together public and private partners in line with the Cascade framework by (i) linking policy reform, advisory, investment and mobilization activities to deliver "solution packages"; (ii) developing frameworks that promote competition, set standards and enable markets to function efficiently; (iii) enabling demonstration effects, replication, and new productive networks; and (iv) building capacity and skills that open new market opportunities. We will also continue to focus on leveraging economies of scale/scope (including from the ERP system replacement, real estate and other efficiencies) and coordinating human resource policy changes.

7. ***The Strategy and Business Outlook papers of each institution set out the planned work programs and budget trajectories for FY24-26.***

The WBG institutions' SBOs outline the strategic priorities which align well with Roadmap aspirations and provide high-level budget trajectories required to achieve them. The WB SBO paper focuses on the challenges resulting from a complex and interwoven set of crises, climate change, environmental degradation, growing global fragility and regionally destabilizing conflicts, highlighting strategic priorities guiding the work planning and budgeting process. The IFC SBO describes key strategic priorities, which are anchored by the Capital Increase Package (CIP) commitments. Building on strong business growth in FY23, IFC is set to resume its trajectory towards 2030 CIP targets and will focus on Private Capital Mobilization (PCM) and blended finance as key tools for scaling up delivery. The MIGA SBO presents the achievements and lessons learned from the FY21-23 strategy and proposes a program and budget for FY24 focused on maintaining this progress. Additionally, the papers discuss pressure points resulting from the rising costs of doing business and the organizational efficiency and financial sustainability measures being pursued.

Rest of the document follows IFC's format.

EXECUTIVE SUMMARY

Global development is under threat. There is an urgent need to reverse declines in growth, human development and poverty eradication across Emerging Markets and Developing Economies (EMDEs). Accelerating global challenges are threatening prosperity, peace, and sustainable development. Climate change, food insecurity and energy crises are hitting the poorest the hardest. Fragility, violent conflict, and security risks are increasing and spreading across countries, with destabilizing effects through forced displacement and migration.

Achieving the Sustainable Development Goals (SDGs) has become more elusive. Stretched public finances are further strained by the increasing economic and social costs imposed by compounding and interlinking crises. As global development finance remains grossly insufficient, the WBG has launched the "Evolution Roadmap" to confront these global challenges while stepping up its efforts to advance the Twin Goals of ending extreme poverty and promoting shared prosperity.

Sustainable, resilient, and inclusive economic growth and development cannot be achieved without the private sector. The private sector is at the heart of productive growth, bringing innovation, disseminating knowledge and expertise, creating employment, and generating domestic tax revenues. While domestic public spending will remain critical, the greatest potential lies with private capital to meet EMDEs' massive financing needs through increased mobilization and capital markets development. Against this backdrop, the WBG's Cascade approach has never been more important. It deliberately aims to mobilize the private sector for sustainable development while optimizing the use of scarce public resources, thus leveraging comparative advantages of the public and private sectors for maximum development impact.

IFC's strategic priorities align well with WBG Evolution Roadmap aspirations. As financing and economic conditions have worsened in EMDEs, IFC has played a stabilizing and catalytic role. Looking ahead, IFC will step up its engagement across all client countries and with a clear focus on addressing persistent poverty and global challenges. Key thematic areas of focus include: (A) climate change, (B) gender and inclusion, (C) building resilience through food security and health, (D) fragility, and (E) digitalization.

IFC's three-year program outlook reflects the strong growth in commitments achieved in FY23 and a resumption of its trajectory to the 2030 CIP commitments. Building on the FY23 momentum, IFC will continue to grow its delivery across sectors, geographies, and strategic priority areas. Working in Low-Income Countries (LICs), Fragile and Conflict-Affected Situations (FCS), and International Development Agency (IDA) countries will continue to be a priority, with a focus on food security, job creation, and economic transformation. At the same time, IFC sees strong demand in Middle-Income Countries (MICs) for reaching underserved segments of the population, expanding financial access to Micro, Small, and Medium Enterprises (MSMEs), and addressing climate, gender, and social inclusion issues.

Scaling up PCM and the targeted use of blended finance will be essential to address mounting development challenges. Blended finance, used strategically, is a critical tool to attract private capital with different risk appetite and investment horizons both to LICs and MICs, especially when it comes to new technology adoption and climate adaptation. This SBO takes a closer look at PCM as a key enabler of the WBG Evolution Roadmap ambitions and at blended finance as its prerequisite. The world is calling upon Multilateral Development Banks (MDBs) to enable more private investment in EMDEs; IFC has been and will continue to be at the forefront of this effort.

CHAPTER 1: EXTERNAL ENVIRONMENT

1.1 **The world has experienced severe setbacks in development since the onset of the COVID-19 pandemic. Intensifying global challenges will impact the development trajectory of client countries for the foreseeable future**. Four megatrends – slowing growth and worsening poverty, deteriorating climate conditions, reversals in human development, and increasing fragility – characterize the dramatically evolving context for development and provide the backdrop for the WBG's strategic repositioning, or Evolution of the WBG.[1]

EXTERNAL CONTEXT & IMPLICATIONS FOR THE PRIVATE SECTOR

1.2 **Prospects for developing countries across all income levels are increasingly undermined by four interlinking, reinforcing trends that cut across borders and may have irreversible consequences if unaddressed.[2]**

1.3 First, **global growth** is slowing, with the four-year (2020-2024) average forecast to fall to its weakest pace in sixty years. Medium-term growth prospects in MICs – a global growth engine over the past two decades – continue to be constrained relative to pre-pandemic times, and growth in LICs is likely to be insufficient to drive significant poverty reduction. The broad-based slowdown in key drivers such as **investment and trade** is contributing to the growth deceleration. At the current rate, nearly 600 million people will live in extreme poverty[3] by 2030, which is expected to grow and concentrate in FCS countries, where roughly half of the world's extreme poor are expected to live by 2030.

1.4 Second, **climate change** impacts are intensifying as greenhouse gas emissions continue rising. Significant social and economic costs are emerging in MICs and, more particularly, LICs, and small states bear a higher share of the burden relative to their economic base and face the highest adaptation costs. Regions such as Africa and the Middle East are experiencing rising incidences of natural disasters and slowing agricultural productivity. Left unaddressed, over 130 million additional people could be pushed into poverty by 2030.[4] Disproportionate effects of climate change on **women and other disadvantaged groups** also merit attention, with adverse outcomes across human endowment, economic opportunities, and voice and agency.[5]

1.5 Third, the COVID-19 pandemic has significantly slowed, and in some cases reversed, progress on **human development**, including stalling progress in gender equality. Learning poverty is estimated to have risen to 70 percent in 2022, with school closures implying today's students could lose 10 percent of their future average annual earnings.[6] School closures during the pandemic will have likely worsened large preexisting **female education** enrollment gap, particularly in LICs. Over 6.8 million deaths due to the pandemic were reported worldwide as of January 2023. An analysis of excess mortality suggests that as many as 18 million people may have died worldwide because of the pandemic as of the end of 2021.[7] In addition, demographic trends – with the global population projected to increase to almost 10 billion by 2050 – will generate significant pressures on job creation, urbanization, and infrastructure.

1.6 Fourth, situations of **Fragility, Conflict, and Violence** (FCV) are on the rise, as the number of FCS countries has increased by 50 percent since 2000, and the number of Forcibly Displaced People (FDP) globally has tripled since 2012, to 90 million.[8] It is also in FCV settings where the compounding effects of interlocking global crises are most magnified: climate change, environmental degradation, and conflict are strongly correlated. As much as 70 percent of the most climate-vulnerable countries are also among the most fragile. By 2050, adverse climate impacts may trigger internal migration of up to 216 million people – including Africa, South Asia, Latin America – with potentially destabilizing effects.[9]

1.7 **The private sector is central to addressing global challenges to development, with private finance having the greatest potential for growth compared to other sources of finance.** Recent WBG estimates put average annual spending needs for global challenges alone – climate, conflict, and pandemics – at around US$2.4 trillion for developing countries between 2023 and 2030. Tight fiscal space and rising public debt in many EMDEs curtail prospective growth in public spending. At the same time, financial assets are estimated at US$370 trillion in developed countries, or 80 percent of global financial assets. There is significant potential for mobilizing capital into EMDEs, but this will require focused intermediation efforts (see Chapter 3). Moreover, the private sector, which accounts for nearly 90 percent of value added and up to 95 percent of employment in LICs,[10] will be key to driving innovation, deploying technology for productive growth, and harnessing digitalization to develop new business models.

1.8 **The private sector is more vulnerable than it has been in decades but opportunities exist.** While the state of the global economy is likely the "biggest near-term challenge" facing the private sector,[11] EMDEs firms will see both opportunities and challenges:

- **Growth**: Following a significant slowdown from 2.9 percent in 2022 to 1.7 percent in 2023, global growth is forecast to recover to 2.7 percent in 2024 while still being lower than the pre-pandemic trend.[12] EMDE growth, unchanged year-on-year (YoY) at 3.4 percent in 2023, is forecast to recover to 4.1 percent in 2024.[13] Though the most recent IMF forecast expects global growth to bottom out, risks are tilted to the downside as inflationary pressures persist, and growth remains below the historical annual average.[14] **Opportunity:** Reflecting perceptions of softer landings and medium-term stability, business leaders globally are more confident about their three-year revenue prospects compared to the shorter term.[15] As prospects improve, demand for long-term finance, particularly project finance in capital intensive sectors, may rebound, as will equity investments.

- **Productivity Drivers (Investment, Trade, Digitalization):** EMDE investment growth has been on a downward trajectory since the Global Financial Crisis, particularly for MICs, which fell from around 9 percent to below 6 percent per annum.[16] Foreign Direct Investment (FDI) to developing countries, a valuable source of technology and knowledge transfer, has also declined as a share of GDP from almost 4 percent pre-2009 to about 2 percent in 2022[17] (See Figure 1). Merchandise trade has also been on a downward trajectory since the mid-2000s.[18] While global trade has slowed, intra-EMDE trade has increased, though not by enough to compensate for lower trading volumes with traditional, advanced economy trade partners. EMDE corporate vulnerability has been rising, with historically high levels of corporate debt-at-risk.[19] Monetary tightening in advanced economies has also been negatively impacting EMDE currency valuations. Poor productivity growth (See Figure 2), slowing real credit growth to the private sector, and rising private debt as share of GDP have been amplifying these worrying trends.[20] **Opportunity:** Refocusing investment and trade efforts to high-growth and high-productivity sectors, particularly those utilizing digital technologies, will help reverse slowing momentum. Local currency financing solutions will be needed to counter foreign exchange risks. Refinancing and recapitalization needs will continue to be high, with trade and supply chain finance remaining critical for stemming disruptions of trade flows.

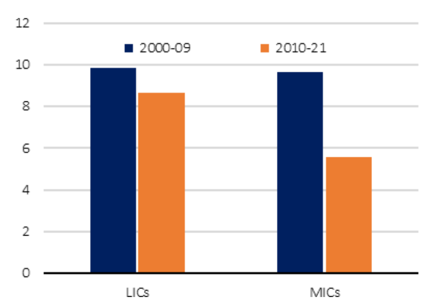
- **Climate:** Adverse climate change impacts are rising and becoming more visible, particularly for poorer countries. In the last year alone, the world lost 18 percent of GDP because of climate damage.[21] The majority of business leaders expect their activities to be impacted by climate change over the next year – primarily affecting their cost profiles and supply chains,[22] and will need to adjust their ways of doing business. **Opportunity:** Climate mitigation and adaptation finance needs in EMDEs are significant, with estimates ranging between US$1.7 and US$3.4 trillion annually by 2030.[23] Both financing energy transition, particularly critical in high-emitting sectors in MICs, as well as adaptation will fall in large part on the private sector. The private sector must be incentivized by enabling policies and concessional finance. Regulatory changes, such as European Union (EU) Carbon Border Adjustment Mechanism (CBAM) may accelerate decarbonization efforts in EMDEs that have strong trade ties to EU.

- **Human capital:** The pandemic set back life expectancies across all income category countries[24] and refocused attention on health systems. The need for strengthening the health ecosystem is more pronounced today – integrating services with digital health, finance, and staffing – thereby identifying gaps that the private sector is best placed to plug. Pandemic-induced job losses among women are about 1.8 times higher than men, creating higher unemployment rates for women and hurting the growth of communities, businesses, and economies.[25] Growing urbanization and other demographic trends in EMDEs are also putting more pressure on job creation. In Sub-Saharan Africa, for example, the working-age population is projected to grow by 40 percent until 2035, far outpacing current job creation trends.[26] **Opportunity:** Efficient health systems and value chains will continue to require private financing to complement stretched public social spending budgets. Ensuring a gender-balanced workforce can also allow firms to achieve higher financial returns.[27] Demographic changes, coupled with growing urbanization, can create more opportunities for economic growth through quality job creation. The private sector can play a critical role in skill-building to spur youth employment.

- **Geopolitical Tensions and Fragility:** International tensions are likely to continue to alter the trade and financial markets landscape. Further escalation of geopolitical turmoil could lead to a new wave of production disruptions and higher prices for traded commodities as evidenced during the pandemic and Russia's invasion of Ukraine.[28] Capital flight from vulnerable countries to safe-haven currencies may intensify, further increasing risks of depreciation.[29] **Opportunity:** Businesses are likely to have investment needs for adapting supply chains, adjusting their geographic footprint to benefit from newly created nearshoring opportunities, and developing cybersecurity and data privacy capabilities.[30]

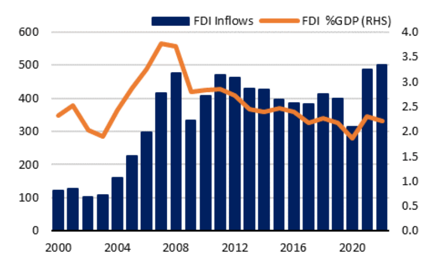
FIGURE 1: INVESTMENT AND FDI GROWTH HAVE BEEN FALTERING FOR THE PAST DECADE

(a) Investment growth (Percent per year)



Source: Haver Analytics
Note: Investment growth is calculated with countries' real annual investment in constant US$ as weights.

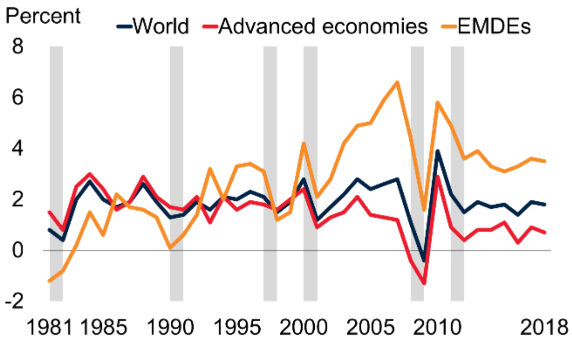
(b) FDI inflows to developing countries excluding China (US$ billion, LHS; percent, RHS)



Source: World Development Indicators and IMF
Note: Values for 2022 are estimates based on high-frequency data from national sources for large EMDEs and information from the IMF and WB.

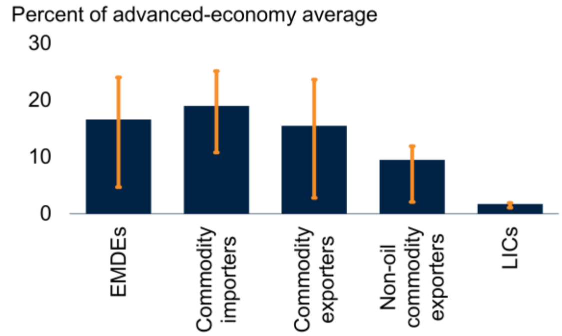
FIGURE 2: PRODUCTIVITY GROWTH HAS BEEN SLUGGISH, PARTICULARLY IN EMDES

(a) Evolution of productivity growth



Source: Conference Board; Penn World Table; WB, World Development Indicators.

(b) EMDEs labor productive levels lags those of advanced economies, 2013-2018



Source: Conference Board; Penn World Table; WB, World Development Indicators.

1.9 **Spillovers from global shocks and subdued financial conditions are having varied effects across regions while opportunities are emerging.** Europe (EUR) and Central Asia have the weakest growth outlook, largely due to Russia's invasion of Ukraine and slowed economic activity in the Euro area. At the same time, and while global supply chains have been disrupted, EUR, Central Asia, East Asia and the Pacific (EAP), and Latin America and the Caribbean (LAC) are poised to benefit from nearshoring and supply chain reconfigurations. Comparatively high levels of energy and food prices continue to hamper growth prospects for commodity importers in all regions, including EAP and South Asia (SA), where energy importers make up the majority of regional GDP and where high energy prices may have disproportionate impacts on current account balances. In contrast, fossil fuel exporters in LAC and Africa (AFR) are benefiting from high energy prices. Risks from tightening global financing conditions are more pronounced in EUR, Central Asia, LAC, and Sub-Saharan Africa, which hold larger amounts of corporate and sovereign debt. SA appears to be more insulated from global economic headwinds, with a relatively resilient growth outlook over the near-term. Small states, concentrated in EAP and LAC, and some areas of SA are becoming increasingly more vulnerable to extreme climate events. There are significant decarbonization opportunities emerging in SA and EAP. Rising social, geopolitical, and security challenges are having dire impacts in AFR, EAP, and the Middle East.

IFC PROGRAM UPDATE

1.10 ***Program Update:* Despite the challenging environment, IFC's program growth has been accelerating.** Innovations put in place under IFC 3.0 – greater focus on development impact, Upstream sector and project development, and programmatic solutions – coupled with strong Management focus on streamlining operations are bearing fruit. In FY22, IFC delivered a record US$33.6 billion in total commitments.[31] Short-Term Finance (STF) commitments were particularly strong in FY22, totaling US$9.7 billion in Own Account (O/A), of which nearly 70 percent supported clients in IDA-17+FCS markets. IFC's climate finance reached 35 percent of Long-Term Finance (LTF) O/A, with a record US$4.4 billion committed. LTF Core Mobilization totaled US$10.6 billion, focused significantly on climate and digital transformation. IFC introduced several new platforms over FY22 and FY23 to address food insecurity and promote trade and digitalization (See Chapter 2).

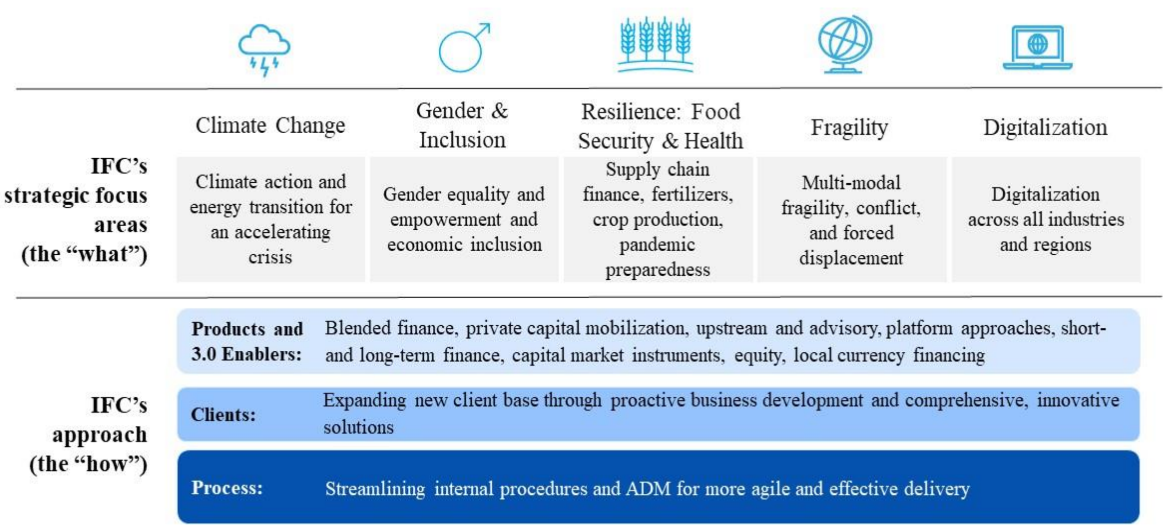
1.11 **Exceptional delivery in FY23 is restoring IFC's pre-pandemic trajectory to the 2030 targets.** As tight financing conditions, economic dislocation, and global challenges reverberate through IFC's countries of operations, the Corporation continues to embody firmly its countercyclical role – both through short-term support, with a focus on IDA-FCS markets where needs remain significant, and longer-term financing to boost climate resilience and to promote gender equality and economic inclusion.

1.12 **In the context of a weak economic outlook and protracted challenges, IFC's near-term outlook will be shaped by growing client needs and the opportunity to pioneer new approaches, technologies, and business models.** Chapter 3 provides details on IFC's expected program trajectory over the SBO period. Conclusions of the WBG Evolution Roadmap process will likely impact this trajectory, as it is raising ambitions and will require a step change in how the WBG is operating.

CHAPTER 2: IFC'S STRATEGIC PRIORITIES IN FY24-26

2.1 **IFC's strategic priorities for the FY24-26 outlook build on the previous FY23-25 SBO and remain anchored in the CIP commitments,**[32] which align well with the WBG Evolution Roadmap, providing a strong foundation for further emphasis and scale in five key focus areas are: (A) climate change, (B) gender and inclusion, (C) building resilience through food security and health, (D) fragility, and (E) digitalization.

FIGURE 3: IFC STRATEGIC PRIORITIES FY24-26



PRIORITY A: CLIMATE CHANGE

2.2 **Climate action is a pressing priority as the energy transition window shrinks and climate threats intensify.** Damages and losses – physical, social, biodiversity, and economic – resulting from a warming planet have pegged climate change as a top global threat over the next decade.[33] As discussed earlier, IFC has ramped up its climate business and looking ahead it will further intensify its efforts. Record delivery notwithstanding, growing the business in line with CIP commitments will require additional cross-sectoral expertise and upgrading of internal Information Technology (IT) systems.

2.3 **IFC's climate priorities, aligned to the FY21-25 WBG Climate Change Action Plan (CCAP) and in line with United Nations Paris Climate Agreement, reflect these ambitions.** Key climate objectives for IFC include aligning 85 percent of all Board-approved projects with the Paris Agreement starting July 1, 2023, and 100 percent starting July 1, 2025. In addition to focusing on core strengths, achieving these objectives will require promoting frontier technologies, enhancing IFC's climate finance toolkit, calibrating focus on decarbonization and adaptation, and demonstrating thought leadership, building client capacity, and setting standards.

- **Promoting adoption of new frontier technologies:** The next wave of climate technology solutions – green hydrogen, Carbon Capture, Utilization, and Storage (CCUS), battery storage, and nature-based/biodiversity solutions – is underway. IFC is helping to create demonstration projects and developing bankable investments with Upstream, enhancing knowledge and acceptance of technology risk, and leveraging blended finance to address commercial feasibility hurdles.

- **Enhancing IFC's climate finance toolkit:** To grow the climate business, IFC is expanding its suite of products – green bonds, blue finance, and sustainability-linked finance – and developing solutions that cut across sectors. In India, IFC structured a sustainability-linked bond for a leading home textile manufacturer to aid in the company's plan to phase out coal in its co-generation plant by 2027 and increase the share of renewable energy in its procured electricity. An emerging product, Transition Finance and Securitization, can further mobilize capital to achieve scale. With roughly 80 percent of the global carbon footprint linked to supply chains, IFC is looking to collaborate with Multi-National Corporations to green their supply chains. Deploying blended finance to de-risk investments in new technologies and bringing down decarbonization costs will be critical, particularly in MICs.

- **Calibrating focus on decarbonization and adaptation:** To accelerate the energy transition entails a stronger IFC focus on industrial decarbonization in hard-to-abate sectors (accounting for one-third of global emissions), particularly steel, cement, construction materials, and chemicals. Additionally, adaptation financing is critical to build asset and community resilience, particularly in IDA-FCS contexts. In Albania, an adaptation investment in Karavasta Solar[34] will enhance the resilience of the power sector by diversifying the energy mix away from hydro which is vulnerable to current and projected climate impacts.

- **Demonstrating thought leadership, building client capacity, and setting standards:** IFC strives to achieve noteworthy 'firsts' in the climate space (Box 1). IFC is working to integrate climate risk into IFC's overall risk management framework with the Climate Risk Working Group conducting gap analyses and benchmarking exercises. As WBG Country Climate and Development Reports (CCDRs) are strengthening dialogue with country governments, IFC is partnering with MDBs, research centers, and climate networks to deepen knowledge and inform operations.[35] Upstream and Advisory (including Public-Private Partnership (PPP) Advisory) teams are key intermediaries for client capacity building, for instance, in domestic financial sector greening and adaptation concessions. Scaling climate work will also require new in-house capacity; technical specialists are needed, while existing staff is being upskilled.

BOX 1: IFC AS A FINANCIER, THOUGHT LEADER, AND STANDARD SETTER IN CLIMATE

In FY20, IFC began the **Upstream Global Blue Bonds initiative** to develop a capital market instrument to help address the twin challenges comprising the rapid depletion of both the blue economy and clean water resources. Blue Bonds, and Blue Finance more broadly, is an innovative form of financing that earmarks funds exclusively for ocean-friendly projects and critical clean water resources protection. Through this Upstream activity, IFC focused on establishing the foundational components of Blue Finance that would help create an enabling environment to better facilitate the movement of capital towards the blue economy.

As a result of the initiative, IFC launched the Blue Finance Guidelines in FY22. The Guidelines establish definitions, eligibility criteria, and guidance frameworks for Blue Finance, and support broader market awareness. IFC also developed the Practitioners Guide to Blue Bonds along with International Capital Markets Association (ICMA) and other Development Finance Institutions (DFIs). Following the launch of these Guidelines, IFC has grown its activity in this space across regions. By pairing its standard setting capabilities with its capacity as an investor, IFC is driving sector level impact beyond individual transactions.

PRIORITY B: GENDER & INCLUSION

2.4 **The disproportionate impact of the COVID-19 pandemic and worsening economic conditions in the last years on women and underserved social and economic groups is well documented**.[36] IFC is increasing its ambitions across business lines to strengthen gender equality and economic inclusion for those at the base of the economic pyramid, including women, racial and ethnic minorities, and other vulnerable groups. To cement this focus, IFC will establish a Directorate for "Gender and Economic Inclusion Solutions" in FY24.

2.5 ***Gender*. In line with the WBG Gender Strategy (2016-2023),[37,38] IFC is accelerating efforts to advance gender equality and empowerment through a diversified approach**: by enabling broad-based recovery; building social capital and promoting (economic) inclusion (e.g., by making supply chains gender-inclusive from end-to-end and addressing key barriers to women's economic participation such as lack of care services or prevalence of Gender-Based Violence); and influencing the allocation of capital to prioritize the poor and underserved, including racial minorities, Lesbian, Gay, Bisexual, Transgender, and Intersex (LGBTI) people and persons with disabilities. In FY23, IFC has delivered impressive results in gender with landmark deals such as the issuance of the first gender bond in Brazil by Itaú Unibanco, supporting women-owned Small and Medium Enterprises (SMEs).[39]

2.6 **Advancing inclusion cannot be addressed in isolation, but only in conjunction with IFC's wider efforts to address other global development priorities**. On climate, IFC is promoting investments that are more consistently inclusive of specific efforts that also advance gender equality. IFC's sustainability-linked loan to finance water and wastewater improvements in Türkiye aims to hire at least 300 women into technical positions where they are underrepresented.[40] On fragility, IFC is collaborating across the WBG and with other stakeholders to promote gender equality in FCV settings. On digitalization and other services, IFC is addressing disparities in access, affordability, and use of digital technologies for women and other underserved groups. IFC has expanded and deepened its programs and has dedicated more gender expertise across all regions and industries to advance gender equality. Looking ahead, IFC intends to develop programs explicitly targeted at the nexus of gender and race/ethnicity, recognizing the heavy challenges to economic development faced by these groups.

2.7 ***MSMEs.* Over the past several years, IFC has launched various innovative platforms targeting MSMEs, including women-owned MSMEs.** These platforms are complementary and address differing elements of the financial inclusion challenge, including enhancing bank risk appetite for SME on-lending (Small Loan Guarantee Program), supporting micro-borrowers (Base of the Pyramid (BOP)), increasing access to trade finance through Africa Trade Recovery Initiative (ATRI), and most recently, expanding instruments to support supply chain finance. These programs are yielding strong results and providing valuable lessons for IFC in developing replicable platforms that can be transferred across countries and sectors. IFC is also enabling digital and embedded finance service providers to better serve MSME segments, as well as supporting digital finance solutions for microfinance by partnering with innovative banks, FinTech, and digital platforms. For example, IFC has invested in Lulalend,[41] an online lending platform in South Africa that leverages technology to provide loans to underserved MSMEs.

PRIORITY C: BUILDING RESILIENCE – FOOD SECURITY & HEALTH

2.8 **The private sector plays an important role in providing the financing, scale, and innovation required to boost resilience against overlapping global shocks.** Food insecurity has become acute because of the pandemic and Russia's invasion of Ukraine. Food prices increased dramatically in 2022, largely driven by rising demand, soaring energy prices, supply chain disruptions, and extreme weather events. Agribusinesses have been affected across their value chains, from commodity traders, farmers, and processors to logistics providers, and are facing considerable financing constraints. IFC has rapidly responded to the food security crisis with a multi-pronged approach, which is aligned with the WBG's

Response to the Crises Affecting Developing Countries. The key focus areas for IFC engagement include improving access to fertilizers and crop care, greening fertilizer production and use, reducing crop losses and food waste, increasing efficient crop production, and mitigating infrastructure and logistics bottlenecks with a focus on regionalization of the value chain. Additionally, IFC's US$6 billion Global Food Security Platform (GFSP) is responding to the increasing need to facilitate trade and delivery of existing food stocks to populations facing disrupted production. The platform is also ensuring availability of critical value chain financing and improving the resilience and climate footprint of the global food system.

2.9 **Cross-industry solutions are being developed to tackle the intersection of climate change, food insecurity, and precarious livelihoods, including logistics for agriculture and supply chain finance.** To build resilience in the food value chain, IFC is also supporting agricultural commodity trade both with trade finance and by working with traders. IFC is exploring innovative approaches to strengthen and expand agricultural value chains through cutting-edge technologies. An example is agCelerant[42] in Senegal, which is leveraging blended finance to de-risk projects involving very small, small, and medium enterprises, cooperatives, and smallholder farmers.

2.10 **Supporting sustainable and resilient health systems for future pandemic preparedness remains a core pillar of IFC's strategy.** The pandemic exposed vulnerabilities of health systems across the globe and underscored the critical role the private sector plays in the delivery of health services and products. IFC's US$4 billion Global Health Platform (GHP), a critical element of the WBG response to the COVID-19 pandemic, is mobilizing private investment to close the massive healthcare supply chain gaps faced by developing countries. The platform is also helping to create and strengthen manufacturing and service capabilities for health products and systems. IFC is working with companies to nearshore/regionalize supply chains and production (e.g., pharmaceutical companies in LAC, EUR, and AFR). IFC is also improving quality and operational standards of pharmaceutical companies with Upstream work and Advisory Services (AS).

PRIORITY D: FRAGILITY

2.11 **The number of conflicts and FDP worldwide has risen significantly in recent years both in IDA markets and MICs.**[43] The private sector can support recovery from conflict and help mitigate drivers of instability by creating jobs, providing essential goods, and promoting financial inclusion. At the same time, private sector operations are affected and disrupted by instability and violence. As part of the WBG Strategy for FCV 2020-2025,[44] IFC is actively engaging with the private sector during conflict, supporting countries' transitions out of fragility, and helping to mitigate spillovers. Blended finance as well as Upstream/AS are critical to enabling greater private sector engagement in FCS.

2.12 **IFC is strengthening its engagement in fragile markets with a focus on increasing investment and creating bankable projects.** To increase its footprint, IFC has placed additional staff across offices in FCS countries since FY19. There has also been an increase in staff count in African hub offices (Nairobi and Dakar) to increase proximity to fragile LICs and MICs in the region. To further strengthen FCS operations, a new GI-level position will commence in FY24 focused on "Fragility in Africa" with dedicated responsibility to lead all IFC activities related to forced displacement and FCS in Africa. Additionally, IFC is playing an active advisory role. For example, the Local Champions Initiative in the Sahel and West African sub-region aims to create a pipeline of investable transactions through tailored technical assistance.

2.13 **IFC is increasing its focus on developing innovative private sector solutions to provide economic opportunities and services for FDPs and their host communities.** To deepen its ongoing engagement in forced displacement, IFC is partnering with the United Nations High Commissioner for Refugees (UNHCR). This Joint Initiative will focus on (i) designing and enabling private sector projects in refugee-hosting areas to mobilize private capital and (ii) enhancing knowledge by providing operational thought leadership. The Joint Initiative has commenced work with regional and industry departments to build pipelines of investable projects. Pairing UNHCR's deep understanding of forced displacement with IFC's private sector expertise will generate valuable knowledge and replicable examples for the broader development community and other stakeholders interested in mobilizing private investments in displaced contexts.

2.14 **IFC plays an active role as a thought leader and convener among DFIs.** IFC, together with Oxford University/International Growth Center, African Development Bank, and British International Investment, has co-organized annual DFI Fragility Forums since 2019 which bring together about 25 MDBs and DFIs. The Forums have focused on topics such as business enabling environment, Upstream, blended finance, Environment, Social, and Governance (ESG) challenges, conflict sensitivity, and dialogue with shareholders on risks of investing in FCS. One of the areas of focus for the 2023 Forum is development of local currency solutions for FCS. IFC is also a member of the Africa Resilient Investment Accelerator DFI coordination group and leads a workstream on conflict sensitivity in conjunction with the European Investment Bank (EIB). IFC led the development of a guidance note for DFI clients working in FCS settings to advise them on how to apply a conflict sensitive approach to private investment. IFC, jointly with the WB and MIGA, is engaged in conducting the Mid-Term Review of the WBG FCV Strategy, which will identify lessons from implementation and adjustments needed for the remainder of the strategy period.

2.15 **Support to Ukraine.** As one of the few DFIs to commit new investments in Ukraine following Russia's invasion,[45] IFC prepared the Ukraine Economic Resilience Action Program in FY23Q2. The program, which includes US$2 billion financing (US$1 billion in IFC O/A and US$1 billion in blended finance), is designed to support private sector resilience and help the country prepare for reconstruction over the next 18 to 24 months. Beyond the conflict phase, IFC aims to support Ukraine through rebuilding infrastructure, reviving agribusiness and manufacturing, recapitalizing banks, and distressed asset management. For Ukraine and other FCS countries not eligible for IDA Private Sector Window (PSW) funding, raising blended finance resources is a key priority for IFC over the SBO period.

PRIORITY E: DIGITALIZATION

2.16 **Digital technologies have the potential to impact all SDGs and are key for scaling climate actions**. IFC has launched new platforms supporting the development of technology-enabled small and medium sized businesses, including (i) the expansion of the Startup Catalyst Expansion Platform in December 2022, and (ii) the Africa and Middle East, Central Asia, and Pakistan Venture Capital Platform. Both programs are supported by the IDA PSW to catalyze Venture Capital (VC) investments in the most challenging markets. The hiring of a new global head of Climate Technology (ClimateTech) will invigorate and sharpen the focus on growing investments in disruptive technologies with large climate benefits such as BlaBlaCar, a shared travel platform in Brazil that boosts access to affordable, convenient, and environmentally friendly travel. IFC is also exploring investing in technology that helps reduce carbon emissions in large industrial sectors such as steel, as well as adaptation solutions using ClimateTech and Agriculture Technology (AgTech). In Madagascar, IFC is working with the WB through the PRODIGY Investment Project Financing on an Education Technology (EdTech) public-private collaboration to lower the cost and improve the quality of employment-focused digital skills education. One area IFC is increasingly focused on is supporting creative industries, given the sector's growing importance in EMDEs. For example, IFC anchored a sustainability-linked bond issuance for Polsat Group, a triple play that produces local Polish content.[46]

CHAPTER 3: PROGRAM OUTLOOK & DELIVERY

3.1 **This chapter presents IFC's FY24-26 program outlook against five key dimensions of the IFC Corporate Scorecard** (CSC) (Table 1). Special focus is given to IFC's efforts to evolve its approach to blended finance and PCM, which are critical to deliver on both IFC's CIP targets and the aspirations of the WBG Evolution Roadmap. A step change is required in the WBG's approach to leveraging the private sector to address the state of emergency in development and furnish solutions to global challenges. A "One World Bank Group" approach is needed more than ever – leveraging each institution's instruments, expertise, and approaches in a systematic and well-coordinated manner in line with the Cascade framework[47] – to make inroads at the magnitude required.

PROGRAM & CLIENT DELIVERY FY24-26

3.2 **Building on record YoY growth, IFC is set to return to its 2030 CIP trajectory – across all regions, sectors, and strategic priority areas.** Responding to ongoing economic turmoil, tight global financing conditions and structural transformation in many markets, IFC will further lean into its countercyclical role through short- and long-term financing products while promoting innovation and technology diffusion across its countries of operation. In LIC and IDA-FCS markets, IFC will continue to prioritize pipeline development through Upstream as well as program growth – including through working capital and trade and supply chain finance products. Demand for STF instruments is high in nascent and stressed markets. STF is a critical lifeline that keeps businesses afloat, jobs secure, and bolsters food security by enabling the flow of critical goods and commodities. IFC will maintain its focus on investment opportunities in the productive real sector – manufacturing and physical and digital infrastructure – with a view to supporting economic transformation and boosting development prospects in the longer-term. IFC also sees strong demand in MICs where financing needs continue to exceed supply particularly in areas such as climate where mobilization of capital can be challenging. Over the near-term, and aligned with the WBG Evolution Roadmap aspirations, IFC will invest to boost climate resilience, bridge growing inequality gaps, and expand financial access to underserved groups. IFC is growing its ambitions to address the reversals in gender equality globally and economic inclusion – through expanding access to finance, skills and leadership trainings, and actionable research and advice for private sector companies. Many innovations are championed by IFC in MICs (first blue bonds, first sustainability-linked bonds, synthetic risk transfer instruments) and are subsequently adopted in more nascent markets, a trend that is expected to continue.

3.3 **IFC expects to see further demand shifts to corporate finance, equity, and capital markets support, including in capital intensive sectors.** To weather market uncertainty, diverse financial instruments will be in demand, ranging from risk-sharing products to equity, trade and supply chain finance, capital optimization, corporate finance, and capital markets products. In infrastructure, project finance in EMDEs has been declining markedly since the COVID-19 crisis while corporate finance has increased by almost 60 percent, driven by activity in AFR and LAC. Given significant fiscal constraints, IFC is expecting to see more demand for PPP advisory and investments, as countries address social and physical infrastructure needs. Relocation of production, localization of supply chains, and the rerouting of transport and logistics chains have become enduring trends, with clients looking for financing support to establish regional manufacturing/production hubs, including pharmaceuticals, medical equipment, etc. Digitalization is expected to continue driving the transformation of sectors, creating investment opportunities for innovative solutions to global challenges (EdTech, HealthTech, ClimateTech). Tailwinds are expected in the AgTech space to improve food security with investments in new technologies to increase yields and agricultural productivity, while reducing water consumption and optimizing fertilizer and pesticide use.

3.4 **Demand for climate and sustainability finance solutions will continue to increase across regions and industries.** IFC is pursuing more growth in core sectors such as climate-smart agriculture, green buildings, renewable energy, and the financial sector through innovative financing tools and AS, while scaling up efforts to unlock investment opportunities in frontier areas such as electric vehicles and next-generation energy solutions. For example, IFC is pursuing investments in technologies such as green hydrogen, offshore wind, and battery storage. To advance the decarbonization of economies, investment opportunities will also emerge with subnational entities and State-Owned Enterprises (SOEs). As solutions to climate change are not singularly sector-based, IFC is moving toward cross-industry platform approaches such as joint efforts across manufacturing, infrastructure, financial markets, and disruptive technology to harness both Upstream and investment expertise.

3.5 **Strategic repositioning under the WBG Evolution Roadmap may impact IFC's business trajectory beyond FY24.** Barring significant economic deterioration and crisis, shareholder conclusions to the WBG Evolution Roadmap in October 2023 are likely to be the key impetus for change to IFC's trajectory. While well aligned with the Evolution Roadmap, IFC strategic and business focus areas, operational delivery, and required resources within the FY24-26 SBO horizon and beyond may have to be revisited. The CSC targets may also be adjusted in next year's SBO.

TABLE 1: IFC CORPORATE SCORECARD

Indicators	FY22 Actuals	FY23 Targets	FY24(E)	FY25(E)	FY26(E)	FY30 Goals[1]
Percentage of Commitments with Contribution to Market Creation Potential Rating of "Very Strong" (%)	11%	18%	18%	18%	-	-
Avg. Portfolio AIMM Score for Active Investment Operations (#)	47	>45	>45	>45	-	-
Satisfactory Development Outcomes of Investment Operations (IEG Rating)	Achieved	Improving /Stable	Improving	Improving	-	-
Advisory Services Successful Development Effectiveness (IEG Rating)	Achieved	Improving /Stable	Improving	Improving	-	-
IFC Debt Portfolio RAROC (%)	4.8%	>8%	>8%	>8%	-	-
Equity Portfolio Total Return ~ MSCI	26.2%	>0	>0	>0	-	-
Total LTF Commitments (excl. MIGA): O/A + Core Mobilization (US$, billions)	23.2	26.4	28.8	31.3	34.1	48
LTF O/A Commitments (US$, billions)	12.6	15.2	16.4	17.6	18.8	25
IDA-17 + FCS as a % of LTF O/A Commitments	28%	31%	32%	34%	35%	40%
IDA17-FCS & LIC-IDA17 as a % of LTF O/A Commitments	11%	11%	12%	13%	14%	15-20%
Climate as a % of LTF O/A Commitments	35%	35%	37%	37%	37%	35%
IDA-17+FCS LTF Project Count as % of Total LTF Project Count[3]	38%	39%	40%	41%	41%	-
Short-term Finance (STF) Commitments (Trade and Supply Chain Finance) (US$, billions)	9.7	8.3	8.7	9.1	10.0	-
Cumulative IDA-20 PSW Board Approvals (US$ billions)[4]	1.5	0.66	1.3	2.0	-	-
Share of Women Directors nominated on IFC Board Seats	62%	50%	50%	50%	50%	50%
Annual Financing Dedicated to Women and Women-led SMEs (O/A + Mob.) (US$, billions)	0.84	0.67	0.77	0.89	1.02	1.4
Upstream 5-year Cumulative (Rolling) Investment O/A Pipeline (US$, billions)	29	30	30	30	33	-
Client Feedback/Satisfaction (% Satisfied)	91%	85%	85%	85%	-	-
Budget Coverage Ratio (%)	93%	<95%	<91%	<91%	-	-
Savings Through Efficiency Gains & Economies of Scale (US$, millions)	60	>=60	>=60	>=60	-	700 (cum)
Mandate to Disbursement (M2D), Median Days	309	229	229	229	-	-
Gender Balance Index	0.85	0.89	0.89	0.89	-	-

[1]FY30 Goals as agreed in the CIP. [2]Starting FY23, IFC reduced the number of ex-ante AIMM indicators to focus more on portfolio AIMM metrics. However, IFC will continue to monitor the ex-ante indicators through internal management reporting. [3]This target is not part of the CIP commitments and was intended to be tracked through FY22 only. A revised indicator including FCS was introduced in FY23 to incentivize number of projects in more difficult markets. [4]Effective FY23, IDA PSW entered the new FY23-25 cycle. Hence, the updated indicator and targets.

KEY ENABLERS

3.6 **To address mounting development challenges, IFC will need to accelerate PCM and deploy more blended finance** to bring technological and sustainable private sector solutions to client countries.

SCALING PRIVATE CAPITAL MOBILIZATION

3.7 **The fiscal strains of the last several years have spotlighted an inescapable truth: Mobilizing private capital at scale for development is essential to restoring progress toward the SDGs.** Since MDB reporting of aggregate PCM began in 2016, the WBG has led all MDBs, mobilizing around US$164 billion. IFC made up two-thirds (US$108 billion) of WBG's contribution[48] to PCM. Achieving the ambitions of the Evolution Roadmap requires innovation and enhanced coordination across the WBG to address the key constraints that block the flow of private capital, i.e., the lack of a bankable projects, low investment appetite, enabling regulatory environment, and institutional frameworks.

3.8 **IFC is looking to bolster its mobilization efforts with a focus on transformational impact, sustainability, and climate.** IFC has significantly expanded its mobilization product offerings, broadened its network, and increased its use of scalable and replicable mobilization platforms (e.g., Managed Co-lending Portfolio Program (MCPP) One Planet, IFC BEST Bond Fund[49]) – leveraging significant private finance towards climate and sustainability, US$21 billion in the past seven years in climate alone. Looking ahead, IFC is working to develop additional innovative platforms – including the Warehouse Enabled Securitization Platform (WESP), discussed further below – and is seeking to strengthen collaboration across WBG institutions and external partners to meet aspirations laid out in the WBG Evolution Roadmap.

3.9 **Building the Investment Pipeline.** Increasing the pipeline of bankable projects remains one of the primary constraints to both IFC O/A investments and PCM. PCM is premised on MDBs raising capital from investors after MDBs' own project origination and participation as investors in those projects. When investments are limited by the lack of bankable projects, so too are opportunities for PCM. Spurred by the WBG Evolution Roadmap, IBRD, IFC, and MIGA are fast-tracking approaches to support pipeline development by increasing the diagnostics and incentives around Private Capital Enabling (PCE) activities, or policy advice deliberately designed to support economy-wide and sector-specific reforms that unlock private capital. In short, new target opportunities for private investment (and ultimately PCM) can be created by IBRD PCE activities and/or by IFC's Upstream and Advisory work.

3.10 **Strengthening Investor Appetite.** Private capital is available but lacks the necessary conditions to flow to EMDEs. At COP26 in 2021, the Glasgow Financial Alliance for Net Zero (GFANZ), representing 450 banks and asset managers, announced it had identified US$130 trillion it intended to make available for climate finance. But intentions have not translated into more capital. IFC is leading efforts across MDBs to develop barrier-busting approaches to lift constraints on investors coming into EMDEs. These include:

- **Developing platforms that combine and/or convert investments into formats appropriate for private investors (especially institutional investors).** Building on experience with IFC Asset Management Company (AMC) and MCPP, new mobilization products are being developed such as BEST Bond Fund, WESP, a next-generation securitization platform designed to unlock institutional capital for development finance at scale. Beyond WESP, IFC's latest MCPP facility, MCPP One Planet,[50] has already deployed funding to three projects. IFC is also raising two new equity mobilization products – the IFC Emerging Markets Sustainability Fund and the IFC Emerging Markets Sustainability Fund of Funds.
- **Facilitating the sharing of data and market knowledge, as well as promoting standard setting, to enable private investors' risk assessments.** The lack of data to evaluate EMDE opportunities creates another critical issue for crowding-in private capital. Established by IFC and EIB in 2009 to pool credit information between MDBs and DFIs, the Global Emerging Markets Risk Database Consortium (GEMs) is the largest database of default and recovery data on private- and public-sector EMDE debt. IFC is engaging with partners on efforts to open GEMs to the public, thereby providing market participants with better information to make investment decisions and develop innovative products.
- **Encouraging a favorable regulatory environment for private investors with fiduciary responsibility to allocate more to EMDEs and impact-focused lending.** IFC is working with EMDE regulators to encourage their recognition of MDBs' track records in their capital treatment of private investor co-investments with MDBs, as well as innovative structures that reduce investor risk through portfolio diversification and credit enhancement. IFC is also helping clients meet higher ESG standards, which in turn help them mobilize additional financing from capital markets and other

financiers in addition to sharing enhanced impact reporting with MCPP One Planet investors so that they can tangibly demonstrate their contribution to the Paris Agreement.

- **Raising blended finance and deploying it to de-risk investments and enable private investors to achieve appropriate, market-clearing returns.** As discussed in the section below, increasing the scale and scope of blended finance is a prerequisite for scaling PCM to amplify impact in line with the ambitions of the WBG Evolution Roadmap. More donor funds need to be raised and structures, products, and platforms developed to facilitate the increased de-risking of private investment, including through first-loss facilities on asset portfolios.

SCALING BLENDED FINANCE

3.11 **Blended finance is a critical tool to attract investors with different risk profiles and investment horizons.** Private finance for critical development or global challenges tends to face multiple constraints, from future policy uncertainty and technological costs that raise the cost of capital to other hurdles such as information limitations and unattractive risk-return profiles. Blended finance combines concessional finance from contributors[51] with commercial funds from private investors or other DFIs to make projects bankable and address temporary market failures, alleviate first-mover cost disadvantages associated with new technologies and/or business models, and accelerate the adoption of development priorities. Blended finance is well recognized as essential to addressing global challenges in both LICs and MICs. Yet, even as the need for concessional financing expands, the availability of such funds is limited. Traditional sources of concessional funds are under competition as donor governments face budget constraints and competing demands for resources.

3.12 **Fundraising.** Increasing concessionality for IBRD-only countries and MICs more broadly must not come at the expense of the poorest countries. This implies an urgent need to expand sources of blended financing for IDA and non-IDA countries alike. The IDA PSW is IFC's largest source of concessional funding for IDA and FCS countries. Continuing to innovate and expand the IDA PSW is essential to scaling support for the private sector in LICs. IDA, IFC, and MIGA have made strong progress in improving the efficiency of the IDA PSW, but more can be done.

3.13 **A significant portion of IFC’s concessional funding for MICs has returnable capital expectations and specific thematic and other eligibility criteria.** Increasing fundraising to support concessionality for global public goods is a key priority for IFC over the SBO period. In January 2023, the European Commission (EC) approved approximately €300 million in financing and technical assistance to IFC for the “Better Futures Program”, a new IFC-managed blended finance facility focused on addressing global challenges. Looking ahead, given the long gestation period and high transaction costs associated with managing donor facilities and the need for greater funding predictability, IFC is exploring additional fundraising option. To strengthen donor fundraising efforts for blended finance and to facilitate the development of new partnerships, IFC has undertaken a strategic realignment and created a new “Partnerships and Blended Finance” department, starting in FY24.

DEPLOYING UPSTREAM AND ADVISORY SERVICES

3.14 **Strengthening delivery across the Upstream and Advisory continuum**. Given the level of PCM ambition and the need to scale up Upstream pipeline development and project preparation capabilities to meet this ambition, IFC has developed and strengthened a robust toolkit of products and services across its operational continuum. These tools seek to unlock sectors or develop individual projects with a view to demonstration and replication. They include both advisory engagements with public and private clients as well as investment-like engagements where IFC contributes time and funds to develop projects for future investment. Globally replicable product offerings provide efficiency and scale through approaches that can be delivered to multiple clients across regions (see Box 2). A central Upstream and

Advisory unit will be established at the start of FY24 for strategic leadership, coordination, knowledge management, and portfolio quality control of Upstream and Advisory operations.

3.15 **As the Upstream approach has matured, IFC has streamlined and accelerated delivery**. Effective January 1, 2023, IFC established 15 new Upstream and Advisory Managerial positions to oversee newly merged Regional Industry Upstream and Advisory units across all regions and industries. The mandate of these new units is to enable investment opportunities through early-stage sector and project preparation and development, to enhance investment outcomes through the provision of value-added AS to both prospective and portfolio investment clients, and to work across the WBG to improve investment conditions via reforms in markets where the private sector remains nascent and underdeveloped.

BOX 2: FROM UPSTREAM TO INVESTMENT – CLIMATE INITIATIVE IN WATER UTILITIES

Utility for Climate (U4C). IFC launched a new Upstream initiative to support water utilities in developing countries and implementing innovative solutions. U4C to boost commercial water infrastructure investment opportunities, improve climate resilience, and develop climate-smart utilities, by offering water utility companies access to IFC's AS, investment products, and knowledge-sharing partnerships. U4C recognizes that public sector funding is insufficient for most water utilities to address climate goals and provide basic service needs simultaneously. The initiative offers tailor-made strategic advisory in specific areas like efficiency, resilience, and digitalization to help improve water utility operations and will position participating water utilities as leading players in climate solutions while forming a network of utilities jointly tackling the global challenge. Corsan, a water and sanitation services provider in Brazil, joined U4C to obtain advice from IFC, which eventually led to IFC taking the first tranche of its sustainability-linked loan to replace obsolete pumps and hydrometers throughout Rio Grande do Sul's water distribution network. Corsan will benefit from an interest rate reduction if it can meet the 35 percent water loss target by 2024.

INNOVATION IN PRODUCTS, SERVICES, AND PROCESS

3.16 **IFC is continuously innovating and refining its suite of products and services to meet client demands and needs.** IFC has championed green and blue bonds and is now looking to develop resilience bonds as well as Upstream efforts to support IFC clients with carbon credits and to develop carbon-linked instruments and vehicles. Local currency financing needs continue to grow, with IFC meeting these needs by providing local currency finance solutions where possible. Developing local capital markets is critical for PCM and domestic resource mobilization.

3.17 **Innovations in products and programs**. Capitalizing on long-standing programs such as Global Trade Finance Program (GTFP), IFC will grow its short-term finance business to respond to the polycrisis and global challenges. For example, to aid Sri Lanka through one of its worst economic crises in decades, IFC swiftly deployed a US$400 million cross-currency swap facility to support three of the country's largest banks to support the critical export of goods and services for their clients and help local businesses sustain operations. To increase trade finance in regions where the access to trade finance is low while demand remains high, IFC has partnered with leading organizations such as the World Trade Organization (WTO) (See Box 3). Blended finance can facilitate the climate agenda in these programs and extend the reach in IDA-FCS countries, as well as test new instruments.

BOX 3: THOUGHT LEADERSHIP FOR OPERATIONS – TRADE FINANCE IN WEST AFRICA

IFC, jointly with the WTO, conducted in-depth research to understand the trade finance ecosystem in the four largest economies in the Economic Community of West African States, Nigeria, Ghana, Cote d'Ivoire, and Senegal (ECOWAS4). Despite recent progress on export growth and trade partner diversification, trade is not yet a driver of development in West Africa. The report found that many firms in the region are constrained by the high cost of trade compared to their peers, partially due to the lack of access to various trade finance options. For example, a letter of credit costs four to eight times more than in developed countries. The report also found that only 25 percent of goods traded are covered by trade finance in the region compared to the global average of 80 percent, resulting in the annual trade finance gap of about US$14 billion, which, if closed, could boost trade by 8 to 16 percent. Financial institutions in the ECOWAS4 can adopt technology solutions to introduce new instruments, develop more sophisticated internal credit assessment mechanisms, and train smaller and women-owned firms to facilitate their access to the market.

3.18 **Organizational and operational improvements.** IFC's senior leadership has identified several key areas for action to enable IFC's growth ambitions. Six Director-level working groups are leading the implementation of: (i) a more structured approach to business development; (ii) a review of risk parameters and clarification of the rules and criteria; (iii) a plan to scale up blended finance both for IDA-FCS countries and MICs; (iv) standardization of toolkits to scale delivery to clients; (v) process simplification for enabling units and functions to support the revised Accountability and Decision-Making (ADM) framework; and (vi) more agile and efficient resource allocation while supporting the career development of staff.

3.19 **Agile decision-making and streamlined processing.** IFC moved decision-making closer to clients by way of a new ADM framework, simplified project tiering, and has limited escalation to senior management to top risk projects for both investment and advisory activities. These measures are showing tangible improvements. Interventions to smooth out the delivery throughout the fiscal year, such as decentralized decision making and increased numbers of senior staff in the field, are yielding results, with Q2 commitments almost doubling YoY.

3.20 **Closer collaboration with the WBG.** Closer collaboration with IBRD and MIGA at the country level and sector level, and integration of IFC Upstream and Advisory will be critical to creating bankable projects, promoting market-level reforms and policy changes, and increasing private capital mobilization. Cascade principles are being reinvigorated under the WBG Evolution Roadmap deliberations to strengthen the operating model of the WBG. Embedding Cascade principles early into country engagement and applying Cascade thinking to joint country and sector-level programming and review will significantly enhance a "One World Bank Group" approach with the significant benefit of moving private investment flows and solutions to client countries. This is particularly critical in IDA-FCS countries and LICs, where efforts are critically needed at the policy level and for project preparation. It is equally important for MICs to tap into innovative climate solutions and support nascent industries.

FINANCIAL SUSTAINABILITY & CAPITAL ADEQUACY

EQUITY OVERVIEW

3.21 **IFC's equity investments play a critical role for its clients.** IFC provides equity capital in EMDEs where it is scarce and provides much-needed patient capital in times of crisis. IFC's Equity Approach brought about specialization, stronger governance, an emphasis on selectivity at entry, active portfolio management, robust macroeconomic analysis, and active management oversight. Following a deliberate reduction in IFC's direct equity commitments between FY18 and FY20, IFC continues to be a marquee equity and mezzanine investor.

3.22 **Looking ahead, IFC sees continued strength in its equity commitments and pipeline.** Sector-specific drivers, macroeconomic conditions amid reduced liquidity, a rising rate environment, and potential shifts in the geopolitical landscape on the heels of Russia's invasion of Ukraine are expected to impact the scale of and need for IFC equity investments. Nonetheless, IFC will focus its pipeline development: (i) on supporting corporates and financial institutions to strengthen their balance sheets and (ii) in areas where economic growth is more likely to resume.

3.23 **Mobilization remains central to IFC's Equity Approach**. Over the past three years, steps have been taken to further align AMC with IFC's Equity Approach, and two Sustainability Funds approved by the Board have been launched with their fundraising in advanced stages.

DEBT OVERVIEW

3.24 **Despite the ongoing global macroeconomic challenges, the overall quality of IFC's debt portfolio has been resilient.** Lower expected losses, lower operating costs per outstanding dollar, and higher fee income collectively outweighed the impact of a lower net interest margin. Going forward, as existing portfolio investments are exposed to changes in risk rating and expected losses, volatile political and macroeconomic conditions can lead to increased volatility in IFC's portfolio Risk Adjusted Return On Capital (RAROC).

CAPITAL ADEQUACY

3.25 The primary measure of capital adequacy at IFC is the Capital Utilization Ratio (CUR), defined as Capital Required divided by Capital Available. Capital Required is measured based on IFC's Economic Capital Framework and represents the amount of capital required to support the investment and treasury portfolios plus operational risk at a triple-A confidence level. Capital Available is defined as balance sheet capital minus designated retained earnings.

3.26 **As a private sector focused DFI with a sizeable equity portfolio, IFC's capital adequacy position is inherently volatile.** Key drivers of capital required are the size and composition of the investment portfolio, which depends in turn on the volume and product mix of new commitments, as well as the volume of equity sales. IFC's available capital is also affected by income, including equity gains/losses and treasury income, as well as changes in the actuarial value of staff benefit plans, plus any designations for AS.

3.27 **Although IFC's current capital position has improved, it remains highly volatile, particularly in times of the polycrisis**. Prudent portfolio management coupled with capital encashments are vital to enable IFC to meet its long-term commitments.

DEVELOPMENT IMPACT

3.28 **Since its introduction in FY18, the Anticipated Impact Measurement and Monitoring (AIMM) framework has delivered over 2,100 ex-ante and 3,300 portfolio impact scores.** The framework provides a mechanism for aligning impact objectives, maximizing impact through project selection and design, and providing incentives to undertake projects in the most difficult environments. AIMM scores are a fixture of IFC's corporate and departmental scorecards. Over the past three years, AIMM scores have steadily increased along with the share of projects rated "very strong" for market creation (Table 2).

TABLE 2: AIMM RATINGS FY20-22

	FY20	**FY21**	**FY22**
Average ex-ante AIMM score	51	53	53
Share of projects rated "very strong" for market creation	8%	5%	11%
Average portfolio AIMM score	44	45	47

3.29 **In the coming months, IFC will continue to strengthen the system and leverage its data to better articulate its contributions to the global development agenda.** Three priorities govern this strategic decision:

3.30 **First, IFC will continue to improve its system architecture.** This includes both adapting the process for assigning AIMM scores to make it more responsive to changing demands and refining the scoring methodology. Over the past year, IFC has developed innovative approaches to analyzing the development impact potential of investment platforms. Alongside this effort, IFC is also developing an improved approach to the analysis of market catalytic effects. Finally, work is already underway to simplify the scoring approach, with the aim of improving how ratings are interpreted and reducing processing inefficiencies. Collectively, these reforms will be synthesized in an AIMM 2.0 package, the implementation of which is expected over the coming fiscal year.

3.31 **The second priority will be to incorporate lessons from the supervision of IFC's operations under the AIMM system.** In the early years of implementation, the focus was on ex-ante assessments, embedding them into the investment and advisory decision-making process and internalizing their implications. As more projects mature and generate results, the next frontier will be to deepen investment in supervision results and focus on expanding the evaluation of ex-post results. This work will include more reporting and analysis of portfolio AIMM scores to actively manage IFC's investment and advisory portfolios for impact and guide the design of future projects.

3.32 **The final priority will be to leverage the data generated by the AIMM framework to report on IFC's contributions to the global development agenda**. Providing stakeholders with a comprehensive narrative on IFC's development impact is crucial to sustaining the Corporation's license to operate. This topic is particularly important given the push from investors and other stakeholders for greater transparency, as well as emerging attempts by regulators and others to set standards for impact reporting. Standardization of impact measurement is an area where IFC has an important role to play as a market leader, including one that helps deepen existing engagements (e.g., Harmonized Indicators for Private Sector Operations). "Upping" IFC's game on impact reporting could support the effort to unlock capital flows in the most difficult environments as well as help to establish a more transparent standard for the development finance community.

3.33 **IFC continues to reinforce its strategic collaboration with the Independent Evaluation Group (IEG) with the purpose of supporting effective learning, while meeting accountability needs.** Following the 2022 External Review of IEG, which reviewed the evaluation approach to IFC's private sector activities and recommended a revision to the approach,[52] a joint IEG-IFC Task Force is working to develop a new project (self-) evaluation approach that better reflects private sector activities and aligns with AIMM. IFC is also working with IEG to: (i) update and modernize the Project Completion Report guidelines to better reflect the evolving nature of the work; and (ii) finalize a monitoring and evaluation approach for Upstream activities that differ from those of IFC's advisory operations in the past. The 2022 IEG Results and Performance (RAP) report shows a recovery in IFC's Development Outcome and Development Effectiveness (DO/DE) success ratings at 52 percent/62 percent compared to 2021 for both investment and AS projects, respectively. The notable turnaround of development results was largely due to efforts recommended by joint IEG-IFC diagnostics undertaken for Investment projects in 2016-17 and for AS in 2018. While results generally improved, success was not even across regions and markets. Specifically, development results have been weak and on a deteriorating trend for projects in AFR as well as FCS markets. IFC has initiated a deep dive review to better understand the underlying results drivers – particularly as ex-ante AIMM scores for projects in these markets tend to be above IFC average. Finally, the Management Action Record (MAR) is further evolving toward outcome orientation. IFC has been working with IEG to agree on more reliable and credible evidence to achieve strategic outcomes.

CHAPTER 4: RESOURCING FOR IMPACT

4.1 To support IFC as it leans into its strategic priorities and steps up its support to private sector-led, inclusive, and sustainable growth across all countries, aligning human and financial resources with corporate priorities, while maximizing efficiencies and allowing for agile reallocation as circumstances change, will be a critical success factor.

STAFFING

4.2 Given the remaining space in the FY23 staffing envelope and IFC Management's commitment to enhancing productivity, the main focus of IFC's FY24 workforce planning exercise is to strengthen resources in priority areas by reallocating positions and identifying opportunities for upskilling/reskilling talent. Examples include gender and economic inclusion, digitalization, labor specialists, recruitment and talent development, as well as increasing seniority in the field.

4.3 To attract the best talent externally, as well as facilitate internal mobility, IFC is enhancing its recruitment function. The main objectives are to streamline the hiring process, reduce the time to fill vacancies, and improve the candidate and hiring manager experience. This will involve placing dedicated recruitment resources in each region to strengthen candidate outreach and drive the end-to-end process.

4.4 Diversity, Equity, and Inclusion remains an important priority for IFC, including improving the gender parity of IFC staff (see Table 2). Building on the recently developed nationality representation analysis, which identifies which nationalities have less geographic mobility and which country offices have less diversity in terms of nationalities, IFC will continue to facilitate more mobility across the institution for the benefit of staff career development, workplace environment, and business delivery.

TABLE 3: DIVERSITY METRICS IN IFC FY23 CORPORATE SCORECARD

Indicators	FY22 Actual	FY23 Target	FY24 (E)	FY25 (E)	FY26 (E)	FY30 Goal[1]
Gender Balance Index	0.85	0.89	0.89	0.89	-	-

[1] FY30 Goals as agreed in the CIP.

BUDGET

GROSS ADMINISTRATIVE BUDGET NEEDS

4.5 IFC's Administrative Budget trajectory is built from the corporate workforce plan and other cost pressures and is partially offset by estimated efficiencies.

EFFICIENCIES

4.6 IFC has consistently contained the growth of its Administrative Budget despite the increasing cost of doing business resulting from the implementation of IFC 3.0 through expenditure control and redeployment measures.

INDICATIVE FY24 BUDGET ASK

4.7 Given the program delivery outlook, cost pressures, and expected efficiency savings, IFC's real Administrative Budget ask for FY24 is likely to be an increase between 0.5 percent and 1.0 percent (aligned with 1 percent that had been indicated in the FY23 Budget Paper) to cover the expected staff on board by the end of FY24 and other emerging costs pressures.

4.8 With the cost implications of the WBG Evolution Roadmap still unknown, the indicative Administrative Budget trajectories for FY25-26 will be revalidated when the Evolution Roadmap deliberations conclude.

INDICATIVE FY24-26 CAPITAL BUDGET TRAJECTORY

4.9 IFC's Capital Budget funds Headquarters and Country Office Facilities and IT required to support IFC's business model. It is sized to reflect an affordable level of depreciation over the long term and provide the adequate capacity to deliver. The IT Capital Budget request also considers the rising Cloud subscription funding needs resulting from the implementation of IFC's Cloud platform adoption roadmap. Changes to the trajectory are possible, subject to the Annual Investment Plan process.

ANNEX 1: REGIONAL SUMMARIES

AFRICA

REGIONAL CONTEXT

Growth in AFR slowed to an estimated 3.7 percent in 2022 due to weakening external demand, high inflation, and tightening global financial conditions. Soaring food and energy prices, stemming partly from Russia's invasion of Ukraine, triggered sharp cost-of-living increases across the region, leading to millions falling into food insecurity and poverty. Global demand for many non-energy commodities softened, adversely affecting the region's exporters. Many countries have depleted the fiscal space required to protect the poor while rising borrowing costs and muted growth prospects have sharply worsened debt dynamics. The regional growth is projected to pick up modestly (3.8 percent over 2023-24) with a slow rise in per capita incomes. Risks are tilted to the downside due to further increases in global interest rates, higher and persistent inflation, fragility, and increased frequency and intensity of adverse weather events.

PROGRAM OUTLOOK

To address regional growth challenges, IFC will leverage its global and local expertise to bridge the infrastructure gap, help build the industrial sector, and implement inclusive business approaches. Interventions will be linked to the cross-cutting priorities of climate, gender, and investment climate while leveraging partnerships through targeted initiatives to achieve scale and impact. In the current context, IFC prioritizes strategic involvement in MICs and deeper engagements in IDA countries (including in FCS countries, Climate, and Gender) to secure the replenishment of IDA PSW. An integrated IS and AS activities will target: (i) innovative engagements such as the NMB Bank Gender Bond in Tanzania; (ii) the digital divide through equity and debt instruments; and (iii) Upstream project development to support local/regional healthcare and education. Lastly, to support the implementation of IFC's regional strategy, IFC will promote decentralization by increasing the number of Regional Hubs to five and deploying more resources on the ground, which would boost WBG collaboration on the ground and the implementation of the Cascade approach.

CONTRIBUTION TO IFC'S STRATEGIC PRIORITIES

Climate	Gender & Inclusion	Food Security & Health	Fragility	Digitalization
• Financing low-carbon growth of **base materials** sectors (Tilemaster, Sococim) • Development of clean energy and fuel value chains, including manufacturing of **biofuels** (ENI), adoption of **e-mobility** solutions (Lexo, BasiGo) • Development of early adoption of innovative fuel and raw materials, such as **green hydrogen** (Elsewedy, OCP, Eleme fertilizer) • Greening **telecom** infrastructure (Axian Telecom)	• Scale up country gender advisory programs with four new, investment aligned country programs that address multiple gaps across access to assets for **women owned SMEs** and employment in key sectors (Kenya, Tanzania) • Scale up **gender and climate** work building on Energy2Equal to include women's entrepreneurship in climate	• IFC provided a US$10 million loan and AS to Ethio-Chicken (Ethiopia) • Invest in **fertilizer** and agro-input manufacturers /distributors (pan-Africa, Uganda, Nigeria) • Upstream projects to support local/regional vaccine/**pharmaceutical** manufacturing and access to primary **healthcare** • Policy-enabling efforts with private sector and other stakeholders to increase Africa's share of procurement of **vaccines and pharmaceuticals**	• Launch of the Local Champions Initiative to create a pipeline of bankable transactions (Sahel and West Africa) • Expansion of the Initiative to the Great Lakes and Central Africa and Horn of Africa sub-regions is planned before the end of FY24 • IFC working to identify and actively manage localized **conflict risks** associated with investments	• Several large projects in the pipeline, including investments in the **mobile market and a tower** portfolio (Ethiopia, DRC)

CENTRAL ASIA & TÜRKIYE

REGIONAL CONTEXT

In Central Asia and Türkiye (CAT), annual growth averaged 5.6 percent in 2022 on the back of higher commodity prices and strong trade and remittance flows as Russia's economy has fared better than expected. However, firms in Kyrgyz Republic and Türkiye have been adversely impacted due to deeper sectoral links with Russia and Ukraine. Soaring global food prices led to consumer inflation to double digits in Kazakhstan (20.3 percent), Kyrgyz Republic (12.3 percent), and Uzbekistan (14.7 percent). In Türkiye, monetary expansion, currency depreciation, and elevated commodity prices pushed up the consumer price index to 64.3 percent. Private firms have been squeezed by rising production costs due to supply chain bottlenecks and worsening access to credit as banks tightened credit standards and increased risk aversion. Going forward, CAT will remain exposed to elevated commodity and food prices, disruptions in supply chains, and repercussions from the likely escalation of Russia's invasion of Ukraine. Average growth is expected to slow to 4 percent, with inflation dropping to single digits (except Türkiye). In Türkiye, the earthquake's physical and economic impacts are expected to increase macroeconomic risks in the near term.

PROGRAM OUTLOOK

While the region withstands economic setbacks fuelled by Russia's invasion of Ukraine, IFC aims to increase its LTF commitments buoyed by strong medium-term trade and climate finance program in Türkiye, while mobilizing new investments in Central Asia through PPPs. Other growth areas in Central Asia include sectoral diversification from natural resources (Kazakhstan) and connectivity and improvement of business infrastructure (Tajikistan and Kyrgyz Republic). In Türkiye, the near-term priority would be to support the recovery and reconstruction efforts from the recent disastrous earthquake. In the medium to long term, IFC aims to diversify its investments and deepen relationships with select blue-chip clients to mitigate the heightened macroeconomic risks. In parallel, Upstream and Creating Markets Advisory will continue to play a pivotal role in removing regulatory barriers and spurring opportunities in the region across climate, gender, connectivity, and financial inclusion.

CONTRIBUTION TO IFC'S STRATEGIC PRIORITIES

Climate	Gender & Inclusion	Food Security & Health	Fragility	Digitalization
• Financing **wastewater** treatment plants (Uzbekistan) • Subnational green bonds to select **municipalities** (Türkiye, Kazakhstan) • Support to develop **green loan** framework (Türkiye)	• Improving access to finance for women-owned **MSMEs** via lending to Akbank (Türkiye), Humo (Tajikistan), Ipoteka Bank (Uzbekistan), and Shinhan Finance (Kazakhstan)	• Upstream engagement on **agribusiness** value chain potential (Kazakhstan) • PPP engagements on replicating a multifunctional **hospital** and attracting private sector to radiotherapy centers (Uzbekistan)	• Upstream engagement and investments to increase financial access to underserved **MSMEs** (Kyrgyz Republic)	• Potential investment to support **digital solutions** and unlock digital potential for select FIs (Central Asia)

East Asia and the Pacific

Regional Context

China's pursuit of zero-COVID-19 policy weighed on the regional recovery in 2022, with growth slowing from 7.2 to 3.2 percent in 2021. With pandemic restrictions now lifted, China's economic recovery will underpin regional GDP growth forecast at 4.3 and 4.9 percent in 2023 and 2024, respectively. Inflationary pressures have eased, and currencies have stabilized following a period of tightening in 2022. The financial sector has remained sound, though the removal of loan forbearance for pandemic-hit sectors may drive an increase in non-performing assets. While regional growth prospects are robust, downside risks remain. Further tightening of financial conditions could increase the vulnerabilities of highly indebted countries and countries with large external financing needs. Worsening geopolitical tensions could impact business and consumer confidence, leading to capital outflows, trade disruptions, and higher food and energy prices. Other downside risks include renewed pandemic restrictions and persistent stress in China's property sector.

Program Outlook

IFC's EAP business is guided by the strategic pillars of Green, Resilient, and Inclusive growth, with Gender and Innovation as cross-cutting priorities. Opportunities will continue to arise from the diffusion of digital technologies across sectors and shifts in global supply chains with ramifications for logistics and transport. EAP will lead on innovative climate solutions to decarbonize economies and address plastic waste alongside IBRD. A diverse mix of countries drives a portfolio approach, creating opportunities for innovation in financial products and structures. Inequality and inclusion gaps persist for MSMEs, women, and people in rural areas, driving demand for new digital solutions and financing tools.

Contribution to IFC's Strategic Priorities

Climate	Gender & Inclusion	Food Security & Health	Fragility	Digitalization
• **Sustainability Linked Bonds:** First sustainability-linked bond in hospitality to decarbonize portfolio of energy-intensive buildings (Philippines, Indonesia) • **Blue Bonds:** First Blue Bond issued in Southeast Asia, first Blue Bond to be disbursed by IFC globally (Philippines) • **Green buildings:** Climate-resilient affordable housing PPP (Timor Leste) • **Renewables:** Green loan for refinancing and investment in solar power (Thailand)	• **Social Bonds:** First issuance in the healthcare sector (Philippines) • **COVID-19 response:** commitments to COVID-19 response efforts • **Gender**: Advisory to increase share of women in middle management from 33 to 40 percent (Vietnam) • **Affordable housing**: Affordable housing green loan (Indonesia)	• **Food security:** Social bond proceeds used to finance a range of social projects, including food security and sustainable agriculture (China) • **Domestic supply chains:** Equity to scale a digital platform for farm-to-plate agri sales, reducing food waste and boosting farmer income (Indonesia)	• **Agri Commodities:** Connecting smallholder farmers to markets and financiers (Indonesia) • **Blended Finance**: Risk mitigation and risk-reward rebalancing in fragile and IDA contexts (Timor-Leste, Lao PDR, Cambodia)	• **Towers**: Investment in tower platform to support expansion into the tower market; this investment built on prior WBG work, including CMA and Upstream support in the telecom sector (Philippines) •**Tech-driven business models:** Investments in PE Funds & individual firms focused on consumer, FinTech, B2B companies in SE Asia; support for an agri-tech company addressing inefficiencies in the aquaculture industry (Indonesia)

EUROPE

REGIONAL CONTEXT

The EUR region experienced a major shock from Russia's invasion of Ukraine. Shifts in geopolitics, forced displacement, food and energy crises, and severely disrupted trade and investment flows led to a GDP contraction of 2 percent in 2022 and increased poverty and vulnerability. GDP is projected to decline by around 1 percent in 2023 before recovering to 2.3 percent growth in 2024. Reconstruction needs in Ukraine were estimated at US$350 billion as of June 2022 and continue to grow. There are longer-term ramifications from Russia's invasion of Ukraine for the broader region: (i) realignment of energy markets to address energy security and a green transition, (ii) reconfiguration of transport corridors in response to the nearshoring trends and disruptions of value chains, and (iii) a new impetus for EU integration in the periphery countries. All these, together with constrained fiscal space and tighter financial conditions, led to increased demand for IFC's support, including in countries where IFC had limited additionality prior to the war (e.g., Poland and Romania).

PROGRAM OUTLOOK

IFC will maintain a high bar for additionality in high-income countries and upper MICs and have a stronger focus on PCM. IFC's strategy will continue to prioritize the region's long-term challenges: (i) competitiveness and productivity; (ii) green transition; (iii) inclusion and access to services, with a cross-cutting focus on innovation. Within each priority, IFC will emphasize interventions to address the challenges and opportunities created by the current crises—financial sector stability, addressing displacement of people, energy security, and reshaping of value chains and transport corridors. Supporting Ukraine's recovery and reconstruction will remain a priority. Since Europe will play a critical role in delivering global public goods—through new climate technologies and systemically enforcing compliance with "green" standards—IFC will continue programmatic efforts to grow climate business and facilitate climate-focused FDI to other EMDEs.

CONTRIBUTION TO IFC'S STRATEGIC PRIORITIES

Climate	Gender & Inclusion	Food Security & Health	Fragility	Digitalization
• **Sustainable bonds**: Invested in blue, green, sustainability linked bonds (Central & Eastern Europe) • **Green buildings**: investments in green industrial, retail, and logistics infrastructure (Serbia, Albania, Romania) • **Circularity**: Upstream enabled investment in e-waste/metal recycling (Poland) • **Green manufacturing**: CMA advisory to develop eco industrial parks (Western Balkans)	• **Fast track COVID-19 response:** Provided financing through GTFP, RSE, WCS • **Gender**: financing to WMSMEs under BOP (Patria, Romania) • **Affordable housing**: PPP project for low-income housing (Kosovo)	• **Food security:** Working capital to a global grain trader for grain exports from Ukraine (Ukraine) • **Domestic supply chains:** regional retailer to enter new markets in affordable food segment and increase domestic production/sourcing (Western Balkans) • **Healthcare:** Upstream development of a Health PPP program (Romania)	• **Essential goods:** Trade finance for fuel imports & grain exports (Ukraine) • **Internally displaced people:** IFC/EU program to finance renovation of municipal buildings (Ukraine) •**Refugees**: Digital data corridors to connect banks in EUR with Ukrainian credit bureaus provide access for refugees (across EUR)	• **Broadband**: Capex to upgrade network of the largest operator in and completed a feasibility study for building up a fiber network in rural areas (Armenia, Serbia) • **Digital transformation:** Supported FIs via DigiLab

LATIN AMERICA AND THE CARIBBEAN

REGIONAL CONTEXT

The LAC region grew by 3.6 percent in 2022, supported by buoyant consumer spending, steady labor market recoveries, and lagged effects of sizeable cash transfers in many countries in the aftermath of COVID-19. However, growth is projected to decelerate sharply to 1.3 percent in 2023 due to efforts by the region's monetary authorities to tame inflation, limited fiscal space to promote expansionary policies, and spillovers from weakening global growth. Medium-term growth projections of 2.5 percent resemble the region's lackluster growth of the 2010s. On the upside, China's re-opening may have a significant impact on the terms of trade of commodity producers, particularly Argentina, Brazil, Chile, Colombia, and Peru. Ongoing disinflation and heightened economic contraction risks in developed economies may put an end to their monetary tightening cycles, reverting capital outflows and reducing pressures on the region's currencies.

PROGRAM OUTLOOK

In FY24-26, given the MIC concentration in LAC, the region plays a critical role in delivering global public goods such as climate change and sustainability, as well as contributing to the inclusion and innovation agendas. IFC will contribute to creating markets through climate innovations such as green hydrogen, circular economy, climate-smart agribusiness, carbon sequestration, and green taxonomy for building sustainable asset classes. Addressing inclusion and reducing income inequality through access to financial services, health services, and other social infrastructure, such as EdTech, has become increasingly important to ease the impacts of COVID-19 and the current economic deceleration. Digital connectivity and solutions, as well as other innovations, can contribute to increasing shared prosperity.

CONTRIBUTION TO IFC'S STRATEGIC PRIORITIES

Climate	Gender & Inclusion	Food Security & Health	Fragility	Digitalization
• **Green Hydrogen:** IFC is working to create the green hydrogen market in Chile with the WB through upstream regulatory work and technical assistance, a global market study and IFC investments in a green ammonia production facility (Chile)	• Fast Colombia **LGBTI** initiative: FIG committed the first investment globally that systematically supports the LGBTI community by providing US$275 million loan to Davivienda (Colombia)	• **Sustainable Agriculture**: US$600 million investment in Suzano Brazil, a sustainability loan to support LAC's first fossil fuel-free pulp mill and sustainably managed plantations that will sequester carbon (Brazil) • **Vaccine and antibiotic production**: US$150 million loan to Eurofarma to support plant expansion and refurbishment for increasing production of COVID-19 vaccines, oral solids, and antibiotics (Brazil)	• **CPSD Phase II Deep Dive**: IFC is undertaking two deep dives in the agribusiness and health sectors (insurance and medical supplies) to identify opportunities for IFC business development through AS, investment services, and Upstream (Haiti)	• First investment in a **digital bank**: IFC is lending US$150 million to Nubank, one of the largest digital financial services platforms in the world to increase access to payment systems (Colombia)

MIDDLE EAST, PAKISTAN, AND AFGHANISTAN

REGIONAL CONTEXT

The Middle East, Pakistan, and Afghanistan (ME) sub-region grew by an estimated 5.6 percent in 2022 after growing at 3.3 percent in 2021. Oil-exporting economies, which comprise 83 percent of sub-regional GDP, grew by an estimated 6.5 percent, while oil-importing countries grew at 3.5 percent. With the projected stabilization of oil prices, GDP growth is expected to decline to 3.2 percent in 2023 and 2.5 percent in 2024. Pressing challenges include ongoing economic and political crises in several countries (Pakistan, Afghanistan, Iraq, Lebanon, Palestine, and Yemen), the impact of global food and energy insecurity, and addressing climate adaptation, water scarcity and flood risk, economic diversification, business climate, women and youth inclusion, and sources of fragility.

PROGRAM OUTLOOK

Despite external factors, IFC aims to continue to expand its program in ME primarily to scale up climate finance, inclusion, and agribusiness. Owing to the surplus resulting from the commodity boom in the GCC countries, IFC aims to fuel cross-border investments across various industries (e.g., green energy) and support the diversification agenda. In oil-importing countries, IFC will continue to provide counter-cyclical support, focusing on reconstruction efforts and climate adaptation and facilitating/expanding trade finance. In IDA-FCS markets, IFC's strategy includes supporting capacity building and selective investments via Upstream to enhance access to finance for MSMEs, especially focusing on gender and digitalization. Ongoing AS/Upstream and CMA's policy and regulatory work will complement IFC's regional agenda across food security, gender, and climate themes. Lack of competitive local currency and blended finance solutions will continue to impede the program delivery in ME.

CONTRIBUTION TO IFC'S STRATEGIC PRIORITIES

Climate	Gender & Inclusion	Food Security & Health	Fragility	Digitalization
• Mobilizing cross-border investments from the UAE in Africa **energy infrastructure** • Issuance of first **green bond** (Jordan)	• First-of-a-kind thematic **gender bond** issuance (Levant) • Senior loan to a leading financial institution to improve **access to finance for SMEs** (Jordan)	• Mobilizing investments for the development of an **agro-industrial** complex to store and process soybean and corn (Iraq) • Mobilizing investors for cross-border investments in the region's **healthcare** expansion (GCC)	• Upstream engagement and investments to help build capacity in **food security** (Yemen) • Upstream and investment engagement to develop **renewable energy** in FCS markets	• Promoting **digital financial services**, especially for women

South Asia

Regional Context

India, which contributes almost 75 percent of SA's output, remains relatively resilient and will underpin the region's overall growth prospects. Within the region, fragilities remain, with Sri Lanka grappling with one of the worst economic crises in its history. Macroeconomic and fiscal risks remain high in the Maldives, with a high risk of debt distress and Bangladesh resorting to IMF support to bulletproof its economy. The WB expects regional growth to slow from 6.1 percent in 2022 to 5.5 percent in 2023 before picking up to 5.8 percent in 2024. Risks to the outlook are tilted to the downside due to tightening global financial conditions, higher than projected inflation, and the re-emergence of financial sector stress. Climate change is also a growing threat in the region, with increasingly frequent extreme weather events imposing substantial costs.

Program Outlook

Focus includes expansion in LIC-IDA using innovative financing instruments, building better business relationships with large clients to achieve scale, better partnerships with governments, and stronger teamwork between regional and industry teams. India is well positioned for a decade of growth with green transition, digital infrastructure, relocation of manufacturing away from China, demographics, and market size remaining key drivers. India and FIG will continue contributing a significant portion of SA's program over the next three years. However, focused business development and Upstream efforts are underway to ramp up INR, MAS, and IDA businesses.

Contribution to IFC's Strategic Priorities

Climate	Gender & Inclusion	Food Security & Health	Fragility	Digitalization
• Renewables, lines of credit, and green buildings: The most recent was HDFC deal for **green and affordable housing** (India) • **Sustainability-linked bond** issued by a FI was IFC's first (India) • **Decarbonization**: First bond subscription in the region to help a manufacturing client become carbon-neutral by 2027	• Deliver country-specific flagship gender projects on **women's employment** (Bangladesh, India, Sri Lanka). • Work with the private sector on **inclusion** and respectful workplaces while increasing the presence of women as employees and business leaders. • Explore scaling up existing projects regionally, including **Subnational Cities, Gender, and Climate**	• Global **food safety** platform will run advisory programs (Bangladesh, Sri Lanka, India) • **Food Safety**: AS to enhance national food safety regulatory framework and create a favorable business environment (Bangladesh) • **COVID-19 response**: Investment supports the establishment of health clinics and gender advisory in industrial parks (India)	• Portfolio: IFC's stance is to defend its portfolio, support existing clients, and closely engage with the government (Sri Lanka) • Short term: Focus is on **export-oriented** (e.g., garment) companies and existing strong clients (e.g., local conglomerates) • Mid and long-term: Focus on privatization opportunities, **PPP** development, and supporting key defense sectors (e.g., telecom)	• Digitally Enabled Unicorns: **digitally** enabled unicorn companies across eCommerce, EdTech, HealthTech, and B2B/SaaS verticals (India) • **Digitalization**: AS to digitalize banks and MFIs (Bangladesh) • **Digital Integration**: Exploring increase in digitalization to reduce costs and increase tech-enabled access across industries

ENDNOTE REFERENCES

[1] World Bank, 2022. *Mega Trends Board Presentation, January 2023,* as a part of Roadmap discussions. *[Roadmap Board paper]*
[2] World Bank Group, 2023. *Development Committee Paper: Evolution of the World Bank Group, A Report to Governors, April 2023.*
[3] measured at less than US$2.15 per day
[4] World Bank Group, 2022. *Defueling Conflict: Environment and Natural Resource Management as a Pathway to Peace*
[5] World Bank Group, 2023. *Placing Gender Equality At The Center Of Climate Action, January 2023.*
[6] World Bank Group, 2022. *Development Committee Paper: Achieving Climate and Development Goals, The Financing Question, September 2022.*
[7] OECD, 2023. *Ready for the Next Crisis? Investing in Health System Resilience.*
[8] "FCV" is used in the context of the WBG FCV Strategy and refers to the broad concept of fragility, conflict, and violence; "FCS" is used to reference the countries and territories on the WBG's list of Fragile and Conflict-affected Situations.
[9] World Bank Group, 2022. *Defueling Conflict: Environment and Natural Resource Management as a Pathway to Peace.*
[10] Groningen Growth and Development Centre (GGDC) and United Nations University (UNU) WIDER Economic Transformation Database (accessed February 2023)
[11] PwC, 2023. *PwC's 26th Annual Global CEO Survey, January 2023.*
[12] World Bank, 2023. *Global Economic Prospects, January 2023.*
[13] World Bank, 2023. *Global Economic Prospects, January 2023.*
[14] International Monetary Fund, 2023. *World Economic Outlook, January 2023*. NB: As per the IMF, global growth, estimated at 3.4 percent in 2022, is projected to fall to 2.9 percent in 2023 before rising to 3.1 percent in 2024. The historical average is 3.8 percent over 2000-2019.
[15] PwC, 2023. *PwC's 26th Annual Global CEO Survey, January 2023.*
[16] World Bank, 2022. *Mega Trends Board Presentation, January 2023*.
[17] World Bank, 2022. *Mega Trends Board Presentation, January 2023.* (excluding China).
[18] World Bank, 2022. *Mega Trends Board Presentation, January 2023*.
[19] World Bank FCI CVI (Corporate Vulnerability Index) data.
[20] World Bank, 2023. *Global Economic Prospects, January 2023*.
[21] Swiss-Re Institute.
[22] PwC, 2023. *PwC's 26th Annual Global CEO Survey, January 2023.*
[23] World Bank Group, 2022. *Development Committee Paper: Learning Losses: What to do about the heavy cost of COVID-19 on children, youth, and future productivity, September 2022.*
[24] World Bank, 2022. *Mega Trends Board Presentation, January 2023*.
[25] International Finance Corporation, 2021. *Gender Fact sheet and Talking Points, June 2021.* McKinsey, 2020. *COVID-19 and gender equality: Countering the regressive effects.*
[26] United Nations (UN) World Population Prospects 2022.
[27] Private Equity / VC industry example. IFC, 2019. *Moving toward gender balance in private equity and VC.*
[28] World Bank, 2023. *Global Economic Prospects, January 2023.*
[29] Economist Intelligence Unit, 2023. *World Report, February 2023.*
[30] PwC, 2023. *PwC's 26th Annual Global CEO Survey, January 2023.*
[31] This is the sum of LTF O/A, LTF Core Mobilization, STF O/A, and STF Core Mobilization.
[32] *Strategy and Business Outlook Update FY23-25: On the Road to 2030.*
[33] World Economic Forum, 2023. *Global Risks Report, January 2023.*
[34] Karavasta Solar (PID 45644).
[35] For example, the "Building Green: Financing Sustainable Construction in Emerging Markets" report provides a comprehensive assessment of viable investment opportunities for decarbonizing construction value chains and the joint report with the International Energy Agency (IEA) on "Scaling up Private Sector Financing for Clean Energy Transition" focuses on identifying investment needs and barriers to facilitate energy transitions in EMDEs.
[36] Female labor force participation is 46 percent compared to 72 percent for men; more than 1 billion women still do not use or have access to the financial system; 41 percent of formal MSMEs in developing countries have an unmet financing need of US$5 trillion; LGBTI persons and people with disabilities are more likely to face barriers in employment, financial services, etc.
[37] *World Bank Group Gender Strategy (FY16-23): Gender Equality, Poverty Reduction and Inclusive Growth*
[38] IFC is contributing to the Update to the WBG Gender Strategy (2024-2030).
[39] DCM Itau Social (47350)
[40] IZSU Support (PID 44190)
[41] Lulalend (PID 42350)
[42] Africa Agriculture Accelerator Program (PID 47454)
[43] Unprecedented levels of FDP reached 103 million reflecting the severity of conflict, political instability, and climate change according to UNHCR as of October 2022.
[44] *World Bank Group Strategy for Fragility, Conflict, and Violence 2020-2025*. February 2020.

[45] IFC has supported US$40 million of imports through trade finance as well as a US$30 million in the Horizon Capital Growth Fund IV (HCGF IV) managed by Horizon Capital, a leading private equity firm in emerging European markets. The investment will support technology and export-oriented entrepreneurs in information technology services, e-commerce, innovative consumer goods, and financial technology sectors.
[46] Polsat Group (PID 47206)
[47] Maximizing Finance for Development Development Committee paper
[48] IFC's primary measure for mobilization is "Core Mobilization," defined as 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. Core mobilization includes syndications, mobilization through initiatives such as DARP and GTFP, and advisory mobilization such as PPP. It also includes mobilization of other DFIs/MDBs.
[49] IFC BEST Bond Fund (PID 44671)
[50] This facility aims to raise fresh funds from investors that want to invest with IFC in a global Paris-aligned portfolio. It is the first global effort to offer investors an EMDE-focused Paris-aligned loan portfolio.
[51] The term "contributor" is inclusive of traditional public donors as well as foundations and philanthropies among others and covers those donors that have return expectations in mind and as such are more contributors or investors with a concessional mindset. Contributor funds are deployed through a variety of products, most common of which include subordinated loan, single loan first-loss guarantee, pooled first-loss guarantee and local currency.
[52] *External Review of the Independent Evaluation Group: Report to the Committee on Development Effectiveness from the Independent Review Panel.* October 2022.