

Social Bond Impact Report

Financial Year 2021



About IFC

IFC – a member of the World Bank Group – is the largest global development institution focused on the private sector in emerging markets. We work in more than 100 countries, using our capital, expertise, and influence to create markets and opportunities in developing countries. In fiscal year 2021 (running from July 1, 2020, to June 30, 2021), IFC committed a record \$31.5 billion to private companies and financial institutions in developing countries, leveraging the power of the private sector to end extreme poverty and boost shared prosperity as economies grapple with the impacts of the COVID-19 pandemic. For more information visit www.ifc.org.



Social Bond Impact Report

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*Evelio Vasallo, owns a store
in Bogota, Colombia.
Photo: Luis Angel*

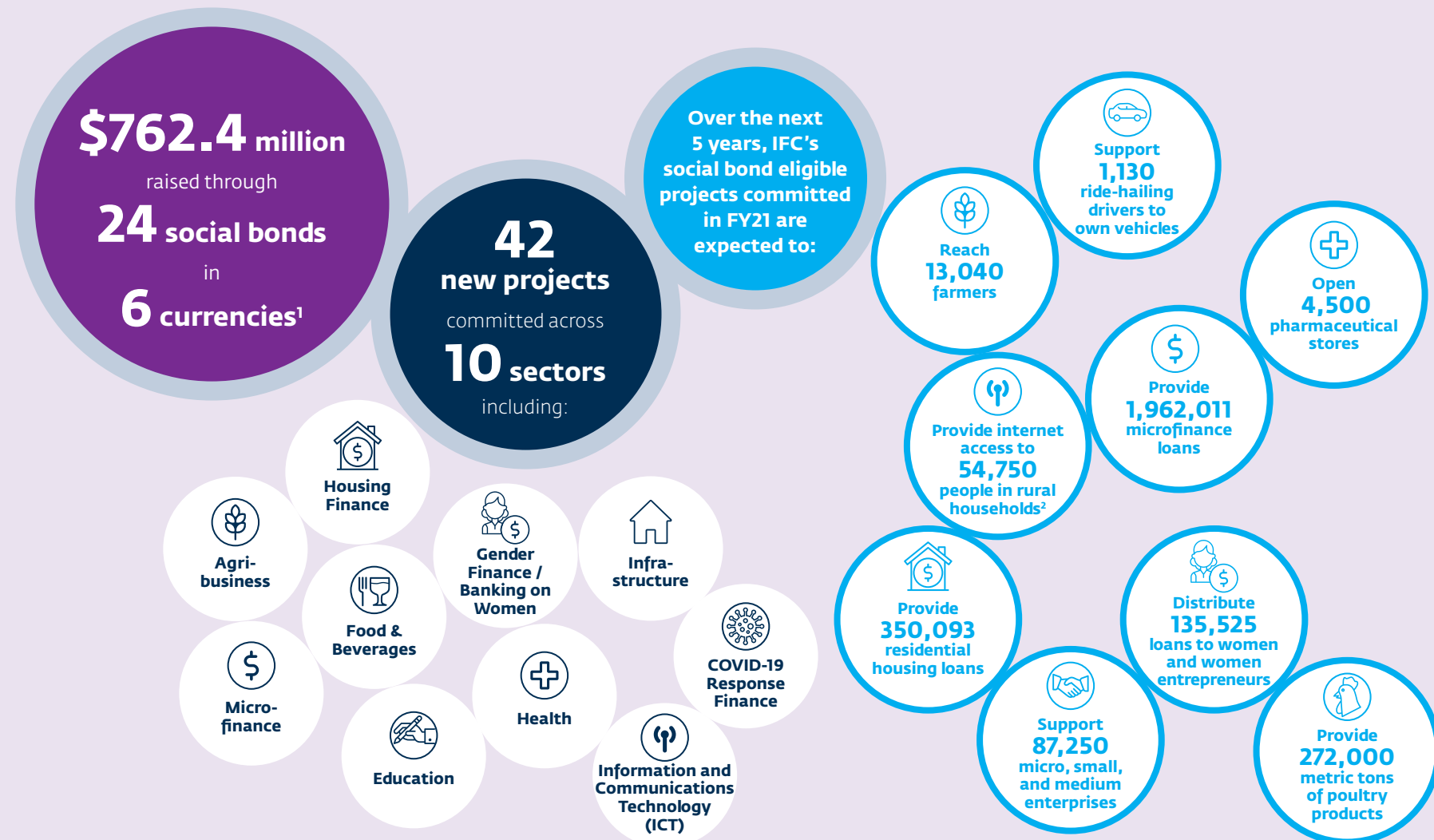
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FY21 Highlights

FY21 Social Bonds Issuances

FY21 projects align with the following Sustainable Development Goals:

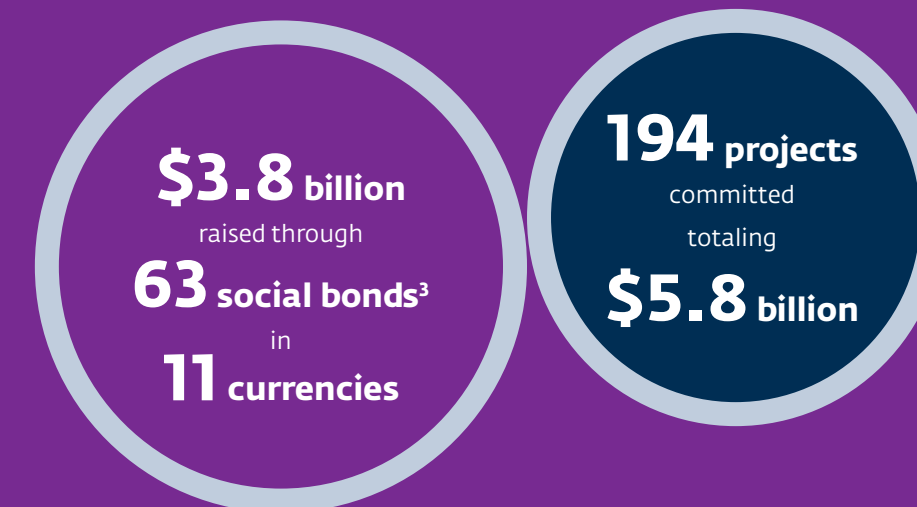


¹ Currencies: Australian dollar, Brazilian real, Chinese yuan, Russian ruble, South African rand, and US dollar
² Assuming that one connection provides internet to a family of 5

Cumulative Highlights

IFC's Social Bond Program FY17 - FY21

IFC launched its Social Bond Program in 2017 after merging the Banking on Women and Inclusive Business Bond Programs.



³ These numbers specifically refer to bond issuances in the period FY17-FY21 and exclude \$296 million issued in Inclusive Business bonds in FY15-FY16 and \$268 million issued in Banking on Women bonds in FY14-FY16.
⁴ The aggregate ex-ante figures include the targets from all commitments that were social bond eligible; some of these projects may have since closed.
⁵ Figure includes connection and number of customer served (i.e. one connection is one customer)
⁶ https://www.who.int/water_sanitation_health/dwq/nutrientsindw.pdf

5-year Impact Summary⁴

- Reach **2,450,631** farmers
- Feed **3** million people
- Supply power to **7.3** million people⁵
- Provide **792,651** residential housing loans
- Reach **43,114,750** people with telecoms, media, and technology services
- Treat **1,600,000** malnourished children
- Integrate **102,361** micro, small and medium enterprises into the value chain
- Provide **19,971,162** microfinance loans
- Provide **34,185** agri-finance loans
- Enroll **137,441** students
- Distribute **6,470,579** loans for women and women entrepreneurs
- Expand access to medicine through **22,448** outlets
- Provide **832,000** hectoliters of water, equivalent to providing drinking water for **113,973** adults for a year⁶
- Reach **703,255** patients
- Directly employ **5,500** people
- Support **1,130** ride-hailing drivers to own vehicles
- Provide **272,000** metric tons of poultry products to improve access to protein and micronutrients

A Letter from the Treasurer

John Gandolfo
IFC Vice President and Treasurer



The need for innovative financial solutions to address poverty in developing countries is greater than ever. Conflicts and the pandemic continue to threaten people's jobs and livelihoods. According to the World Bank, the poorest 40 percent of countries have not yet begun to recover from the pandemic, reversing years of progress to reduce poverty. Meanwhile, the Russian invasion of Ukraine will have far-reaching impacts on energy prices, grain markets, and food insecurity – with serious spillovers in developing countries.

Against this background there has been growing investor appetite for socially conscious financial instruments, and the market for bonds geared towards environmental and social issues has gained momentum since the start of the pandemic.

Social bonds have been the fastest growing segment of this market. Social bonds raised \$206 billion in funding in 2021 and are forecast to bring in \$300 billion in 2022.

We are proud of the role that IFC has played to bring social bonds to the fore – leading the dialogue on standards and supporting efforts to channel investor capital into the market. In 2021, we continued to grow our social bond program apace. These issuances funded projects that helped women-owned enterprises and smallholder farmers get back on their feet, supported affordable housing and healthcare, and were integral to IFC's efforts to shore-up businesses and preserve jobs.

Throughout 2021, IFC stepped-up to meet the challenges of the moment and help developing countries build toward a green and inclusive recovery.

We continued to use the \$8 billion Fast-Track COVID-19 Facility that we launched in March 2020 to provide liquidity to existing clients. By the end of the calendar year 2021, we had committed \$6.2 billion of the facility – with about 43 percent expected to benefit the poorest countries and fragile and conflict affected states.

We also continued to support our clients through a \$4 billion health platform to increase the supply of medical equipment and improve local manufacturing and distribution of medical supplies.

IFC also recently unveiled a \$2-billion Sustainable Emerging Economy Debt (SEED) bond fund to help support pandemic relief efforts. The fund, managed by Amundi, Europe's largest asset manager, is expected to catalyze up to \$13 billion of capital from institutional investors in advanced economies into sustainable bonds issued in emerging markets. Bond proceeds will go towards projects that provide clean drinking water, affordable healthcare and housing, strengthen food security, and help build a green and inclusive recovery. We hope the fund will further strengthen the sustainable bond market and steer more resources towards projects that help the disadvantaged.

One area where we would like to see more growth is in the market for gender-focused bonds. The pandemic has forced countless women out of the labor market. Yet only a small fraction of the sustainable bond market is aimed specifically at projects to help women. Together with UN Women and the International Capital Market Association we recently developed a guide to help borrowers, underwriters, and bond issuers integrate gender equality into their sustainable debt products.

The need for financial solutions that alleviate poverty is vast and it is heartening to see the growth of this market during such difficult times. Through this report, we present a list of projects eligible to be financed using the proceeds of our social bonds and making transparent their anticipated outcomes.

4 Your Information

A Chat with Susan Lund, VP of Economics and Private Sector Development



1 What is your role at IFC?

I joined IFC in October 2021 as Vice President, Economics and Private Sector Development, where I lead a large staff of economists that provide economic analysis to support IFC investments. I am also responsible for the Anticipated Impact Measurement and Monitoring framework (AIMM) to assess the development impact of IFC investments; identifying opportunities to use blended concessional finance to enable investments in the lowest-income and fragile nations; and overseeing IFC's research and thought leadership.

2 What is your global outlook for 2022?

We're seeing a two-track global recovery with the world's richest countries powering ahead, and emerging and developing economies being left behind. Overall emerging economies posted a strong recovery of 6.3 percent in 2021, but growth is projected to slow to 4.6 percent in 2022 and 4.4 in 2023⁷. This pace of growth is insufficient for countries to reverse the economic losses of the pandemic and to rejoin pre-COVID development paths. When you look at many low-income countries, they're barely growing and output and investment will remain markedly below pre-pandemic levels, particularly in small states and fragile and conflict-affected countries. A lot of that is because of the unequal access to vaccines, tighter fiscal and monetary policies, and more persistent scarring from the pandemic.

3 What are downside risks that cloud the outlook for emerging markets and developed economies?

Various factors cloud the outlook, including more COVID-19 related disruptions, further supply chain bottlenecks, and higher than expected inflation and rising interest rates – all compounded by high levels of debt in many countries.

Global debt levels have skyrocketed. At 263 percent of GDP, total global debt has reached its highest level in 50 years. More than half of the poorest countries are already in debt distress or at high risk of it. Rising inflation also remains a threat. In emerging markets we've seen increases in inflation across countries – and four

fifths of these countries saw an uptick in 2021, with about one third experiencing double-digit food inflation. Inflation in advanced economies is even more of a threat, as rising interest rates in those countries are causing global investors to turn away from emerging markets. We can already see a sharp decline in private capital flows to emerging markets in January 2022 compared to the previous year in the expectation of the Federal Reserve increasing US interest rates.

4 What longer-term opportunities are there in emerging markets?

Despite the downsides, there are bright spots. We are seeing the outlines of a new development model where low-income countries have opportunities to develop in ways that previous generations of countries that moved up the income ladder didn't.

One of those is manufacturing for a domestic market. Two years ago, nobody was talking about manufacturing vaccines in Africa. And now two years later, we realize each region has got to be able to produce its own essential critical goods. So, this has opened the door to manufacturing opportunities.

Another bright spot is digital transformation. We are witnessing a remarkable wave of digital innovation across the developing world. FinTech and mobile payments are the most notable. Sub-Saharan Africa has emerged as a leader in mobile money, accounting for almost half of mobile money accounts worldwide. Another example is e-logistics that help connect farmers to distributors and wholesalers.

One of the biggest obstacles to nurturing the private sector in these countries is the lack of projects with enough financial backing and business promise to be considered "bankable" by international investors. To address this, IFC is working proactively to help create conditions to stimulate the flow of private capital into productive investment in developing countries.

We're also creating more platforms for funding and broadening the pool of institutions that co-invest with us and we are aiming to mobilize two dollars for every one that we invest. We need to flush more capital into private-sector opportunities that help the poorest and most vulnerable in emerging markets.

What is Eligible for IFC Social Bond Funding?

The Social Bond Program supports projects that aim to achieve positive social outcomes especially but not exclusively for a target population. Social project categories as indicated within the Social Bond Principles include, but are not limited to, providing and/or promoting:

- A Affordable basic infrastructure (e.g., clean drinking water, sewers, sanitation, transport, energy)
- B Access to essential services (e.g., education and vocational training, healthcare, financing and financial services)
- C Affordable housing
- D Employment generation including through the potential effect of SME financing and microfinance
- E Food security
- F Socioeconomic advancement and empowerment



These include projects financed by IFC that meet the criteria as stated above such as:

IFC's **Banking on Women**: Projects that lend to financial intermediaries with the requirement that IFC loan proceeds be on-lent to women-owned small and medium enterprises.

IFC's **Inclusive Business**: Projects with companies that integrate underserved people at the base of the pyramid into a company's value chain. For example, projects that:

- Provide health or education services
- Develop affordable housing
- Expand access to telecommunications, such as broadband or mobile phones
- Provide electricity or water services
- Source from smallholder farmers
- Offer access to finance
- Sell through small mom-and-pop retailers

IFC's **COVID response projects**: Projects selected from IFC's \$8 billion Fast-Track COVID-19 Facility. This package makes available fast-track financing to existing IFC clients who demonstrate a clear impact on their business due to the COVID-19 pandemic. Among other criteria, clients must be in good standing with IFC and compliant with environmental, social, and governance (ESG) requirements.

IFC Social Bond Program Overview for FY21

In financial year 2021, IFC sustained a steady pace of social bond issuances, achieving its second highest issuance volume since the launch of the Social Bond Program in 2017. IFC issued 24 social bonds – the largest number since the program's inception – totaling \$762.4 million in six currencies during FY21. This brought IFC's cumulative social bond issuance to \$3.8 billion across 63 bonds in 11 currencies as of June 30, 2021.

The Kangaroo market offered exceptionally strong demand with the Australian dollar being the largest issuing currency for IFC social bonds in FY21, representing 65.5 percent of total issued volume for the year, followed by issuance in US dollars with 21.1 percent of total volume.

In early February, IFC issued its first bond swapped from fixed rate to the Secured Overnight Financing Rate (SOFR) benchmark interest rate. The swap was executed for a 'tap' or reopening of IFC's 155 million Australian dollar Kangaroo social bond that matures in April 2035, for which there was strong demand from Japanese investors, particularly life insurance companies. This reopening of the bond represented IFC's debut trade swapped to SOFR and is the first of a kind in the Kangaroo bond market.

To meet continued demand from Japanese and U.S. life insurance companies and asset managers, the Kangaroo social bond was tapped eleven more times during the fiscal year, increasing the total raised by \$451.9 million USD equivalent.

Throughout the year, IFC executed private placements predominantly with U.S. and Japanese investors, including official institutions, life insurers, and individuals, by issuing eight social bonds for a total amount of \$233.8 million, providing market diversity in Australian dollars, Brazilian reals, Russian rubles, South African rands and U.S dollars.

IFC issued two social bonds in Uridashi format for a total amount of \$16.7 million in Brazilian reals and Chinese yuan, which is a new emerging market currency for the program. As a result of continued and active support of the Uridashi market, IFC was awarded "Best Uridashi Issuer" in the 2022 Leaders in Debt Capital Markets Awards issued by [CMDportal](#).

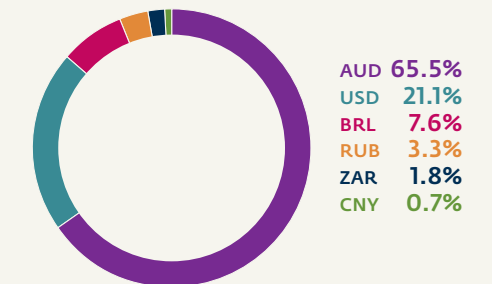
As in previous years, IFC continues to stimulate positive social impacts in developing countries while providing investors with a financial return on their investment alongside a path to support the sustainable development goals.

Cumulative Social Bond Issuances

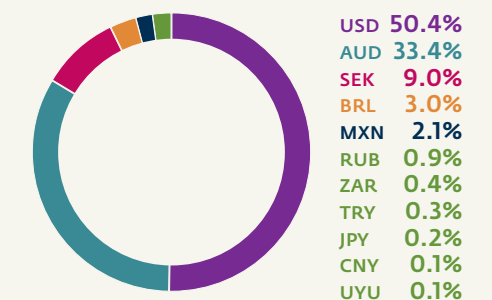
Volume: **\$3.8 billion**

Number of social bond issues: **63**

FY21 Social Bond Issuance by Currency



Cumulative Social Bond Issuance by Currency



Social Bond Eligible Projects: Commitments and Disbursements by Region

(USD millions)

As of June 30, 2021, IFC has committed 194 projects eligible for support from social bond proceeds. The total committed amount for these projects is \$5.6 billion.

Commitments and Disbursements by Region

	FY17	FY18	FY19	FY20	FY21
Commitments	620	717	823	2,156	1,501
Disbursements	364	614	844	966	1,868

Latin America and the Caribbean

	FY17	FY18	FY19	FY20	FY21
Commitments	42	108	205	319	395
Disbursements	8	86	237	227	285

Europe and Central Asia

	FY17	FY18	FY19	FY20	FY21
Commitments	109	177	20	166	232
Disbursements	107	154	41	76	224

Middle East and North Africa

	FY17	FY18	FY19	FY20	FY21
Commitments	12	106	7	116	27
Disbursements	7	5	108	21	107

Sub-Saharan Africa

	FY17	FY18	FY19	FY20	FY21
Commitments	155	104	130	532	181
Disbursements	109	79	22	97	502

Multi-Region

	FY17	FY18	FY19	FY20	FY21
Commitments	-	-	-	120	-
Disbursements	-	-	-	120	-

South Asia

	FY17	FY18	FY19	FY20	FY21
Commitments	165	151	320	317	345
Disbursements	100	122	383	146	239

East Asia and the Pacific

	FY17	FY18	FY19	FY20	FY21
Commitments	137	71	141	586	321
Disbursements	33	168	53	279	511

Social Bond Eligible Projects: Commitments and Disbursements by Sector

(USD millions)

	FY17	FY18	FY19	FY20	FY21
Commitments	119	56	75	273	86
Disbursements	104	41	31	168	129

	FY17	FY18	FY19	FY20	FY21
Commitments	-	137	15	-	3
Disbursements	-	31	105	9	-

	FY17	FY18	FY19	FY20	FY21
Commitments	20	-	-	28	10
Disbursements	13	-	-	20	8

	FY17	FY18	FY19	FY20	FY21
Commitments	-	5	-	106	40
Disbursements	-	1	1	-	57

	FY17	FY18	FY19	FY20	FY21
Commitments	-	241	253	407	130
Disbursements	40	189	215	326	212

	FY17	FY18	FY19	FY20	FY21
Commitments	3	4	-	-	-
Disbursements	-	1	1	1	2

	FY17	FY18	FY19	FY20	FY21
Commitments	29	37	18	56	31
Disbursements	3	15	29	20	76

	FY17	FY18	FY19	FY20	FY21
Commitments	-	20	-	248	275
Disbursements	-	20	-	248	-

	FY17	FY18	FY19	FY20	FY21
Commitments	-	-	-	763	434
Disbursements	-	-	-	50	881

	FY17	FY18	FY19	FY20	FY21
Commitments	-	68	37	9	159
Disbursements	-	-	85	-	160

	FY17	FY18	FY19	FY20	FY21
Commitments	449	150	424	179	333
Disbursements	205	316	405	125	343

A Quick Update on IFC's \$8 billion Fast-Track COVID-19 Facility

IFC's \$8 billion Fast-Track COVID-19 Facility

		Envelope (USD millions)	Commitments (USD millions)*
Real Sector (Crisis Response) Envelope	Support existing clients in the infrastructure, manufacturing, agriculture, services and healthcare sectors.	2,000	1,161
Working Capital Solutions	Funding to emerging market banks to extend credit to help businesses shore up their working capital, the pool of funds that firms use to pay their bills and employee salaries.	2,000	1,483
Global Trade Liquidity Program (GTLP), the Critical Commodities Finance Program (CCFP)	Funding and risk-sharing support to local banks so they can continue to finance companies in emerging markets.	2,000	1,075
<i>Newly launched</i> Base of the Pyramid	Provides financing to microfinance institutions, non-bank financial institutions, and banks that are focused on micro, small, and medium enterprises (MSMEs).	400	93
Global Trade Finance Program	Cover payment risks of financial institutions so they can provide trade financing to companies that import and export goods.	2,000	2,000
Total		8,400	5,812

*Commitments as of June 30th, 2021

Global Health Platform (GHP)

Global Health Platform (GHP)

Providing financing solutions to manufacturers, suppliers, and service providers for capacity expansion and working capital requirements to increase the supply of affordable health care products and services in developing countries.

Envelope (USD millions) 4,000
Commitments (USD millions)* 1,200

Reinvigorating the private sector in emerging markets and developing economies is critical for the post-COVID economic recovery. IFC has stepped up to meet the moment, helping developing countries weather the health crisis, preserve jobs, and build toward a green, resilient, and inclusive recovery.

IFC is working to address the systemic healthcare vulnerabilities exposed by the pandemic. Developing countries need equitable access to vaccines and medical supplies to fight COVID-19 and other diseases. IFC is addressing market gaps, improving local manufacturing and distribution capacity, and supporting public-private partnerships to strengthen health system resilience.

Access to capital is the biggest constraint on business growth in developing countries, with pre-pandemic data pointing to a nearly \$8 trillion financing deficit. That gap has likely grown, with enterprises that were already credit constrained having little buffer to weather the disruptions caused by COVID-19.

IFC is working to shore up the micro, small, and medium enterprises (MSMEs) that are still struggling in the wake of the pandemic. These businesses are the economic foundation for our client countries – delivering essential services, creating jobs, and lifting families out of poverty to ensure their long-term survival. In FY21, IFC committed an additional \$8.5 billion in financing outside of the \$8 billion Fast-Track COVID-19 Facility to support clients in response to the crisis.

Kerem Elibol, Production Engineer,
Nobel Ilac, Duzce, Turkey.
Photo: Pinar Gediközer



Featured Project

EICat

Information and Communications Technology (ICT), Kyrgyz Republic

Boosting Internet Connectivity in the Kyrgyz Republic

When COVID-19 shut down much of her village in the Kyrgyz Republic last year, Meereim Arunova was left having to manage her children's on-line schooling without a computer or internet connectivity. Using her mobile phone and a few options accessible via television, Arunova did her best to keep her girls up-to-date on schoolwork.

It was a heavy load for her family and for many others, said Arunova.

"The lack of necessary equipment for each child and a reliable internet connection has become a serious problem for many families in the Kyrgyz Republic," Arunova said. "Many families get by with one smartphone for all children."

The pandemic has highlighted why broadband is critical to economic growth, job creation and how the lack of it impacts almost every aspect of daily life. A 2016 World Bank study concluded that a 10 percent increase in fixed broadband penetration would increase GDP growth by 1.38% in developing economies.

Connectivity and broadband speeds in the Kyrgyz Republic are well below the global average, with little or no internet in some remote areas. Broadband infrastructure is needed to deliver faster, more reliable internet connectivity to homes, businesses, and public institutions. This infrastructure is vital to creating digitally enabled opportunities for employment, increasing the use of e-government services such as health and education, and facilitating e-payments to unbanked communities.

By providing a \$3 million loan to EICat, the Kyrgyz Republic's largest private, wholesale broadband operator, IFC helps the company expand its telecommunications infrastructure and spur network deployment by other operators in the sector. As such, this investment is expected to increase access to affordable high speed internet services throughout the country – including in underserved and unconnected regions.

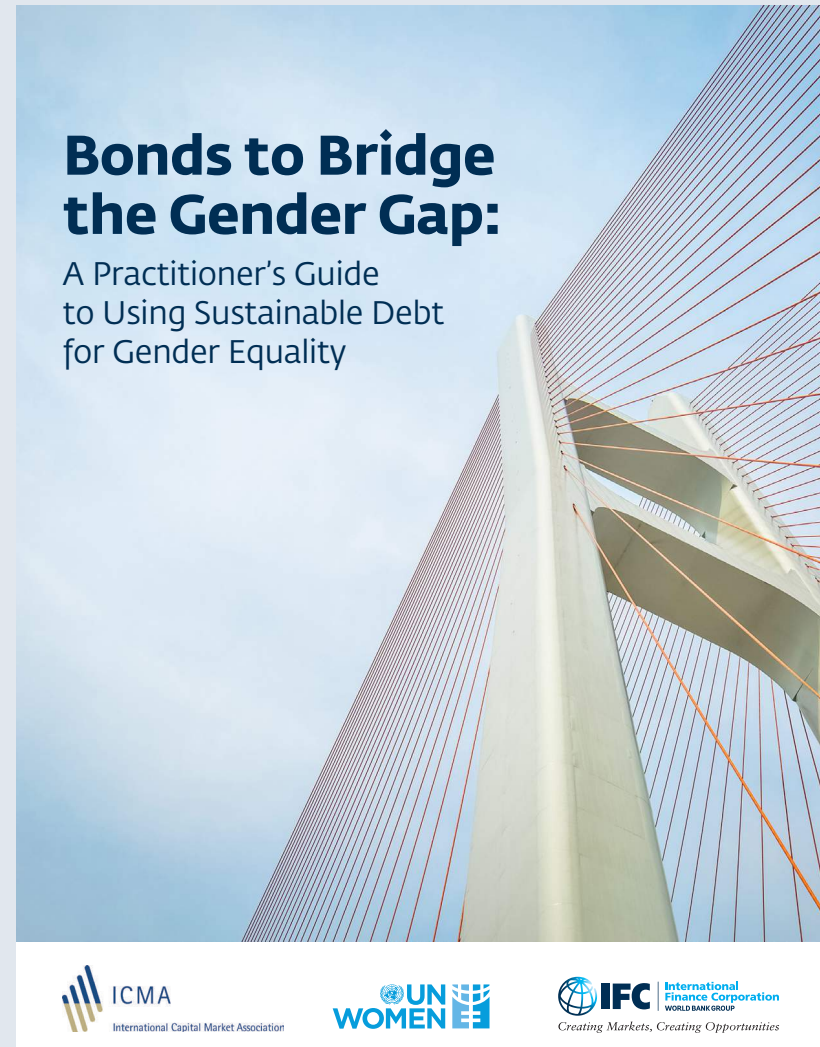
IFC's intervention grew out of a joint World Bank-IFC effort to develop private-sector solutions to address the connectivity gap in target countries with low internet penetration rates.



*With no high speed internet connection, Meerim Arunova and her daughters work on remote lessons using only a mobile phone.
Photo: Courtesy of Kymbat Ybyshova*

Sustainable Bonds: Bridging the Gap for Gender Equality

In November 2021, IFC, UN Women, and the International Capital Market Association (ICMA) launched [Bonds to Bridge the Gender Gap: A Practitioner's Guide](#) to Using Sustainable Debt for Gender Equality- a new practical guide on how to use sustainable bond issuances to advance gender equality. It provides guidance on how sustainable bonds can be used to access financing for projects and strategies that advance gender equality objectives. The guide offers examples that illustrate how to identify gender-related use of proceeds and establish gender-related commitments. In doing so, this guide builds on existing global frameworks – the Social Bond Principles (SBP), the Sustainability Bond Guidelines (SBG), and the Sustainability-linked Bond Principles (SLBP) – and should be considered alongside these documents.



IFC hosted a virtual event to launch the publication. Here's what the panelists had to say:

Anita Bhatia

Assistant Secretary-General and Deputy Executive Director, UN Women

"Governments and the private sector need to work collectively to make it possible for women to step back into the economic system. That's where capital markets have a real role to play. We have seen a huge rise in sustainable bonds, but when you look at how many of those sustainable bonds actually have a gender lens, the number is really small. We think that there is a role for capital markets to help drive the allocation of resources to solving problems related to gender."

Audrey Choi

Chief Sustainability Officer, Morgan Stanley

"We are not thinking about gender issues because it's a problem area but because it's fundamentally material to business – it drives returns. We cannot get the economy back if we don't get the female economy back."

Julie Monaco

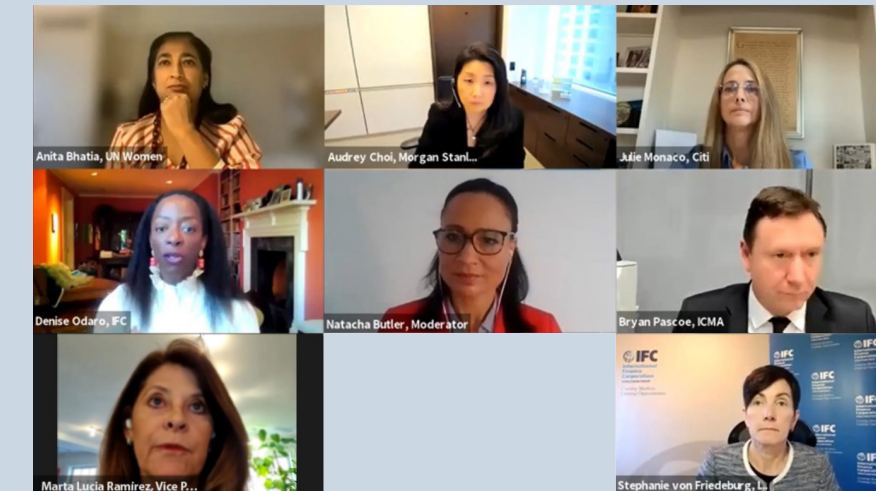
Managing Director, Global Head Public Sector, Banking, Capital Markets and Advisory Division, Citi

"My advice to new issuers is that they need to understand the potential impacts on gender equality that they are trying to achieve either through a gender specific bond or a sustainability-linked bond or social bond and have all the right metrics in place in order to attract investors."

Denise Odaro

Head of Investor Relations, IFC

"We intend for this guidance to be a game changer in supporting the allocation of capital to this vital need. The rise of sustainable finance offers distinct paths to direct capital at scale to reducing the gender gap. The spirit of this guide is aimed at market practitioners. The Bonds to Bridge the Gender Gap provides guidelines based on existing frameworks."



Marta Lucia Ramirez

Vice President and Minister of Foreign Affairs of the Republic of Colombia

"I really believe that we cannot talk about inclusion if we don't prioritize resources for women to become serious entrepreneurs. That is why we need to have more access to the financial sector along with technical assistance to women. The publication of this guide will surely be a recommendation tool to us in the process of issuing a sovereign bond with a gender chapter."

Stephanie von Friedeburg

Senior Vice President of Operations, IFC

"This guide is a great place for all issuers to start. For emerging markets, there's just not enough bonds out there. At IFC, we're trying to increase both the supply and the demand. We're getting ready to roll out our BEST bond fund which will be the first sustainability-linked bond fund for emerging markets coming out of the crisis, with a very strong focus on gender."

Bryan Pascoe

Chief Executive, ICMA

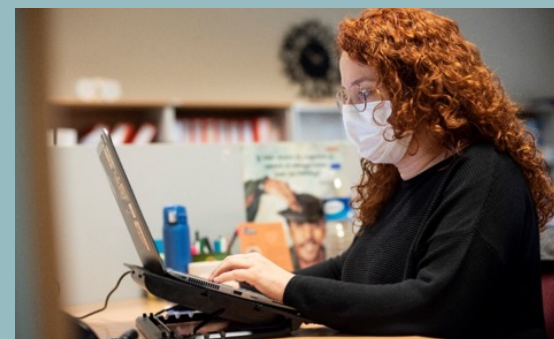
"Social bond issuance per se has been very targeted at other elements of social bond and capital markets raising rather than through a gender lens specifically. There is a huge untapped demand in the social bond market because of that structural imbalance, and that should mean that gender bonds will have a strong run into the capital markets."



Nobel's facility in Düzce, a small, industrialized city in the Black Sea region between Ankara and Istanbul.



**Kerem Elibol, Production Engineer,
Nobel İlaç, Düzce, Turkey.**
Photo © Pınar Gediközer



**Gamze Erkan, Quality Operations Specialist,
Nobel İlaç, Düzce, Turkey.**
Photo © Pınar Gediközer

Featured Project

Nobel İlaç Healthcare, Turkey

Supporting Pharmaceutical Production in Turkey

COVID-19 wreaked havoc on supply chains across the globe.

Nowhere was this felt more acutely than in the pharmaceutical sector where curbs on exports of essential ingredients to produce drugs delayed shipments and disrupted supplies of life-saving drugs. An investment by IFC in Nobel İlaç, one of Turkey's leading pharmaceutical manufacturers, is helping the company sustain operations and continue to supply medicines at home and abroad.

An IFC client since 2017, Nobel İlaç manufactures pharmaceuticals, including hard-to-make injectables, that are distributed to 50 countries around the world – predominantly to Central Asia and Eastern Europe, including Kazakhstan, Uzbekistan, Kosovo, and Ukraine. The company is working on developing bio-technology products to treat cancer and cardiovascular diseases and has also partnered with the leading Middle East Technical University and Bilkent University in Turkey to contribute to one of the national COVID-19 vaccine development efforts with its cutting-edge research and development lab.

At the height of the pandemic, Nobel İlaç experienced difficulties in importing active pharmaceutical ingredients that are key to producing final generic drugs. Prolonged border closures coupled with rolling lockdowns within Turkey triggered additional supply problems that impacted manufacturing and distribution and had a knock-on effect on the company's cash-flow. IFC's €10 million loan provided much needed working capital to support the company's funding needs and free up cash for investments in addition to research and development.

Since Nobel İlaç sells its drugs to many countries where there are no local pharmaceutical production facilities, the investment helped ensure a steady supply of generic drugs at affordable prices.

The loan is funded through IFC's \$8 billion Fast-Track COVID-19 Facility to support private companies and their employees hurt by the economic downturn caused by the spread of COVID-19.

Spotlight on IFC's ESG Performance Indicators for Capital Markets

The availability of reliable environmental, social, and governance (ESG) data to capital market participants is essential to attract and efficiently allocate capital to support sustainable private sector-led economic development in emerging markets. However, there is considerable variability in the amount and quality of ESG data disclosed by emerging market issuers. This makes it difficult for investors to consider the potential materiality of ESG issues to long-term financial results. To address this gap, IFC has developed the [ESG Performance Indicators for Capital Markets](#), a sustainability data framework to ease the reporting burden on issuers and boost sustainability reporting in emerging markets.

The performance indicators leverage IFC's decades of experience promoting best practice ESG standards in investments across emerging markets and replicate IFC's ESG due diligence for capital markets. They extract the most material issues from IFC's globally recognized [Environmental and Social Performance Standards](#) and [Corporate Governance Methodology](#). The indicators consist of 13 Environmental and Social and 20 Corporate Governance indicators for financial institutions and 43 Environmental and Social and 20 Corporate Governance indicators for corporates. These indicators can be used on publicly available information, including annual, sustainability and integrated reports, bond prospectuses, and news reports.

The performance indicators have inspired disclosure requirements and enhanced reporting in emerging markets. For instance, they have influenced listing rules and regulations in Peru. In 2019, Programa de Inversión Responsable (PIR), a consortium of private sector investors, intermediaries, and regulators promoting responsible investment policies in the Peruvian financial system, developed ESG factors for companies to report based on the performance indicators. These factors were later incorporated into reporting requirements by the Peruvian securities regulator, the National Commission on the Supervision of Companies and Securities (CONASEV). The Performance Indicators form part of IFC's [Disclosure and Transparency Toolkit: Beyond the Balance Sheet](#) and were used to develop disclosure requirements in Kazakhstan, the Philippines, and Ukraine.

To encourage bond issuers in emerging markets to disclose material ESG information, IFC has partnered with Arabesque, a global financial technology company combining artificial intelligence, analytics, and big data to assess the performance and sustainability of corporations. It is collecting and making available ESG information, using the performance indicators, on their ESG Book platform launched in December 2021. ESG Book is a new and innovative central source to access digital corporate sustainability information. This initiative helps issuers disclose ESG data, benchmark and compare themselves to peers, and informs investors on their ESG practices. The ESG data collected using the performance indicators on ESG Book is available as a public good for the financial community and other stakeholders.

IFC continues working with institutional investors and asset managers to use the performance indicators to screen issuer disclosure and to assess ESG risks and performance.



Featured Project

LAPO Microfinance Bank

Microfinance, Nigeria

Helping Women-Owned Businesses in Nigeria

Microbusinesses have been particularly hard hit by the economic effects of COVID-19.

Many such businesses were credit constrained before the pandemic. They have since had to face even greater risks and uncertainty.

This has increased the relevance of the specialized financial institutions that serve them, such as Nigeria's LAPO Microfinance Bank (LAPO MFB). The bank is the country's largest microlender with 800,000 borrowers, mostly women entrepreneurs working in the informal sector who take out loans often on a group basis averaging \$230.

Soon after the first case of COVID-19 was detected in Nigeria, the government introduced a lockdown in most states and LAPO MFB closed its operations for six weeks. Loan officers were unable to collect repayments, leading to a decline in revenues, and an increased number of non-performing loans.

IIFC provided an \$8 million-equivalent local currency loan to help borrowers overcome liquidity constraints. While LAPO MFB has tapped into local and international markets, medium-term unsecured local currency financing is not readily available in the market.

A long term IFC client, LAPO MFB's mission is to improve the lives of low-income households by providing easy access to micro loans, as well as support through their health, education, and other social interventions. The bank's wide network of loan agents has enabled it to provide services to remote areas with few other financial institutions. When the lockdowns hit households' ability to earn, LAPO MFB distributed rice, tomato paste and other food items to its clients.

Despite different lockdown models in different states across Nigeria, LAPO MFB has been able to return to full operations and lending has bounced back.



Social Bond Eligible Project Commitments for FY21

The impact assessment table lists expected outcomes from projects eligible for funding from IFC social bond proceeds in FY21. Organized by sector, the projects eligible for funding aim to improve access to finance and other essential services for underserved target populations. Eligible categories include those stated within the Social Bond Principles. Projects committed in FY21 align with the following SDGs:



Reporting is based on ex-ante estimates at the time of project appraisal. Because the impact assessment table includes the estimated results of projects still in the construction or implementation phase, there is no guarantee these results will materialize. Thus, the reporting is not intended to provide actual results achieved in a specific year or reporting period

Inclusion Projects

Real Sector















Eligible projects in the real sector include a focus on increasing access to goods, services, and markets for people who are low-income and/or underserved. Target populations in FY21 include:

- Smallholder farmers who often lack access to key inputs, technologies, and financial resources and are typically very poor with limited access to market for their products
- People who lack sufficient access to broadband and other information and communication technology services, often residing in rural areas
- Patients who lack sufficient access to quality, affordable health products and/or services, including those who are low-income
- Microentrepreneurs who often have limited access to assets, services, and/or market opportunities
- Youth with limited options for quality and affordable education/training that will lead to employment opportunities

Impact Highlights

Indicators	Baseline	Target
Drivers on a drive-to-own scheme (#)	0	1,130
Farmers reached (#)	7,000	13,000
Rural Households with fiber at home (#)	450	10,950
Stores opened in frontier provinces	3,726	4,500
Sales equivalent to :		
Meat (MT)	46,000	79,000
Egg (MT)	111,000	193,000

Sector	Institution Name	Project ID	Country or Region	Description	Eligible Loan Commitment (USD millions)	Sustainable Development Goals
ICT	EICat LLC	42532	Kyrgyz Republic	EICat is a private, wholesale broadband operator. The project will promote digital inclusion and improve the quality of internet access to individuals by expanding EICat's high-speed broadband network to a significant number of users, including subscribers without internet access in underserved areas.	3	
Health	LBX Pharmacy Chain JSC	43672	China	Laobaixing Pharmacy Chain Joint Stock Company (LBX) is a pharmaceutical retailer with a network of over 5,000 stores spanning 22 provinces. The project will support LBX's expansion of its stores and logistics network in the frontier regions of China, improving access to affordable and quality pharmaceutical products for customers in these regions.	146.91	

Sector	Institution Name	Project ID	Country or Region	Description	Eligible Loan Commitment (USD millions)	Sustainable Development Goals
Agribusiness	ETC Group	43692	Africa Region	ETC Group is an agricultural supply chain manager involved in the origination, procurement, warehousing, and logistics of multiple agricultural commodities and processing of consumer products in Africa. The project will help strengthen financial and value-chain integration and provide working capital financing for the smallholder farmers in its supply chain. IFC will provide advisory services to improve productivity and reduce post-harvest losses of smallholder farmers.	10	 
Agribusiness	CHO Company S.A.	44266	Tunisia	CHO Group is a leading olive oil producer in Tunisia. The project will support the company's working capital and capex needs, preserving its linkages with farmers and maintaining jobs.	26.64	 
Agribusiness	EthioChicken Group	44471	Ethiopia	EthioChicken Group is the leading producer of day-old chicks and poultry feed in Ethiopia. The company sells these products to agents who then sell them to rural farmers. The project will help the company expand capacity by building new farms and improve consumer access to affordable poultry products in a market where access to protein and micronutrients is limited. It will also increase income opportunities for poultry agents. IFC will provide advisory services alongside the project to improve the skills and capacity of female farmers.	10	  
Infrastructure	Moove Africa B.V.	44596	Nigeria	Moove Africa B.V. is leading a project to source, operate, and maintain a fleet of vehicles for ride-hailing drivers in Sub-Saharan Africa. The project will help Moove run a flexible rental and lease model, partnering with drivers so that they can own the vehicles after agreed tenures. The project will demonstrate a replicable model for ride-hailing with high participation of women in a male-dominated industry. In addition to piloting hybrid vehicles, the project is a strong contributor to the shared economy and will enable the shift from private car use.	10	  
Education	Ser Educacional S.A.	44072	Brazil	Ser Educacional S.A. is a higher education company providing affordable undergraduate, graduate, and technical education to primarily middle- and low-income students in north and northeast Brazil. IFC's investment will support the company's response to the effects of COVID-19. It will support digital platform upgrades and product portfolio development, strengthen the education model, and allow for the incorporation of new students, acquired via mergers and acquisitions, into its academic platform.	40	   

Inclusion Projects














Financial Sector

Social bond eligible projects in the financial sector focus on improving low-cost access and availability of financial products and services. Sub-sectors include gender finance, housing finance, and microfinance. Target populations in FY21 include:

- Women-owned small and medium enterprises (SMEs)
- Micro-loan borrowers who lack access to affordable financial services from traditional banks or lending institutions, often low-income or living in remote areas
- Underserved individuals lacking access to affordable housing finance

Impact Highlights

Indicators	Baseline	Target
Outstanding housing loans (#)	157,628	350,093
Outstanding microfinance loans (#)	535,451	679,747
Outstanding microfinance loans (\$ million)	220	457.6
Outstanding MSME loans (#)	7,744	11,979
Outstanding WSME loans (\$ million)	1,571	2,262
Outstanding microfinance loans to women (#)	5,545	21,374
Outstanding WSME loans (#)	78,854	114,151
Outstanding MSME loans (\$ million)	281.7	426.4

Sector	Institution Name	Project ID	Country or Region	Description	Eligible Loan Commitment (USD millions)	Sustainable Development Goals
Gender Finance/ Banking on Women	Banco Agrícola S.A.	43239	El Salvador	Banco Agrícola, the largest bank in El Salvador, is a pioneer in retail banking, offering a complete range of products and services through the nation's largest distribution network. It has a growing portfolio financing MSMEs and other high impact sectors. The project will increase access to finance for SMEs, including women-owned SMEs, as well as housing and green finance.	37.5	    
Gender Finance/ Banking on Women	Southeast Asia Commercial Joint Stock Bank	44792	Vietnam	SeABank provides a full range of banking services across all consumer groups including retail, SME, corporate, and institutional. The project aims to improve access to finance for climate businesses and local SMEs, particularly women-owned SMEs, promote capacity building, reduce GHG emissions, and promote international standards and best practices in gender, climate financing, and ESG.	10	   
Gender Finance/ Banking on Women	ACLEDA Bank	44882	Cambodia	ACLEDA is a systemic bank with the largest branch network in Cambodia serving MSMEs. The project will enable ACLEDA to increase financial services for SMEs including women owned SMEs and expedite post-pandemic recovery. It will also increase lending to agricultural SMEs and support the use of digital delivery channels.	50	   

Sector	Institution Name	Project ID	Country or Region	Description	Eligible Loan Commitment (USD millions)	Sustainable Development Goals
Gender Finance/ Banking on Women	Banco Daycoval	45006	Brazil	Banco Daycoval SA, is a Brazil-based commercial bank that provides personal and corporate banking services and aims to increase access to finance for SMEs, including women-owned SMEs and SMEs in underserved regions. The project will encourage other banks to increase their exposure to SMEs in underserved regions.	32.5	1 NO POVERTY 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES
Housing Finance	HDFC Limited	44139	India	HDFC Limited is the first specialized housing finance company in India. The project supports the Government of India's "Housing for All by 2022" initiative by increasing access to finance for affordable housing for lower and middle-income populations. The project will also support HDFC to gradually grow its nascent green affordable housing portfolio.	250	1 NO POVERTY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES
Housing Finance	La Hipotecaria Holdings Inc	44536	Central America Region	La Hipotecaria Holdings Inc. is a financial services group specialized in originating, servicing, and securitizing residential mortgages with a focus on low-to middle income individuals in Colombia, El Salvador, and Panama. The project will support residential mortgage lending to low-and-middle-income populations in Panama and El Salvador, particularly households where the head is a woman.	25	1 NO POVERTY 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES
Microfinance	Fondo Esperanza SPA	42684	Chile	Fondo Esperanza is a non-banking financial institution in Chile with more than 17 years of experience focused on social development by supporting entrepreneurs from vulnerable sectors. The project will expand its microfinance portfolio to low-income microentrepreneurs who are currently underserved by the traditional banking sector.	10	1 NO POVERTY 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES
Microfinance	Transcapital NBFI LLC	43012	Mongolia	Transcapital NBFI LLC is the largest microfinance institution in Mongolia. The project will help increase access to finance for underserved segments in the country, namely micro-enterprises and individuals, especially focusing on women and those in rural and semi-urban areas.	11.79	1 NO POVERTY 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES
Microfinance	Federacion de Cajas de Credito y de Bancos de los Trabajadores SC de RL	43051	El Salvador	Federación de Cajas de Crédito y de Bancos de los Trabajadores, SC de RL is a co-operative society. The project will provide access to finance to MSMEs, as well as women-owned or -led very small and small enterprises and lower income individuals in El Salvador.	60	1 NO POVERTY 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES
Microfinance	Kyrgyz Investment and Credit Bank CJSC	43414	Kyrgyz Republic	Kyrgyz Investment and Credit Bank is a systemically important bank in the country. IFC's project will help increase access to finance for underserved individuals, and micro enterprises, focusing on affordable housing finance for low-income individuals (50%) and financing to women-owned micro enterprises (50%). Thirty percent of IFC's loan proceeds will be used directly by the bank to reach end-clients. The remaining 70% will be channeled through local micro-MFIs.	6	1 NO POVERTY 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES

Sector	Institution Name	Project ID	Country or Region	Description	Eligible Loan Commitment (USD millions)	Sustainable Development Goals
Microfinance	Union des Mutuelles Alliance de Crédit et d'Epargne pour la Production	43641	Senegal	Union des Mutuelles Alliance de Crédit et d'Epargne pour la Production is a union of local cooperatives, currently consisting of 11 individual credit and savings cooperatives. The project aims to expand financial access to MSMEs, including agribusinesses in rural areas.*	3	1 NO POVERTY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES
Microfinance	DenizBank A.S	43903	Turkey	DenizBank A.S is a private bank. The project will provide access to finance to MSMEs in the agriculture sector, with partial proceeds serving underdeveloped provinces of Turkey which have received a lot of refugees.	150	1 NO POVERTY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES
Microfinance	CD Finance Management Co. Ltd	44430	China	CD Finance Management Co. Ltd focuses on inclusive finance in rural areas. CD Finance has operations in 20 provinces across China. The project will support the company's lending to underserved micro and small enterprises in rural areas that have been adversely impacted by the pandemic.	30	1 NO POVERTY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES
Microfinance	PT KB Finansia Multi Finance	44494	Indonesia	PT KB Finansia Multi Finance is a non-banking financial institution that focuses on providing financing to micro and small entrepreneurs/businesses with motorcycles and cars as collateral. The project will support FMF's lending program and support the recovery of Indonesia's middle and low-income households, as well as MSMEs.	50	1 NO POVERTY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES
Microfinance	Kaebauk Investimentu no Finansas	44883 45413	Timor-Leste	Kaebauk Investimentu no Finansas is the largest microfinance institution in Timor-Leste. The project will improve access to finance for micro-borrowers, farmers, and other participants in agriculture supply chains, prioritizing women borrowers.	0.5	1 NO POVERTY 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES
Microfinance	Agency For Finance In Kosovo	44909	Kosovo	AFK is a microfinance institution focusing on micro and small enterprises. The project will expand access to finance to these enterprises, focusing on agribusinesses and small holder farmers in rural and semi-urban areas underserved by banks.	0.61	1 NO POVERTY 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES
Microfinance	Opportunity Bank Serbia	44087	Serbia	Opportunity Bank a.d. Novi Sad (OBS) is the largest lender to micro enterprises in Serbia and has a network of 30 branches across the country. The project will support the bank's lending program to Serbian enterprises, including SMEs, whose cash flows have been disrupted by the pandemic.	10.9	1 NO POVERTY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES










* As this is a repeat client, indicators for this project have been referenced in previous impact reports.

COVID Projects

Real Sector

The social bond eligible projects in the real sector were part of IFC's Real Sector Crisis Response Facility, set up to support clients that were experiencing or vulnerable to the economic impacts of COVID-19. The facility catered to clients that:

- face significant disruption of migrant labor and/or with manufacturing facilities in countries impacted directly or indirectly
- form part of a disrupted supply chain
- suffer from delayed settlement of receivables and loss of revenue
- suffer from a sharp drop in Asian demand for commodities
- have a concentrated supplier base
- operate in hard-hit manufacturing sectors (e.g., automotive, consumer durables, electronics), agribusiness, retail, tourism and hospitality, health, transport, and logistics (e.g., ports, last mile delivery), general infrastructure and utility (e.g., water, waste, gas, power) sectors
- experience significantly higher demand for their goods and services due to COVID-19, including online retail, pharmaceutical companies, clinics, and medical equipment manufacturers.
















Sector	Institution Name	Project ID	Country or Region	Description	Eligible Loan Commitment (USD millions)	Sustainable Development Goals
Agribusiness	JK Paper Limited	43078	India	JK Paper Limited is a leading Indian producer of paper products. The project will provide working capital and plug cash flow shortages needed for the planned expansion of the business. The project will allow JK Paper to maintain its sourcing from farmers in low-income states.	35.16	 
Agribusiness	Parag Milk Foods Ltd	43983	India	Parag Milk Foods is one of India's largest dairy companies, catering to major cities with a strong presence in the west and south of the country. IFC's financing provided working capital, enabling the company to operate at typical levels throughout the pandemic and buy surplus milk from farmers. The financing also supports the company's long term capex plans to increase the processing of milk powder, curd, cheese and clarified butter.*	30.76	 
Agribusiness	Bel Ga Myanmar Limited	44437	Myanmar	Bel Ga Myanmar works in the poultry breeding business with a significant and growing market share in Myanmar. IFC's loan will support the expansion of the company's existing hatchery and help the company sustain operations through the COVID-19 market downturn. The proceeds will be used to recruit up to 40 independent commercial farmers, helping create a stable market, protect livelihoods and contribute to long-term food security.	4	 
Health	Nobel Ilac	44558	Turkey	Nobel Ilac is a leading pharmaceutical manufacturer and distributor of over 100 pharmaceutical products and food supplements. The company is part of the "Ulkar Holding Group", a vertically integrated group of pharmaceutical manufacturing, marketing, and sales companies operating in 20 countries. IFC's investment will fund Nobel's growing permanent working capital needs that were hit by pandemic-related supply shocks.*	11.73	  

* As this is a repeat client, indicators for this project have been referenced in previous impact reports.

COVID Projects

































Financial Sector

The social bond eligible projects in the financial sector were part of IFC's Working Capital Solutions and Base of the Pyramid program that was set-up to provide clients in this sector with lines of credit for trade finance, working capital, and risk mitigation, continue lending to MSMEs, support employment, and help mitigate the effects of the pandemic. IFC supported these institutions by leveraging an array of tools and investments, allowing for investments to be made across regions and countries impacted by the economic slowdown.

Sector	Institution Name	Project ID	Country or Region	Description	Eligible Loan Commitment (USD millions)	Sustainable Development Goals
COVID Response Financing	Banco Santander	42711	Brazil	Banco Santander (Brasil) S.A. is the third largest private bank in Brazil and the only international bank with scale in the country. The project focuses on SMEs and individuals, including women and women owned/women-led enterprises in the country.	100	   
COVID Response Financing	KMF LLC	43882	Kazakhstan	KMF is a leader in Kazakhstan with strong outreach across the country. The project will expand access to finance for underserved MSMEs that have been negatively affected by the COVID-19 pandemic, particularly those operating in rural and remote areas.	25	  
COVID Response Financing	CARD Bank, Inc.	44003	Philippines	CARD Bank, Inc. is one of the largest microfinance institutions in the Philippines. The project aims to support the bank's lending program to MSME clients impacted by pandemic, including women and women-owned businesses.	6.19	   
COVID Response Financing	CARD SME Bank, Inc.	44004	Philippines	CARD SME Bank, Inc. is an independent thrift bank in the Philippines that helps to facilitate the transition of micro-entrepreneurs to small businesses. The project aims to support the bank's lending program to micro, small and medium clients impacted by pandemic, including women and women-owned businesses.	5.16	   

Impact Highlights

Indicators	Baseline	Target
Outstanding Microfinance loans (#)	893,750	1,282,264
Customers supported (#)	36,000	43,180
Enterprises receiving on lending (#)	0	43,850
Working Capital Provided (including to SMEs and WMSMEs) (\$ million)	465	722.5

Sector	Institution Name	Project ID	Country or Region	Description	Eligible Loan Commitment (USD millions)	Sustainable Development Goals
COVID Response Financing	NMB Bank PLC	44080	Tanzania	NMB Bank Plc ("NMB") is the largest bank in Tanzania serving over 3.5 million customers through its 226 branches. IFC's loan will help expand NMB's lending operations and provide additional liquidity support in the wake of the pandemic.*	90	  
COVID Response Financing	Banco de la Produccion S.A.	44100	Ecuador	Banco de la Produccion is a leading bank in the country providing retail and commercial banking, including lending to SMEs. The proceeds of the loan will provide working capital, trade loans to MSMEs, women and women-owned MSMEs.	50	   
COVID Response Financing	Alternatifbank	44119	Turkey	Alternatif Bank provides a wide range of retail, corporate, and investment banking products and services to private individuals and businesses. IFC's loan provides SMEs with working capital, alleviating short term cash pressures and helping them sustain employment levels. With its extensive branch network and expertise in SME lending, the bank is well-suited to support SMEs during this crisis.	25	  
COVID Response Financing	Banco de la Produccion S.A.	44156	Nicaragua	Banpro is the largest bank in Nicaragua, with a market share of approximately 30% in terms of lending. The project will support working capital/trade loans to MSMEs, women customers and women-owned MSMEs.	10	   
COVID Response Financing	Latin American Agribusiness Development Corp SA	44332	Latin America Region	LAAD is a non-banking financial institution with more than 50 years of experience focused on financing and developing private agribusiness projects in Latin America and the Caribbean. The investment aims to provide access to finance to agribusiness SMEs throughout Latin America. Most of these are family-owned businesses which have traditionally been underserved due to high perceived risks and are under stress due to the pandemic.*	30	   
COVID Response Financing	Nations Trust Bank PLC	44416	Sri Lanka	Nations Trust Bank PLC ("NTB") is a mid-sized bank with extensive retail presence in Sri Lanka. A one-year working capital solutions loan aims to support NTB's working capital and trade-lending program, including to small and medium enterprises whose cash flows have been disrupted by the pandemic.	25	  
COVID Response Financing	LAPO Microfinance Bank LTD	45304	Nigeria	LAPO MFB is Nigeria's largest microfinance institution. It focuses on MSMEs, particularly women micro enterprise owners. The project will enable LAPO MFB to provide funding to MSMEs that have been negatively affected by the pandemic.	8	   
COVID Response Financing	Hattha Bank Plc.	45535	Cambodia	Hattha Bank Plc. is a commercial bank that has a nationwide presence in 25 cities and provinces and an extensive reach to rural MSMEs and women-owned MSMEs (WMSMEs). The project will support the Bank's MSME and WMSME portfolio and improve access to finance for MSMEs and WMSMEs during the pandemic.	10	   
COVID Response Financing	Equity BCDC	45557	Democratic Republic of Congo	Equity Banque Commerciale du Congo is a commercial bank in the Democratic Republic of the Congo. The local currency loan will support the growth of the Bank's MSME clients and provide much needed local currency financing to MSMEs.	50	  

* As this is a repeat client, indicators for this project have been referenced in previous impact reports.



Appendix A

IFC Social Bond Program Process

The IFC Social Bond Program follows best market practices and complies with the Social Bond Principles.

Component 1: Use of Proceeds

Net proceeds from IFC Social Bonds are allocated to a sub-portfolio linked to lending operations for social bond eligible projects. Only the loan portions of projects are eligible for funding via social bond proceeds. Equity investments and guarantees are ineligible.

Eligible projects are funded, in whole or in part, by IFC and meet the requirements of either IFC's Banking on Women or Inclusive Business programs (see Box 1).

Component 2: Evaluation and Selection

In addition to meeting social bond eligibility criteria, all projects financed undergo a rigorous due diligence process. Eligible projects comply with IFC Performance Standards on Environmental and Social Sustainability and the IFC Corporate Governance Framework. Projects are subject to ongoing monitoring and supervision.

Component 3: Management of Proceeds

The net proceeds of the issuances of IFC's Social Bonds, which may be converted into US Dollars, will be allocated within IFC's Treasury to a designated sub-portfolio that will be invested in accordance with IFC's liquid asset management investment guidelines. So long as the Bonds are outstanding, the balance of the sub-portfolio will be reduced by amounts matching disbursements made by IFC respect of select "Eligible Projects" from IFC's loan portfolio which may include projects that benefit women-owned enterprises ("Banking on Women Eligible Projects"), inclusive business projects

("Inclusive Business Eligible Projects") and projects that meet the criteria stipulated in the Social Bond Principles as published by the International Capital Markets Association ("Social Bond Principles Projects"). Eligible Projects will be selected from all projects funded, in whole or in part, by IFC. IFC reserves the right to lend directly or indirectly.

In some cases, the social-related component of a project supported by social bonds forms part of a larger investment. In such instances, the social bond portfolio only finances the eligible portion of the project. Monitoring and supervision of eligible projects comprises regular reports by the investee company on project activities and performance throughout the lifetime of investment.

Payments of interest and principal in respect of IFC Social Bonds are strictly based on the credit quality of IFC and are not directly affected by the result of the underlying investments IFC makes consistent with the eligibility criteria outlined above.

Component 4: Reporting

IFC's Social Bond Impact Report follows best practice and the Social Bond Principles' guidance for reporting outlined in the report, **Working Towards a Harmonized Framework for Impact Reporting for Social Bonds**, which aims to ensure integrity of the market through increased transparency.

The report provides a list of projects eligible for funding from social bond proceeds and, subject to confidentiality considerations, provides a brief description of each project, the eligible loan amount and the expected social impact. The report only covers projects eligible for social bond financing.

> Selecting Impact Metrics

For the past decade, IFC and other multilateral and bilateral development institutions have worked to identify common development indicators for investment projects. These efforts led to the [Harmonized Indicators for Private Sector Operations](#), agreed upon by 26 international finance institutions. The indicator list is primarily comprised of sector-level outcome indicators.

To report on the impact of our Social Bond Program, IFC uses many of the sector-specific indicators⁸ agreed upon in the HIPSO partnership, incorporating additional indicators as needed. Indicators include:

Real Sector

- Farmers Reached
- Number of mobile subscriptions (people reached)
- Patients Served
- Students Reached

Financial Sector

- Number of outstanding loans to women-owned SMEs⁹
- Number of outstanding microfinance loans
- Number of outstanding housing loans



> Identifying Target Populations

IFC's Social Bond Program targets underserved people who lack access to the basic goods and services that are important aspects of well-being, from women-owned small business owners who lack access to finance to low-income households that lack access to quality health care and smallholder farmers with no market for their crops. Investments in financial intermediaries ensure that financial services are available to people IFC cannot reach directly, such as micro, small, and medium-sized enterprises.

As recommended by the Social Bond Principles in the guidance document, [Working Towards a Harmonized Framework for Impact Reporting for Social Bonds](#)¹⁰, the Eligible Project section of this report provides a description of the target population by sector.

> Interpreting Indicators

Wherever possible, IFC strives to quantify impact per sector. Impact may be described qualitatively when indicators are unavailable or cannot be disclosed for confidentiality reasons.

Impact indicators are tracked on a client-level basis and based on company-reported data. Indicators have not been prorated for the portion of IFC's contribution.

Social Bond Program reporting allows for quantification of a core indicator per sector, but it is important to appreciate the limitations of data reported. The main considerations to interpret results are:

- **Scope of results:** Reporting is based on ex-ante estimates at the time of project approval and mostly for direct project effects.
- **Uncertainty:** An important consideration in estimating impact indicators is that they are often based on a number of assumptions. Actual impact of projects may diverge from initial projections.
- **Comparability:** Caution should be taken in comparing projects, sectors or portfolios because baselines (and base years) may vary. In addition, sector and country context should also be taken into consideration.
- **Omissions:** Projects may have impact across a much wider range of indicators than captured in the reporting and may have other important development impacts. Furthermore, the core indicator is not applicable for some projects, or the data are not available.

> IFC Access to Information Policy

The Access to Information Policy is the cornerstone of the IFC Sustainability Framework and articulates our commitment to transparency.

We seek to provide accurate and timely information regarding our investment and advisory activities to clients, partners and stakeholders, and we disclose relevant information pertaining to project, environmental and social implications, as well as expected development impact prior to consideration by our Board of Directors.

This commitment applies to projects funded by the Social Bond Program.

For more information on IFC's Social Bond Program, visit www.ifc.org/socialbonds.

Appendix B

Description of Adjustments to Commitments and Disbursements from Previous Years

One project that was classified as eligible and committed in FY19 was determined to be ineligible for social bond funding in FY21. Management and tracking of social bond proceeds have been adjusted accordingly.

Appendix C

Update on World Bank Group's Operations in Russia and Belarus

IFC has not made any new commitments in Russia since FY15, and as of March 2, 2022, all World Bank Group programs in Russia and Belarus have been suspended.



Authors

This report was prepared by IFC's Funding & Investor Relations team.

The authors are Esohe Denise Odaro, Vera Sevrouk and Marsha Monteiro with contributions from Irena Guzelova from the Communications team, Kathleen Mignano and Karima Chaisaengchan of the Inclusive Business team, Atiyah Curmally, Aditi Jagtiani, Felipe Albertani and Charles Canfeild from the ESG team. Our appreciation goes to Asra Nomani, Bing Bing Yuliawati, Emma-Kate Symons, and Flora Chao, for their data/editorial input.

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IFC Investor Relations
International Finance Corporation
2121 Pennsylvania Avenue NW
Washington, D.C. 20433

Email: investors@ifc.org
Twitter: @IFC_Investors

ifc.org/investors

March 2022

