INTERNATIONAL
FINANCE
CORPORATION
WORLD BANK GROUP

innovation impact sustainability

IFC's COMMITMENT

2003 ANNUAL REPORT

CARLOS GOLDIN

INTERNATIONAL FINANCE CORPORATION

Since its founding in 1956, IFC has committed more than $37 billion of its own funds and has arranged $22 billion in syndications for 2,990 companies in 140 developing countries. IFC coordinates its activities with the other institutions in the World Bank Group—the International Bank for Reconstruction and Development, the International Development Association, the Multilateral Investment Guarantee Agency, and the International Centre for Settlement of Investment Disputes—but is legally and financially independent. Its 175 member countries provide its share capital and collectively determine its policies.

THE IFC ANNUAL REPORT ON THE WEB, www.ifc.org/ar2003, is a companion to this printed edition. It provides easy navigation and downloading of data related to IFC investment projects.

IFC's 2003 SUSTAINABILITY REVIEW is also available upon request.

Note: Management's discussion and analysis, the audited financial statements, and IFC's fiscal year 2003 investment portfolio appear in Volume 2 of the Annual Report.

The Corporation defines a commitment to include: (1) signed loan and equity (including quasi-equity) investment agreements; (2) signed guarantee agreements; and (3) risk management facilities that are considered ready for execution as evidenced by a signed ISDA agreement or a signed risk management facility agreement with a client.

Currency is given in U.S. dollars throughout unless otherwise specified.

COVER PHOTO: NIELS VESTERGAARD

2003 ANNUAL REPORT

Innovation, Impact, Sustainability

IFC'S COMMITMENT

IFC
INTERNATIONAL FINANCE CORPORATION
World Bank Group

Financial Highlights

OPERATIONAL RESULTS SUMMARY, FY 2003

New projects committed	204
Total financing committed	$ 5.0 billion
Financing committed for IFC's own account	$ 3.9 billion
New projects approved	186
Total financing approved	$ 5.4 billion
Financing approved for IFC's own account	$ 4.0 billion
Total committed loan & equity portfolio*	$ 16.8 billion
Equity as a % of committed portfolio	21%
Loans as a % of committed portfolio	71%
Guarantees as a % of committed portfolio	6%
Risk management products as a % of committed portfolio	2%

* Includes off-balance-sheet products, such as guarantees and risk management products; for IFC's own account as of June 30, 2003.

RESOURCES AND INCOME, FY 2003

Operating income	$ 528 million
Paid-in capital	$ 2.4 billion
Retained earnings	$ 4.4 billion
Borrowings for the fiscal year	$ 3.5 billion

SUSTAINABILITY AND IFC, FY 2003

Committed projects with high sustainability impacts*	56%

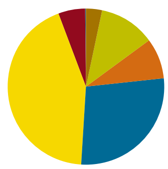
* On a pilot basis, IFC identifies, tracks, and assesses new investment commitments that have positive high impact in corporate governance, economic, environmental, and social dimensions. More details on IFC's approach can be found in the Sustainability Review; the summary begins on p. 65.

WHAT

COMMITMENTS BY SECTOR, FY03*	$ millions	%
Financial**	2,529	50.2
Transportation, warehousing, and utilities	562	11.2
Oil, gas, mining, and chemicals	383	7.6
Food and beverages	378	7.5
Industrial and consumer products	246	4.9
Nonmetallic mineral product manufacturing	194	3.9
Information	182	3.6
Accommodation and tourism services	98	1.9
Wholesale and retail trade	93	1.8
Textiles, apparel, and leather	91	1.8
Agriculture and forestry	66	1.3
Construction and real estate	50	1.0
Primary metals	50	1.0
Plastics and rubber	47	0.9
Health care and education	37	0.7
Pulp and paper	23	0.5
Professional, scientific, and technical services	7	0.1
TOTAL COMMITMENTS	**$ 5,033**	

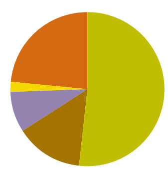
* All commitment data include guarantees and risk management.
** Includes finance, insurance, and collective investment vehicles.

WHERE



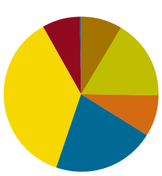
COMMITMENTS BY REGION, FY03	$ millions
Sub-Saharan Africa	167
East Asia and the Pacific	583
South Asia	422
Europe and Central Asia	1,394
Latin America and the Caribbean	2,180
Middle East and North Africa	279
Global	9

HOW



COMMITMENTS BY PRODUCT, FY03	$ millions
Loans	2,604
Equity & quasi-equity	712
Guarantees	429
Risk management products	106
Loan syndications	1,181

INVESTMENT PORTFOLIO BY REGION (for IFC's Account)

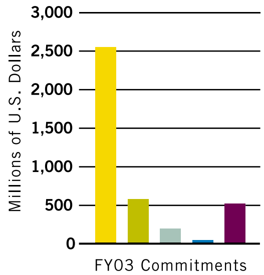


As of June 30, 2003

REGION	$ millions
Sub-Saharan Africa	1,442
East Asia and the Pacific	2,791
South Asia	1,447
Europe and Central Asia	3,581
Latin America and the Caribbean	6,145
Middle East and North Africa	1,326
Global	45
TOTAL	**$ 16,777**

WHY

IFC strategy emphasizes sectors targeted for their high potential for sustained development impact.



COMMITMENTS BY STRATEGY,* FY03

- Financial (50%)
- Infrastructure** (11%)
- Info. and communication technologies (4%)
- Health and education (1%)
- Small and medium enterprises† (10%)

* Data in this chart refer to transactions signed for IFC's own account and syndications.
** Not including information and communications.
† SME investments are derived from all industry sectors.

Financial consists of finance and insurance, and funds. Infrastructure consists of utilities and transportation.

Board of Directors

PERSPECTIVE AND OVERSIGHT FOR IFC

LETTER TO THE BOARD OF GOVERNORS

The Board of Directors of the International Finance Corporation has had this annual report prepared in accordance with the Corporation's by-laws. James D. Wolfensohn, president of IFC and chairman of the Board of Directors, has submitted this report with the accompanying audited financial statements to the Board of Governors.

The Directors are pleased to report that for the fiscal year ended June 30, 2003, IFC expanded its sustainable development impact through private sector project financing operations and advisory activities.

This year the Board of Directors approved a number of individual investments and maintained close oversight of development and implementation of IFC strategy. The Board was heavily involved in discussion of IFC's strategic directions, which outline the overall framework for future IFC activities.

During FY03 the Board emphasized coordination and mutually reinforcing efforts among World Bank Group units, especially in pursuing sustainable private sector development in client countries. They welcomed ongoing discussion of how IFC is

FROM LEFT TO RIGHT: (Standing) Yahya Abdullah M. Alyahya, Zhu Guangyao, Jakub Karnowski,* Pietro Veglio, Pierre Duquesne, Eckhardt Biskup,* Eugene Miagkov, Finn Jønck, Carole Brookins, Louis A. Kasekende, Paulo F. Gomes, Amaury Bier, Neil F. Hyden, Alieto Guadagni, Kurt Bayer. (Seated) Rapee Asumpinpong, Tanwir Ali Agha, Mahdy Ismail Aljazzaf, Rosemary B. Stevenson,* Ad Melkert, Chander Mohan Vasudev, Marcel Masse.

*Alternate director; some directors or alternates were not available for this photograph.

DIRECTORS*	ALTERNATES
Tanwir Ali Agha	Sid Ahmed Dib
Mahdy Ismail Aljazzaf	Mohamed Kamel Amr
Yahya Abdullah M. Alyahya	Abdulrahman M. Almofadhi
Rapee Asumpinpong	Hadiyanto
Kurt Bayer	Gino Alzetta
Amaury Bier	Gil S. Beltran
Carole Brookins	Robert B. Holland, III
Eckhard Deutscher	Eckhardt Biskup
Pierre Duquesne	Emmanuel Moulin
Paulo F. Gomes	Louis Philippe Ong Seng
Alieto Guadagni	Alfonso C. Revollo
Yuzo Harada	Masanori Yoshida
Neil F. Hyden	Dong-Soo Chin
Finn Jønck	Inkeri Hirvensalo
Louis A. Kasekende	J. Mills Jones
Per Kurowski	Maria Jesus Fernandez
Alexey Kvasov	Eugene Miagkov
Marcel Masse	Sharon Weber
Ad Melkert	Tamara Solyanyk
Franco Passacantando	Helena Cordeiro
Tom Scholar	Rosemary B. Stevenson
Chander Mohan Vasudev	Akbar Ali Khan
Pietro Veglio	Jakub Karnowski
Zhu Guangyao	Wu Jinkang

* As of June 30, 2003

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helping meet the Millennium Development Goals. Directors also reviewed country-specific operations and discussed nine joint World Bank–IFC country assistance strategies and related products.

Directors stressed their support of IFC's priorities, including emerging and frontier markets, technical assistance and advisory services to help improve investment climates, and small and medium enterprises. Directors underscored the significance of IFC's presence in difficult country environments as a central component of its development mandate. They recognized IFC's countercyclical role in the face of heightened investor uncertainty and volatility of capital flows to developing countries.

In keeping with its oversight responsibility, the Board discussed the annual review on operations evaluation and the IFC management response. The Board appreciated the positive dialogue between IFC management and the Operations Evaluation Group. Directors stressed collaboration across the Bank Group on investment climate issues as an important determinant of IFC portfolio quality. They also emphasized improved risk assessment based on IFC's experience.

With respect to the annual portfolio performance review, the Board was pleased with the Corporation's performance despite continued difficulty in the global economic environment. They reviewed IFC's financial management and commended IFC's leadership for protecting the Corporation's financial integrity without compromising its development mandate. They stressed the need to maintain profitability while increasing development impact.

IFC GOVERNANCE

The International Finance Corporation's member countries, through a Board of Governors and a Board of Directors, guide IFC's programs and activities. Each country appoints one governor and one alternate. IFC corporate powers are vested in the Board of Governors, which delegates most of its powers to a board of 24 directors. Their voting power on issues brought before them is weighted according to the share capital each director represents.

The directors meet regularly at World Bank Group headquarters in Washington, D.C., where they review and decide on investment projects and provide overall strategic guidance to IFC management. Directors also serve on one or more of five standing committees, which help the Board discharge its oversight responsibilities through in-depth examinations of policies and procedures.

The Audit Committee advises the Board on financial and risk management, corporate governance, and oversight issues to enhance Board decision-making on these matters; the Audit Committee regularly reviews its terms of reference to reflect the evolving scope and responsibilities of audit committees' roles in oversight and risk management. The Budget Committee considers certain aspects of business processes, administrative policies, standards, and budget issues that have a significant impact on the cost-effectiveness of Bank Group operations. The Committee on Development Effectiveness advises the Board on selected issues concerning operations and policy evaluation and development effectiveness with a view to monitoring progress toward the Bank's mission of poverty reduction. The Personnel Committee advises the Board on compensation and other significant personnel policies. Directors also serve on the Committee on Governance and Executive Directors' Administrative Matters, whose name now reflects the expansion of its mandate to include Board governance.

James D. Wolfensohn is president of each World Bank Group institution: IFC; the World Bank—which consists of the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA); the Multilateral Investment Guarantee Agency (MIGA); and the International Centre for Settlement of Investment Disputes (ICSID). Mr. Wolfensohn also serves as chairman of the Board. Peter Woicke oversees the day-to-day operations of IFC. He assumed the position of executive vice president of IFC in 1999 and is also a managing director of the World Bank. In the latter role he is charged with the Bank's private sector operations and with formulation of a coordinated private sector development strategy for the World Bank Group.

MESSAGE FROM The Executive Vice President

What a difference a year makes. Last year, IFC faced record-setting levels of loss provisions, mainly reflecting our portfolio exposure in Argentina. This year, by contrast, has exceeded our most optimistic projections. Helped by declining interest rates and improvements in the business climates of some markets, our operating income was well over $500 million, more than three times last year's figure and one of our highest on record. More important, the institution showed some real growth again, with commitments 25 percent over those of the previous year.

Among the new investments, some 67 percent were in sectors we prioritize because of their high development impact: financial markets, infrastructure, information technology, and health and education. Lending to small and medium enterprises directly and through intermediaries amounted to $450 million, or 12 percent of new financing for IFC's account. Our overall portfolio, including guarantees and other risk management products, grew by more than 8 percent for the fiscal year.

It is interesting to reflect on these results in light of the substantial reorganization that IFC underwent at the beginning of the fiscal year. We decided to pursue these changes because we recognized that the needs of the frontier markets could be better met by a strategy and structure that went beyond our traditional, Washington-centric approach to project finance. The financing of private companies and entrepreneurs in developing countries required quicker responses, a wider array of products—including technical

Executive Vice President Peter Woicke (left) and President James D. Wolfensohn.

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assistance and advice—and above all, a stronger involvement by IFC at the project planning stage. We needed to be closer to new and existing clients and more actively engaged with them, not only to assist them in implementing projects but also to find broader opportunities in the emerging markets.

We opted for a structure that allows our staff in the regions to take responsibility for regional and client strategies, while the global industry departments, in close cooperation with the regions, are called upon to execute the deals. We are also integrating our rapidly growing technical assistance capabilities into our regional strategies.

Moving people, particularly seasoned staff, into the field is not an easy task. Spouses with jobs, children in school, and the belief that working at headquarters is better for a career are obvious obstacles. Hence, incentives to move families need to be improved and new career paths established, to change IFC from a Washington-based institution to one that is field-based and client-focused. But we have made a good start already. We have demonstrated that a public institution can adapt quickly and that change can be achieved while keeping costs down. Yet at the same time, we have developed new products and services for our clients.

New Directions in Our Business

This past year we intensified our efforts on trade facilities, microfinance, housing finance, risk mitigation, local currency financing, and securitization. Our structured finance operations, for instance, included the use of bond issues to mobilize funding for clients beyond IFC's own exposure. Our activities not only responded creatively to the evolving needs of the private sector in developing countries but in some instances staked out new ways of doing business.

For example, in Brazil, Guatemala, and India, we helped arrange some of the first carbon emissions transactions, including the biggest deal to date under the Kyoto Protocol's Clean Development Mechanism. In Argentina and Brazil, we played a key countercyclical role, helping induce commercial banks and other partners to establish large trade facilities that address the reduction of short-term export credit. In China, we helped set up one of the first major sales of nonperforming loans to help reduce these to a more manageable level.

World Bank Group Collaboration

With the slowing of the global economy in recent years, we have seen a greater emphasis in many countries, even the poorest ones, on economic growth and thus on establishing a better environment for the private sector. These countries are also recognizing the need to build a better infrastructure, which is essential to attracting private sector investments. The World Bank Group's expertise on investment climate issues—including the launch of *Doing Business*, a report on how difficult it is to establish and operate new businesses in our member countries—will be helpful when these countries formulate private sector strategies.

This research will be complemented by new business models. Specifically, many projects in developing countries will come to successful fruition only through public-private partnerships. It is gratifying to see that IFC began to tap the International Development Association (IDA), the source of concessional lending to the world's poorest countries, for innovative projects that blend public funding with private capital. Such public-private partnerships will be essential to success. An early example of this is the Pamir power project in Tajikistan, where IFC has teamed with IDA and other partners. More recently, IFC has begun working with IDA to fund an initiative for sustainable development of micro and small enterprises in Sub-Saharan Africa.

The World Bank Group will also have to find ways of financing subsovereign governments, which are taking on greater responsibility for water, electricity, and other infrastructure deliveries. Unfortunately, local governments often lack access to financing and technical expertise. Having already arranged the first municipal water financing in Mexico, we have now created a joint IFC-World Bank unit to explore the new horizons of subsovereign financing.

Sustainability Impact

Private sector development in poor countries is not just about making investments. Enlightened companies—not only in the developed world but also in China, India, Eastern Europe, and Latin America—have recognized that long-term profitability is best enhanced and guaranteed when these investments are made in an environmentally friendly way, when affected people participate in the process, and when local communities receive a real benefit from the investments. Above all, through its management capability the private sector can often make substantial contributions to poverty alleviation, as many of our clients have recognized. Needless to say, not only do we encourage our clients on this path, but with our expertise on environmental and social matters, our knowledge of local supply-chain enhancement, and our HIV/AIDS program, we actively support the private sector in maximizing its sustainability impact.

In this respect, we are extremely pleased and proud that in June 2003, ten leading international banks adopted the Equator Principles. These banks agreed to a set of environmental and social policies and guidelines, based on those of the World Bank and IFC, that they will apply to their project financing worldwide. Since the launch, four more banks have agreed to these principles, and others are expected to join this group soon. IFC not only advised on the substance of these principles but also played a central role in negotiating the agreement.

These banks see that there is a bottom-line value in having clear, understandable, and responsible standards for investing in emerging markets, which perfectly illustrates the business case for sustainability. For the ten founding banks alone, the Equator Principles will affect about $100 billion in global investment over the next 10 years, in industries ranging from forestry and manufacturing to infrastructure and extractive industries.

For IFC, this move shows the huge potential for our leadership on issues of sustainability. It shows that we can help businesses recognize the ways their interests align with those of people in developing countries and with the well-being of the global environment.

Executive Vice President Peter Woicke and the IFC vice presidents.

FROM LEFT TO RIGHT: (Standing) Michael Klein, Nina Shapiro, Assaad Jabre. (Seated) Farida Khambata, Peter Woicke, Dorothy Berry. Not pictured: Carol Lee.

For IFC organizational chart, see p. 114.

BRETON LITTLEHALES

Looking Ahead

A number of challenges remain ahead of us. Other multilateral development banks are increasingly offering competing financial products, and market conditions are expected to remain volatile. We have yet to reap the full potential synergies that are spread across our growing noncommercial activities, ranging from technical assistance and investment climate research to environmental and social expertise and the various project development facilities.

We also need to establish better ways to measure the effectiveness of these noncommercial activities. And we need to build on the Equator Principles to bring more of the world's global businesses on board with sustainability.

We can face the new fiscal year, however, with a renewed resolve. We are well positioned to take on such critical tasks as revising the IFC safeguard policies, mainstreaming the implementation of environmental and social issues within our investment departments, and segmenting our markets and improving our business promotion. We also expect to roll out a revamped strategy for our work in Africa after finalizing it with our Board of Directors.

Our staff have adapted to change while demonstrating innovation and teamwork. I have every confidence that we can continue to thrive and grow in the year ahead, through a steady, energetic attention to sound investment, sustainable development impact, and client satisfaction—and with commitment to our overall mission, poverty reduction.

IFC headquarters in Washington, D.C.

Peter Woicke
Executive Vice President

Innovation, Impact, Sustainability
IFC'S COMMITMENT

At the International Finance Corporation our mandate is to further sustainable economic development through the private sector. We pursue this goal through innovative solutions to the challenges of development, as we invest in companies and financial institutions in emerging markets and as we help build business skills. We consider positive developmental impact an integral part of good business, and we focus much of our effort on the countries with the greatest need for investment. We recognize that economic growth is sustainable only if it is environmentally and socially sound and helps improve the quality of life for those living in developing countries.

RICHARD LORD

CLOCKWISE, FROM ABOVE: Companies benefiting from IFC financing include the GIIS cardboard factory in Ghana, Asaka Bank in Uzbekistan, and TelecomAsia in Thailand.

PANOS

Innovation…

In fiscal 2003, IFC pioneered a number of new approaches to private sector development.

- In Mexico, we entered the municipal finance market for the first time.
- In China, we developed a new approach to the problem of nonperforming loans.
- In Tajikistan, we helped a private company restore hydropower plants while ensuring affordable energy for local people and safeguarding the environment.
- From India to Russia to Vietnam, we invested in cutting-edge information technology firms and trained workers to increase their high-tech skills.
- In all regions, we worked to increase the role of smaller businesses as suppliers of goods and services to the larger companies in which we invest.

RICHARD LORD

STRUCTURED FINANCE

IFC increasingly offers structured finance solutions to clients, including partial credit guarantees and securitizations. These tools are part of IFC's broader strategy to help build domestic capital markets and expand the local currency financing options for clients in developing countries. The bond issues that result enable clients to raise a significantly larger amount of capital than that represented by IFC's own exposure. By guaranteeing part of the risk in financing transactions, we encourage investors, especially financial institutions and institutional investors, to participate in transactions that they would not otherwise consider. Typically, our involvement serves to enhance credit and lengthen tenors.

Clients benefiting from structured finance activities in fiscal 2003 included a university in Chile (see box, p. 51), a leasing company in Saudi Arabia, a telecommunications company in Thailand, and banks in Brazil and Russia. In Colombia, IFC worked with a secondary mortgage company, a bank, and a firm providing water and sanitation service in the city of Barranquilla. Through all our structured finance transactions, IFC mobilized a total of $836.75 million during FY03.

Impact…

IFC seeks out business sectors with the greatest potential for raising living standards.

We place special emphasis on countries that have low incomes or present high risks for investors, and we pinpoint ways that they can improve their investment climates. We also remain committed to addressing the evolving needs of the private sector in middle-income countries.

- For our investments—ranging from a port in Pakistan to microfinance banks in Azerbaijan, Chad, and El Salvador—we work to leverage the positive impact of the projects we finance.
- But because investment alone is sometimes insufficient, we provide technical assistance and advisory services to help ensure that business loans and equity investments, now and in the future, will have sustained economic benefits.
- In countries experiencing economic downturns, we also play a critical role, making working capital available and leading the way for the private sector to invest again.

THE EQUATOR PRINCIPLES

In June 2003, ten major international banks adopted the Equator Principles, a voluntary set of guidelines based on the environmental and social guidelines and safeguard policies of IFC. These principles will be applied to the project finance activities of these banks, globally and in all industry sectors. In drafting the Equator Principles, the banks received extensive advice and guidance from IFC. These ten banks underwrote about $14.5 billion in project loans during 2002, representing some 30 percent of the project loan syndication market globally. The following banks adopted the Equator Principles:

- ABN AMRO Bank, N.V.
- Barclays PLC
- Citigroup, Inc.
- Credit Lyonnais
- Credit Suisse Group
- HVB Group
- Rabobank
- Royal Bank of Scotland
- WestLB AG
- WestpacBanking Corporation

Sustainability…

Sustainable development—improving corporate governance and taking environmental and social issues into account—is at the heart of IFC's business.

But we go even further: we explore ways to turn sustainable development into commercial opportunities. Fiscal year 2003 saw a range of these activities:

- We maintained our commitment to smaller businesses by providing a wide range of technical assistance and advisory services and by helping financial institutions serve these clients.
- We helped industrial companies reduce greenhouse gas emissions, in some cases through sales in an emerging market for carbon emission credits.
- We educated employers and workers through the IFC Against AIDS program and helped the Brazilian government launch its Zero Hunger initiative.

PROVIDING ELECTRICITY AND SAFEGUARDING THE ENVIRONMENT

With the collapse of the Soviet Union, the subsequent civil war, and sharp economic decline, the diesel generation plants in the Gorno-Badakhshan region of eastern Tajikistan ceased to operate. As a result, the population of this very poor region has come to depend on wood as fuel, and an estimated 70 percent of the tree cover has been cut down in a decade. Schools and other public institutions have had to close during the coldest weather, indoor pollution has become acute, and economic activity has been stifled. IFC and the Aga Khan Fund for Economic Development have established Pamir Energy, a private concessionaire that is taking control of hydropower plants and other facilities that serve 250,000 residents and were previously state owned. The project, the first private investment in the power sector in Tajikistan, will double the capacity of a Soviet-era power plant, improve transmission and distribution facilities, and regulate the level of a lake to ensure adequate flow in the winter. The project also aims to reduce emissions and natural resource depletion. It will create local contract employment during construction, and a more reliable power supply will contribute to the region's economic recovery.

IFC is investing $8 million in the new company, of which $3.5 million is in equity and $4.5 million in loans. With donor support, we earlier provided the technical assistance needed to structure and fund this investment. In an innovative example of IFC–World Bank cooperation, IDA is providing $10 million to the Tajik government to help keep tariff rates affordable for the local population. A further grant from the Swiss government will ensure that a minimum monthly supply of electricity is delivered at a very low rate to even the poorest households.

Investments and Services
WHERE THEY MAKE THE MOST DIFFERENCE

IFC focuses its efforts where they make the greatest difference. We invest in the sectors and countries that the private sector is unwilling or unable to enter on its own, either because of an adverse economic situation or because business success has not been demonstrated there before. We also play a catalytic role for other project sponsors, including commercial banks, to invest in developing countries.

Through technical assistance, advisory services, and research, we are helping developing countries improve their investment climates and strengthen the capacity of their private sector to expand and operate. These nonlending services from IFC and its World Bank Group partners help ensure that a country's economy will benefit over the long term from private sector investment.

IFC also demonstrates its commitment to countries in economic crisis, playing a key countercyclical role when there is a retreat of private capital. In fiscal 2003, we helped clients in Brazil and Argentina secure vital trade financing, in collaboration with international banks through the B-loan program (see box, p. 53). Similar investments we made in East Asia during the crisis of the late 1990s have brought long-term economic benefits.


LINDA YOUNG

WHAT IS IFC'S FRONTIER STRATEGY?

IFC places an emphasis on countries where there is little or no foreign capital flow. To be considered "frontier" by IFC, a country must be either low income, as defined by the World Bank, or high risk, with a rating of 30 or below or unrated according to *Institutional Investor*. IFC helps private companies and financial institutions invest in these countries. Along with the World Bank, we also look for ways to strengthen investment climates, providing advisory services and technical assistance that enable businesses to acquire the skills and know-how that lead to prosperous, sustainable enterprises.

PANOS

Investment Climate and the World Bank Group

A sound legal and regulatory environment is necessary for firms to invest, improve productivity, and create jobs. That environment includes protection of property rights, access to credit, and efficient contract enforcement. But we need to know more about the specific institutional reforms that lead to a favorable environment for doing business.

The Doing Business project, a joint initiative of IFC and the World Bank, fills this gap by creating new, quantitative indicators on business regulations and their enforcement and by analyzing the relationship of these regulations to economic outcomes. The indicators can be compared over time and across more than 130 countries. Topics covered include business registration, labor regulations, contract enforcement, creditor rights, and bankruptcy. New topics will be added in 2004 and 2005 and updated annually. Findings will be published in the annual *Doing Business* report—launched this year in both Web and hard-copy versions—as well as an online database of indicators, academic papers, and country analyses.

The Doing Business indicators can be used to identify specific opportunities for reforming the business environment. They also enable policymakers and investors to compare countries and monitor change. Indicators are already being used in broader World Bank Group efforts to monitor development effectiveness and allocate funding through IDA for low-interest loans to the world's poorest countries. Doing Business is part of the World Bank Group's increasing emphasis on investment climate issues. During 2003 the Bank Group established a new vice presidency for Private Sector Development to coordinate work on investment climate. The new vice president was also named IFC chief economist.

MBA students in a pilot internship program, which pairs business students from Africa, Asia, and Eastern Europe with counterparts from global business programs in developed countries, to work in small and medium enterprises.

STRENGTHENING ECONOMIES THROUGH BUSINESS EDUCATION

The successful development of emerging economies—and of IFC's client companies—depends on the skills and experience of local people. With this in mind, IFC is partnering with business schools around the world to launch a pilot program, the Global Business School Network. The goal is to build the capacity of local businesspeople by working with schools of business management in developing and transition countries. Focusing on the needs of local firms, the capacity building will include faculty training, fellowships, development of locally relevant curricula such as case studies and other teaching materials, and e-learning.

This unique approach is enlisting the participation of leading global business schools. It creates—for the first time—a multilateral approach to managerial capacity building, enabling activities that an individual school could not carry out on its own. By making global business knowledge more applicable and accessible to local firms, including small and medium enterprises, the initiative addresses the shortage of business management skills, a major factor inhibiting growth and poverty reduction.

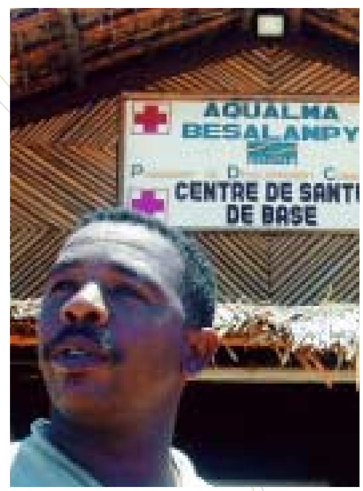
IFC is providing support to the pilot initiative for FY04 and has established a unit to promote and administer its activities. Through its experience and contacts, IFC can help bring together schools, firms, and interested donors to develop sustainable education programs in business management. Early results will be assessed in the coming year.

Priority Sectors for Development

IFC emphasizes sectors that have a high impact on the economies of developing countries, because they reach large numbers of people or benefit many other sectors of the economy. These priorities include the financial sector, health and education, infrastructure, information and communication technologies, and small and medium enterprises: together, they represent about 70 percent of IFC's operations.

For these and other sectors, we also aim for development impact by providing technical assistance and advisory services.

- **The financial sector.** IFC's work ranges from capital investments in existing commercial banks to establishment of new microfinance institutions. Equally critical are the training and advice IFC provides to improve corporate governance, share knowledge about best practices, and extend lending to reach even the poorest people.
- **Infrastructure.** IFC helps increase private sector involvement in providing clean water, electricity, and better transportation to more people in developing countries. The municipal water company in Tlalnepantla, Mexico, is an innovative example.
- **Health and education.** IFC is helping expand the role of the private sector in hospitals and schools, facilities that have sometimes been seen as solely the concern of governments. In addition to investing in a university in Chile and a producer of organically grown pharmaceuticals in Egypt, we have remained committed to IFC Against AIDS, recognizing that HIV poses a critical barrier to economic growth in many countries.



OLIVER RYAN

ABOVE AND LEFT: The Aqualma project established a hospital in Madagascar, the only medical facility in an underserved area.

OLIVER RYAN

RICHARD LORD

- **Information and communication technologies.** IFC is helping broaden the reach of telecommunications, including the Internet, in client countries. As our investment in Novica shows, these technologies can give local entrepreneurs a global market (see box).
- **Small and medium enterprises.** IFC's services to smaller businesses complement our larger investments and help strengthen the economies of developing countries.

IFC Enters the Municipal Finance Market

Municipal governments provide most essential infrastructure services in developing countries but usually lack access to market financing. With a $3 million partial credit guarantee for a water project in Mexico, IFC has entered the municipal finance market. Partnering with a private bank, IFC will provide a peso-denominated guarantee to a private Mexican trust, which will issue bonds up to $8.8 million equivalent in the local capital market. Bond proceeds will be used to provide a loan to the city of Tlalnepantla and its municipal water company for design and construction of a wastewater treatment plant. IFC also helped secure a $5 million letter of credit from a private lender.

This project is both the first municipal bond offering in Mexico that is not reliant on sovereign support and the World Bank Group's first direct financial support to a municipality. It creates a model whereby municipalities in Mexico can secure financing entirely through their own revenues rather than a federal guarantee or assignment of federal transfers—and can mitigate their foreign exchange risk. The transaction also introduces a new local asset class for the country's capital markets.

The wastewater treatment plant, the first in Mexico's most industrialized municipality, will stop sewage from flowing untreated into the Rio San Javier. The plant will recycle residential and industrial wastewater for industrial reuse and free up potable water. It should also relieve pressure on heavily exploited groundwater aquifers.

To expand its work with municipalities and other subsovereign governments, IFC has established the Municipal Fund, a joint endeavor with the World Bank. This unit will mobilize funds and make direct investments in municipalities without taking sovereign guarantees.

COURTESY OF NOVICA

LOCAL ARTISTS—GLOBAL SALES

IFC gets wired with its $1.5 million equity investment in Novica, a Web-based art and artisan marketplace. Novica's Internet presence—which includes online retail, wholesale, and catalog distribution channels with sourcing hubs in seven developing countries—creates a link between more than 1,800 artist and artisan groups in emerging market countries and consumers throughout the world. The project had its origins in a $200,000 grant from IFC's Capacity Building Facility to upgrade the skills of supplier artisans in Ghana, Indonesia, Peru, and other countries.

IFC's investment in Novica will not only help these small-scale producers find their way out of poverty but also help others as success allows for the hiring of additional employees. It also broadens the use of technology among people who were not previously part of the global marketplace.

Novica's focus on quality and authenticity helps its artisans preserve their cultural heritage and prevents the loss of high-quality skills that often occurs when craftsmen focus on low-cost buyers. IFC is also working with Novica's artisan groups to build supplier capacity, allowing them to enter more profitable markets. The Novica Web site is www.novica.com.

Building Capacity for Business

IFC supports private sector development both by investing and by providing technical assistance and advisory services that strengthen businesses. Key capacity-building initiatives include training and advisory services for small and medium enterprises, investments in small business, and development facilities serving regions or addressing specific issues of sustainability.

Small and Medium Enterprises

Small and medium enterprises—companies with 10 to 300 employees and annual sales of $100,000 to $15 million—are the lifeblood of developing economies, especially those that attract little foreign direct investment.

Along with microenterprises—firms with fewer than 10 employees and less than $100,000 turnover—these businesses provide employment for vast portions of local populations and are a critical engine of economic growth and poverty reduction.

Strengthening smaller firms is a strategic priority for IFC. Efforts center on helping countries provide four key building blocks: business-enabling environments, access to capital, access to business development services, and greater links to large-scale investment projects.

RICHARD LORD

MPDF

IFC has two primary tools in micro and small business development: its network of multidonor SME facilities and the pilots and partnerships program funded through its SME Capacity Building Facility. Rather than providing financing themselves, the SME facilities tailor products and services to meet local demand and seek to recover costs by charging appropriate fees to clients. In Africa, IFC is also a shareholder in AMSCO, a management services company with a related donor-funded training arm.

ABOVE: Hagar Soya. **TOP RIGHT:** Hagar Design.

There are eight SME facilities now active, with more than 400 field-based staff in 32 countries and an annual combined budget of more than $35 million. This year new facilities opened in South Asia, North Africa, and Indonesia's eastern islands, and another for Latin America received Board approval.

SME Facilities

Africa Project Development Facility
Sub-Saharan Africa
China Project Development Facility
Sichuan Province, China
Indonesia Enterprise Development Facility
Eastern islands of Indonesia
Mekong Private Sector Development Facility
Cambodia, Laos, Vietnam
North Africa Enterprise Development
Algeria, Egypt, Morocco
SouthAsia Enterprise Development Facility
Bangladesh, Bhutan, northeast India, Nepal
Southeast Europe Enterprise Development
Albania, Bosnia and Herzegovina, Kosovo, FYR Macedonia, Serbia and Montenegro
South Pacific Project Facility
Pacific islands

(Facility addresses and donor information can be found on p. 119.)

INVESTMENT AT THE GRASS-ROOTS LEVEL

In frontier markets where private capital flows are limited at best, grass-roots groups' income generation projects can make a big difference in poor people's lives. This year, for example, the Mekong Private Sector Development Facility helped create a commercially viable small business in partnership with Hagar, a Cambodian nongovernmental organization that has rebuilt the lives of 20,000 destitute mothers and children over the past decade.

MPDF has been active with Hagar since 1999, providing business advice on the planned commercialization of the nonprofit group's silk handicrafts and soy milk production activities. For the latter, MPDF conducted a market study that showed great potential demand for a repackaged product. It then helped shape the business proposal that this year attracted a $450,000 IFC equity investment in newly launched Hagar Soya Ltd. and agreed to provide postinvestment marketing and sales support to Hagar as well. This financing will allow Hagar Soya to expand its daily output from 300 to as many as 12,000 liters per day. It will use locally grown soybeans to produce a nutritious drink that is affordable for Cambodia's poor and often malnourished population.

MPDF has also helped Hagar Design, enabling it to obtain $65,000 in funding from IFC's SME Capacity Building Facility to improve its silk production operations. Hagar Design has established an international market and employs more than 50 previously disadvantaged women to sew high-quality handbags, table mats, and other fabric products.

Private Enterprise Partnership

The Private Enterprise Partnership is IFC's technical assistance program in the former Soviet Union.

The partnership is funded jointly by IFC, which has allocated an annual budget of $4.6 million through FY06, and donor governments, which have provided a total of $41 million from the partnership's founding in 2000 through the end of FY03. The partnership implements programs to build financial markets, link local companies into supply and distribution chains of larger companies, improve corporate governance practices, and strengthen business support services and the regulatory environment for small enterprises. This serves the partnership's objective to build and strengthen the private sector and economic growth in these countries. The partnership's technical assistance has facilitated $799 million in investment, including $68 million from IFC.

LINKING SMALL BUSINESS TO A MAJOR INVESTMENT

In the remote Magadan region of the Russian Far East, where IFC and its partners have invested in a gold mine, the Private Enterprise Partnership is ensuring that local small businesses share the benefits of industrial development. Through technical assistance, the partnership is helping these firms become reliable suppliers of goods and services to the mine.

The Tauyskaya Dolina farm, located in Talon, a village of 600 people isolated from other parts of the region, is an example of how the partnership can facilitate the process. The partnership helped the farm secure a contract with the mine, supplying 60 tons of potatoes in place of imports from the United States and other parts of Russia.

As part of its ongoing commitment to small businesses in the region, the partnership is helping Tauyskaya Dolina strengthen its management and production practices and find new markets, such as the city of Magadan, which currently imports more than two-thirds of the potatoes for sale in stores. The partnership is also working with the farm to expand its vegetable production to include carrots, cabbage, beets, and greens for supplying workers in local mines.

COURTESY OF FORD

WHO'S WHO IN THE PRIVATE ENTERPRISE PARTNERSHIP

Countries served: Armenia, Azerbaijan, Belarus, Georgia, Kyrgyz Republic, Russia, Tajikistan, Ukraine, Uzbekistan.

Donor governments: Canada, Finland, the Netherlands, Norway, Sweden, Switzerland, the United Kingdom, the United States.

(Donors for specific projects are listed in the table of Technical Assistance and Advisory Projects on p. 98.)

ABOVE: A farmer in Magadan; a Ford assembly plant in Russia.
OPPOSITE: Ecotourism yurts in Mongolia; a poison dart frog.

NICK FLANDERS

Environmental and Social Facilities

As part of its focus on sustainability, during FY 2003 IFC established resources that provide technical assistance and funding to help companies in specific aspects of environmental and social development:

- **Corporate Citizenship Facility.** This facility supports the development of good practice in community development, environmental stewardship, and labor standards. The facility also disseminates good practices and helps IFC project clients take a more proactive approach to corporate social responsibility, beyond compliance with environmental and social requirements. Costs of the programs are shared by the facility and client companies. The facility supported a conference in Latin America where businesses advised each other on ways to achieve sustainability and is working to improve supply chain practices in Ecuador's banana industry.
- **Environmental Opportunities Facility.** This facility supports projects that offer innovative private sector solutions to local environmental issues. Such projects produce goods or services that reduce pollution or improve the use of resources such as water and energy. The facility provides funds for project development and flexible financing to help overcome barriers to such projects and move them toward commercial viability. Projects under consideration include a technology that delivers small-scale, low-cost water purification and a venture to reduce liquid waste from pulp factories.
- **Sustainable Financial Markets Facility.** This facility promotes environmentally and socially responsible lending and investment, both through IFC's financial intermediaries and in the financial sector of emerging markets generally. Funded by grants, these programs include training and technical assistance to build financial institutions' understanding of environmental and social issues and the capacity to address them. Activities include expansion of sustainability training for financial institutions in Africa and support for the growth of socially responsible investment funds in emerging markets.

SUSTAINABLE ECONOMIC BENEFITS FROM SAVING SPECIES

As part of its commitment to preserving biodiversity in developing countries, IFC has launched innovative projects in Peru and Mongolia in partnership with local civil society organizations. The projects are funded by the Global Environment Facility.

In the rainforests of Peru, IFC is working with two nongovernmental organizations to establish a ranching and export business for poison dart frogs. This will help rural communities generate income from a practice that enriches the rainforest rather than depleting its diversity. The project should stabilize or increase the population of at least 60 frog species, many of which have been smuggled out. It will also employ about 250 families and conserve more than 3,000 hectares of tropical forest.

In northern Mongolia, IFC assisted in a river conservation project that will protect the Siberian salmon, a threatened fish species, and provide a sustainable source of income for local nomadic communities. The project contributes $1 million to help the Taiman Conservation Fund, a nongovernmental organization, develop a financially sustainable conservation management system for the Eg-Urr watershed. The plan allows for development of low-impact tourism in this wild and scenic waterway.

A Broad Impact on Society

Through its Sustainability Initiative, IFC aims to ensure that environmental and social benefits are at the center of economic growth. As part of the World Bank Group, IFC is committed to helping reduce poverty and to furthering concrete progress toward the Millennium Development Goals that the international community has set for achievement by 2015.

While IFC gives special priority to sectors with the broadest developmental impact, we pay attention to environmental and social issues in all of our investment and advisory work. We recognize that a social crisis such as hunger or HIV/AIDS cannot be ignored in countries where the economy needs to grow and where economic benefits need to be shared more broadly. We help our client companies become better neighbors to their communities and take seriously our own role as a neighbor and global citizen.

Progress on the Sustainability Initiative is detailed in IFC's Sustainability Review, published separately. The summary begins on page 65.

COURTESY OF ODEBRECHT

ABOVE: Odebrecht peer educators at Carnaval 2003. **OPPOSITE, TOP:** The HIV/AIDS information center at one of Odebrecht's sites in Angola.

FIGHTING AIDS, HELPING WORKERS

HIV/AIDS has direct consequences for a company's bottom line. Costs rise for workers' insurance, health care, and death benefits. Firms also experience higher absenteeism, staff turnover, lower productivity, declining morale, and a shrinking consumer base. While a company's revenues and profits decrease, its costs of doing business increase because its suppliers, distributors, and the public sector are also affected, leading to disruptions throughout the economy.

Odebrecht, a Brazilian construction company operating in Angola, earmarked $1 million of a $280 million IFC loan to efforts to fight AIDS. IFC and Odebrecht launched an education, prevention, and care program targeted at the workforce and the communities of the company's Angolan operations, reaching some 30,000 people. The program trains educators and leaders at five sites to inform people about the risks of HIV. The program also places special emphasis on improving women's health and preventing transmission from mother to infant. It distributes male and female condoms, encourages confidential testing of workers and their families, provides treatment of sexually transmitted diseases, and explains the company's protections for HIV-positive workers. The program stresses that no one is discriminated against for having contracted HIV/AIDS. Odebrecht helps these employees stay on the job as long as possible and provides assistance if they become too ill to work.

The initiative is part of the IFC Against AIDS program. It shows how companies can protect their business while investing in the future of their workers and contributing to a developing country's overall AIDS strategy.

COURTESY OF ODEBRECHT

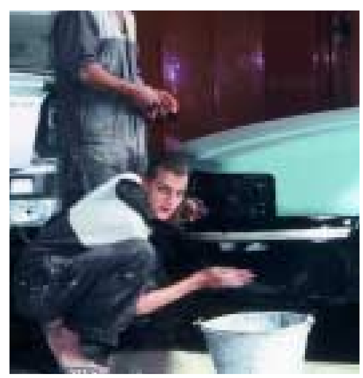
INTRODUCING DISADVANTAGED PEOPLE TO PRIVATE SECTOR WORK

A Chance to Work is an international program that helps disadvantaged people find work in the communities where the World Bank Group and its private sector partners operate. The program provides six months of paid work and on-the-job training in skills the private sector demands, after which participants enter the job market.

Since its inception as a community outreach effort by IFC's Legal Department, A Chance to Work has helped disadvantaged people find more than 100 jobs. Upon completing the program, participants have found steady work in offices, hotels, assisted-living centers, law firms, beauty salons, retail stores, and other businesses. In Washington, D.C., outreach participants are identified through community organizations and religious charities. These organizations provide support to participants, including psychological counseling and tutoring to earn their high school diploma.

In Cairo, participants have developed skills in plumbing and automotive bodywork through a pilot project. Participants have found jobs to support themselves and their families as a result. The socially responsible employers who participate also benefit from dedicated and motivated workers. The program in Cairo is administered by the LEAD Foundation, an Egyptian nongovernmental organization supported by the local private sector and international donors. IFC provides technical assistance to the foundation.

An IFC team is also preparing a pilot project in Moscow.



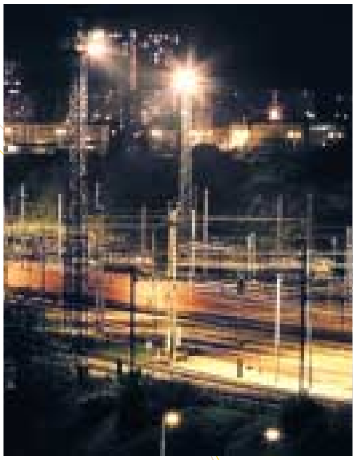
ANTON VAN RUITEN (2)

ABOVE AND LEFT: Participants in a pilot program of A Chance to Work at Mansour, an automotive repair shop in Cairo.

Improving Use of Resources

Focusing on sustainability makes good sense for business. IFC's current work in the energy sector—with utilities, private companies, and financial institutions—provides examples of how innovative approaches to project finance can allow the private sector to achieve environmental benefits while enhancing profitability.

Our investments, for example, include projects that commercialize energy efficiency in several Central European countries (see box). IFC is also breaking new ground in the market for greenhouse gas emission reductions—also called carbon credits—together with government and private sector buyers of emission reductions and sponsors in developing countries (see box). Industrialized countries that ratify the Kyoto Protocol will be required, once it comes into force, to reduce emissions they produce domestically. These countries can also meet a part of their obligation by purchasing carbon credits from projects in developing countries.



IFC supports this market-based approach through several World Bank Group facilities that purchase carbon credits. For developing countries, the sale of carbon credits will encourage the transfer of cleaner technologies at an effectively reduced cost. For developed countries, the purchase of credits increases the range of options for complying with the Kyoto Protocol. Use of a market-based system is a groundbreaking step for achieving environmentally beneficial impacts globally, and IFC is actively facilitating the development of this market.

COMMERCIALIZING ENERGY EFFICIENCY FINANCE

Central European countries remain three to five times more inefficient in energy use than their Western European neighbors. This inefficiency impairs economic competitiveness, creates social pressures, causes air pollution, and poses obstacles to EU accession. The demand for new, energy-efficient technologies is strong, but there is little capital available. Local financial intermediaries consider energy efficiency projects high risk because of their novelty and the difficulty in structuring collateral.

To promote such projects, IFC, in partnership with the Global Environment Facility, has established a $90 million guarantee facility, including up to $75 million invested by IFC. The facility provides a partial guarantee for loans made by local financial intermediaries when they invest in energy efficiency projects. This innovative structure will enable IFC to leverage more than $225 million in private capital investments. IFC implemented a pilot project in Hungary in 1997 and expanded the initiative to the Czech Republic, Estonia, Latvia, Lithuania, and Slovakia in June 2002.

The goal is to build a sustainable market for financing energy efficiency. The initiative uses a combination of technical assistance and credit enhancement instruments to enable local financial institutions to develop a profitable business in energy efficiency lending.

This effort will have significant economic, environmental, and social benefits, and it supports the participating countries' targets for EU accession. Examples of program impacts in Hungary include investments in projects to upgrade street lighting in small towns in the poorest parts of the country and to replace outdated, unreliable heating technologies in hospitals.

NIELS VESTERGAARD

MARKET MECHANISMS THAT REDUCE EMISSIONS

In addition to offering project financing, for eligible projects IFC can help companies increase their income while reducing environmental impacts. For example, IFC recently committed $15 million in financing to Balrampur Chini Mills Limited, one of India's premier sugar companies, to help finance a 20-megawatt cogeneration plant that will produce electricity from the biomass waste product of its sugar operations. The IFC-Netherlands Carbon Facility is also negotiating to purchase up to 2 million tonnes of emission reductions from their operations.

Another example of combining conventional project financing and carbon financing to help companies lower costs and increase efficiency is the El Canadá hydroelectric project in western Guatemala, which will displace about 144,000 tonnes annually of greenhouse gas emissions that would otherwise be generated through thermal plants. In addition to $27 million in financing (including a $12 million syndicated loan), IFC collaborated with the sponsors and the Prototype Carbon Fund to arrange carbon credit financing.

IFC is also promoting the market for greenhouse gas emission reductions by helping companies in which it is not investing directly. This year the IFC-Netherlands facility struck a €15 million deal to purchase 5 million tonnes of emission reductions from V&M do Brasil, a leading producer of steel tubes in Brazil that uses sustainably produced biomass charcoal instead of coal in its steel production. Revenues from this sale of carbon credits will be used by the company to continue maintaining its biomass plantations. IFC also facilitated a one-time sale of 400,000 tonnes of credits by V&M to Toyota Tsusho Corporation of Japan.

NIELS VESTERGAARD

ABOVE: A jetty used to import liquid petroleum gas to China. **LEFT:** Liquid steel at the Ispat Karmet plant, Kazakhstan.

Products and Services

INVESTMENT PRODUCTS

Equity and Quasi-Equity

IFC risks its own capital by buying shares in project companies, other project entities, financial institutions, and portfolio or private equity funds. We generally subscribe to between 5 and 20 percent of a project's equity. We will not normally hold more than a 35 percent stake or be the largest shareholder in a project. We are a long-term investor in our projects. When it comes time to sell, we prefer to exit by selling shares either in a trade sale or, if liquidity permits, in a capital market following a public offering.

With quasi-equity instruments we invest through products that have both debt and equity characteristics. Some instruments, like subordinated loans and convertible debt, impose fixed-repayment schedules. Others, such as preferred stock and income notes, do not require such rigid repayment arrangements.

Loans and Intermediary Services

We finance projects and companies through our A-loans, which are for IFC's own account. IFC cannot accept government guarantees. Maturities of A-loans generally range between 7 and 12 years at origination, but some loans have been extended to as long as 20 years. While most IFC loans are provided in major currencies, we are expanding our capacity to offer local currency loans.

We carry out comprehensive due diligence before investing in any project. Because of our extensive lending experience in developing countries, we are uniquely qualified to evaluate the risks associated with projects. We are willing to extend loans that are repaid only from the cash flow of the project, with only limited recourse or without recourse to the sponsors.

We also make loans to intermediary banks, leasing companies, and other financial institutions through credit lines that result in further on-lending. These credit lines are often targeted to small businesses.

Mobilization

Mobilization of private sector financing in developing countries is fundamental to the fulfillment of IFC's role as a development catalyst. We broaden our impact by mobilizing loans from other financial institutions that are willing to participate with IFC in extending credit to clients in the emerging markets.

Syndicated loans, or B-loans, are a key part of IFC's mobilization efforts. Through this mechanism, financial institutions share fully in the commercial credit risk of projects, while IFC remains the lender of record. Participants in IFC's loans share in the advantages that IFC derives as a multilateral development institution, including preferred access to foreign exchange. Where applicable, these participant banks are also exempted from the mandatory provisioning requirements that regulatory authorities may impose.

In addition, IFC offers structured finance solutions to clients, including partial credit guarantees and securitizations. These enable clients to raise a significantly larger amount of capital than that represented by IFC's own exposure. This is especially important for mobilizing local currency funds in the domestic market from institutional investors and financial institutions.

Guarantees and Risk Management

Guarantees on financial instruments and stand-by financing provide opportunities for IFC to extend credit in a manner that helps clients access capital markets and gain borrowing flexibility. Products include credit guarantees on loans and bonds, trade enhancement and forfaiting facilities, and loan facilities.

IFC commonly provides partial credit guarantees on bonds and loans and, in limited circumstances, full credit guarantees on local currency loans. Credit guarantees cover all credit risks during a specified portion of the financing term or up to a specified capped amount and often serve to extend maturities beyond what private creditors would otherwise provide. Guarantees in local currency support client needs while helping develop local financial markets. In the international bond markets, a foreign currency partial credit guarantee helps an IFC client company diversify funding sources by establishing its own credit with international investors.

IFC offers partial credit guarantees on trade enhancement and forfaiting facilities. These facilities help partner banks expand or extend trade financing programs for local importers and exporters when such programs are constrained by country limits or other factors. Small and medium enterprises often benefit from these programs, since they otherwise would have limited or high-cost access to trade finance. Loan facilities provide partial credit guarantees for general loan programs that serve small and medium enterprises. Through such facilities, partner banks are able to expand or extend their lending programs to targeted sectors in local or foreign currency.

IFC's risk management products provide clients with access to long-term derivatives markets. Currency-hedging instruments allow clients to hedge their foreign exchange exposures, typically related to foreign currency borrowings. With the development of emerging market derivatives, IFC offers hedges into local currency where these markets exist. IFC also provides derivative products to enable clients to manage their interest rate and commodity price risks.

OTHER SERVICES

Advisory Services

IFC advisory services are designed to improve the investment climate in member countries and the business practices of companies in which we invest. They play an increasingly important role in the way IFC approaches its investment activities.

We undertake a wide array of financial market advisory assignments, specializing in securities markets and in banking and credit institutions. Assignments address areas such as local debt market development and capacity building at financial institutions.

The work of the Private Sector Advisory Services, jointly managed by IFC and the World Bank, covers policy issues, sector advice, and specific transactions. Our activity in this area includes advice on competition policy, privatization structuring, and policy analysis of foreign investment issues.

Technical Assistance

Technical assistance further complements IFC's investment activities by offering advisory and training services to governments and private companies. IFC manages special project development facilities that help small and medium enterprises. IFC also manages the Technical Assistance Trust Funds program, which is supported by donor governments and an allocation from IFC's own budget. These funds sponsor feasibility and sector studies, training initiatives, environmental and social review of projects, and advisory assignments to governments.

Operations

In FY 2003, more than 67 percent of our new investments were in our priority sectors of finance, infrastructure, information technology, and health and education. The share of these investments in frontier countries, either high-risk or low-income, was 28 percent.

Overview

IFC signed investment commitments of $5.03 billion for 204 projects in FY03, of which $1.18 billion were mobilized through loan syndications, compared with $3.61 billion in IFC commitments for FY02, of which $518 million were syndications. IFC provides a range of products and services for clients, including loans, equity, quasi-equity, guarantees, and risk management products that are funded through IFC's own financial resources. It also syndicates participations in its loans to international financial institutions. Of the $3.85 billion investment commitments IFC signed for its own account, $344 million were for equity investments, $368 million were for quasi-equity investments, $2.60 billion were for loan agreements, $429 million were for guarantees, and $106 million were for risk management products. Based on the total project costs of our FY03 projects, each $1 in IFC commitments for our own account resulted in an additional $3.74 in funding from other sources.

Our investment portfolio at June 30, 2003, included $16.8 billion for IFC's own account and $6.6 billion in syndicated loans held for others. We added 143 companies to our portfolio this year, and 156 companies left the portfolio. Five-year data on investment approvals, commitments, and disbursements appear on the opposite page.

Investment projects are further detailed in the regional and operational sections that follow. A complete list appears in the project tables beginning on page 78.

JOHN FIEGE

A tailor's shop in Bangladesh.

RICHARD LORD

IFC OPERATIONS AND RESOURCES, FY99-FY03

For the year ending June 30 (millions of U.S. dollars)

	FY99	FY00	FY01	FY02	FY03
OPERATIONS					
Investment commitments					
Number of projects*	225	205	199	204	204
Total commitments signed**	$ 3,640	3,867	3,931	3,608†	5,033
For IFC's own account**	2,842	2,337	2,732	3,090†	3,852
Held for others	798	1,530	1,199	518	1,181
Investment approvals					
Number of projects	255	259	239	223	186
Total financing approved**	$ 5,280	5,846	5,357	5,835	5,449
For IFC's own account**	3,505	3,505	3,742	4,006	3,991
Held for others	1,775	2,341	1,615	1,829	1,458
Total project costs	15,578	21,136	16,747	15,514	13,006
Investment disbursements					
Total financing disbursed	$ 3,296	3,307	2,370	2,072	4,468
For IFC's own account	2,102	2,210	1,535	1,498	2,959
Held for others	1,194	1,097	835	574	1,509
Committed portfolio‡					
Number of firms	1,280	1,333	1,378	1,402	1,378
Total committed portfolio**	$ 21,685	22,168	21,851	21,569	23,379
For IFC's own account**	13,364	13,962	14,321	15,049	16,777
Held for others	8,321	8,206	7,530	6,519	6,602
RESOURCES AND INCOME					
(millions of U.S. dollars)					
Capitalization					
Borrowings	12,429	14,919	15,457	16,581	17,315
Paid-in capital	2,350	2,358	2,360	2,360	2,360
Retained earnings	2,998	3,378	3,723	3,938	4,425
Operating income	249	380	241	161	528
Net income	249	380	345	215	487

Some data from previous fiscal years have been revised.
* Includes first commitment to projects in the fiscal year. Projects involving financing to more than one company are counted as one commitment.
** Includes loan guarantees and risk management products.
† Revised FY02 figures.
‡ Total committed portfolio and held for others include securitized loans.

BALANCE SHEET HIGHLIGHTS

For the year ending June 30 (millions of U.S. dollars)

	FY99	FY00	FY01	FY02	FY03
ASSETS					
Liquid assets, *excluding derivatives*	11,369	13,740	14,581	16,924	17,004
Investments	10,039	10,940	10,909	10,734	12,002
Reserve against losses	-1,825	-1,973	-2,213	-2,771	-2,625
Net investments	8,214	8,967	8,696	7,963	9,377
Derivative assets	12,290	14,224	1,143	1,077	1,734
Receivables and other assets	1,583	1,788	1,750	1,775	3,428
Total assets	33,456	38,719	26,170	27,739	31,543
LIABILITIES					
Borrowings outstanding	12,430	14,919	15,457	16,581	17,315
Derivative liabilities	13,011	14,990	1,768	1,576	1,264
Payables and other liabilities	2,671	3,077	2,850	3,278	6,175
Total liabilities	28,112	32,986	20,075	21,435	24,754
CAPITAL					
Capital stock	2,350	2,358	2,360	2,360	2,360
Retained earnings	2,998	3,378	3,723	3,938	4,425
Other	-4	-3	12	6	4
Total capital	5,344	5,733	6,095	6,304	6,789

Note: As a result of the adoption of new accounting standards on derivatives and hedging in FY01, with respect to investments, borrowings, and derivative assets and liabilities, the balance sheets from FY01 onward are not comparable with prior fiscal-year-end balance sheets.

INCOME STATEMENT HIGHLIGHTS

For the year ending June 30 (millions of U.S. dollars)

	FY99	FY00	FY01	FY02	FY03
Interest and financial fees from loans	607	694	732*	547*	477
Interest from time deposits and securities	547	634	773*	493*	318
Charges on borrowings	-670	-812	-961	-438	-226
Net interest income	484	516	544	602	569
Net gains and losses on trading activities	-15	-38	87	31	157
Income from equity investments	265	262	222	428	195
Provision for losses on investments and guarantees	-333	-215	-402	-657	-98
Net noninterest expense	-152	-145	-210	-243	-295
Operating income	249	380	241	161	528
Other unrealized gains and losses on financial instruments	—	—	11	54	-41
Cumulative effect of change in accounting principle	—	—	93	—	—
Net income	249	380	345	215	487

*Reclassified to conform to FY 2003 presentation.

Sub-Saharan Africa

SEEKING SUSTAINABLE ECONOMIC GROWTH

The global economic slowdown has had a less pronounced impact on Africa than on other regions. It has, however, depressed commodity prices for Africa's principal exports. While many prices stabilized in the past year, they have yet to recover. Slow growth of exports has been compounded by a decline in the tourism industry, which has been hard hit by the aftermath of the September 11 terrorist attacks as well as by war in Iraq.

On the domestic front, long-standing conflicts in Angola and the Democratic Republic of Congo have shown some positive progress. But political crises continue to haunt two countries that formerly led the region in attracting private sector investment, Côte d'Ivoire and Zimbabwe.

African governments have maintained prudent macroeconomic policies despite trade losses and other challenges. But even with these policies in place, the average growth rate in Sub-Saharan Africa is less than half what is needed to make significant inroads in reducing poverty. In real terms, GDP growth slowed from 3.2 percent in 2000 to 2.9 percent in 2001 to 2.6 percent in 2002. In addition to declines in exports and tourism, severe droughts disrupted agricultural production in southern and eastern Africa. Agriculture remains the foundation of most African economies, supporting more than 70 percent of the population and contributing an average of 30 percent of GDP.

The New Partnership for African Development, an African initiative that promises to bring improved governance and economic development, progressed further during the year and will help attract new investment for key projects. African exports to the United States, excluding oil, increased by 10 percent for 2002. This growth, boosted by the free trade treatment available under the U.S. African Growth and Opportunity Act, demonstrates Africa's potential for expanding manufactured exports.

IFC ACTIVITIES

Despite a difficult economic and political environment, IFC maintained a strong presence in the region, completing projects with significant development impact in particularly challenging countries and sectors.

IFC supported leading investments in conflict-affected countries. In the Democratic Republic of Congo we funded expansion of the leading cellular telephone operator with a second round of financing. Our first postwar investment in Angola, in a new microfinance bank, is expected to take place in the new fiscal year.

RIGHT: IFC helped Sikaman Savings and Loan make a microenterprise loan to this dressmaker in Ghana.

RICHARD LORD

Angola
Benin
Botswana
Burkina Faso
Burundi
Cameroon
Cape Verde
Central African Republic
Chad
Comoros
Democratic Republic of Congo
Republic of Congo
Côte d'Ivoire
Djibouti
Equatorial Guinea
Eritrea
Ethiopia
Gabon
The Gambia
Ghana
Guinea
Guinea-Bissau
Kenya
Lesotho
Liberia
Madagascar
Malawi
Mali
Mauritania
Mauritius
Mozambique
Namibia
Niger
Nigeria
Rwanda
Senegal
Seychelles
Sierra Leone
Somalia
South Africa
Sudan
Swaziland
Tanzania
Togo
Uganda
Zambia
Zimbabwe

PROJECT FINANCING AND PORTFOLIO — Millions of USD

	FY02	FY03
Financing committed for IFC's account	252	140
Loans	181	91
Equity and quasi-equity*	53	29
Loan guarantees and risk management	17	20
Loan syndications signed	0	26
TOTAL COMMITMENTS SIGNED	**252**	**167**
Committed portfolio for IFC's account	1,560	1,442
Loans	1,018	973
Equity	425	409
Loan guarantees and risk management	117	60
Committed portfolio held for others (loan participations)	233	254
TOTAL COMMITTED PORTFOLIO	**1,793**	**1,696**

* Includes loan and equity-type, quasi-equity investments.
Note: All numbers reflect rounding.

COURTESY OF SABCO

IFC financing is helping SABCO, a South African soft-drink firm, expand its presence in Africa.

IFC AND IDA
Teaming Up in Africa

This year IFC began working with the International Development Association, the World Bank's concessional lending arm, on a major new initiative to support sustainable development of smaller businesses in Sub-Saharan Africa. Expected to launch in fiscal 2004, the program will unite the two World Bank Group institutions in a coordinated, multicountry approach, with initial efforts in Burkina Faso, Ghana, Mali, Mozambique, Nigeria, Rwanda, Tanzania, and Uganda. Over a three- to four-year period, the program will combine the resources of IDA, IFC, the Africa Project Development Facility, and other partners to focus on access to capital, technical assistance and capacity building, and an improved environment for business.

In Mali, for example, the program will complement the government's comprehensive agenda to enhance economic growth. IDA and other donors have provided debt relief to support structural reforms, including expansion of a private sector composed mainly of smaller businesses. The initiative will also help create a commercial microfinance institution in Mali, support APDF's training work with the local bankers' association, and run a mentorship program for firms that receive financing. The West African Enterprise Network and APDF will also work to improve the capacity of local business consultants, and IFC's Nigeria-based microenterprise capacity-building program will expand into Mali. The efforts in Mali will build on a strong base started in FY03 with donor country support, including the basing in Bamako of a full-time IFC coordinator for small and medium enterprises.

CHAD
Smaller Businesses Grow with the Oil Industry

In 2003, the first oil will be pumped from the Chad oilfields and make its way down the pipeline for export. IFC and the World Bank played a key role in financing the project, minimizing its environmental footprint, and helping ensure that Chad's oil revenues contribute to development. To date, the project has generated $441 million in local procurement in Chad and Cameroon, created employment for more than 12,000 local people, and contributed over $400 million to infrastructure improvements. IFC has also helped launch the Chad SME Initiative.

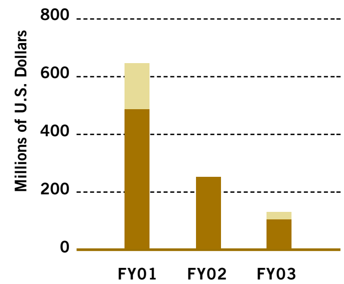
The initiative includes several capacity-building programs in such areas as agribusiness creation, training and support for microenterprises in N'Djamena and the petroleum zone, technical assistance to banks and training of loan officers through the Africa Project Development Facility, and a campaign to provide information about small business opportunities and raise awareness about HIV.

The Chad SME Initiative also includes an access-to-finance component that has significantly increased financing options for smaller businesses. In 2003, IFC provided a €1 million four-year term facility to Financial Bank, along with technical assistance, to help expand the term-lending options to the private sector. In addition, IFC has arranged for a senior international banker to work closely with Financial Bank Tchad and Commercial Bank Tchad.

While Financial Bank's term credit operations target local small businesses, Finadev, a microfinance institution in Chad, provides access to credit to microentrepreneurs. IFC made a capital investment in Finadev and along with donor funds is providing technical assistance to help the new microfinance bank build its operations, including a branch to serve the oil-producing region. Finadev has now made more than 3,800 small loans, ranging from $50 to $1,000, and is playing a key role in extending basic financial services to people who would not otherwise be served by established banks.

COURTESY OF EXXON-MOBIL

COMMITMENTS, FY01–FY03
Sub-Saharan Africa



PROJECTS AND COUNTRIES, FY01–FY03
Sub-Saharan Africa

COMMITMENTS	FY01	FY02	FY03
Number of projects	47	37	**21**
Number of countries	23	24	**13**

In sectors suffering from the global recession, IFC supported regional firms that continued to grow and invest. IFC helped Kenya Airways enlarge its fleet, building on a successful track record since its IFC-assisted privatization in 1995. IFC also advised the Tanzanian government on the privatization of Air Tanzania, successfully completing the sale (see box).

IFC provided critical support to institutions that finance smaller enterprises. We helped establish a regional holding company that will acquire banks through privatizations—banks that in turn have many branches and can establish microfinance networks on a national scale. In Chad, we provided funding to two commercial banks, helped establish a new microfinance bank, and designed and began implementing the Chad SME Initiative (see box). The Africa Project Development Facility provided training to banks in the region to facilitate the expansion of small business lending.

Improving access to finance is just one element of supporting Africa's small businesses. IFC also provides training, capacity building, management, and other services through its SME programs and facilities, including the Africa Project Development Facility and the African Management Services Company (see box).

IFC supports sustainable development of Africa's natural resources. In South Africa, we invested in the New Africa Mining Fund, an investment and capacity-building program to boost small mining firms and expand black involvement in the industry. In Botswana, IFC safeguards will help ensure that exploration in sensitive areas by Kalahari Diamonds Limited is conducted in a socially and environmentally responsible manner. IFC support for a Nigerian-owned oil services company, Adamac, has helped the firm increase the local benefits from the oil sector and has helped it attract other commercial capital. In Mozambique, IFC is advising the government on privatization of the national oil distribution company and on potential development of a major coal resource.

To help Africa realize its potential for commercial agriculture, IFC is working to boost exports. IFC invested in a fishing operation in Namibia and provided technical assistance to help Ghanaian producers increase sales to a major European grocery chain.

IFC continued working to develop financial institutions. We increased our equity investment in South Africa's only mortgage-backed issuer of securities. We also helped West African banks enhance their ability to conduct trade finance via a trade enhancement facility with a leading international bank active in the region.

In 2003, IFC developed a new strategic approach to promoting private investment in Africa, which we will begin implementing in FY 2004. IFC recognizes the critical role of small and medium enterprises and is seeking to expand significantly the capacity building, access to information, and provision of finance to smaller businesses in Africa. IFC will also seek to address constraints on investment and play a more proactive role in developing new investment projects. These approaches should increase IFC's impact in the region and help build the volume of IFC investments in Africa in the future.

APDF
Adding Value to IFC Investments

Through its advisory services to small and medium enterprises, the Africa Project Development Facility can broaden the impact of IFC's investments and make us a partner of choice for project sponsors in the region. The financial sector, for example, is an investment priority for IFC, and during FY 2003 nearly 70 financial institutions in West and Central Africa sent their bankers to SME finance courses organized by APDF.

One of IFC's notable recent transactions in the region is the $37 million financing of SABCO, a leading South African Coca-Cola bottler, to help it expand into Ethiopia, Kenya, Mozambique, Tanzania, and Uganda. APDF is helping the company find ways to work with local small businesses that can bring its products into untapped local markets. Supported by a $60,000 grant from the Capacity Building Facility, APDF is assessing the company's recent outsourcing of some distribution functions to smaller businesses in Kenya, identifying the training needs of these businesses, and developing programs to make them stronger partners for the larger bottling firm.

In Ghana, APDF has sparked a nationwide microfinance initiative that complements IFC's role in the recent launch of a new commercial microlender, Sikaman Savings and Loan. APDF has mobilized $600,000 from multilateral and bilateral sources to help local microfinance institutions expand their outreach to rural women and other target groups while achieving managerial and financial sustainability.

TANZANIA
The Skies Are Opening through Privatization

To improve service, attract investment and professional management, and develop Dar-es-Salaam as a hub for air service, the government of Tanzania recently privatized the national airline, Air Tanzania. With donor funding, IFC advised on the transaction through the Private Sector Advisory Services and also played a key role during the privatization process, as the airline was in financial difficulties and needed substantial restructuring before sale.

South African Airways emerged as the winning bidder, paying $20 million for a 49 percent stake: $10 million in cash to the government and $10 million as a capital injection into the airline. SAA shares the objective of building Dar-es-Salaam into a hub for regional and intercontinental air traffic.

Carried out under a fully liberalized and competitive market structure, the transaction should bring tangible benefits to both customers and the government. In earlier work through the Africa Project Development Facility, IFC also assisted a pioneering private airline in Tanzania, Precision Air. In a bold move that will promote full liberalization and open skies, the aviation policy adopted by the government as part of the Air Tanzania transaction offers no market protection to the airline after privatization.

COURTESY OF AIR TANZANIA

East Asia and the Pacific

IMPROVING THE CLIMATE FOR PRIVATE INVESTMENT

East Asia's recovery saw growth increase from 3.5 percent in 2001 to about 6 percent in 2002. But that recovery is being buffeted by a series of unexpected shocks—emanating from the Iraq crisis and the SARS outbreak in particular—creating new uncertainty for East Asia on the international and regional fronts.

Although China was at the epicenter of SARS, strong growth there is expected to continue. The growth of the private sector and the country's entry into the World Trade Organization are transforming the economy, but ongoing challenges include restructuring the financial sector and state-owned enterprises, improving corporate governance, and raising environmental and social standards. In Vietnam, an improving business environment and the recent trade agreement with the United States have propelled a surge in private investment and exports, creating the conditions for robust growth. In Indonesia, the Philippines, and Thailand, economic recovery has also accelerated. The sustainability of this regional recovery is placed at risk, however, by the unfinished business of corporate and financial sector restructuring, and, in the case of Indonesia, by a challenging investment climate.

IFC's strategic priorities in the region include helping to improve the investment climate, developing local financial markets, and expanding private provision of physical and social infrastructure. IFC is also helping domestic enterprises grow into global players, promoting corporate and financial sector restructuring, and—through its investments and the four project development facilities it manages in the region—reaching out to small businesses.

In fiscal 2003, we supported financial sector reform and development through our investments and advisory work. With Sacombank, IFC made its first investment in Vietnam's banking sector (see box). The investment will strengthen the bank's capital base; along with technical assistance, it will expand the bank's operational capabilities and help it become a well-managed commercial bank in line with international standards and best practices. In China, our equity investment in Xi'an City Commercial Bank—our first for a financial institution in the western region—will help it become one of the area's leading banks, demonstrating IFC's support for a relatively underdeveloped part of the country. We also initiated a training program for commercial banks in China that will introduce international best practices in credit analysis and risk management.

RIGHT: Internet user in Cambodia.

JOHN FIEGE

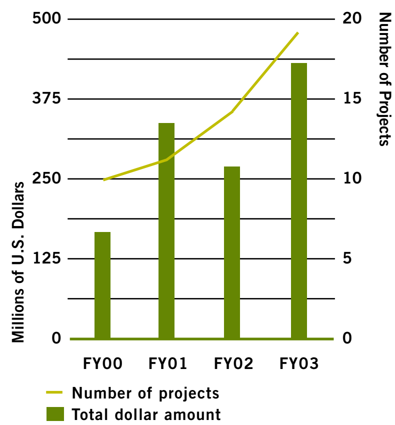
Cambodia
China
Fiji
Indonesia
Kiribati
Republic of Korea
Lao People's Democratic Republic
Malaysia
Marshall Islands
Federated States of Micronesia
Mongolia
Myanmar
Palau
Papua New Guinea
Philippines
Samoa
Solomon Islands
Thailand
Tonga
Vanuatu
Vietnam

PROJECT FINANCING AND PORTFOLIO — Millions of USD

	FY02	FY03
Financing committed for IFC's account	673	573
Loans	282	130
Equity and quasi-equity*	248	183
Loan guarantees and risk management	143	260
Loan syndications signed	67	10
TOTAL COMMITMENTS SIGNED	**740**	**583**
Committed portfolio for IFC's account	2,513	2,791
Loans	1,578	1,354
Equity	601	850
Loan guarantees and risk management	335	587
Committed portfolio held for others (loan participations)	1,510	1,138
TOTAL COMMITTED PORTFOLIO	**4,023**	**3,929**

* Includes loan and equity-type, quasi-equity investments.
Note: All numbers reflect rounding.

FINANCIAL SECTOR COMMITMENTS, FY00–FY03
East Asia and the Pacific



Note: Includes financial sector and funds projects.

IFC is also working to create new financial institutions and products. In China, we have committed investments to help establish a greenfield joint-venture investment bank with BNP Paribas Peregrine; we also created, in partnership with BNP Paribas, one of the first joint-venture fund management companies following China's accession to the World Trade Organization. In response to the shortage of risk management products across the region, we partnered with Deutsche Bank to establish a facility providing credit enhancement to swap transactions.

Nonperforming loans in banking systems across the region pose a threat to economic stability. In China, IFC participated in the first sale of distressed assets initiated by Huarong Asset Management Corporation, which will set a precedent for future sales and help develop the market for nonperforming loans (see box). IFC provided a financing package to the consortium that invested in this portfolio.

Infrastructure, critical to economic development, remains a strategic priority. For example, building on earlier privatization advisory work, we provided financing to Manila

CHINA
Building a Market for Nonperforming Loans

The Chinese banking system has accumulated vast amounts of nonperforming loans through years of lending to unprofitable state-owned enterprises. The high level of such loans poses a threat to economic growth and stability. To support reform of the banking system, the Chinese government formed four asset management corporations in 1999 to take over, manage, and dispose of nonperforming loans. IFC provided $50 million in equity and debt financing to support the sale of a portfolio by Huarong, the largest of these corporations. IFC's participation enhanced the transparency of the process, encouraging foreign participation and contributing to increased competition. This first-of-its-kind transaction, which created the first onshore international and domestic joint-venture vehicle for acquiring Chinese nonperforming loans, will provide much-needed momentum to the development of this market and set the standard for similar transactions.

Water Company in the Philippines for its capital investment (see box). This program, which will expand coverage to lower-income residents, includes innovative arrangements for connection and payment.

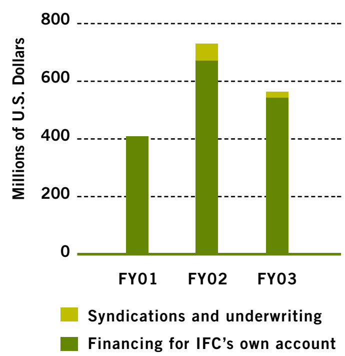
Small and medium enterprises, which account for increasing shares of employment and GDP in regional economies, often lack access to capital and know-how. IFC is helping local financial intermediaries better serve these businesses by providing extensive technical assistance through project development facilities. With that in mind, IFC established the Indonesia Enterprise Development Facility to support the growth of smaller businesses in eastern Indonesia. In the Philippines, we assisted Hong Kong and Shanghai Banking Corporation in establishing a trade facility that helps midsize banks gain access to international banking partners. These banks can then provide trade finance to smaller importers and exporters. To help a smaller firm grow into a global player, we made an equity investment in Glass Egg, a digital media company in Vietnam (see box). We also extended a loan to Jilin Zhengye Agricultural Development Company to establish the largest pig-breeding operation in northeastern China (see box).

IFC is working with Chinese authorities on a framework for better corporate governance; in January 2003 we cosponsored an international conference on the topic in Shanghai. IFC continues to play a leading role in business

CHINA
Modernizing the Livestock Industry

In 2003, IFC lent $15 million to help Jilin Zhengye Agricultural Development Company establish the largest pig-breeding operation in northeastern China. The project will benefit more than 6,000 farmers, who will become more productive and earn higher incomes by raising pigs supplied by the company. Efficiency measures introduced by the project will save the industry $15 million a year in feed costs; combined with improvements in slaughtering, this will mean cheaper and higher-quality meat for consumers. The company will create 1,200 skilled jobs, paying workers about 33 percent above their present wages. IFC also organized technical assistance, including information on modern pig-breeding techniques, to about 3,000 local farmers. The company took over many of its activities from less efficient, financially impaired state-owned enterprises. The investment supports the provincial government's efforts to develop the pig-breeding and corn industries. The project complies with IFC environmental standards and will include upgrades to wastewater treatment and boiler emissions in the company's plants and recycling of animal wastes as fertilizer.

COMMITMENTS, FY01–FY03
East Asia and the Pacific



PROJECTS AND COUNTRIES, FY01–FY03
East Asia and the Pacific

COMMITMENTS	FY01	FY02	FY03
Number of projects	20	33	**31**
Number of countries	6	7	**7**

VIETNAM
Helping an IT Company Expand

Vietnam's recent trade agreement with the United States opens a large new market for high-technology exports, and the country is developing the skills it needs to compete. Recognizing that global companies are often reluctant to work with small startups, IFC has made a $1.75 million equity investment in Glass Egg, a digital media company in Ho Chi Minh City that produces software for computer and video games, contract programming, and 3-D animation. Our investment and other support will allow the company to expand, despite the global downturn in the technology sector and the limited supply of venture capital for Vietnamese companies. It will help Glass Egg open a business development office in the United States. It will also enhance the company's credibility and help secure additional contracts, while generating highly skilled software development jobs in Vietnam. By funding intensive training of new employees, it will also bring higher standards of software services to Vietnam and help the company build a broader international client base. This is IFC's second investment in Vietnam's information technology sector and demonstrates the World Bank Group's commitment to this sector in Vietnam.

THE PHILIPPINES
Privatization Improves Efficiency and Customer Service

Building on earlier privatization advisory work, this year IFC extended financing for the capital investment program of Manila Water Company, a water and wastewater concessionaire operating in metropolitan Manila. The company's concession was awarded to address chronic problems in the water system, including low pressure, intermittent supply, and losses from leaks and unauthorized connections. MWC has made steady improvements in operations, vastly expanding connections and reducing water losses. The project addresses the major development issue of access to clean water and sanitation services in the Philippines. It will reduce waterborne diseases through investments in water quality, lower the average purchase price of water, free up time otherwise spent on collecting and carrying water, and facilitate investment by companies in production processes that require reliable water supply or wastewater treatment. IFC participation demonstrates its support of water privatization when the privatization makes business sense and improves service and reliability for the community.

forums in Vietnam and Cambodia that promote dialogue among government, the business sector, and the donor community on how to improve the business environments in those countries. We also collaborated with the World Bank on a study looking at the environment for private sector growth in Vietnam.

In countries with little or no foreign capital flow, or in areas and sectors within a country with only limited capital, we continue to help companies implement sound investment plans. The renovation and operation of the Villa Apsara Hotel in Cambodia illustrate our frontier-market activities. That project supports development of the local tourism industry and is complemented by work the Mekong Private Sector Development Facility has done with the local hotel association.


LINDA YOUNG

A local fisherman in Vietnam.

VIETNAM
Strengthening a Private Bank

This year, IFC contributed to the development of Vietnam's financial sector by making its first investment in one of the country's private banks. Sacombank has emerged as one of Vietnam's most successful and promising joint-stock banks, with a progressive and dynamic management team. Although Sacombank is still a small player in the banking system, its rapid growth creates a potential for expanding its market share by taking over business from state-owned banks. To help Sacombank realize its potential, IFC invested $3 million as part of a capital increase to enlarge the bank's operational capabilities. In addition, through technical assistance, IFC is advising the bank on ways to become a model institution. This includes assessment and development of risk management systems, particularly the introduction of credit scoring for retail and small business lending, review and improvement of current data management practices and procedures, improvements in collection techniques in small business banking, internal reporting, and compliance with international accounting standards. Early-stage work for the transaction was done by the Mekong Private Sector Development Facility, which arranged for a Sacombank delegation to visit two investee banks in China and see the changes brought about by IFC in corporate governance and management philosophy. Sacombank will continue to work with IFC as it seeks to attract an international bank as a strategic partner.

South Asia

BUILDING INTERNATIONAL COMPETITIVENESS

In the global economic slowdown, South Asia has been a bright spot, sustaining growth of around 5 percent. Growth has been led by the private sector, particularly the services sector in India, which is at the forefront of the growing global market in services. The region also continued to make strides in improving the international competitiveness of its industrial sector.

IFC has committed $386 million in new investments, syndicated $37 million in loans, and provided technical assistance to help companies restructure their operations, access longer-term funding, forge effective partnerships, adopt innovative technologies, and reach new markets.

Among IFC's investments this year are a number of manufacturers seeking to achieve international competitiveness amid declining import tariffs. In India, these include a major automobile manufacturer, Telco; India's third-largest tire manufacturer, Apollo Tyres; Alok Industries; specialized steel wire and rope producer Usha Beltron; Cosmo Films, a producer of polypropylene film packaging; and construction and engineering group Larsen and Toubro. In Bangladesh, IFC helped R.A.K. Ceramics invest in new capacity to manufacture sanitary ware and ceramic tiles (see box).

These companies are bringing new technologies to the South Asian market that are both more cost-effective and more environmentally friendly: radial tires that reduce fuel consumption, for example, and biodegradable packaging materials. IFC is also helping clients implement sustainable business practices. IFC advised Usha Beltron to set up a cogeneration plant that reduces emissions and saves money by generating power from the waste flue gases that its iron plant creates. IFC is also working with Usha Beltron to extend its community development programs in Bihar and Jharkhand, two of India's poorest states (see box). IFC is financing the production of natural gas from offshore fields in Gujarat state, which will improve the availability of cleaner, lower-cost power to industrial users and power generators. In the Maldives, IFC's loan to tourism and logistics company Villa Shipping and Trading Corporation will help it build storage facilities to improve its logistics activities, upgrade environmental protection and safety systems, and install energy-saving solar water heating systems at its resorts.

RIGHT: Microenterprise activity at a market in Bangladesh.

JOHN FIEGE

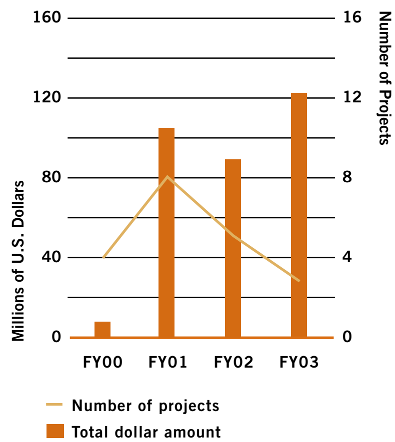
Bangladesh
India
Maldives
Nepal
Sri Lanka

PROJECT FINANCING AND PORTFOLIO Millions of USD

	FY02+	FY03
Financing committed for IFC's account	165	386
Loans	62	349
Equity and quasi-equity*	48	34
Loan guarantees and risk management	55	3
Loan syndications signed	15	37
TOTAL COMMITMENTS SIGNED	**180**	**422**
Committed portfolio for IFC's account	1,314	1,447
Loans	665	929
Equity	456	345
Loan guarantees and risk management	193	172
Committed portfolio held for others (loan participations)	119	140
TOTAL COMMITTED PORTFOLIO	**1,433**	**1,587**

+ Revised FY02 figures, excluding Pakistan.
* Includes loan and equity-type, quasi-equity investments.
Note: All numbers reflect rounding.

FINANCIAL SECTOR COMMITMENTS, FY00–FY03
South Asia



Note: Includes financial sector and funds projects.

INDIA
Helping Farmers through Farm Service Centers

Crop yields in India remain below their potential. Many seeds, chemicals, and fertilizers are of uncertain quality and sold with insufficient guidance. Pesticides are often applied in a haphazard way, with little concern for risks to health and the environment. The reach of public extension services is limited.

The country's largest manufacturer of tractors, Mahindra and Mahindra has a long relationship with the Indian farmer. It has developed a model for commercially run farm service centers: one-stop shops for seeds, fertilizers, and chemicals; rental equipment; market and agronomic information; farming advisory services; and assistance in obtaining crop finance from commercial banks. This model is being established on a franchise basis across India, with IFC as a 28 percent equity partner in the parent company, Mahindra Shubhlabh.

IFC has helped develop a plan to improve the health of farmers and to protect the environment from misuse of agricultural chemicals. This maintains crop-damaging pest populations below the point of economic significance, instead of attempting to eradicate them. Chemical pesticides are used only as a last resort. IFC also helped the company develop a corporate pesticide policy and prepare a manual to assist each farm service center in implementing it.

The first centers opened in 2000. More than 50 are operating today, and, supported by IFC financing, the number is expected to reach 180 by 2006. If successful, the centers will not only provide income and employment for franchisees but also increase agricultural yields, reduce production costs, and lessen dependency on chemical pest control.

LUDWINA JOSEPH

SEDF
Progress on Trade and Water Supply

Based in Dhaka, the SouthAsia Enterprise Development Facility delivers technical assistance to Bangladesh, Bhutan, Nepal, and neighboring states of northeast India to increase access to finance and business development services, improve the business environment, and develop commercial links between large corporations and small businesses. Launched in October 2002, it has already attracted $37 million in funding from a wide range of partners for programs to strengthen the smaller firms that comprise much of the private sector in the areas it serves.

The facility is working with firms in key sectors such as agribusiness, ready-made garments, IT, and light engineering. It is also helping local banks gain new skills for lending to smaller enterprises. In Bangladesh, it has partnered with Canada's largest business group to increase the amount of business the two countries do together. An SEDF-organized Canadian trade mission to Dhaka this year resulted in the signing of new trade and investment agreements totaling $17 million. These include plans for a bottling plant in Bangladesh as a joint venture between a local partner and Ontario-based Cott Corporation.

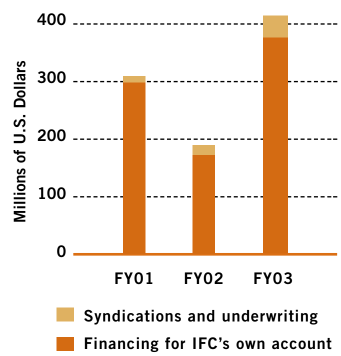
SEDF also teamed with IFC's Environmental Opportunities Facility to support an innovative Bangladeshi start-up company, Shapla Water Products, whose low-cost water filter technology removes arsenic from contaminated local drinking water, a major public health problem in Bangladesh.

SEDF is also working with local chambers of commerce to remove barriers to cross-border trade between northeast India and Bangladesh and is defining its agenda for Bhutan. (Bhutan is a member of the World Bank but not IFC.)

A cellular telephone user in Bangladesh.

JOHN FIEGE

COMMITMENTS, FY01–FY03
South Asia



PROJECTS AND COUNTRIES, FY01–FY03
South Asia

COMMITMENTS	FY01	FY02	FY03
Number of projects	24	9	**18**
Number of countries	4	4	**4**

INDIA
The IT Industry Moves into Chip Design

The Indian software industry has experienced tremendous growth, exceeding $12 billion in revenues last year. Software exports increased 30 percent during fiscal 2002 to reach $10 billion, despite the downturn in the global IT market. To remain competitive globally, however, the Indian IT industry needs to move into higher value-added products and services. NewPath Ventures takes an important step by launching several new companies in the technologically sophisticated field of semiconductor chip design and embedded software. It will use India's high skill base and lower cost structure to compete with more established international chip design companies. IFC invested $10 million in equity and has coinvestment rights for up to $10 million in equity and quasi-equity of selected subsidiary companies.

Unlike a traditional venture capital fund, the company can pursue new business opportunities by drawing on the extensive background of its sponsors—nonresident Indian nationals based in Silicon Valley. These professionals have a world-class track record in the semiconductor design industry and bring the combination of high-level experience, skills, and relationships needed to make entry into this market a success.

IFC is supporting movement of India's IT sector into new, higher-value market segments. Through its investment in NewPath Ventures, IFC will help establish the first Indian companies in the highly specialized area of custom semiconductor systems design and embedded software (see box). Its investment in Dataquest will assist in the expansion of India's emerging animation industry, providing a new source of employment.

Throughout the region, IFC is focusing on building strong financial institutions. In Sri Lanka, IFC bought a 15 percent stake in Commercial Bank of Ceylon from Sri Lanka Insurance Corporation to strengthen the bank and facilitate privatization of the insurance company. Because greater investment in housing directly improves living standards, IFC is also helping housing finance companies mobilize longer-term funding to meet the strong unmet demand for home ownership among the middle and lower-middle classes. IFC has helped the leading Indian mortgage finance company, Housing Development Finance Corporation, access longer-term international funding through a $200 million loan, half of which will be syndicated to international banks. IFC is also investing in niche players like Dewan Housing that are increasing the availability of mortgage finance in India.

Because the uneven quality and availability of infrastructure remain a constraint to economic growth in the region, IFC has continued to pursue investments in this area. However, weak regulatory frameworks and the slow pace of reform have limited private investment opportunities.

In the less developed parts of the region, the growth of small and medium enterprises offers the best prospect for economic success and poverty reduction. To support those businesses, IFC and its partners have created the SouthAsia Enterprise Development Facility (see box).

RICHARD ENGLISH

Krishi Gram Vikas Kendra, sponsored by Usha Beltron, develops agricultural programs for some of the poorest regions in India.

BANGLADESH
Supporting Foreign Investment in Manufacturing

Bangladesh has had little success in attracting foreign direct investment in manufacturing. With limited domestic capacity, it is dependent on imports of many manufactured products. In the fast-growing construction sector, for example, 60 percent of ceramic tiles and sanitary ware are imported. An exception to this lack of local manufacturers is R.A.K. Ceramics Bangladesh, sponsored by the R.A.K. Group, a company based in the United Arab Emirates. R.A.K. started producing ceramic tiles in Bangladesh in 2000 and quickly established itself as a market leader. Since long-term funding is difficult to obtain locally, IFC made a seven-year, $12 million loan to finance expansion of tile-making capacity and the company's diversification into sanitary ware.

The project combines Bangladesh's competitive advantages of plentiful, affordable supplies of clay and natural gas with state-of-the-art technology from SACMI, Italy, a leading European equipment manufacturer. The company will produce high-quality products at internationally competitive prices and at lower cost to Bangladeshi consumers.

INDIA
Reducing Emissions, Helping the Community

Usha Beltron is India's leading manufacturer of specialized wires, steel wire ropes, and rods—and the world's fourth largest. But like other midsize companies in India, it has limited access to long-term financing. IFC played a key role in restructuring Usha Beltron's operations by providing debt and equity financing on its own account and by mobilizing loans from other investors. IFC also provided the company with valuable advice on setting up a cogeneration power plant that will reduce emissions and power costs by using waste flue gases from the company's iron plant to generate power.

Usha Beltron has a strong corporate commitment to community development. It sponsors Krishi Gram Vikas Kendra, a nongovernmental organization whose activities include watershed development projects in more than 50 villages near Usha Beltron's plants; health care and agricultural development programs in two of India's poorest states, Bihar and Jharkhand; and women's enterprise development in partnership with the Self-Employed Women's Association. Usha Beltron also operates research and learning centers that offer training in business management to small businesses and other local manufacturers.

Europe and Central Asia
GROWTH IN THE PRIVATE SECTOR

Europe and Central Asia continue to implement reforms that improve the business climate, and this contributed to overall growth of 4.1 percent for 2002. For IFC, investment opportunities have ranged from manufacturing to agribusiness, with considerable emphasis on helping smaller businesses through the financial sector and technical assistance.

SOUTHERN EUROPE AND CENTRAL ASIA
Steady Progress in Building the Private Sector

IFC activity in Southern Europe and Central Asia reached $587 million in signed commitments during fiscal 2003, a record high and a 54 percent increase from the previous year. Despite the slowdown in the global economy, the region continued to grow, mainly because of sustained momentum for reform in a number of countries. As a result of an improving business environment, IFC expanded its activities in frontier countries such as Azerbaijan, Bosnia and Herzegovina, Tajikistan, and Uzbekistan, where the challenges include weak corporate practices, underdeveloped financial intermediaries, and small markets.

IFC priorities for the region emphasize the financial sector, small businesses, and support for privatization. We continued to focus on investments that have a broad development impact and reflect our commitment to responsible environmental and social performance. An important example is the Pamir Energy project in Tajikistan, where we collaborated with IDA and other partners (see box, p. 13). Through the Private Enterprise Partnership and Southeast Europe Enterprise Development, IFC provided technical support to small and medium enterprises in the region.

LEFT: IFC support to microfinance helped this bakery in Azerbaijan.

NEERAJ JAIN

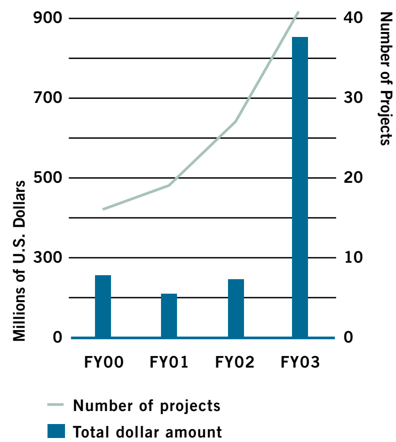
Albania
Armenia
Azerbaijan
Belarus
Bosnia and Herzegovina
Bulgaria
Croatia
Czech Republic
Estonia
Georgia
Hungary
Kazakhstan
Kyrgyz Republic
Latvia
Lithuania
Former Yugoslav Republic of Macedonia
Moldova
Poland
Romania
Russian Federation
Serbia and Montenegro
Slovak Republic
Slovenia
Tajikistan
Turkey
Turkmenistan
Ukraine
Uzbekistan

PROJECT FINANCING AND PORTFOLIO — Millions of USD

	FY02	FY03
Financing committed for IFC's account	664	1,203
Loans	511	968
Equity and quasi-equity*	112	141
Loan guarantees and risk management	42	95
Loan syndications signed	74	190
TOTAL COMMITMENTS SIGNED	**738**	**1,394**
Committed portfolio for IFC's account	2,721	3,581
Loans	2,109	2,898
Equity	531	527
Loan guarantees and risk management	82	156
Committed portfolio held for others (loan participations)	666	785
TOTAL COMMITTED PORTFOLIO	**3,387**	**4,366**

* Includes loan and equity-type, quasi-equity investments.
Note: All numbers reflect rounding.

FINANCIAL SECTOR COMMITMENTS, FY00–FY03
Europe and Central Asia



Note: Includes financial sector and funds projects.

AZERBAIJAN
Helping Small Businesses Access Financing

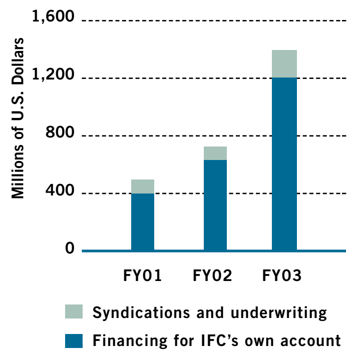
For their enterprises to grow, Azerbaijani entrepreneurs need ongoing, reliable loans at affordable rates. IFC has invested in Microfinance Bank Azerbaijan, the first commercial microfinance bank in the country. The bank provides credit and other financial services on commercial terms to micro, small, and medium enterprises. IFC's equity investment of $1.75 million promotes business growth, generates employment, builds confidence in the banking sector, and introduces commercial microfinance techniques to Azerbaijan. The project encourages creation of similar institutions and extension into microfinance services by existing commercial banks. It provides training for managers and employees that will also be available to other local financial institutions. IFC's involvement in MFBA will improve access to financial services for a large and underserved group of low-income entrepreneurs, whose businesses will generate employment in poor communities.

Supporting Financial Institutions

This year IFC paid particular attention to developing specialized microfinance institutions. Key initiatives were IFC's Central Asia Small Enterprise Fund and, in partnership with EBRD, the Central Asia Micro and Small Enterprise Facility. The former provides equity, quasi-equity, and debt financing to growth-oriented enterprises in the region. The latter increases availability of funds for small enterprises in Kazakhstan, the Kyrgyz Republic, Tajikistan, and Uzbekistan by creating specialized micro and small business finance windows at selected local banks. IFC has successfully established seven microfinance institutions in Eastern and Southern Europe, most recently in Azerbaijan (see box), FYR Macedonia, and Moldova. IFC also committed additional funding for continued development of microfinance banks in Bosnia and Herzegovina and in Serbia and Montenegro. Healthier, better-capitalized small businesses will boost economic growth across all sectors and contribute to a reduction of poverty.

IFC also invested in building intermediaries to channel funds to the small and medium enterprise sector. This year we invested in two local banks in Azerbaijan to transform them into sustainable, competitive financial institutions and build their capacity to support smaller businesses. In Kazakhstan, we developed a corporate-sponsored financing model that involves large corporations in providing technical assistance and business opportunities to smaller enterprises. In Uzbekistan, we extended a loan to the first joint-venture leasing company and a credit line to a local bank to provide dollar-based financing to small and medium enterprises.

COMMITMENTS, FY01–FY03
Europe and Central Asia

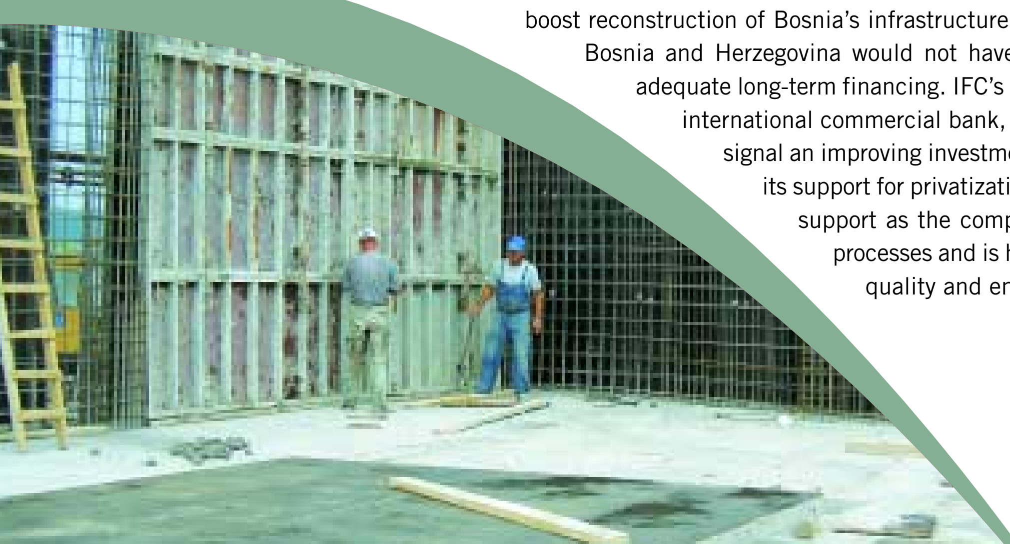


PROJECTS AND COUNTRIES, FY01–FY03
Europe and Central Asia

COMMITMENTS	FY01	FY02	FY03
Number of projects	44	60	**59**
Number of countries	21	19	**18**

BOSNIA AND HERZEGOVINA
Modernizing a Company with Important Economic Impact

IFC has lent $9.79 million to rehabilitate, modernize, and expand Fabrika Cementa Lukavac, a privatized cement production facility in Bosnia and Herzegovina. The project, one of the largest and most visible foreign direct investments in the country, will help meet the country's need for cement to repair buildings, bridges, and other infrastructure damaged during the war. Modernization at Lukavac will lower production costs and enable the company to compete with imports, thus contributing to foreign exchange savings. The project will result in better quality cement and more competitive prices in the local market for construction materials. Lower building costs will in turn boost reconstruction of Bosnia's infrastructure and housing. The financial institutions in Bosnia and Herzegovina would not have been able to provide the sponsors with adequate long-term financing. IFC's involvement, which includes bringing in an international commercial bank, will encourage other potential lenders and signal an improving investment climate in the country. Besides showing its support for privatization by investing, IFC has provided technical support as the company upgraded equipment and production processes and is helping the company obtain certification for quality and environmental management.



COURTESY OF LUKAVAC

PANOS

Giavoni, a jeans manufacturer in Tajikistan. IFC's investment is the largest foreign direct investment in the country.

RUSSIA
IFC Fuels Growth in IT

With scientific expertise and a highly educated workforce, Russia is poised to become a global leader in information technology. The IT sector there is still small but growing rapidly, and IFC is a leading investor.

This year, IFC extended nearly $20 million to Russian IT companies, including a $12 million convertible loan to Information Business Systems. IBS is Russia's largest IT services provider and operates the largest offshore software development company, Luxoft. It is also Russia's biggest distributor of imported computer equipment. IFC financing will help the company restructure and expand its business in offshore programming, management consulting, and local computer assembly. This investment will increase the availability of technology products in Russia and help meet the demand for IT services in corporations and government agencies. IFC is also advising the company on its efforts to reorganize its governance and corporate structure as it prepares for an initial public offering on a Western stock exchange. The project is expected to create hundreds of jobs in Russia; training of this new workforce will expand the skills necessary for Russia to compete globally.

Through the Private Enterprise Partnership, IFC also started an information and communications technologies project in northwest Russia. The project provides technical assistance to Russian companies in the offshore programming sector and links them to counterparts in Western Europe.

To broaden the availability of reliable financial products and services, we invested in established banks. In Bosnia and Herzegovina, Bulgaria, and Croatia, we partnered with local banks to provide lower funding costs for mortgage finance, to make housing more affordable, and to increase private property ownership. In Bosnia and Herzegovina and in Romania, IFC supported privatization in the banking sector. In Bulgaria, Kazakhstan, FYR Macedonia, Moldova, and Turkey, we invested in financial institutions to strengthen their capital base. IFC also provided a multifaceted loan facility to Turkey's largest private sector bank and invested in a regional private equity fund to support export-oriented companies.

Increasing Competitiveness

In manufacturing, we invested in companies with long-term vitality, growth, and profitability, helping them enlarge production capacity to become more competitive in the region. In Tajikistan, in the biggest foreign direct investment in the country, IFC invested to upgrade a textile factory and develop business connections with more than 350 farm families, enabling them to sell high-quality cotton directly to the factory on commercial terms. IFC is also investing in a packaging paper and materials company in Croatia and a cement production facility in Bosnia and Herzegovina (see box). In Turkey, IFC's investment in a manufacturer of consumer electronics will upgrade the company's production to the latest technological standards, helping it become a leading TV exporter in Europe. In addition, IFC invested in a large Turkish glass manufacturer to support modernization and furnace repairs, which should improve product quality and cost competitiveness for its exports.

RICHARD ENGLISH

The town of Khorog, in the region benefiting from the Pamir Energy project in Tajikistan (see box, p. 13).

In Kazakhstan, IFC invested in one of the world's largest gas, oil, and condensate fields. The project will bring significant benefits to local suppliers, including the participation of smaller businesses in the oil and gas sector. Also in Kazakhstan, IFC invested in a business and shopping center to help distribute goods and services from local entrepreneurs. We also supported a Turkish home appliance company in acquiring a Romanian manufacturer of refrigerators.

In Bulgaria, developing a competitive gas market means reducing reliance on imports. Here IFC has invested $17 million in a firm that will develop the Galata gas field. This will also improve the perceptions of other potential investors and raise Bulgaria's standing as a responsible gas transit country.

CAUCASUS AND CENTRAL ASIA
IFC Introduces Leasing

The ability to lease equipment and machinery is vital to startups and smaller enterprises with few fixed assets. Leasing gives businesses access to equipment finance for a relatively small upfront investment and does not require additional collateral. To help small businesses in Armenia, IFC and its partners have established ACBA Leasing, the first private leasing company in the country. IFC provided 27 percent of the company's $1 million equity and a $2 million long-term loan. Leasing will benefit smaller companies that usually face difficulties in obtaining loans from Armenia's undercapitalized banking sector.

Creation of the company follows IFC's technical assistance work in Armenia, including development of leasing legislation. The work in Armenia is part of a larger effort by IFC and its partners to expand leasing based on successful assistance to the sector in Russia, where it had grown to a $2.3 billion industry in 2002. This year the Private Enterprise Partnership began technical assistance programs in Azerbaijan and Georgia to improve legislation and strengthen local expertise on leasing. The partnership also contributed to leasing legislation in the Kyrgyz Republic, Tajikistan, and Uzbekistan. In FY03, IFC invested $2.5 million in the first leasing company in Uzbekistan. In Russia, to date IFC has invested in four leasing companies, providing $19 million for its own account and leveraging $45 million from coinvestors.

BELOW AND BOTTOM LEFT: IFC's investment in Uzbek Leasing helped provide equipment to a paint and enamel production plant and the RASTR publishing house.

PANOS (3)

CENTRAL AND EASTERN EUROPE

Promoting Sustainable Development through Investment and Partnerships

The countries of Central and Eastern Europe continued to experience growth, albeit at slower rates. With the improving business environment, IFC has been able to increase its investment activities in the region, particularly in Russia. Newly committed investments in FY03 exceeded $616 million, a 65 percent increase over last year. IFC mobilized an additional $37.5 million in syndicated loans.

Our role in Eastern Europe is intensifying, with investments in a greater diversity of sectors, including IT, agribusiness, manufacturing, and financial markets. We have also grown geographically, investing across Russia and in the smaller Eastern European economies. Our role in the Central European EU-accession countries, meanwhile, has become more selective, focusing on such innovative areas as energy efficiency and housing finance.

Reflecting its commitment to the former Soviet republics, IFC agreed to support the Private Enterprise Partnership for another three years. The partnership was founded in 2000 to encourage private sector investment and small business growth through technical assistance. Its programs, coupled with IFC investments, allow us to reach difficult markets more effectively. Our work with business associations in Belarus is an interesting example (see box). In FY03, the partnership's work expanded into Georgia and Azerbaijan.

In the IT sector, IFC has invested in two Russian companies, IBS (see box) and Ru-Net. These projects support local entrepreneurs in a key sector where Russia is internationally competitive. The partnership is helping companies in northwest Russia develop markets for offshore programming services.

IFC works closely with the World Bank to promote sustainable development of forestry, another key Russian sector. The Private Enterprise Partnership facilitates foreign direct investment and introduces sustainable forest management practices. IFC has also invested in processors of value-added wood products to improve their efficiency and increase the sector's contribution to the Russian economy.

ANDREI ZUBETS

One of the dairies in Russia benefiting from IFC's investment in the Agro-Industrial Finance Company.

RUSSIA
First Private Company to Finance Primary Agriculture

The agricultural sector in Russia needs access to credit and modern technology, but local institutions have hesitated to invest in this high-risk market. To address this gap, IFC and its partners are each contributing $500,000 in equity and up to $5 million in loans to the new Agro-Industrial Finance Company. As the first private company to fund Russian primary agriculture, it will purchase modern equipment and lease it to farms that have long-term supply contracts with agroprocessors.

This project stems from the Private Enterprise Partnership's technical assistance work with farms that supply milk to Campina, a Dutch dairy processor in the Moscow region. Campina operates a $50 million yogurt production plant, which IFC helped finance with a $9.3 million loan. With donor funding, the partnership advised the farms on modern production methods to increase the quality and quantity of milk and brokered long-term supply contracts with Campina. To reequip farms with modern technologies, the partnership structured $2.1 million in capital investment: $1.4 million from Campina and $700,000 from equipment suppliers. This work has resulted in a 34 percent increase in milk production overall and a 78 percent increase in the share of first- and premium-class milk. It has boosted the farms' milk revenue by 60 percent and doubled the farmers' income.

The new company extends this work to a greater number of client farms. It enhances IFC's efforts to make Russian farms competitive, reliable business partners and to integrate them with agroprocessors. Once the company is operational, the partnership will train local farmers in financial management and consult with them on agricultural management and technology issues.

RUSSIA
A Bank Succeeds by Focusing on Smaller Businesses

NBD Bank in Nizhny Novgorod, about 300 miles from Moscow, often makes loans of $25,000 to $1 million to individual entrepreneurs and small businesses. This is an exception in Russia, where most banks still consider smaller businesses too great a risk. The sector remains underdeveloped by comparison with Central European countries—particularly outside Moscow and St. Petersburg.

Founded in 1992, NBD Bank makes loans to small and medium enterprises, entrepreneurs, and retail banking. The bank is profitable; in 2002, its return on average assets was 1.6 percent and return on equity 9.5 percent. It is the first bank in its region to adopt international accounting standards and report on a quarterly basis.

To help NBD Bank strengthen its capital base and expand its lending to smaller businesses, IFC extended a $5 million loan. This loan follows an earlier credit line of $2.5 million from IFC in 2001 and technical assistance to improve the bank's management information systems and internal audit function. The bank has on-lent IFC's first loan to 26 projects worth $5.8 million across its region. The projects range from purchasing new trucks to finishing the construction of a warehouse and building a new medical plant.

Among NBD's long-term clients is entrepreneur Dmitri Mikeshin. In 2002, he used a $225,000 loan from IFC's first credit line to purchase new equipment that makes waffle cones for ice cream. This equipment allowed him to introduce a new type of ice cream in Nizhny Novgorod and increase production by 40 percent.

COURTESY OF NBD BANK

IFC continues to pay special attention to the manufacturing and retail sectors. Examples of our investments include loans to Borsteklo and Ruscam, producers of flat glass and bottles; a loan to the Ramstore hypermarket chain; and a loan to Agros, a poultry company, to expand its production of broilers.

To support energy efficiency, we established a program for participating banks in Central Europe and the Baltics that provides partial guarantees to loans for energy efficiency projects (see box, p. 24). IFC plans to become more involved in this sector in Russia, as reforms in the energy sector will increase the energy costs for Russian companies.

Strengthening financial markets is key to reaching a large number of businesses in all sectors across the region. Investments and advisory work in this sector remain the largest portion of our activities. We made significant investments in Moscow Narodny Bank and BCEN Eurobank to support their privatization. Our work on improving corporate governance through the Private Enterprise Partnership will be extended to the Russian banking sector to increase its transparency and attractiveness to foreign investors. Together with Rabobank International and FMO, IFC also established the first financial intermediary for the agribusiness sector in Russia (see box).

We targeted our efforts to build financial institutions on the smaller economies of the region and, within Russia, those outside Moscow. Through these institutions we are able to support financing for small local companies. In Armenia, we helped establish the country's first private leasing company, ACBA Leasing. This project benefited from earlier advisory work that focused on the legislative environment for leasing (see box). We stepped up our support to the Microfinance Bank of Georgia to increase its capital, and we provided a second credit line to the Bank

PEP

In Belarus, IFC's Private Enterprise Partnership helps local business associations promote interests of private sector enterprises, including this flower shop.

of Georgia to support mortgage-based lending to residential and small business customers. Also in Georgia, the Private Enterprise Partnership began a multifaceted project to create a leasing industry and improve corporate governance of local companies. In Ukraine, we extended a guarantee facility to HVB Ukraine to allow it to expand its client base, primarily medium-size Ukrainian companies. In Belarus, we provided a loan to Priorbank—our first investment in the country's financial sector.

In Russia, we made a second investment in NBD Bank of Nizhny Novgorod, following advisory support to improve its operations (see box). We also invested in UralTransBank and will accompany this investment with technical assistance.

In addition, we have worked with financial institutions to develop new products and supported the development of mortgage financing through lines of credit to Commercial Bank DeltaCredit and Raiffeisenbank in Russia and to the Baltic American Enterprise Fund. This initiative will increase the volume of residential mortgage loans so that these institutions can securitize their loans in international capital markets.

BELARUS
What's in a Name? Entrepreneurs Find Out

In Grodno, Belarus, local authorities licensed 86 individual entrepreneurs to set up trading booths along a city street. Licensing requirements included purchasing a particular type of booth priced at $1,500 each, about 15 times the monthly revenue of a small trader. After this initial investment, the city redefined the booths as "kiosks." The change in terminology meant an additional $300 fee for a new trading license and a new, time-consuming round of visits by government inspectors.

The Grodno Club of Entrepreneurs, a business association mentored by IFC, organized a media campaign in the local press and successfully negotiated a resolution with the city. When authorities accepted the association's proposal to define the row of booths as a "mini-market," the name change allowed the entrepreneurs to resume their trade and even reduced their taxes by 11 percent. All the entrepreneurs joined the business association, where they are better positioned to protect their interests in the future.

The club in Grodno is one of the 18 business associations that IFC's Private Enterprise Partnership works with across Belarus to create strong local advocates and consultants for small and medium enterprises. This work has promoted business-friendly policies and equipped entrepreneurs with the skills they need to succeed in a country with a small and weak private sector. Since IFC began working with the Belarussian associations, their membership has increased by 60 percent and their client base has doubled.

Latin America and the Caribbean

LONG-TERM PARTNERSHIP WITH THE PRIVATE SECTOR

The Latin America and Caribbean region experienced another challenging year. By mid-2002, Argentina's general economic activity had declined by an unprecedented degree from the 2001 level. Election concerns and fears of contagion from Argentina fueled bond and currency market volatility in Brazil. An economic crisis unfolded in Uruguay, caused in part by liquidity problems for Argentine banks operating there.

Venezuela suffered a serious economic downturn stemming from internal political issues. In Bolivia, Colombia, the Dominican Republic, and Jamaica, political or economic issues hampered the performance of the private sector. In calendar years 2001 and 2002, private debt flow to the region declined. This retreat of capital, combined with the economic slowdown, affected even such investment-grade countries as Chile and Mexico.

Underlying these difficulties is the region's vulnerability to external shocks, due to low domestic savings and a small, undiversified export base. There is also popular discontent with reforms that have not delivered expected improvements in living standards. The slow recovery of the U.S. economy and the war in Iraq also made investors risk averse. Volatile prices for oil and other commodities and stagnant tourism further contributed to a difficult economic environment.

Opportunities also surfaced, however, as new leaders took office in a few countries, including Bolivia, Brazil, Colombia, and Ecuador. Leaders worked toward implementing reforms, reactivating growth, and reducing inequality in the distribution of wealth. Investors have remained cautious, however, about returning to the region.

LEFT: One of the Latin American artisans benefiting from Novica's Internet-based marketplace (see box, p.17).

COURTESY OF NOVICA

Antigua and Barbuda
Argentina
The Bahamas
Barbados
Belize
Bolivia
Brazil
Chile
Colombia
Costa Rica
Dominica
Dominican Republic
Ecuador
El Salvador
Grenada
Guatemala
Guyana
Haiti
Honduras
Jamaica
Mexico
Nicaragua
Panama
Paraguay
Peru
St. Kitts and Nevis
St. Lucia
Trinidad and Tobago
Uruguay
República Bolivariana de Venezuela

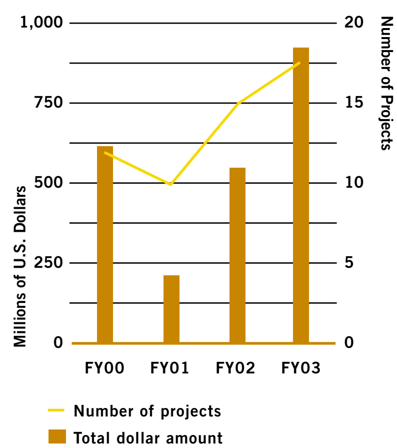
PROJECT FINANCING AND PORTFOLIO

Millions of USD

	FY02	FY03
Financing committed for IFC's account	1,144	1,262
Loans	833	908
Equity and quasi-equity*	294	309
Loan guarantees and risk management	18	45
Loan syndications signed	330	918
TOTAL COMMITMENTS SIGNED	**1,474**	**2,180**
Committed portfolio for IFC's account	5,584	6,145
Loans	4,431	4,966
Equity	1,115	1,099
Loan guarantees and risk management	38	79
Committed portfolio held for others (loan participations)	3,049	3,447
TOTAL COMMITTED PORTFOLIO	**8,633**	**9,592**

* Includes loan and equity-type, quasi-equity investments.
Note: All numbers reflect rounding.

FINANCIAL SECTOR COMMITMENTS, FY00–FY03
Latin America and the Caribbean



Note: Includes financial sector and funds projects.

CHILE
Helping Education, the Community, and Investors

IFC's first investment in private education in Chile illustrates our potential for partnerships in this sector and highlights our work in creating new financial instruments. A local currency bond issue supported by IFC will yield about $23 million equivalent for expansion and modernization of a leading private university, Universidad Diego Portales. The university will provide additional space for increased student enrollment in new programs in medicine, engineering, and the humanities. The university is working with the municipality of Santiago to create an urban campus fully integrated with the community and neighboring universities. The project includes restoration and renovation of several historic buildings to help preserve the rich cultural heritage of the district.

The transaction was also innovative as a financial instrument: it constituted the first future cash flow securitization in Chile and the first by a Latin American university. IFC's partial guarantee of 30 percent of the bond issues not only introduced an additional means of local currency financing for educational institutions but also helped expand the domestic capital market. The instrument, developed to attract Chilean institutional investors such as pension fund administrators and insurance companies, provides a new asset class for investing their funds. With IFC's guarantee, the eight-year bonds received a higher rating from local affiliates of the major rating agencies than they would have otherwise and were successfully placed.

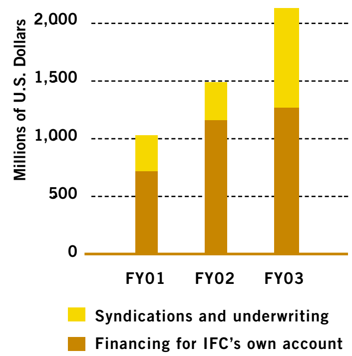
Central America and the Caribbean turned increasingly to collaboration; as a bloc, these smaller countries seek to establish economies of scale and increase their competitiveness in the face of accelerating globalization. During the year prospects improved for reaching a Central America Free Trade Agreement, and there were positive trends for establishing the even broader Free Trade Area of the Americas.

IFC ACTIVITY

Given the retreat of external financing, demand for IFC lending has been strong. On the investment side, committed financing in the region totaled $2.18 billion, an increase of $706 million from the previous fiscal year and the largest amount in recent years. The total financing included $918 million mobilized from banks participating in IFC loans. Demand has increased for IFC's support in refinance, corporate finance, and trade finance because of shortened tenors of credit lines as well as capital flight. IFC responded in an attempt to help the region's private sector weather the difficult period. IFC also helped with credit enhancement of local bond issues as the private sector sought to lower the risks from currency mismatches by accessing domestic capital markets.

The export sector particularly benefited from IFC financing, as retraction of credits had prevented it from taking advantage of currency devaluation. IFC provided pre-export financing to such agricultural export partners as Molinos and Vicentin in Argentina (see box). Amid Brazil's liquidity crisis and a rapid decline in credit, IFC helped leading Brazilian banks secure trade finance: since September 2002, an aggregate amount of $740 million has been raised for Brazil's export sector from international funding, including $585 million from banks participating in syndications. IFC is replicating this experience to aid exporters in Argentina, where the financial market environment is comparable.

COMMITMENTS, FY01–FY03
Latin America and the Caribbean



PROJECTS AND COUNTRIES, FY01–FY03
Latin America and the Caribbean

COMMITMENTS	FY01	FY02	**FY03**
Number of projects	42	47	**54**
Number of countries	12	16	**16**

CARLOS GOLDIN

ABOVE: An exporter of food products in Argentina.
BELOW: Local craftspeople, entrepreneurs at a market in Bolivia.

MATTHIAS HEDINGER

LEFT: Aceitera General Deheza (AGD). **BELOW:** Molinos. These two companies and a third, Vicentin, are food processors and exporters in Argentina with whom IFC has recently set up facilities for pre-export finance.

CARLOS GOLDIN (2)

Along with its vital financing support to the region, IFC collaborated closely with private sector partners and with nonbusiness organizations on corporate social responsibility and sustainability initiatives, providing advisory and capacity-building assistance. For example, in addition to syndicated loans to Odebrecht, a Brazilian construction firm, IFC helped the company set up a pilot HIV/AIDS program at its operations in Angola (see box, p. 22). This successful program created an awareness and prevention campaign, focusing on women and other vulnerable groups. IFC also supports the Zero Hunger program established by the new administration in Brazil, which aims to mobilize private sector resources to meet the country's food needs (see box).

On the environment, the IFC-Netherlands Carbon Facility financed the largest transaction to date under the Kyoto Protocol's Clean Development Mechanism. The facility will purchase 5 million tonnes of carbon dioxide emission reductions from a Brazilian steel producer. The company, V&M do Brasil, will achieve the reductions by using sustainably produced charcoal instead of coal for industrial-scale production of steel (see box, p. 25).

ARGENTINA AND BRAZIL
Countering a Downturn

In this year of capital flight from Latin America and the Caribbean, IFC played a key countercyclical role. In collaboration with international banks through our B-loan program, IFC provided critical trade financing to the region in FY03, most going to Argentina and Brazil.

In Argentina, IFC supplied pre-export finance facilities of $60 million each to Molinos and Vicentin, two leading Argentine food producers and exporters. Each facility included a $30 million internationally syndicated loan, making urgently needed working capital available in a difficult time. Each facility is secured by the companies' export contracts and is renewable annually for up to three years. The facilities are part of IFC's ongoing effort to help Argentina emerge from crisis; last year we established a similar facility for another Argentine company, Aceitera General Deheza.

In Brazil, IFC worked through financial intermediaries to provide trade financing to the export sector. We initiated a program that expedited international funding to prominent Brazilian banks, the major players in the country's trade finance sector. This effort, later joined by the Inter-American Development Bank, addressed substantial cutbacks of credit lines from international banks to Brazilian borrowers in the first half of this fiscal year. It also complemented government programs to provide temporary, short-tenor liquidity to the country's trade finance markets. Many companies and a broad cross-section of Brazil's exporter community benefited: international banks that would have had to cancel or shorten the term of their credit lines were able to keep them open at longer maturities. The initiative has reinforced the ongoing improvement in Brazil's external accounts. Facilities have been arranged for several leading domestic intermediaries in Brazil's trade finance markets, such as Unibanco, Banco Itaú, BBA, and Bradesco, and have raised an aggregate amount of $740 million in international funding since September 2002. The syndications also stimulated interest in Brazil from international private sector financial institutions.

IFC has also invested in microfinance institutions across the region, including Microinvest in Brazil, Calpiá in El Salvador, and F.I.E. Fondo Financiero Privado and Caja Los Andes in Bolivia (see box). A number of small business support activities are being implemented through a partnership with the clients and organizations that specialize in technical assistance for these enterprises.

IFC continued to pioneer some of the most innovative transactions in the region's financial markets, notably private sector financing for a municipal project. IFC made a partial bond guarantee for a private Mexican trust issuing local peso-denominated bonds to finance a municipal water conservation project in Tlalnepantla (see p. 17). In Chile, IFC provided a partial guarantee for a local bond—the first future cash flow securitization in the country. Bond proceeds will go toward expanding and modernizing Universidad Diego Portales, a leading private university in Santiago (see box).

IFC also facilitated "south-south" investments that encourage efficient resource mobilization within the region. Examples include IFC financing for Marcopolo, a Brazilian bus manufacturer that invested in its operations in Mexico, and IFC's regional lending to the Cuscatlan Group, which has a strong presence across Central America.

MATTHIAS HEDINGER

IFC's investment in a fertilizer plant helps farmers in Bolivia.

BRAZIL
Combating Hunger and Poverty

Although a decade of economic liberalization has given Brazil a better foundation for improving living standards, millions of people still live on less than $1 a day. The new administration of President Lula da Silva has launched Fome Zero (Zero Hunger), a major campaign to address social inequality, focusing on food security for poor people and calling for involvement of the private sector and civil society. IFC is supporting this campaign and rallying the country's private sector to participate.

As a first step, the Brazilian government has allocated funds to supply 1.5 million of its neediest families with a monthly subsidy to buy food. For its part, IFC is granting $300,000 to the Ethos Institute, a nongovernmental organization, and the Polis Institute, a think tank. These Brazilian partners will create innovative links between businesses and the communities to be served by the Zero Hunger program.

This IFC-supported project will set up a database to record the needs of more than 900 municipalities and the contributions being offered by corporate participants. Polis and Ethos will also set up a call center and a Web site where companies can receive information and be matched with local communities.

IFC has many Brazilian clients with strong managerial experience and a commitment to social responsibility. With the expertise of its two local partners, IFC can help connect private sector resources with the needs of Brazil's poorest communities. This public-private partnership is an important element in advancing the Zero Hunger program.

LOOKING AHEAD

In a region where private capital flows have repeatedly proved capricious, IFC is a long-term partner for good and bad times. Our vital role stems from a wide range of services: in addition to refinancing, financial restructuring, and acquisition, IFC helps the region through microfinance, capacity building for smaller businesses, sustainability initiatives, and advice on corporate governance. IFC is better integrating technical and advisory services into financing to add more value for clients. IFC is emphasizing the products that have strong demand, including credit enhancement, local currency financing support, and public-private partnerships such as municipal financing. While working to encourage the return of private capital to the region, IFC also seeks changes in the investment climate that will strengthen the region's long-term prospects.

COURTESY OF CALPIÁ

ABOVE AND TOP: Financiera Calpiá S.A. provides financial services to microentrepreneurs in El Salvador.

LATIN AMERICA
Assisting in Micro and Small Business Finance

Microenterprises are an engine of social and economic development in most countries of Latin America and the Caribbean. In Brazil, for example, an estimated 9.5 million micro and small enterprises account for more than 90 percent of all firms and provide 35 percent of employment in services, commerce, and industry. Owing to their size or their lack of a track record, however, microenterprises struggle to find financing and are particularly hurt by economic downturns.

To help these businesses, IFC provides financial and technical assistance to competitive microfinance institutions, which reach a large number of entrepreneurs with savings and credit services. They often provide technical support as well. IFC helps microfinance institutions achieve operational sustainability, believing that they can, and should, be commercially viable. This year, IFC invested in microfinance institutions in Brazil and El Salvador, and two in Bolivia.

In Brazil, IFC's $1.25 million investment helped establish Microinvest, a pioneering, commercially based microfinance institution. The funding will expand access to financing for low-income entrepreneurs, helping them build their businesses and raise their standards of living. In El Salvador, IFC's $2 million investment in Calpiá will help this finance company, which transformed from a nongovernmental organization in 1995, meet minimum capital requirements to become a regulated bank. This change will allow it to strengthen its operations and product lines for its existing microenterprise client base, while expanding its services to small businesses that are still below the size threshold served by commercial banks.

In Bolivia, IFC is pursuing multiple opportunities for investment in micro and small business finance. Commitments in FY03 include F.I.E. Fondo Financiero Privado, where a $2.5 million credit line will help the microfinance institution diversify into small business financing. An $8 million credit line to Caja Los Andes will strengthen its lending to micro and small enterprises throughout Bolivia.

Middle East and North Africa

OPPORTUNITIES IN UNCERTAIN TIMES

This year has been a time of increased turmoil in the Middle East and North Africa region. The war in Iraq and the uncertainty leading up to it, the continued unrest in the West Bank and Gaza, and concerns about spillover effects have reduced the economic prospects in much of the region. Not surprisingly, the countries most affected are those closest to the conflicts; the sectors most affected are tourism and transport.

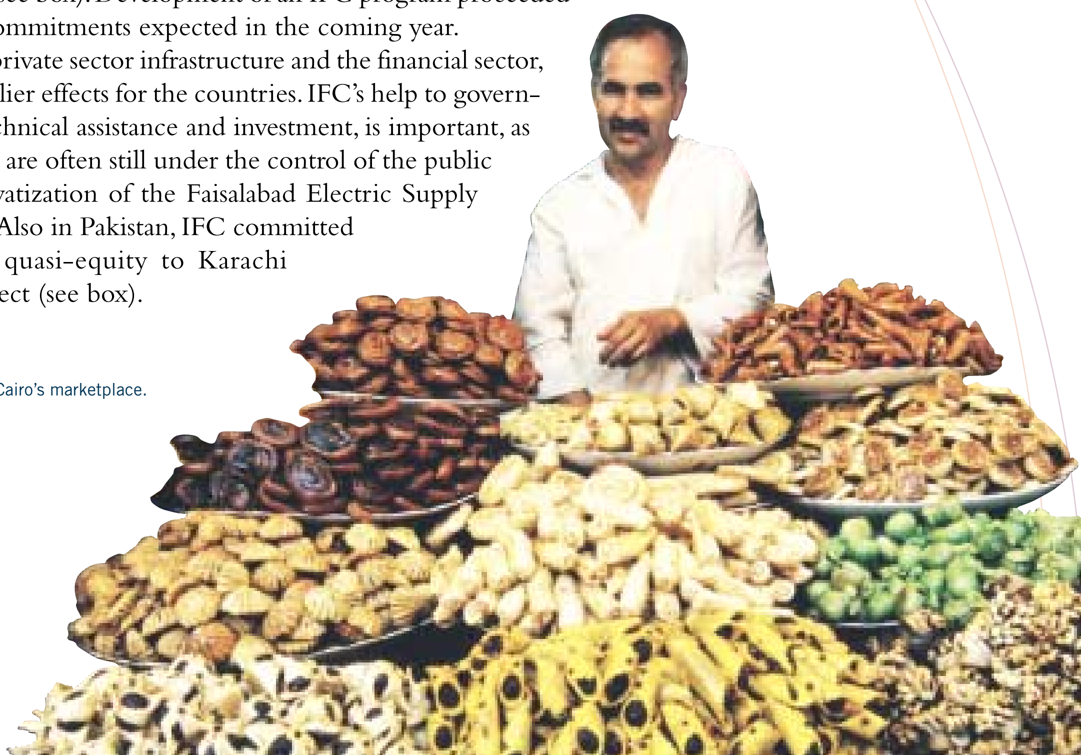
Nevertheless, each country in this diverse region, from Morocco to Pakistan, has its individual strengths and challenges. Many businesses in the region are still investing, and IFC has been active. In Pakistan, for example, economic growth has strengthened and IFC had a solid program during the year. In FY03, we committed 17 new investments in the region overall, for a total amount of $279 million.

IFC's focus in the region reflected corporate objectives: frontier markets, high-impact sectors, small and medium enterprises, and sustainability. As its overarching goal, IFC seeks the greatest development impact resulting in a productive private sector.

IFC's frontier market approach means a focus on investments and technical and advisory services with the greatest demonstration effect, leading the way for other investors. Frontier activity in the region in FY03 included the commitment of a loan for $1.51 million to Al Ahlia Mineral Water, a bottled water investment in Yemen. In Algeria, IFC committed a $35 million loan to Algerian Cement Company, the first cement plant in the private sector in that country, and a $25 million loan for Ispat Annaba, a privatized steel plant. In Pakistan, we invested in Dewan Salman Fibre Limited, the country's largest manufacturer of polyester fiber (see box). Development of an IFC program proceeded in Afghanistan and Iran, with commitments expected in the coming year.

High-impact sectors include private sector infrastructure and the financial sector, both of which have large multiplier effects for the countries. IFC's help to governments in the region, both in technical assistance and investment, is important, as both infrastructure and banking are often still under the control of the public sector. IFC advised on the privatization of the Faisalabad Electric Supply Company in Pakistan in FY03. Also in Pakistan, IFC committed $9.25 million in a loan and quasi-equity to Karachi Container Terminal, a port project (see box).

RIGHT: One of the many small businesses in Cairo's marketplace.



Afghanistan
Algeria
Bahrain
Arab Republic of Egypt
Islamic Republic of Iran
Iraq
Jordan
Kuwait
Lebanon
Morocco
Oman
Pakistan
Saudi Arabia
Syrian Arab Republic
Tunisia
United Arab Emirates
West Bank and Gaza
Republic of Yemen

PROJECT FINANCING AND PORTFOLIO — Millions of USD

	FY02+	FY03
Financing committed for IFC's account	189	279
Loans	113	158
Equity and quasi-equity*	17	8
Loan guarantees and risk management	60	113
Loan syndications signed	32	0
TOTAL COMMITMENTS SIGNED	**221**	**279**
Committed portfolio for IFC's account	1,293	1,326
Loans	815	803
Equity	277	242
Loan guarantees and risk management	202	281
Committed portfolio held for others (loan participations)	943	837
TOTAL COMMITTED PORTFOLIO	**2,236**	**2,163**

+ Revised FY02 figures, including Pakistan.
* Includes loan and equity-type, quasi-equity investments.
Note: All numbers reflect rounding.

KLAUS MERCKENS / SEKEM

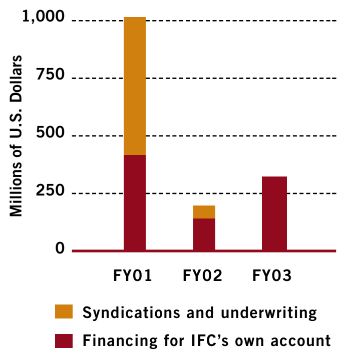
IFC's investment in Sekem will help create jobs and promote modern organic farming methods.

NORTH AFRICA
Building Small Businesses

Support for small and medium enterprises is a key pillar of IFC's strategy in the Middle East and North Africa. As a part of implementing that strategy, IFC, with the support of donors, launched North Africa Enterprise Development, the first small business development facility in the region, with offices in Algiers, Cairo, and Rabat. With an expected core budget of up to $20 million over five years, the facility will provide services aimed at increasing the capacity in the region to nurture small and medium businesses. Focusing on four key initiatives, the facility will work toward improving the access of small businesses to finance; supporting intermediary organizations such as consulting firms, training institutions, and business associations, which can in turn provide valuable services; strengthening value chain links between large firms and smaller businesses; and improving the business environment. In Algeria, the facility will also make some direct support available for small businesses.

This work is very important, since most of the private sector firms are smaller businesses, employing a large proportion of the workforce. While these enterprises are large in number, they have not realized their potential for benefiting the economy or improving living standards. The new facility will help provide the tools to move small business to a higher level of operations and provide a foundation for their continued growth.

COMMITMENTS, FY01–FY03
Middle East and North Africa



PROJECTS AND COUNTRIES, FY01–FY03
Middle East and North Africa

COMMITMENTS	FY01	FY02	FY03
Number of projects	18	17	**17**
Number of countries	8	5	**6**

IFC's global expertise in information technology was tapped through an investment in Rubicon, a software provider in Jordan, to which the Corporation committed a $1 million equity investment. In the financial sector, IFC identified housing and trade finance as two activities with high impact on development. In Egypt and Algeria, IFC provided technical assistance in housing finance and expects this to lead to an investment in a housing finance institution. On the trade finance side, IFC committed three large trade enhancement facilities: in Pakistan (with a guarantee of $40 million), Egypt ($30 million, also a guarantee), and Jordan and Lebanon jointly (a $35 million guarantee). The facilities should benefit exporters from these countries.

IFC has been very active in the support of small businesses in the region this year. These businesses are particularly important in countries where the larger industries are subject to considerable government control. IFC's activities in FY03 include the successful launch of North Africa Enterprise Development in Algeria, Egypt, and Morocco (see box). This facility will work with banks, business associations, business schools, and other intermediaries to help provide a framework to support local small and medium enterprises. IFC invested in Network Leasing in Pakistan, a $2 million guarantee that will support smaller businesses. IFC has also contributed to the development of microfinance institutions in the region.

IFC's considerable sustainability expertise was put to good use in the development of investments in the region. The $15 million loan to Hikma, a pharmaceutical company in Jordan (and an existing IFC client), was notable for its focus on improved corporate governance. IFC's loan to the Algerian steel plant Ispat Annaba will support environmental sustainability and will benefit small businesses in the area through supply-chain links and contracting opportunities with

PAKISTAN
Improving Port Operations in Karachi

Because a well-functioning infrastructure system is fundamental to economic development and rising living standards, investment in private infrastructure projects is a major focus for IFC. In the MENA region, IFC has invested in power, telecommunications, and now transportation. IFC has committed $9.25 million to an investment in the Karachi Container Terminal, a project at the port of Karachi, where container traffic is increasing at over 7 percent a year. With 60 percent of Pakistan's international trade and 80 percent of container volume flowing through the port, operational improvements in the container terminal will lead to significant efficiencies throughout the port system. Shipping lines, exporters, importers, and other users of the terminal facilities will all be able to benefit from these improvements for their own operations. Lower transport costs and better service will in turn encourage trade volume and contribute to the overall economic growth.

Premier Mercantile Services, Ltd., of Pakistan is the sponsor of the project, which is estimated to cost $29.2 million.

PAKISTAN
Helping a Major Company and Its Smaller Suppliers

IFC has made a major investment in Dewan Salman Fibre Limited, Pakistan's largest producer of polyester fiber. The financing, which includes a $30 million loan, a $4 million convertible loan, and a $1 million investment in a preference share issue, will help the company expand its production capacity, refinance its existing debt, and fund its need for permanent working capital. Because Dewan supplies 45 percent of the polyester used by the local textile industry, this investment bolsters the competitiveness and long-term sustainability of the industry as a whole.

The investment shows strong support for the corporate sector in Pakistan at a time when access to offshore funding for even the largest corporate borrowers has been tight. The preference share issue is the first in the Pakistani market and establishes an important new source of equity capital for major Pakistani companies. IFC's support will also encourage other local business groups to pursue refinancing opportunities to bolster their balance sheets and enhance their long-term financial sustainability. To extend benefits throughout the supply chain, Dewan is also contributing $2.8 million to a fund developed by IFC that will support investment and links with smaller businesses that supply the company with goods and services. This is the first such investment in Pakistan.

this large operation. IFC also committed a $5 million loan to Sekem, an innovative company that has introduced organic pharmaceuticals to Egypt (see box).

IFC's program in the region is highly differentiated according to the needs of the individual countries and focused on creating strong, positive development impact. The Corporation has continued to look for opportunities under challenging circumstances and has made progress in opening up new markets, introducing new instruments, and supporting continued development of the private sector in the region. The hope is that next fiscal year will be more peaceful in this part of the world and that there will be even more for IFC to do to encourage economic growth.

KLAUS MERCKENS / SEKEM (2)

ABOVE AND RIGHT: Sekem production lines, Egypt.

EGYPT
Investing in Organic Farming

Sustainable production is becoming an important consideration for more than just large multinational companies. Now, smaller businesses are finding that high environmental and social standards, a sharper focus on corporate governance, and greater attention to community needs contribute to financial success.

IFC's $5 million investment in Sekem, an Egyptian producer of organically grown pharmaceutical products, fruits, vegetables, and textiles, shows sustainable practices in action. The company will help establish an estimated 200 new jobs and 120 family-owned farms that will supply the manufacturing plant. The investment will also result in transfer of technology and organic farming methods to those farms. The company, which is expected to cater to both the international and the domestic market, will help raise Egypt's profile as an exporter, particularly to Europe. The combination of organic methods and international marketing should go a long way toward the increased value added for the farms and provide a strong demonstration effect for the agricultural sector in the country.

Report on Operations

This section reports on specific products and services, including loan syndications, risk management products, and technical assistance. Areas of emphasis for advisory services include the financial sector, privatizations, and reduction of barriers to foreign direct investment.

MOBILIZATION AND RISK MANAGEMENT

Loan Syndications

Volatile markets, slow growth worldwide, and the regional impact of the financial crisis in Argentina have reinforced the vital role IFC plays in mobilizing financing from the private sector. Investing in developing countries is the Corporation's main business, and the comfort of the IFC "umbrella"—preferred access to foreign exchange and exemption from mandatory provisioning—is a key advantage for private lenders seeking to mitigate country risk.

Signings of new B-loans in FY03 totaled $1.2 billion, compared with $518 million in FY02. Despite the challenging economic and political environment in Latin America, successes in large syndications in Brazil, Colombia, and the Dominican Republic demonstrate that bankers value the protection that IFC provides. We helped keep export credit lines open for leading Brazilian banks after international banks reduced their credit lines in late 2002. IFC mobilized $585 million in this major effort. In Argentina, by mobilizing pre-export finance for major food producers, we brought new money into the country and confirmed our willingness to support good clients through well-structured transactions. (For more on the facilities in Brazil and Argentina, see box, p. 53.)

Syndicated financings signed in FY03 in Bangladesh, Kazakhstan, Nigeria, Panama, and Turkey, among other countries, will develop valuable partnerships for borrowers and will broaden our reach for sustainable development.

IFC's syndicated loan portfolio as of June 30, 2003, was $6.6 billion in 224 projects.

RIGHT: Through its investment in Novica, IFC helped artisans in developing countries access an Internet marketplace.
OPPOSITE, TOP: Microentrepreneurs in Chad.

COURTESY OF NOVICA

ABIGAIL TAMAKLOE

Client Risk Management Products

Companies and banks in developed markets use risk management instruments, such as interest rate or currency swaps, to unbundle financial risks and manage them more effectively.

These risk management instruments are often not available to firms in emerging markets because of credit risk. Since 1990, IFC's risk management program has helped clients compete more effectively on a global basis. We enhance the long-term creditworthiness of our private sector clients by enabling them to enter into risk management hedging transactions that reduce their exposure to interest rate, currency, and commodity price risks.

During the past 12 years, IFC's Board has approved 114 risk management projects in 40 countries. Transactions have been conducted with clients to hedge a notional amount of over $2 billion (the potential exposure or future risk of these transactions is a fraction of the notional amount).

In FY03, the Corporation committed four risk management projects. One of these, the $100 million East Asia Swap Guarantee Facility, is a pioneering effort to improve liquidity in the long-term local currency swap markets in the region through risk sharing by Deutsche Bank and IFC. With Apollo Tyres in India, IFC executed several rupee-dollar swap transactions so that the company could convert dollar liabilities into rupees and better match its assets with its liabilities. IFC also executed Indonesian rupiah-dollar swap transactions with Indorama to assist in its risk management, as well as a U.S. dollar interest rate swap with ISA Peru.

Risk management products are offered to IFC customers solely for hedging purposes and not for speculation. IFC hedges its own market risk on these transactions and monitors exposure on an ongoing basis.

DONOR-SUPPORTED TECHNICAL ASSISTANCE

Donor countries and institutions fund technical assistance activities that IFC administers. The Technical Assistance Trust Funds (TATF) program, for example, finances feasibility studies, sector studies, advisory activities on privatization, policies to strengthen the business environment in developing countries, assessments of environmental and social impacts of investment projects, and capacity building. Selected projects that were supported by TATF can be found in the regional sections of this report and the table beginning on p. 98.

This year, TATF-funded projects included assessing the viability of a microfinance institution in Colombia and identifying opportunities for small businesses to provide supplies and services to large companies in Indonesia. Other projects focused on opportunities for sustainable smaller enterprises in the Middle East and North Africa and on helping Ghanaian food producers improve their capacity to grow and process products that meet the quality standards of international markets.

Through FY03, the donor community provided cumulative contributions of $178 million to support the TATF program, which includes a budgeting allocation from IFC's own resources totaling $11 million to date. Since inception of the program in 1988, donors have approved more than 1,250 technical assistance projects.

Other funds provided by donors assist small and medium enterprise project development facilities, the social and environmental facilities, and additional programs, including some work carried out by the Foreign Investment Advisory Service, other parts of Private Sector Advisory Services, and the Private Enterprise Partnership. Cumulative contributions to all IFC-managed technical assistance programs reached $786 million through FY03.

OTHER CAPACITY-BUILDING ACTIVITIES

See the opening section of this annual report for information on the activities of the Small and Medium Enterprise Department, the Private Enterprise Partnership, and IFC's environmental and social facilities.

IFC–WORLD BANK OPERATIONS

Joint units and programs of IFC and the World Bank, including the Small and Medium Enterprise Department and FIAS, typically serve all members of IBRD, including the small number of countries that are not also members of IFC.

MATLUBA MUKHAMEDOVA

MARIA GALLEGOS

TOP: IFC-backed Uzjilsberbank leased cloth-making equipment to the Society of the Deaf in Uzbekistan. **BOTTOM:** The Holcim Vietnam project improves the lives of fishermen in the Mekong Delta.

FINANCIAL SECTOR ADVISORY SERVICES

IFC's Financial Markets Technical Assistance aims to increase access to finance for micro and small businesses, to strengthen core operations of banks and improve their quality and sustainability, and to expand nonbank local currency financial instruments to support growing needs of borrowers and investors. It also seeks to improve corporate governance in financial institutions. In 2003, FMTA's portfolio had 86 projects in 72 countries worth more than $28 million in donor funds. Frontier markets as identified by IFC received more than 70 percent of this funding.

More than 30 percent of these activities involved diversifying into nonbank financial services, mainly leasing and, to a lesser extent, housing finance, contractual savings, and debt markets. Central Asia was a main recipient of technical assistance to help the leasing industry, while a consumer-based survey first used in Bangladesh became a mainstay of IFC's housing finance feasibility studies. Strengthening core banking operations accounted for more than 15 percent of the portfolio. For example, IFC helped several major Chinese banks evolve into strong commercial enterprises and assisted in restructuring and privatizing banks in Bosnia and Herzegovina.

FMTA helped create commercially viable new financiers for micro and small businesses as well as new lending capabilities in established banks. Over half of FMTA activities were in this area. IFC formed new strategic partnerships for such finance in Afghanistan and Africa and launched a Global Credit Bureau Program to expand financing for consumers and small businesses.

PRIVATE SECTOR ADVISORY SERVICES

Private Sector Advisory Services, jointly managed by IFC and the World Bank, provides advice to governments on policy, regulatory issues related to the investment climate, and the private provision of public services. It includes Rapid Response, an online knowledge service (http://rru.worldbank.org) offering clients databases of research, case studies, toolkits, benchmarking indicators, and online discussion boards on private sector development.

Privatization Transaction Services

In addition to providing advice on policy, business environment, and transparency, Private Sector Advisory Services advises governments and state-owned enterprises on privatization and other forms of transactions that promote sustainable public-private partnerships. Since 1996, the transaction group has generated over $3.6 billion in sales and concession proceeds for governments through the sale of infrastructure businesses and concessions.

During FY03, PSAS continued to deliver on a wide range of developmental mandates, completing five assignments. At year-end PSAS had 11 ongoing mandates in railways, health care, solid waste, power, petroleum distribution, irrigation, civil aviation, and water.

This year, PSAS completed the privatization of Air Tanzania (see box, p. 33). With donor funding, PSAS also conducted groundbreaking transactions in the health sector, involving the private provision of services in a major public hospital in Romania, thus improving the cost-effectiveness of the public health service in that country. In addition, PSAS completed important preparatory work on three mandates that are expected to lead to full-scale privatization transactions.

Foreign Investment Advisory Service

The Foreign Investment Advisory Service helps governments in developing countries design policies and institutions to improve the environment for foreign direct investment and to obtain the most benefit from FDI. Jointly operated and financed by IFC and IBRD, with additional funds from donor countries, FIAS works only at the request of client governments. Since it was established in 1985, FIAS has helped more than 125 countries—many on a continuing basis over the years.

FIAS completed 49 advisory projects in FY 2003, with the largest programs in Europe and Central Asia (11); in Africa (12), with Eritrea as a first-time client; and in Asia and the Pacific (11), of which 3 were in the Pacific.

This year FIAS began offering new services on FDI and corporate social responsibility, with a pilot project in El Salvador, and on the role of FDI in developing knowledge sectors, with a pilot project in Latvia. As an extension of projects aimed at reducing administrative barriers to investment, FIAS began providing tools for capacity building and stakeholder participation as well as monitoring the impact of these projects over time. Projects using these tools were conducted in Albania, Bosnia and Herzegovina, Croatia, Latvia, Macedonia, and Romania.

FIAS also collaborated closely with the Investment Climate Unit of the World Bank on administrative and regulatory cost surveys and the Doing Business database (see p. 15).

JOHN FIEGE

GREG MAGGIO

INTERNATIONAL FINANCE CORPORATION

Annual Review

LINDA YOUNG

Sustainability Review

SUMMARY

Sustainability is central to IFC's move to position itself as a supplier of broad commercial expertise, not merely capital, to our private sector clients in the developing world. What differentiates IFC is our ability to provide value to our clients above and beyond financing. This value comes from the expertise we have amassed over nearly half a century, from our global scope, and from our unique capabilities—particularly our expertise on environmental and social matters.

For IFC, sustainability is an essential element of business success as well as a means of achieving enhanced development impact.

THE GLOBAL CONTEXT

The past year brought into sharp relief several major challenges for sustainable development in IFC's member nations. The global economy—facing a combination of corporate governance scandals, overcapacity in key sectors, political instability, slowed trade negotiations, SARS, and backlashes in some places against market liberalization—continued to struggle to regain momentum from its steepest decline since the oil crisis of 1973.

In this context, 2.5 to 3 billion people in developing countries continue to live on less than $2 a day. Over the next 30 years, the world's population is expected to rise by an additional 2 billion, with nearly all the increase occurring in developing countries. To address this increase in population among other challenges, growth and innovative approaches are essential.

Together, these factors have placed private sector investment as an engine for economic growth at the forefront of the poverty reduction agenda. But the World Summit on Sustainable Development, held in September 2002 in Johannesburg, underscored the sobering reality that the global growth needed in coming decades cannot be achieved using the methods and models of the past. Throughout the developing world, clean water, clean air, biodiversity, fisheries, and fertile soils are all at risk because of unsustainable growth.

The challenges for a global development finance institution such as IFC have never been greater. The need for our capital is clear, but so also is the need for IFC to pioneer the creative solutions that will contribute to the sustainability of private sector activity in emerging markets.

ENHANCING SUSTAINABILITY

IFC's mission is to invest in high-risk environments, while turning a profit, to give confidence to other private investors that a given country or sector presents viable investment opportunities. At the same time, IFC must ensure that these investments are developmentally sound and sustainable. If they are not, then we are not delivering on our mandate.

IFC has always been about promoting sustainable development (even before the term was coined), staffed by people with a personal and professional commitment to seeing the private sector serve long-term objectives in human development and environmental stewardship. But we must ensure that lessons learned inform our commitment to doing things better in the future.

While IFC has been a leader in incorporating environmental and social standards in its projects since 1989, we increasingly seek ways to encourage, through our investments in client companies, even better performance in these areas. A number of investments in IFC's portfolio have outperformed our high environmental and social standards—and gained commercial benefits as a result. But at the same time that we seek out new clients capable of excelling on environmental, corporate governance, and social issues, we will continue service to those clients for whom achieving compliance with our baseline standards represents a significant achievement. We bring value to our clients and the societies in which they operate when we engage with a smaller firm in a low-income country and help it move to international standards of performance on environmental, corporate governance, and social issues. Any new system that IFC devises to encourage performance beyond its baseline standards must be practical and allow for incremental improvements in the tougher markets.

These tensions and challenges guide IFC as we assess how we can do more for global sustainable development. Our sustainability initiative is a development and an articulation of our commitments, an opportunity to refocus our efforts.

In FY 2003, IFC built the capacity of its staff to invest for development impact and helped move the financial services industry toward greater sustainability. Staff received training and tools to enhance their abilities to inform investment clients of the benefits from improved environmental, social development, and corporate governance performance. IFC also worked with investment banks to address the environmental and social impacts of lending and investment operations. Several banks have agreed to begin applying IFC's environmental and social policies and guidelines to their project finance operations.

In 2002, IFC published its first Sustainability Review. It chronicled the early stages of development of our sustainability initiative. This year's review will update stakeholders on our progress but also expand on IFC's rationale for taking on this initiative and our vision for the future. The full Sustainability Review is available upon request. The following are highlights for FY03.

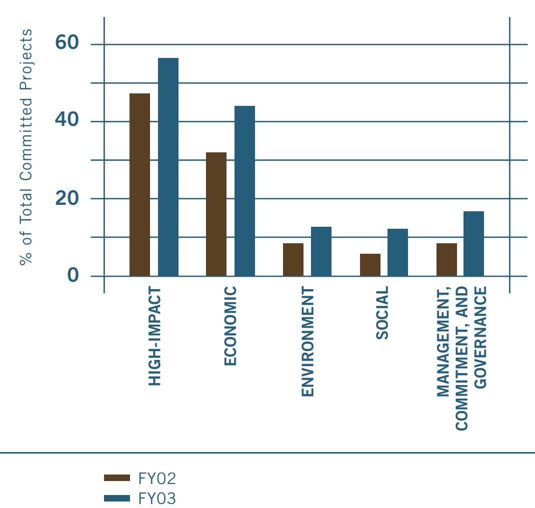
ACTIVITIES IN FY 2003

Economic Impact and Sustainability Performance

IFC measures its projects and their impacts in the economic, corporate governance, environmental, and social dimensions against the criteria in its Sustainability Framework. "High-impact projects" are those that score high on the sustainability metrics developed. (Details on the metrics included in each of these frameworks are available in the full Sustainability Review.) This framework was developed and first applied to a sample of IFC projects during FY 2001, and last year's Sustainability Review shared the results of the framework-based assessments for FY 2002.

In FY 2003, all committed investments were again assessed using the Economic Impact Framework and the Sustainability Framework. As a result, 101 of 179 investment commitments were classified as high-impact in at least one area.

IFC INVESTMENT IN HIGH-IMPACT PROJECTS, FY02-FY03



Wider Application of IFC's Environmental and Social Safeguards—The Equator Principles

Through consultation with IFC, ten major international banks have agreed to adopt environmental and social monitoring procedures in their global project finance activities based on IFC's environmental and social policies and guidelines. The banks have all agreed to what have become known as the Equator Principles (see box, p.12). Additional banks are expected to adopt these principles in the coming months.

Banks agreeing to the principles will review potential projects much as IFC does for its own investment activities. These investment projects will be categorized for environmental and social impact using the same criteria as IFC. Based on this ex ante categorization, projects will be expected to comply with the requirements for environmental assessments, environmental management plans, and public disclosure as similarly used in IFC projects.

Publication of *Developing Value: The Business Case for Sustainability in Emerging Markets*

There is a growing body of literature exploring the business case for sustainability, but most work has centered on the business climate in the developed world. Recognizing the need to look at the business case for firms in emerging markets, IFC partnered with the U.K.-based consultancy SustainAbility to research and publish *Developing Value: The Business Case for Sustainability in Emerging Markets.*

The book looks at 240 case studies spanning 60 countries in emerging markets around the world. It finds that in many cases there is a business rationale for seeking improvements in environmental, social, and governance performance. The book is also available in Chinese, French, Spanish, and Portuguese. There is also an accompanying Web site.

Sustainability Training for Staff

IFC has developed tools to assist its staff in encouraging greater sustainability in investment activities. In FY 2003 many staff began to use these tools and discussed ways that IFC might use its capabilities in environmental, corporate governance, and social issues as a means to differentiate itself in the market for financial services.

Industry and regional departments have received, or will receive, training specifically tailored to the business environment or region in which they work. More than 200 investment officers have received training thus far. In addition, many senior managers participated in the Prince of Wales Business and the Environment Programme, a forum that allows business leaders and others who influence public opinion to discuss the role of business in sustainable development.

Global Corporate Governance Forum

IFC views proper corporate governance as essential to the sustainability of private sector activities. Good management increases a company's accountability, responsiveness, and efficiency in handling all business issues, including environmental and social risks and opportunities.

To meet the growing demand for governance reform worldwide, the World Bank Group and OECD have entered into a framework agreement for cooperation and are convening the Global Corporate Governance Forum. This initiative brings together the leading bodies engaged in governance reform: multilateral banks and international organizations alongside professional standard-setting bodies and the private sector.

The forum will help countries identify priority areas for reform and help implement these in a consistent and sustained manner through shared resources and expertise. IFC's Corporate Governance Unit serves as the secretariat to the forum's Private Sector Advisory Group on Corporate Governance, an association of company leaders, institutional investors, professionals, and other experts dedicated to improving standards for corporate governance in developing countries.

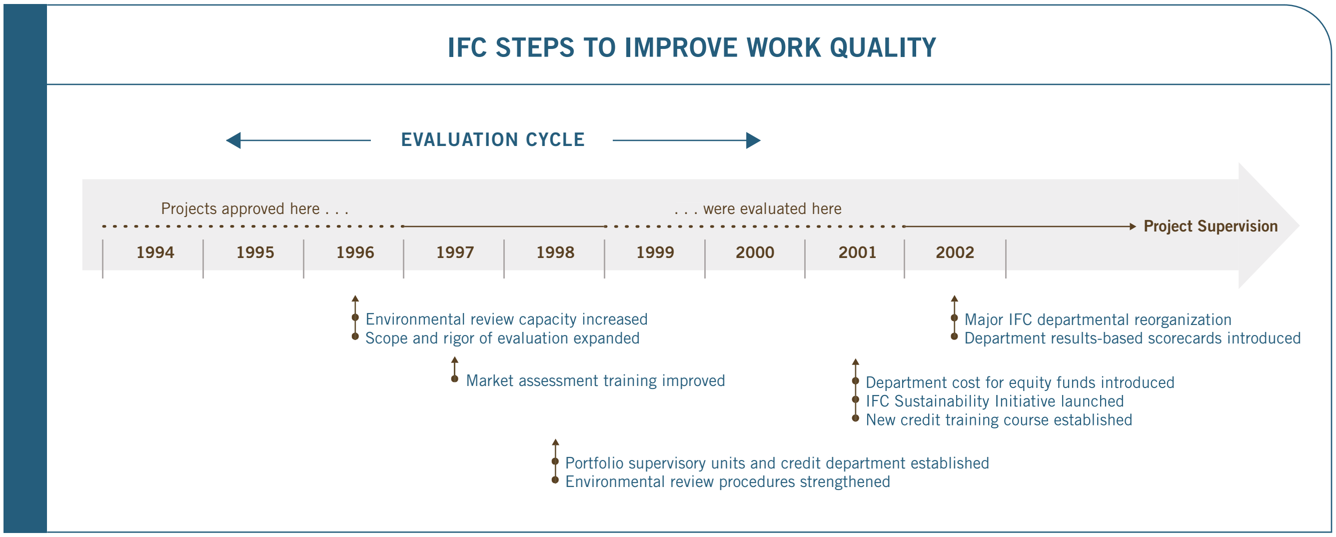
More Information

These highlights are only a small sample of IFC's sustainability efforts for FY 2003. Please refer to the full Sustainability Review for further detail and more information.

SNAPSHOT OF INVESTMENTS BY REGION, FY 2003

REGION	COMMITTED FINANCING IN FRONTIER COUNTRIES, % OF DOLLAR VOLUME [a]	NUMBER OF COMMITTED PROJECTS [b]	NUMBER OF HIGH-IMPACT PROJECTS [c]
Sub-Saharan Africa	82.05	17	5
East Asia and the Pacific	29.83	25	13
South Asia	97.41	16	12
Europe and Central Asia	9.87	52	23
Latin America and the Caribbean	11.80	51	34
Middle East and North Africa	35.98	16	12
Global	n.a.	2	2
TOTAL		**179**	**101**

[a] To be considered "frontier" by IFC, a country must be either low-income, as defined by the World Bank, or high-risk, with a rating of 30 or below or unrated according to *Institutional Investor.*
[b] Commitment total differs because only first-time commitments are counted in high-impact calculation.
[c] See full Sustainability Review for details on rating projects for potential development impacts.



IFC'S OPERATIONS EVALUATION GROUP

Each year, IFC's investment staff evaluate a representative random sample of investments that have reached operating maturity. OEG analyzes the results and presents its findings in its Annual Review. This year, OEG reported that IFC's frontier markets strategy, if well executed, is likely to increase IFC's contribution to achieving the Millennium Development Goals.

Win-win Outcomes

Among the evaluated operations, 40 percent achieved "win-win" outcomes, meaning that they fulfilled IFC's mandate at the individual investment level, contributing both to development objectives within a country and to IFC's financial capacity for future investments.

Development Outcomes

Based on a synthesis of performance ratings, 57 percent of operations made satisfactory contributions to development. The indicators for each project were:

- **Private sector development** (71 percent success rate): Success in creating a sustainable enterprise capable of attracting finance, creating competition and linkages, or bringing about improvements in the regulatory environment.
- **Environmental impacts** (62 percent success rate): Environmental effects together with social and health and safety impacts.
- **Economic sustainability** (58 percent success rate): Economic returns to society together with net gains or losses by nonfinanciers, nonquantifiable impacts, and contributions to broad development objectives.
- **Project business success** (42 percent success rate): For real sectors, returns in comparison with the company's cost of capital. For the financial sector, the contribution to the intermediary's profitability, financial condition, and business objectives.

Investment Outcome

Relative to development outcomes, fewer operations (50 percent) yielded satisfactory investment outcomes for IFC. This has been a consistent finding in OEG's Annual Reviews, reflecting in part IFC's high benchmarks for satisfactory ratings of equity returns and the impact of market conditions. In aggregate, IFC's returns on equity investments approved in 1994–96 performed better than emerging market indices generally.

IFC's Frontier Strategy

Frontier markets—predominantly low-income or high-risk countries—feature high corruption, poor governance, and political instability. They present challenges to viable investment by IFC and the private sector and are generally not on track to reach the Millennium Development Goals by 2015.

OEG's findings suggest that improving investment climates is essential for the sustainability of IFC's strategy in frontier markets. Aligned with its finding that IFC work quality closely tracks outcome quality, OEG also suggests that the success of IFC's frontier strategy will depend on sound due diligence and effective risk management. In recent years, IFC has taken significant steps to strengthen its capacity, core processes, and management and incentive structures, but these measures had limited potential to influence the outcomes of projects evaluated in the current Annual Review (see figure above).

OEG also highlights the benefits of using technical assistance and advisory services in frontier markets to help generate investment opportunities and improve investment climates. IFC used these instruments to particularly good effect in Russia and Vietnam in the 1990s. OEG recommends that all of IFC's noninvestment activities be evaluated to determine quality of outcome, identify lessons, help guide resource allocations, and feed into department-based scorecards. This would also provide accountability to donors, including IFC's Board of Directors.

Further information on OEG reports can be found at www.ifc.org/oeg.

COMPLIANCE ADVISOR/OMBUDSMAN

The Compliance Advisor/Ombudsman promotes better accountability of management to people affected by IFC and MIGA projects. It is an independent office, reporting directly to the president of the World Bank Group. Its mandate is to assist people affected by projects by addressing complaints in a fair, objective, and constructive manner and to enhance the social and environmental impact of IFC and MIGA projects.

The CAO carries out its function by serving as ombudsman who responds to complaints from outside the World Bank Group, by auditing compliance with environmental and social safeguard performance, and by providing independent advice to the president and senior management of IFC and MIGA on policies and systemic issues, including those that arise in ombudsman investigations and compliance audits.

In its ombudsman role during FY03, the CAO continued to work on ongoing cases and received two new complaints. The CAO seeks to develop mechanisms to resolve complainants' issues and avoid future problems. This may take the form of negotiations, mediation, or fact-finding involving IFC and MIGA staff, project sponsors, and the affected parties.

The CAO's office has formalized its compliance audit role by hiring specialized staff and publishing a guidance document to explain the audit process, the triggers for a compliance audit, and the principles underpinning the conduct of an audit. Audits can be initiated in response to an ombudsman complaint or at the request of the president or senior management.

This year the CAO completed a review—commissioned by IFC senior management—of the implementation and impact of IFC's safeguard policies since their adoption in 1998. The review found that the commitment of a client firm to environmental and social issues is the key determinant of its success in implementing IFC's policies and guidelines.

To ensure that the people who need its services know how to access them, the CAO office makes its operational guidelines available in print and electronically in Arabic, Chinese, English, French, Portuguese, Russian, and Spanish. The CAO also visits IFC regional hubs and country offices to speak to staff and meet with nongovernmental organizations and other partners. The CAO's Web site is www.cao-ombudsman.org.

Financial Review

Operating income[1] in fiscal year 2003 was $528 million, above the $161 million earned in FY02 and $241 million in FY01 (operating income excludes the effects of accounting standards for derivatives and hedging activities; including these effects, IFC's net income totaled $487 million in FY03). Operating income in FY03 comprised income of $205 million on the Corporation's client services operations compared to a $70 million operating loss in FY02 and income on treasury services of $323 million, after administrative expenses, above the $231 million treasury contribution in FY02. Overall, the Corporation's operating return on average net worth rose from 2.7 percent in FY02 to 8.2 percent in FY03.

The return to profit on client services operations reflected stronger loan portfolio income and robust dividend income from the equity portfolio, complemented by a lower level of loss provisioning than in the previous year. The loan portfolio generated operating income of $219 million in FY03 (after charges for non-accruals, specific loss provisions, internal administrative expenses, borrowing costs, and loan hedging costs). This follows an operating loss of $139 million in FY02.

The equity and quasi-equity portfolios—that is, the portfolios funded from net worth—recorded operating income of $125 million in FY03, above the operating income of $91 million in FY02. Dividend income was stable, totaling $143 million in FY03, up from $140 million in FY02.

[1] Certain amounts in the prior years have been reclassified to conform to the current year's presentation.

IFC'S FINANCIAL PERFORMANCE HIGHLIGHTS, FY02-FY03 Millions of U.S. Dollars	FY02	FY03
Client services–operating income (loss)	**(70)**	**205**
Loan–operating income	(139)	219
Equity/quasi-equity–operating income	91	125
Technical assistance	(21)	(73)
Contributions to facilities	(22)	(28)
Corporate charges and other	21	(39)
IFC treasury services–operating income	**231**	**323**
IFC operating income	**161**	**528**

Operating income from IFC's treasury services reflected a significantly higher contribution from liquid asset gains. Income from liquid assets totaled $323 million in FY03, of which $157 million was realized and unrealized gains ($231 million and $31 million respectively in FY02).

New investment commitments for IFC's account amounted to $3.9 billion (including $0.4 billion in signed guarantees), and an additional $1.2 billion in loan syndications were signed. The disbursed investment portfolio was $12.0 billion at June 30, 2003, up 12 percent from its level at June 30, 2002. The Corporation's administrative expenses in FY03 grew 2 percent to $332 million in FY03. As a share of the average disbursed investment portfolio, total administrative expenses were 2.9 percent in FY03, down from 3.0 percent in FY02. Administrative expenses include the grossing-up effect of certain revenues and expenses attributable to the Corporation's reimbursable program ($30 million in FY03, as compared with $39 million in FY02). IFC's borrowings continued to keep pace with its lending activities. New borrowings in the international markets totaled $3.5 billion equivalent in FY03.

FINANCIAL PERFORMANCE OF MAJOR PRODUCT LINES

Disbursed and outstanding loans (excluding loan-type quasi-equities) rose 14 percent from $6.9 billion in FY02 to $7.8 billion in FY03. IFC's loan portfolio recorded an operating income in FY03 of $219 million, compared to an operating loss of $139 million in FY02. Significantly lower specific loss provision charges, recoveries of interest and principal past due, and stronger investment-related service fee income all contributed to the improved performance of the loan portfolio. Operating income on the loan portfolio was equivalent to 18.2 percent of capital employed, compared to a negative return of 12.5 percent in FY02.

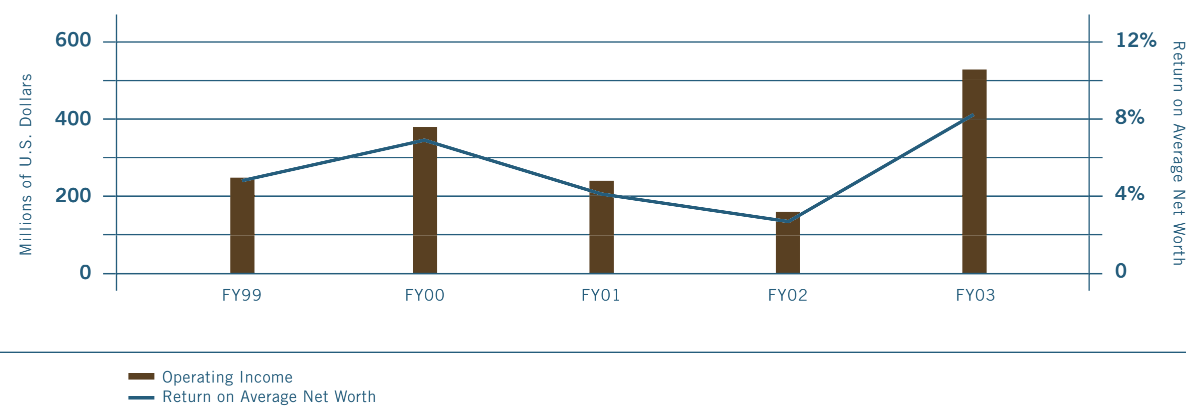
The equity and quasi-equity portfolio (including loan-type quasi-equities), IFC's net worth funded portfolio, grew by 8 percent in FY03 to $4.2 billion. This portfolio recorded operating income of $125 million in FY03, compared to operating income of $91 million in FY02, mainly because of significantly lower specific provision charges that more than offset lower realized capital gains from sales of equities. Capital gains totaled $52 million compared with $288 million in FY02. Dividend income was stable, totaling $143 million, up from $140 million in FY02. Operating income on this portfolio amounted to a return on capital employed of 3.8 percent in FY03, compared with 2.8 percent in FY02.

Total provisions for losses for FY03 were $98 million, significantly lower than the $657 million provided in FY02. The accumulated reserve against losses on loan and equity investments declined to 21.9 percent of the year-end disbursed and outstanding portfolio, compared with 25.8 percent in FY02.

CAPITAL AND RETAINED EARNINGS

IFC's net worth consists of retained earnings and paid-in capital. IFC's paid-in capital was $2.4 billion, unchanged from the end of FY02, while net income of $487 million increased retained earnings to $4.4 billion. The Corporation's net worth at the end of FY03 was $6.8 billion.

OPERATING INCOME AND RETURN ON AVERAGE NET WORTH, FY99-FY03



On June 30, 2003, IFC's capital adequacy ratio (paid-in capital, retained earnings, and adjusted general reserves compared with risk-weighted assets, both on- and off-balance sheet) stood at 45 percent. This is well above the policy minimum of 30 percent, defined under the capital adequacy framework adopted by the Board of Directors in May 1994. IFC's leverage ratio—which is outstanding borrowings and guarantees measured in relation to the sum of subscribed capital and retained earnings—was 2.6 to 1, well within the limit of 4.0 to 1 prescribed by the Articles of Agreement.

FUNDING MANAGEMENT

In FY03, IFC borrowed $3.5 billion equivalent in the international capital markets. In FY03, IFC also repurchased $116 million in outstanding debt. These repurchases were undertaken as part of IFC's strategy of enhancing the liquidity of its outstanding bond issues.

IFC issued securities in eight currencies during FY03—U.S. dollars, Japanese yen, Australian dollars, Canadian dollars, euros, Colombian pesos, Hong Kong dollars, and New Zealand dollars. The largest borrowing of the year was a US$1 billion global bond issue.

IFC raised 28 percent of total new borrowings in FY03 through its U.S. dollar benchmark issue; 30 percent via structures almost exclusively in Japan; 2 percent in Hong Kong dollars; 1 percent in Colombian pesos; and 39 percent through Japan retail-targeted transactions denominated in New Zealand dollars, Canadian dollars, euros, Australian dollars, and U.S. dollars. All borrowings were swapped into floating-rate U.S. dollars. Most loans made by IFC are denominated in U.S. dollars on a floating-rate basis. The below-LIBOR cost achieved through the use of currency and interest rate swaps as well as the income generated through debt repurchases contributed to maintaining IFC's low funding cost in FY03.

LIQUIDITY MANAGEMENT

Total liquid assets on the balance sheet fell to $13.0 billion at June 30, 2003, a 10 percent decline from $14.5 billion a year earlier, reflecting a reduction in the borrowing program, an increase in maturing borrowings, and higher levels of loan and equity disbursements. The majority of liquid assets are held in U.S. dollars, with small euro and yen balances held to support operational disbursements. Total liquid assets are determined by constraints associated with IFC's AAA/Aaa credit ratings and, notably, by the pace of new market borrowings and new loan and equity disbursements to clients.

IFC's liquid asset portfolios performed extremely well this fiscal year, amid volatile financial markets, caused by the uncertain economic outlook and mounting geopolitical tensions. In the first quarter, U.S. Treasuries rallied sharply, as stocks sold off, tensions grew over Iraq, and sustainability of Latin American policies was questioned. Treasury yields reached multidecade lows at the end of the first quarter, and after that remained in a trading range. The U.S. Federal Reserve eased monetary policy further in two interest rate reductions, bringing overnight rates down to 1 percent. Growth also remained subdued abroad, with Europe weaker than the United States, while Japan remained mired in its banking problems and deflationary environment. Ten-year Japanese government bond yields had a continuous slide from 1.3 to 0.4 percent, before making a sharp reversal in the second half of June. The liquid asset portfolios generated $323 million in operating income, with $36 million in spread income from funded liquidity and $293 million in interest and gains income from net worth liquidity. This compares with $231 million during FY02, which included $31 million in spread income from funded liquidity and $206 million in interest and gains income from net worth liquidity.

IFC's liquid assets are invested in line with policies and standards set under the Investment Authority granted by the Board of Directors. The authority specifies the types of instruments and entities eligible for investment. IFC is authorized to invest its liquid assets in the obligations of highly rated governments, agencies, corporations, and commercial banks. Within the authority's framework, IFC's senior management has established prudent guidelines for managing the different dimensions of risk inherent in a large, diversified bond portfolio with particular regard to market (interest rate) risk and credit risk. For management and reporting purposes, IFC's liquid assets are separated into four distinct portfolios and invested globally in the highest-quality assets, including sovereign and triple-A-rated corporate bonds.

The P0 portfolio, launched in January 2002, is a cash account to process all of IFC's operational loan and equity disbursements and receipts and borrowing transactions, as well as to fund all of IFC's administrative expenses. P0 outperformed its overnight effective U.S. Federal Funds benchmark, delivering a return of 1.5 percent compared to 1.4 percent on the benchmark.

The P1 portfolio consists of funded liquidity, namely, the proceeds of variable-rate borrowings, which are invested in high-quality investments pending disbursements of approved loans. IFC's objective is to outperform the total return of its benchmark—three-month U.S. dollar deposits—within the interest rate and credit risk limits allowed. The total return was 2.1 percent as compared to the benchmark return of 1.6 percent, with an excess return of 0.5 percent, up from 0.3 percent in FY02.

The P2 portfolio corresponds primarily to the Corporation's paid-in capital and accumulated earnings. P2 is managed against a three-year duration benchmark (including the residual fixed-rate loan portfolio). The portfolio is actively managed on a total return basis against this benchmark. The annualized return for FY03 was 9.4 percent versus a benchmark return of 7.8 percent—a margin of 1.6 percent over benchmark. The favorable return relative to benchmark was mainly due to an overweight bond position during the bond market rally as well as a series of ongoing relative value trades within the U.S. Treasury and other markets, with large, consistent exposure to U.S. and European real (inflation-protected) bonds, and active securities lending.

The P3 portfolio consists of borrowed variable-rate funds assigned to external managers to be invested actively against a three-month U.S. dollar deposit index. At the end of FY03, the external portfolio constituted 8 percent of the total liquid assets portfolio, and IFC had a total of $1.0 billion under management by six external firms—two global fixed-income managers with $307 million under management, three mortgage-backed securities specialists with $628 million under management, and a smaller portion of $101 million managed as a hybrid of global fixed-income and mortgage-backed securities. The P3 portfolio performed well in FY03, delivering a total return of 2.4 percent, representing 0.8 percent over benchmark.

In FY04, under the external management program, a new initiative will be undertaken to hire outside managers for part of the P2 portfolio (P4). Three managers have been selected with an initial allocation of $300 million or about 10 percent of the P2 portfolio.

RISK MANAGEMENT AND FINANCIAL POLICIES

In keeping with industry best practice, risk management and financial policies are administered by a separate group under the Vice Presidency of Portfolio and Risk Management. The unit is independent from all transaction groups and is responsible for recommendations on financial policy and risk management issues, formulation and maintenance of internal financial policy guidelines (and monitoring compliance with these guidelines), and rating agency issues. It covers business operations, treasury activity, and the newer area of active portfolio management with a view to ensuring coherence and consistency in policies and an integrated financial framework for all business activities.

IFC's overall activities are governed by a set of financial policies on exposure, capital adequacy, leverage, asset-liability management, liquidity, and derivatives. Specific activities in treasury and portfolio management are subject to detailed internal management guidelines for each area of activity.

IFC has exposure policies that set guidelines on exposure to countries, sectors, products, and groups as well as single obligors. While these guidelines serve to limit and monitor business exposures, IFC also limits its financial risks through a set of conservative financial polices. These include a minimum capital adequacy ratio of 30 percent of risk-weighted assets and a maximum ratio of debt plus outstanding guarantees to net worth of 4:1 as long as IFC has outstanding borrowings from the International Bank for Reconstruction and Development (IBRD). In addition, IFC has conservative approaches to asset-liability, liquidity, and derivatives exposure management as described below.

Funding, interest rate, and currency exposure is controlled through the matched-funding policy that requires loan assets to be funded by liabilities that have matching interest rate and currency characteristics. In order to accommodate client needs for loans in nondollar currencies in fixed or floating rates, and to allow for flexibility in borrowing and investment of liquid assets in various currencies and alternative interest rate bases, IFC makes use of derivatives, primarily over-the-counter swaps, to transform both assets and liabilities into synthetic variable-rate dollar assets and liabilities. Equity and quasi-equity assets are funded from net worth and are limited by the polices that require such investments not to exceed 100 percent of net worth.

Mismatches that arise over the course of a loan's life due to provisioning, prepayments, reschedulings, receipt of spread or fee income in nondollar currencies, and possible differences in LIBOR reset dates between assets and liabilities are monitored and hedged on an ongoing basis subject to operational limits.

IFC's liquidity requirements are governed by the matched-funding policy and the liquidity policy. Under the matched-funding policy, loans are funded by liabilities with similar interest rate and currency characteristics. Under the liquidity policy IFC is required to maintain a level of liquid assets of not less than 65 percent of the next three years' projected net cash flow requirements at all times.

IFC's liquid asset holdings are made up of market-funded portfolios and a net worth funded portfolio. Interest rate risks are managed against duration benchmarks for each of the portfolios, and currency risks are managed by using derivatives to hedge the currency exposure. Credit risks are managed through eligibility requirements for investments and issuer limits based on size and rating as well as on concentration limits on asset classes.

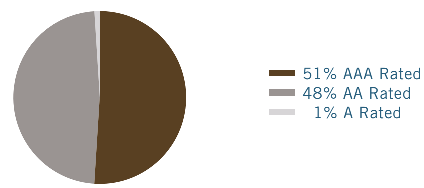
IFC uses derivatives in the areas of funding, liquidity management, asset-liability management, client risk management products, and active portfolio management.

With the exception of the use of derivatives for active portfolio management, and some positions taken in liquid assets management, other uses of derivatives do not entail market risk, as they are used only for hedging purposes. Market risk arising from derivative use in liquid assets and portfolio management activities is subject to the respective guidelines for such activities. While the other derivatives used only for hedging do not entail open market risk, they create credit exposure that arises from the potential counterparty default when the derivative contract has positive value to IFC.

To manage these counterparty exposures, IFC has credit risk polices relating to eligibility criteria and credit limits that are coordinated with those of the IBRD. Limits are set in terms of the total potential exposure to the counterparty.

To protect against counterparty downgrades subsequent to undertaking contracts, IFC has entered into mark-to-market collateral agreements with most of its derivative counterparties.

TREASURY CREDIT RISK ALLOCATION



Portfolio Review

IFC's committed portfolio at the end of FY 2003 increased by 11.5 percent to $16.8 billion, from $15.1 billion in FY02.[1] Seventy-one percent of the committed portfolio was in loans amounting to $11.9 billion, and 21 percent was in equity investments amounting to $3.5 billion. Guarantees of $1.1 billion accounted for 6 percent of the committed portfolio, and risk management products of $255 million accounted for 2 percent. In addition, IFC held and managed for participants $6.6 billion in loans it had syndicated. At the end of FY03, the committed portfolio included loan and equity investments, risk management products, and guarantees in 1,378 companies in 117 countries.

The net increase in committed portfolio was $1.7 billion after taking into account new commitments, repayments, sales, cancellations, prepayments, write-offs, and translation adjustments. Loan principal repayments totaled $1.4 billion, and $218 million in equity investments were sold or redeemed. The total disbursed portfolio for IFC's own account increased to $12.0 billion at the end of FY03, from $10.7 billion in FY02. During the fiscal year, the disbursed loan portfolio grew by 15.1 percent, whereas the disbursed equity portfolio grew by 2.1 percent.

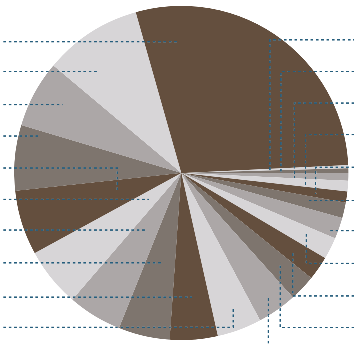
BREAKDOWN OF IFC PORTFOLIO ON JUNE 30, 2003 Millions of U.S. Dollars

Committed loans and equity	**15,442**
Loans	11,925
Equity	3,517
Off-balance-sheet exposure	**1,335**
(on guarantees and risk management products)	
Total committed portfolio for IFC's own account	**16,777**
Total committed portfolio held for participants	**6,602**
Total disbursed portfolio	**11,988**
Total undisbursed portfolio	**3,454**

[1] Committed portfolio includes guarantees and risk management products, which are off balance sheet.

COMMITTED PORTFOLIO FOR IFC'S OWN ACCOUNT BY SECTOR ON JUNE 30, 2003

Millions of U.S. Dollars



Note: Numbers include guarantees and risk management products.

Many of the Corporation's investments are denominated in U.S. dollars, but IFC borrows in a variety of currencies to diversify access to funding and reduce borrowing costs. The currency breakdown of the disbursed loan portfolio on June 30, 2003, is shown in the notes to the Financial Statements (see Volume 2 of IFC's 2003 Annual Report). The Corporation minimizes its risk exposure to off-balance-sheet transactions by entering into offsetting swap, option, or forward contract positions with highly rated market counterparties and by performing thorough credit reviews of all counterparties.

COMMITMENTS AND DISBURSEMENTS

New commitments for IFC's own account were concentrated in the Latin America and Caribbean (33 percent), Europe and Central Asia (31 percent), and East Asia and Pacific (15 percent) regions. The business sectors with the largest volume of new commitments were finance and insurance with 48 percent and utilities with 9 percent.

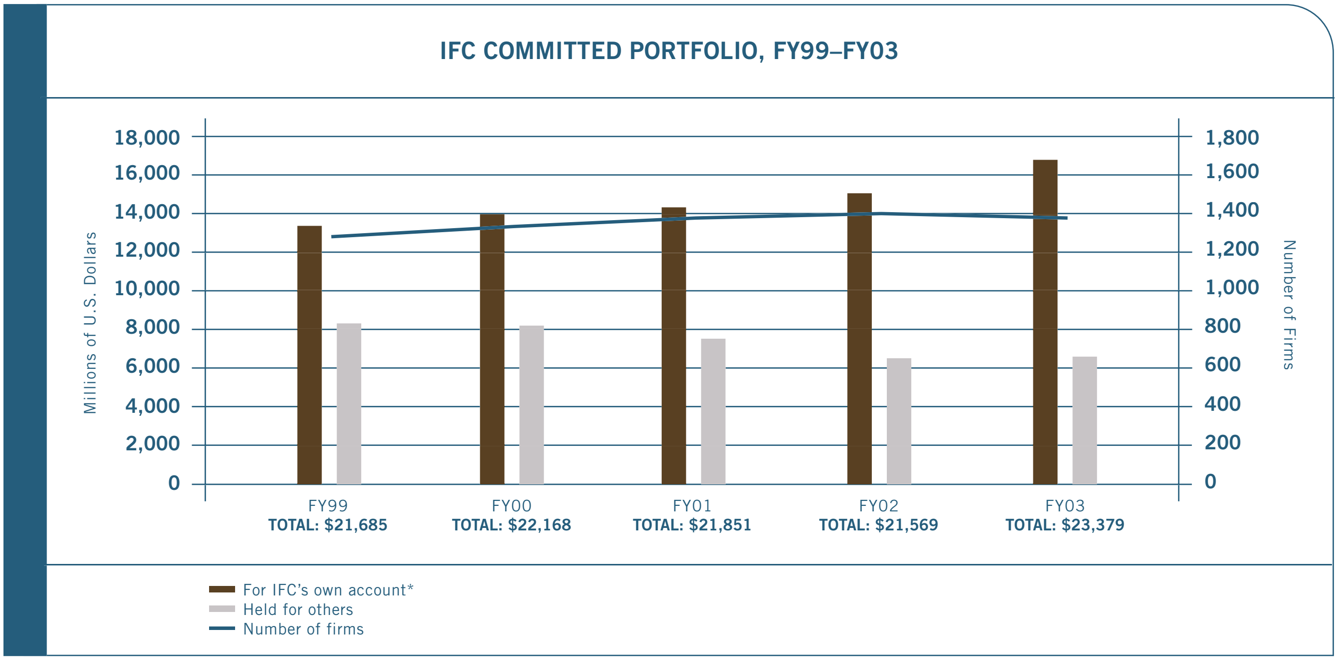
Disbursements in FY03 were $3.0 billion, up from $1.5 billion in FY02. Loan disbursements were $2.6 billion and equity disbursements were $313 million. IFC also disbursed $1.5 billion on behalf of financial institutions participating in its syndicated loans.

PORTFOLIO MANAGEMENT

As part of its supervision efforts, IFC closely monitors compliance with investment agreements, visits sites to check on project status, and helps find solutions to problem projects. To strengthen portfolio supervision, the Corporation has in place portfolio management units in all investment departments, each under a portfolio manager. This structure helps identify problems early and address them in a timely manner. The maintenance of a sophisticated risk-rating system also supports this process. Furthermore, headquarters staff continue to be relocated to the field, and local staff members in resident missions have increasingly been assigned to supervisory tasks. IFC makes special efforts to ensure that banks participating in IFC loans are kept regularly informed of project developments through the B-Loan Management Division. There is always a close and continuing consultation between IFC and its participants.

Operational departments evaluate projects case by case when difficulties arise. For projects with particularly severe problems, the Special Operations Department determines appropriate remedial action. In such situations, it seeks to negotiate agreements with all creditors and shareholders to share the burden of restructuring so that problems can be worked out while the project continues to operate. In exceptional cases, when the parties reach an impasse in negotiations, IFC takes all necessary and appropriate measures to protect its interests.

After receiving delegated Board authority to manage financial risks and exposures in FY02, IFC's Corporate Portfolio Management Department proceeded to define all appropriate procedures, to secure all necessary risk management tools, and to gather internal approvals to begin the implementation of the pilot program by early 2003. Since then, portfolio management activities have included the use of market-based instruments to perform hedging



transactions on the IFC loan and equity portfolio as well as equity buyback strategies. All transactions and strategies implemented shared the common goal of protecting the portfolio against downside risk, and each was in compliance with a defined set of risk limits and control mechanisms.

During FY03, loan and equity portfolio income was $672 million, down 31 percent from FY02, due to lower capital gains and lower market interest rates that reduced loan interest income. Principal outstanding on nonaccruing loans as a percentage of the disbursed loan portfolio was 16.7 percent on June 30, 2003, compared with 15.2 percent on June 30, 2002. During the same period, principal in arrears as a percentage of the disbursed loan portfolio reached 7.3 percent, up from 6.5 percent. Despite higher nonaccrual levels, the risk level of the loan portfolio declined in FY03 due to the combined effect of: (1) growth in the outstanding portfolio with lower credit risk investments entering the portfolio; (2) reductions in credit risk levels of existing investments due to workouts, reschedulings, and restructurings; (3) reductions in some country risk ratings; and (4) write-offs of deadwood investments.

Estimated unrealized gains on the equity portfolio rose during FY03. Capital gains of $48 million were realized, a decline from $288 million in FY02.[2] IFC received dividends of $148 million, compared with $141 million during FY02.[3] Dividends in FY03 were higher than in FY02, mainly due to dividend increases in several oil sector investments.

Reserves against losses decreased to $2.6 billion in FY03, representing 21.9 percent of the disbursed portfolio, down from 25.8 percent in FY02. The decrease resulted from $69 million in additional specific reserve, $75 million in additional general reserve, and write-offs of $290 million.

Management determines specific reserves against losses on the basis of portfolio reviews and recommendations by the Portfolio Management Units in the investment departments. For this purpose, the entire portfolio is reviewed quarterly. Management determines general reserves using a Monte Carlo-based simulation technique. The Corporation's external auditors examine closely the recommendations, policies, and methods for determining the reserves against losses.

2 The $52 million in capital gains income reported in the Financial Statements includes gains/losses realized on equity buybacks performed by the Corporate Portfolio Management Department.

3 The $143 million dividend income reported in the Financial Statements is reported net of fees paid for custody of the equity portfolio and also includes net gains or losses from portfolio hedging activities.

Project Commitments

DESCRIPTION	IFC LOAN	IFC EQUITY	IFC QUASI-EQUITY	IFC GUARANTEE	SYNDICATIONS	RISK MGMT PRODUCTS	TOTAL FY03 COMMITTED
SUB-SAHARAN AFRICA							
REGIONAL							
Africa International Financial Holdings, LLC will acquire, restructure, and sell commercial banks in Sub-Saharan Africa, primarily in the course of privatization.	–	6.62	–	–	–	–	**6.62**
Aureos East Africa Fund LLC will invest in small and medium enterprises that demonstrate potential for profitable growth in East Africa.	–	4.00	–	–	–	–	**4.00**
Aureos Southern Africa Fund LLC will invest in small and medium enterprises that demonstrate potential for profitable growth in Southern Africa.	–	6.00	–	–	–	–	**6.00**
Osprey Oil & Gas Limited will provide seed capital to cover establishment and operational costs for a new oil and gas exploration and production company.	–	0.25	–	–	–	–	**0.25**
West Africa Trade Enhancement Facility will allow local banks to meet the demand of importers for Letters of Credit, making the banks more competitive vis-a-vis multinational banks.	–	–	–	16.00	–	–	**16.00**
Botswana							
Kalahari Diamonds Limited will explore for potential diamond deposits. If high-priority targets are identified, ground exploration will follow.	–	2.00	–	–	–	–	**2.00**
Cameroon							
Pecten Cameroon Company will benefit from a three-year extension in IFC's existing revolving loan facility.	20.00	–	–	–	11.40	–	**31.40**

(millions of U.S. dollars)

Note: This table includes projects signed and processed by IFC during FY03. Certain transactions signed in FY02 for which processing was not completed until FY03 are also included.

(millions of U.S. dollars)

DESCRIPTION	IFC LOAN	IFC EQUITY	IFC QUASI-EQUITY	IFC GUARANTEE	SYNDICATIONS	RISK MGMT PRODUCTS	TOTAL FY03 COMMITTED
Société de Transports et Négoces du Cameroun SARL will acquire additional fuel transportation trucks meeting international environmental and safety norms and phase out current log transportation activities.	0.76	–	–	–	–	–	**0.76**
Unité Camerounaise Pharmaceutique will establish centers in Douala and Yaoundé to distribute specialty and generic pharmaceuticals throughout the country.	–	–	–	2.52	–	–	**2.52**
Chad							
Finadev Tchad will address the needs of the underserved population and provide its informal economic sector with new access to credit.	–	0.17	–	–	–	–	**0.17**
Financial Bank Tchad will provide funding for small and medium enterprises participating in the development of oil resources.	–	–	–	1.10	–	–	**1.10**
Congo, Democratic Republic of							
Celtel Democratic Republic of Congo will expand its mobile telephone operations and increase coverage to new urban areas.	20.00	–	–	–	–	–	**20.00**
Côte d'Ivoire							
Pétro Ivoire, a petroleum products distributor, will build 10 gas stations and networks to increase retail presence.	0.30	–	–	–	–	–	**0.30**
Kenya							
Kenya Airways Limited will provide predelivery financing for the acquisition of new aircraft.	15.00	–	–	–	–	–	**15.00**

(millions of U.S. dollars)

DESCRIPTION	IFC LOAN	IFC EQUITY	IFC QUASI-EQUITY	IFC GUARANTEE	SYNDICATIONS	RISK MGMT PRODUCTS	TOTAL FY03 COMMITTED
Mali							
Grand Hôtel de Bamako, a 91-room hotel, will undertake a major renovation (including environmental and fire safety upgrades).	1.79	–	–	–	–	–	**1.79**
Mozambique							
Auto Body Grand Prix Lda. will expand and move to a better facility. Its existing motor vehicle repair company will become a full Nissan Service Center in Maputo.	0.44	–	–	–	–	–	**0.44**
Namibia							
Novanam Limited will acquire new trawlers, upgrade its processing plant to catch its full quota, and increase its processing capacity and efficiency.	7.93	–	–	–	–	–	**7.93**
Nigeria							
Adamac Revolving Credit Facility will finance working capital requirements and capital expenditures for specific oil service contracts.	25.00	–	–	–	15.00	–	**40.00**
Safety Center International Limited will set up the country's first training center for fire brigade and safety personnel.	–	0.07	–	–	–	–	**0.07**
Senegal							
GTi Dakar LLC will benefit from increased funding to build, own, operate, and transfer a combined cycle power plant with a net installed capacity of 56 MW.	–	–	–	–	–	0.05	**0.05**
South Africa							
New Africa Mining Fund will invest in and promote mining activities in Southern and Central Africa.	–	5.00	–	–	–	–	**5.00**
Rubico Holding SA (Pty) Ltd., a software solutions company, will specialize in creating business components for the financial services market.	–	–	0.75	–	–	–	**0.75**
South Africa Home Loans, the first originator and securitizer of home loans in South Africa and Sub-Saharan Africa, will restructure its operations.	–	0.92	–	–	–	–	**0.92**
South Africa Home Loans, through a buyout of Peregrine, will restructure and rationalize the company's shareholding.	–	2.52	–	–	–	–	**2.52**
South Africa Home Loans will expand its capital base and funding capacity.	–	0.17	–	–	–	–	**0.17**
Tanzania							
Exim Bank of Tanzania will expand its capital base and funding capacity.	–	–	1.00	–	–	–	**1.00**

(millions of U.S. dollars)

DESCRIPTION	IFC LOAN	IFC EQUITY	IFC QUASI-EQUITY	IFC GUARANTEE	SYNDICATIONS	RISK MGMT PRODUCTS	TOTAL FY03 COMMITTED
EAST ASIA & THE PACIFIC							
REGIONAL							
East Asia Swap Guarantee Facility will provide credit enhancement to swap transactions in the region.	–	–	–	–	–	100.00	**100.00**
Zurich Asian Risk Sharing Facility will support the recovery of emerging markets by providing additional access to term finance, funding the import of capital goods and services.	–	–	–	125.00	–	–	**125.00**
Cambodia							
Princiere Resorts Ltd. will renovate the Villa Apsara Hotel in Siem Reap and operate it as a 12-room, boutique resort under the Aman brandname.	1.20	–	–	–	–	–	**1.20**
SEF Hagar Soya will expand its soy milk manufacturing plant, employing new processing and packaging technology.	–	0.45	–	–	–	–	**0.45**
China							
Advantage China Holdings Limited will provide home mortgage, borrower credit, and contract underwriting services to banks.	–	0.50	–	–	–	–	**0.50**
BNP Paribas Peregrine China Investment Bank will establish a joint venture investment bank in China. The technical partner is BNP Peregrine.	–	11.60	–	–	–	–	**11.60**
China Huarong Asset Management Corporation, involved in an auction of nonperforming loans, will help set a precedent for future sales and development of the market for such loans.	–	3.00	–	–	–	–	**3.00**
China Minsheng Banking Corp., Ltd. will access international best practices with regard to corporate governance, capital adequacy, credit, accounting, risk management, and internal controls.	–	23.50	–	–	–	–	**23.50**
Great Infotech will expand and develop its software product offerings, select acquisitions, and construct a software development center.	–	3.50	–	–	–	–	**3.50**
Jilin Zhengye Agriculture Development Co. will establish 11 pig-breeding farms and a processing plant and acquire an existing slaughterhouse.	15.00	–	–	–	–	–	**15.00**
Paris-Shanghai Asset Management Co. Ltd. will offer to individual investors collective investment products, particularly open-ended funds.	–	1.93	–	–	–	–	**1.93**
Sino Mining Limited will finance the improvement and further development of an existing gold mine and early stage development for other projects in western China.	–	–	5.00	–	–	–	**5.00**
Xi'an City Commercial Bank will improve its corporate governance and adopt international standards and banking best practices.	–	19.93	–	–	–	–	**19.93**

(millions of U.S. dollars)

DESCRIPTION	IFC LOAN	IFC EQUITY	IFC QUASI-EQUITY	IFC GUARANTEE	SYNDICATIONS	RISK MGMT PRODUCTS	TOTAL FY03 COMMITTED
Indonesia							
P.T. Astra International Tbk. will restructure debt to establish an appropriate and sustainable capital structure to support its operations and business development.	–	19.92	–	–	–	–	**19.92**
P.T. Bank Buana Indonesia will transform from a private, listed bank into one with a more diverse base of institutional and public investors.	–	15.00	–	–	–	–	**15.00**
P.T. Bank NISP will expand its capital base and funding capacity.	–	3.63	–	–	–	–	**3.63**
P.T. Gawi Makmur Kalimantan will develop 14,800 hectacres of oil palm plantations and construct two oil palm mills in Kalimantan Selatan.	11.50	–	–	–	10.00	–	**21.50**
P.T. Indorama Synthetics Tbk. will swap an estimated 200 billion Indonesian rupiah in local currency financing into U.S. dollars.	–	–	–	–	–	5.00	**5.00**
P.T. Sahabat Mewah Dan Makmur, an oil palm plantation, will be restored and developed.	12.00	–	–	–	–	–	**12.00**
Verdaine Investment Limited will acquire, rehabilitate, and manage 40,000 to 50,000 hectares of oil palm plantations.	14.00	–	–	–	–	–	**14.00**
Korea, Republic of							
Hana Bank will enhance the scale and scope of its operations, supporting privatization and consolidation in the Korean banking industry.	–	50.00	–	–	–	–	**50.00**
Korea Mortgage Corporation will become the country's first company specializing in the secondary mortgage market.	43.75	–	–	–	–	–	**43.75**
Philippines							
All Asia Life will expand and consolidate its capital base.	–	0.11	–	–	–	–	**0.11**
Asian Eye Institute will provide a complete range of services for diagnosis and management of eye diseases and build a specialized training and research ophthalmology facility.	1.00	–	–	–	–	–	**1.00**
Banco de Oro Universal Bank will increase its capital base, leveraging its existing Tier I equity, to expand its consumer and middle market banking operations.	–	–	–	20.00	–	–	**20.00**
Hong Kong and Shanghai Banking Corporation Limited will enable mid-size Philippine banks to get international letters of credit on behalf of their clients.	–	–	–	10.00	–	–	**10.00**
Legacy Scholarship and Pension Plans will increase its capital base with the intention of purchasing All Asia Life.	–	0.19	–	–	–	–	**0.19**

DESCRIPTION	IFC LOAN	IFC EQUITY	IFC QUASI-EQUITY	IFC GUARANTEE	SYNDICATIONS	RISK MGMT PRODUCTS	TOTAL FY03 COMMITTED
Manila Water Company Inc., through its investment program, will act as the concessionaire for Metro Manila East.	30.59	–	–	–	–	–	**30.59**
Software Ventures Int'l., Inc. will restructure expensive short-term debt, expand its systems development operations, and finance general working capital needs.	–	4.00	–	–	–	–	**4.00**
Vietnam							
Allianz/AGF Insurance (Vietnam) Co. Ltd. will set benchmarks for corporate governance, transparency, and business and accounting practices in order to grow as a player in the market.	–	1.32	–	–	–	–	**1.32**
Asia Commercial Bank will strengthen and modernize its activities to meet the demands of increased corporate governance requirements and cope with its rapid expansion.	–	5.02	–	–	–	–	**5.02**
Dragon Capital Group will improve its corporate governance, structure, and expertise.	–	2.00	–	–	–	–	**2.00**
Glass Egg Digital Media will expand its technical and managerial capacity and open a business development office in the United States.	–	1.75	–	–	–	–	**1.75**
Saigon Thuong Tin Commercial Joint Stock Bank will strengthen Sacombank's capital base and expand its operational capabilities to become a commercial bank.	–	2.93	–	–	–	–	**2.93**
Vietnam Enterprise Investment Limited will invest in publicly or privately issued securities of companies, projects, and enterprises issued by Vietnamese entities.	–	8.00	–	–	–	–	**8.00**
SOUTH ASIA							
Bangladesh							
Khulna Power Company Limited will develop a 110 MW power plant. The electricity to be produced will be sold to the Bangladesh Power Development Board.	–	–	–	–	21.59	–	**21.59**
R.A.K. Ceramics (Bangladesh) Pvt. Ltd. will expand its capacity for manufacturing tiles and diversify into sanitary ware for the local market.	12.00	–	–	–	–	–	**12.00**
India							
Alok Industries Limited, an integrated textile company, will upgrade its facilities and refinance some of its long-term debt.	17.90	–	–	–	–	–	**17.90**
Apollo Tyres Limited will undertake a corporate investment program, which includes the setup of a truck radial tire plant, expansion at other plants, and debt refinancing.	20.55	–	–	–	15.00	–	**35.55**

(millions of U.S. dollars)

DESCRIPTION	IFC LOAN	IFC EQUITY	IFC QUASI-EQUITY	IFC GUARANTEE	SYNDICATIONS	RISK MGMT PRODUCTS	TOTAL FY03 COMMITTED
India (continued)							
Apollo Tyres Limited will engage in a currency swap to fund expansion of its manufacturing activities.	–	–	–	–	–	1.00	**1.00**
Balrampur Chini Mills Ltd. will expand its sugar capacity and diversify its revenue streams through the production of value-added products.	15.24	–	–	–	–	–	**15.24**
Cosmo Films Limited will expand its capacity, stabilize its capital base with long-term funds, and complete the operational and financial restructuring of a newly acquired plant.	10.00	–	–	–	–	–	**10.00**
Dataquest Management and Communications Ltd. will increase its staff and expand its investment in animation infrastructure	–	1.50	0.50	–	–	–	**2.00**
Dewan Housing Finance Corporation Ltd. will expand its lending to middle and lower income families.	12.78	–	–	–	–	–	**12.78**
Housing Development Finance Corporation Limited will increase its funding capacity to middle and lower income segments of the population.	100.00	–	–	–	–	–	**100.00**
Larsen & Toubro, an engineering company, will undertake a financial and operational restructuring program to enable further expansion into emerging markets.	50.00	–	–	–	–	–	**50.00**
Mahindra Shubhlabh Services Limited will provide farmers with access to crop finance from commercial banks through a one-stop-shop concept.	–	2.20	–	–	–	–	**2.20**
NewPath Ventures LLC will establish and develop operating companies in specialized custom semiconductor chip design and embedded software.	–	10.00	–	–	–	–	**10.00**
NIIT Student Loan Program will provide financing for students participating in its flagship graduate educational program.	–	–	–	2.00	–	–	**2.00**
Niko Resources Ltd. will expand its oil and gas production base.	30.00	–	–	–	–	–	**30.00**
Spryance.com, Inc. will provide high-quality, low-cost medical transcription and other health information services for the U.S. market from an operational base in India.	–	1.00	–	–	–	–	**1.00**
Tata Engineering & Locomotive Company Limited will strengthen its balance sheet and expand its ongoing capital expenditure program.	50.00	–	–	–	–	–	**50.00**
Usha Beltron Limited, a producer of wires and wire ropes, will reduce its operating costs, balance its production facilities, and strengthen its balance sheet through replacement of short-term debt.	21.00	3.60	–	–	–	–	**24.60**

(millions of U.S. dollars)

DESCRIPTION	IFC LOAN	IFC EQUITY	IFC QUASI-EQUITY	IFC GUARANTEE	SYNDICATIONS	RISK MGMT PRODUCTS	TOTAL FY03 COMMITTED
Maldives							
Villa Shipping and Trading Company Private Ltd. will strengthen its capital structure; improve environment, health, and safety management at its five resorts; and expand its storage facilities.	10.00	–	5.00	–	–	–	**15.00**
Sri Lanka							
Commercial Bank of Ceylon will purchase a 15 percent stake in the Sri Lankan Insurance Corporation and receive up to $10 million in an A-loan or unfunded exposure in a risk-sharing facility.	–	9.97	–	–	–	–	**9.97**
EUROPE & CENTRAL ASIA							
REGIONAL							
Baltic American Enterprise Fund will expand its mortgage finance activities.	50.00	–	–	–	–	–	**50.00**
Bancroft II, L.P. will seek to achieve long-term capital appreciation by making equity-related investments in companies based principally in Central and Eastern Europe.	–	19.84	–	–	–	–	**19.84**
Commercializing Energy Efficiency Finance will support energy efficiency investments in Central Europe and the Baltics by addressing the credit risk barriers to project finance.	–	–	–	75.00	–	–	**75.00**
Hanseatic Capital, LLC will provide debt and quasi-equity financing to a wide range of small and medium-size businesses operating in Estonia, Latvia, and Lithuania.	–	–	7.44	–	–	–	**7.44**
SEAF Central Asia Small Enterprise Fund LLC will provide equity, quasi-equity, debt financing, and technical and managerial assistance to Central Asia.	–	2.50	–	–	–	–	**2.50**
Armenia							
ACBA Leasing will provide critical medium-term capital financing to small and medium enterprises.	2.00	0.27	–	–	–	–	**2.27**
Azerbaijan							
Azerigazbank will increase funding to small businesses, allowing greater coordination between large oil and gas sector firms, the tourism industry, and the small business market.	1.20	–	–	–	–	–	**1.20**
Microfinance Bank Azerbaijan will provide credit and other financial services on commercial terms to small and medium enterprises.	–	1.75	–	–	–	–	**1.75**
Rabitabank will provide financing to small businesses while strengthening the linkages between large oil and gas sector firms.	1.20	–	–	–	–	–	**1.20**

(millions of U.S. dollars)

DESCRIPTION	IFC LOAN	IFC EQUITY	IFC QUASI-EQUITY	IFC GUARANTEE	SYNDICATIONS	RISK MGMT PRODUCTS	TOTAL FY03 COMMITTED
Belarus							
Priorbank Joint Stock Company will increase the availability of finance for cross-border trade of private companies.	14.00	–	–	–	–	–	**14.00**
Bosnia and Herzegovina							
Fabrika Cementa Lukavac will undertake postprivatization rehabilitation, modernization, and expansion of a cement factory.	9.79	–	–	–	2.45	–	**12.24**
The Microenterprise Bank of Bosnia and Herzegovina Company, a successful financial institution, will expand its on-lending to micro and small enterprises.	2.94	–	–	–	–	–	**2.94**
Raiffeisen Bank Bosnia will provide loans for housing and small and medium enterprises.	7.78	–	–	–	–	–	**7.78**
Sarajevo Privatization Venture, established as a holding company for three Bosnian banks, will subscribe to a capital increase for one of the banks, PBS.	1.97	–	–	–	–	–	**1.97**
Bulgaria							
Bulgarian-American Credit Bank AD will build and warehouse its portfolio of mortgage loans through a revolving credit line.	5.00	–	–	–	–	–	**5.00**
Melrose Resources Plc will develop the Galata gas field, including two new wells, a production platform, a new pipeline, and metering facilities.	17.00	–	–	–	–	–	**17.00**
ProCredit Bank AD will provide credit and financial services to private micro, small, and medium enterprises.	–	1.24	–	–	–	–	**1.24**
Unionbank AD will act as a source of medium-term funding for the development of small business finance activities.	5.00	–	–	–	–	–	**5.00**
Croatia							
Belisce D.D. will modernize its packaging paper production facilities, restructure its debt, and acquire and modernize a Slovenian corrugated box producer.	9.80	–	–	–	12.64	–	**22.44**
Erste & Steiermarkische Bank D.D. will provide housing finance and SME on-lending.	19.60	–	–	–	–	–	**19.60**
Czech Republic							
CDV-1 Holding Company, L.P., a special purpose vehicle purchasing nonperforming loans, will expand its capital base.	–	0.01	–	–	–	–	**0.01**
Georgia							
Bank of Georgia will provide on-lending for the acquisition, improvement, construction, or upgrading of residential homes and small commercial properties.	5.00	–	–	–	–	–	**5.00**

(millions of U.S. dollars)

DESCRIPTION	IFC LOAN	IFC EQUITY	IFC QUASI-EQUITY	IFC GUARANTEE	SYNDICATIONS	RISK MGMT PRODUCTS	TOTAL FY03 COMMITTED
Microfinance Bank of Georgia will provide loans to micro and small enterprises and increase its funding capacity.	–	0.74	–	–	–	–	**0.74**
Kazakhstan							
ABN-AMRO (Kazakhstan) will provide financing to quality local companies.	–	–	10.00	–	–	–	**10.00**
Astana Business and Shopping Center will generate commercial development and boost related support services as commerce and business activity grows in Astana.	5.00	–	–	–	–	–	**5.00**
CJSC Citibank Kazakhstan will expand its mid-term lending operations and enhance the supply of finance to the local private sector.	25.00	–	–	–	–	–	**25.00**
Ispat Karmet SME Resource TOO will provide financing, technical skills, and business expertise to small and medium enterprises in northern Kazakhstan.	–	0.13	3.27	–	–	–	**3.40**
Karachaganak Field Development will fund a portion of Lukoil's share of development of the Karachaganak oil, gas, and condensate field.	50.00	–	25.00	–	75.00	–	**150.00**
Nelson Resources Limited will undertake further development activities at its Alibekmola oil fields.	–	3.58	–	–	–	–	**3.58**
Macedonia, FYR							
Microfinance Bank of Macedonia will provide credit and other financial services on commercial terms to micro and small enterprises.	–	1.02	–	–	–	–	**1.02**
Stopanska Banka a.d. Skopje will expand its capital base and funding capacity.	–	1.93	–	–	–	–	**1.93**
Moldova							
FinComBank S.A. will provide on-lending to finance projects by way of subloans to borrowers.	1.50	–	–	–	–	–	**1.50**
Micro Enterprise Credit Bank Moldova S.A. will provide credit and other financial services on commercial terms to micro and small enterprises.	–	1.38	–	–	–	–	**1.38**
Romania							
Banca Comerciala Romana, the country's largest commercial bank, will provide finance for business projects and housing.	75.00	–	–	–	–	–	**75.00**
Microfinance Bank (MIRO) S.A. will expand its capital base to provide credit and financial services to small and medium enterprises.	–	0.53	–	–	–	–	**0.53**
S.C. Arctic S.A. will modernize its refrigerator production process, improve quality, expand capacity, and restructure its financial liabilities.	11.04	–	–	–	–	–	**11.04**

(millions of U.S. dollars)

DESCRIPTION	IFC LOAN	IFC EQUITY	IFC QUASI-EQUITY	IFC GUARANTEE	SYNDICATIONS	RISK MGMT PRODUCTS	TOTAL FY03 COMMITTED
Russian Federation							
Agro-Industrial Finance Company will provide financing to primary agricultural enterprises with strong supply links to major food and agribusiness companies.	5.00	0.50	–	–	7.50	–	**13.00**
BCEN Eurobank will finance the growth of its trade finance business with Russian clients.	100.00	–	–	–	–	–	**100.00**
Bema Gold Corporation will increase its productivity, reduce its debt, and update its corporate governance policy.	–	1.05	–	–	–	–	**1.05**
Commercial Bank DeltaCredit will build the volume of its mortgage loans, aiming to securitize its loan portfolio on the domestic or international capital markets.	24.00	–	6.00	–	–	–	**30.00**
IBS Group Holdings Limited will expand its offshore programming services, management consulting services, and local computer assembly business.	–	–	12.00	–	–	–	**12.00**
Moscow Narodny Bank, Ltd. will extend trade-related credit facilities to select companies.	100.00	–	–	–	–	–	**100.00**
NBD Bank, operating in the region of Nizhny Novgorod, will provide loans to small and medium enterprises.	5.00	–	–	–	–	–	**5.00**
OAO Borsky Stekolny Zavod, a leading manufacturer of flat glass, will repair one of its furnaces, install a laminate glass line, and refinance its short-term loans.	21.17	–	–	–	–	–	**21.17**
OOO Ruscam will install a furnace with increased glassmaking capacity to address the growing demand for bottles held to international quality standards.	10.00	–	–	–	–	–	**10.00**
Ramenka OOO will introduce modern retailing and improve the availability of high-quality food and other products through construction and operation of two hypermarkets and four supermarkets.	30.00	–	10.00	–	30.00	–	**70.00**
Ru-Net Holdings, an IT services company, will provide value-added software services to companies in the developed world.	–	3.00	3.00	–	–	–	**6.00**
Russian Standard Bank, a commercial and retail bank, will build a small business finance operation.	–	–	–	5.00	–	–	**5.00**
Stavropolsky Broiler will repair and upgrade breeding and broiler farms, construct a new hatchery, and rehabilitate processing plants and feedmills.	15.00	–	–	–	–	–	**15.00**
UralTransBank will provide on-lending to privately controlled enterprises.	10.00	–	–	–	–	–	**10.00**

(millions of U.S. dollars)

DESCRIPTION	IFC LOAN	IFC EQUITY	IFC QUASI-EQUITY	IFC GUARANTEE	SYNDICATIONS	RISK MGMT PRODUCTS	TOTAL FY03 COMMITTED
ZAO Raiffeisenbank Austria will expand its capital base to provide long-term funds for residential mortgage financing.	80.00	–	–	–	–	–	**80.00**
Serbia and Montenegro							
Micro Finance Bank A.D. will provide a full range of credit and banking services, including working capital and fixed asset investment lending, savings and time deposits, credit cards, and money transfer services.	–	0.04	–	–	–	–	**0.04**
Micro Finance Bank A.D. will provide full banking services and loans throughout the country.	–	1.00	–	–	–	–	**1.00**
Micro Finance Bank A.D. will provide on-lending to micro and small enterprises.	8.00	–	–	–	–	–	**8.00**
Tajikistan							
Giavoni will upgrade its plant and expand its operations through construction of a jean manufacturing facility.	–	3.00	–	–	–	–	**3.00**
Pamir Energy Development will take over state-owned hydropower plants and other assets in eastern Tajikistan.	4.50	3.50	–	–	–	–	**8.00**
Turkey							
AKBANK will increase lending to financially sound small and medium enterprises and help increase private sector enterprises.	30.00	–	–	–	–	–	**30.00**
AKBANK will support a bridge loan facility for IFC's account. The facility may later be converted into a rolling guarantee facility.	25.00	–	–	–	–	–	**25.00**
Arçelik, A.S. will acquire Arctic, a Romanian refrigerator manufacturer, to establish itself as a strong global player and increase export sales.	16.56	–	–	–	–	–	**16.56**
Beko Elektronik A.S. will expand TV manufacturing capacity, increase working capital requirements of approximately $50 million, and restructure debt.	24.96	–	–	–	25.15	–	**50.11**
Türk Ekonomi Bankasi A.S. will expand its capacity and help meet working capital requirements of the country's growing exports to Europe.	20.00	–	15.00	–	–	–	**35.00**
Türkiye Sise ve Cam Fabrikalari, A.S. will increase its glass production capacity, reduce its production costs, and improve its environmental management.	60.13	–	–	–	37.58	–	**97.71**
Ukraine							
Joint Stock Commercial Bank HVB Bank Ukraine will solidify and expand its client base and reach out to more medium-size companies.	–	–	–	15.00	–	–	**15.00**

(millions of U.S. dollars)

DESCRIPTION	IFC LOAN	IFC EQUITY	IFC QUASI-EQUITY	IFC GUARANTEE	SYNDICATIONS	RISK MGMT PRODUCTS	TOTAL FY03 COMMITTED
Uzbekistan							
Asaka Bank will address the scarcity of term finance available in Uzbekistan, especially to small and medium enterprises.	5.00	–	–	–	–	–	**5.00**
Uzbek Leasing International A.O. will provide medium-term financial leases for industrial equipment and machinery.	2.50	–	–	–	–	–	**2.50**
LATIN AMERICA & THE CARIBBEAN							
REGIONAL							
Banco Latinamericano de Exportaciones, S.A. will leverage its balance sheet in the aftermath of the Argentine crisis and pursue a new strategy focused on trade finance.	125.00	–	–	–	–	–	**125.00**
Central America Growth Fund will invest in private sector enterprises in Central America and the Dominican Republic. The fund provides risk capital.	–	8.33	–	–	–	–	**8.33**
Darby-BBVA Latin America Private Equity Fund will invest primarily in Mexican and Brazilian middle-market companies and sectors such as food and beverages, energy, nonbank financial services, consumer products, technology, communication, and outsourcing services.	–	10.00	–	–	–	–	**10.00**
Marcopolo S.A., a bus manufacturer in Brazil, will use funds to support its global expansion strategy.	30.00	–	–	–	–	–	**30.00**
Red Sanitaria Hospiten will remodel and expand a hospital in the Dominican Republic and build and operate two new hospitals in Mexico.	9.00	–	3.00	–	8.00	–	**20.00**
Salutia will increase its capital base to expand its business of processing transactions between health care payers and providers.	–	0.15	–	–	–	–	**0.15**
UABL Bahamas Ltd. will expand its river barge and terminal operations along the Hidrovia river system in Latin America.	20.00	5.00	–	–	5.00	–	**30.00**
UABL Bahamas Ltd. will expand its river barge and terminal operations along the Hidrovia river system in Latin America.	–	–	–	–	5.00	–	**5.00**
Argentina							
Molinos Río de la Plata S.A. will attempt to overcome short-term capital constraints and increase exports.	30.00	–	–	–	30.00	–	**60.00**
Vicentin S.A.I.C. will be structured into a short-term, pre-export finance facility backed by export receivables.	30.00	–	–	–	30.00	–	**60.00**

(millions of U.S. dollars)

(millions of U.S. dollars)

DESCRIPTION	IFC LOAN	IFC EQUITY	IFC QUASI-EQUITY	IFC GUARANTEE	SYNDICATIONS	RISK MGMT PRODUCTS	TOTAL FY03 COMMITTED
Bolivia							
Caja Los Andes S.A. will promote efficient financial intermediation by integrating underprivileged social sectors into the formal financial system.	8.00	–	–	–	–	–	**8.00**
F.I.E. Fondo Financiero Privado will increase its lending to small businesses.	2.50	–	–	–	–	–	**2.50**
Transportadora de Electricidad S.A., a private electricity transmission company, will operate high-voltage transmission assets throughout the country.	15.00	–	15.00	–	–	–	**30.00**
Brazil							
Amaggi Exportacao e Impotacao Limitada will increase its working capital for agribusiness.	30.00	–	–	–	–	–	**30.00**
Andrade Gutierrez S.A. will strengthen its financial position for construction of public infrastructure, including highways, hydroelectric plants, airports, and industrial plants.	30.00	–	10.00	–	20.00	–	**60.00**
Banco BBA Creditanstalt S.A. will provide on-lending to mid-size Brazilian exporters.	–	–	–	–	50.00	–	**50.00**
Banco Bradesco, S.A. will secure funding for a range of retail and wholesale financial products and services.	10.00	–	–	–	60.00	–	**70.00**
Banco Itaú - BBA S.A. will expand its asset management, brokerage, and private banking business as well as its retail activities.	–	–	–	–	10.00	–	**10.00**
Banco Itaú, S.A. will provide on-lendings to private sector entities to fund trade-related activities.	50.00	–	–	–	150.00	–	**200.00**
CPFL Energia S.A. will complete a restructuring and expand its generation capacity to provide electricity to over 5 million customers through its distribution companies.	–	–	40.00	–	–	–	**40.00**
Macae will design, construct, and operate a natural gas-fired simple cycle power plant in Macae, southeast Brazil.	65.00	–	10.00	–	–	–	**75.00**
Microinvest S.A. Sociedade de Credito Ao Microempreendedor will provide equity investment of up to $1.25 million for a 25 percent stake in RioCred, a microfinance institution in Rio de Janeiro.	–	1.25	–	–	–	–	**1.25**
Net Servicos de Comunicacao S.A. will extend debt maturities and access significant amounts of local currency funding.	–	5.00	–	–	–	–	**5.00**
Queiroz Galvao Perfuracoes S.A. will expand its oil and gas exploration and production operations, including development of a significant gas discovery.	30.00	–	10.00	–	–	–	**40.00**

(millions of U.S. dollars)

DESCRIPTION	IFC LOAN	IFC EQUITY	IFC QUASI-EQUITY	IFC GUARANTEE	SYNDICATIONS	RISK MGMT PRODUCTS	TOTAL FY03 COMMITTED
Brazil (continued)							
Sao Paulo Alpargatas S.A., a footwear manufacturer, will expand its facility, reduce costs, and increase its productivity and competitiveness.	30.00	–	–	–	–	–	**30.00**
Satipel Industrial S.A., a particleboard manufacturer, will undertake a financial restructuring program, upgrade its environmental facilities, and invest in its plantations.	15.00	–	10.00	–	–	–	**25.00**
Tecon Salvador S.A. will rehabilitate and operate a container and general cargo terminal in Salvador.	–	0.53	–	–	–	–	**0.53**
Unibanco - Uniao de Bancos Brasileiros S.A. will provide on-lending to private sector entities to fund trade-related activities.	50.00	–	–	–	250.00	–	**300.00**
UP Offshore (Bahamas) Limited will acquire up to 10 offshore platform supply vessels to provide supplies and services to oil and gas companies on the Brazilian Atlantic shelf.	11.60	10.00	–	–	30.00	–	**51.60**
Chile							
HQI Transelec Chile S.A. will expand the coverage area of its transmission network and upgrade portions of it.	–	–	60.00	–	–	–	**60.00**
Lan Chile will enact a fleet modernization and expansion plan that involves acquiring new aircraft.	30.00	–	–	–	–	–	**30.00**
Universidad Diego Portales will expand and improve its facilities to create an urban campus with stronger links to the community and neighboring universities.	–	–	–	7.20	–	–	**7.20**
Colombia							
Banco Davivienda S.A. will receive a partial guarantee on an inflation-indexed bond whose purpose is to bolster Tier II capital.	–	–	–	14.33	–	–	**14.33**
Colombian Home Mortgage Corp. (CHMC) will be an independent, multi-function company with the objective of acquiring and securitizing high-quality residential mortgage loans.	–	–	2.28	3.94	–	–	**6.22**
Grupo Empresarial Bavaria will increase the efficiency of its production and distribution facilities, further develop its non-alcoholic beverage product, and expand outside Colombia.	–	–	–	–	145.00	–	**145.00**
Omimex de Colombia, Ltd. will fund further development of its oil and gas properties.	30.00	–	5.00	–	–	–	**35.00**
Sociedad de Acueducto Alcantarillado, y Aseo de Barranquilla S.A. E.S.P. will extend water and sewerage services to the southwest part of Barranquilla.	–	–	–	18.24	–	–	**18.24**

(millions of U.S. dollars)

DESCRIPTION	IFC LOAN	IFC EQUITY	IFC QUASI-EQUITY	IFC GUARANTEE	SYNDICATIONS	RISK MGMT PRODUCTS	TOTAL FY03 COMMITTED
Costa Rica							
Banco Cuscatlan de Costa Rica will expand and consolidate the Cuscatlan Group's operations.	–	–	5.00	–	–	–	**5.00**
Productos Gutis S.A. will adapt its operations to comply with new international trade regulations and manufacturing best practices.	7.00	–	–	–	–	–	**7.00**
Dominican Republic							
Banco BHD, S.A. will use a new credit line to provide on-lending to middle-market companies.	20.00	–	–	–	–	–	**20.00**
Orange Dominicana S.A. will increase wireless penetration by serving new subscribers and spurring increased competition, introduce value-added services, and offer wireless high-speed data services.	–	–	–	–	50.00	–	**50.00**
Ecuador							
Favorita Fruit Company, Ltd. will acquire and revamp 2,200 hectares of developed banana plantations, as well as acquire other investments for ECO-OK certification.	15.00	–	–	–	–	–	**15.00**
El Salvador							
Banco Cuscatlan S.A. will expand and consolidate the Cuscatlan Group's operations.	15.00	–	–	–	–	–	**15.00**
Financiera Calpiá S.A. will convert into a commercial bank while focusing on financial services for low-income clients.	–	2.00	–	–	–	–	**2.00**
Guatemala							
Banco Cuscatlan de Guatemala will expand and consolidate the Cuscatlan Group's operations.	10.00	–	–	–	–	–	**10.00**
Banco de Occidente S.A. will strengthen its capital base, improve its financial regulation, and enhance its environmental management.	–	–	10.00	–	–	–	**10.00**
Desarollo Forestal Integral, S.A. will expand its sawmill, modernize its forestry infrastructure, provide working capital, and acquire international certification for sustainable forest management.	6.00	–	–	–	–	–	**6.00**
Generadora de Occidente Ltda. will expand the presence of owner Enel S.p.A (Italy) in Central America with renewable energy projects to meet growing demand in the region.	15.00	–	–	–	12.00	–	**27.00**

DESCRIPTION	IFC LOAN	IFC EQUITY	IFC QUASI-EQUITY	IFC GUARANTEE	SYNDICATIONS	RISK MGMT PRODUCTS	TOTAL FY03 COMMITTED
Jamaica							
Jamaica Public Service Company will develop a 120 MW diesel fuel-fired combined cycle power plant as part of its capacity expansion program.	–	–	45.00	–	–	–	**45.00**
Mexico							
Allegro Grand Cozumel, S.A. de C.V., together with its four subsidiary hotel companies, will restructure its debt obligations to resume its growth when the tourism industry stabilizes.	30.00	10.00	–	–	40.00	–	**80.00**
Grupo Financiero Banorte, S. A. de C.V. will finance long-term leases of industrial complexes and related infrastructure built and maintained by local development companies.	50.00	–	–	–	–	–	**50.00**
Grupo Mexmal will expand its computer systems design services by leasing additional space and increasing working capital requirements.	–	–	10.00	–	–	–	**10.00**
Polomex S.A. de C.V. will refinance working capital and expand its manufacturing activities.	8.00	–	–	–	–	–	**8.00**
Tlalnepantla Municipal Water Conservation will construct and operate a wastewater treatment plant to recycle residential and industrial wastewater for use by industry.	–	–	–	3.00	–	–	**3.00**
Panama							
Aguas de Panama S.A. will construct a bulk water treatment plant with a 20 million gallon per day capacity.	6.00	–	–	–	10.00	–	**16.00**
UBCI will provide a financing package to support the expansion and consolidation of the Cuscatlan Group's operations.	–	10.00	–	–	–	–	**10.00**
UP Offshore (Panama) will acquire up to 10 offshore platform supply vessels to provide supplies and services to oil and gas companies on the Brazilian Atlantic shelf.	13.10	–	–	–	5.30	–	**18.40**
Peru							
Interseguro Compania de Seguros de Vida S.A. will increase capital to meet growth in its financing activities.	–	0.59	–	–	–	–	**0.59**
ISA Peru, S.A. will engineer, construct, and operate two high-voltage transmission lines in central Peru.	–	–	–	–	8.00	–	**8.00**
ISA Peru, S.A. will benefit from increased funding to construct and operate two high-voltage transmission lines in central Peru.	–	–	–	–	–	0.20	**0.20**
Norvial S.A. will expand, operate, and maintain the Ancón-Huacho-Pativilca toll road, a section of the Pan-American Highway.	18.00	–	–	–	–	–	**18.00**

(millions of U.S. dollars)

(millions of U.S. dollars)

DESCRIPTION	IFC LOAN	IFC EQUITY	IFC QUASI-EQUITY	IFC GUARANTEE	SYNDICATIONS	RISK MGMT PRODUCTS	TOTAL FY03 COMMITTED
TIM Peru will increase capacity and population coverage of its cellular network, improve quality and reliability, and offer more value-added services.	70.00	–	–	–	–	–	**70.00**
Trinidad and Tobago							
Republic Bank Limited will help finance the privatization of Barbados National Bank (BNB), in which it will have a 57 percent shareholding.	50.00	–	–	–	–	–	**50.00**
Uruguay							
Cooperativa Nacional de Productores de Leche will modernize Conaprole's industrial, logistics, and distribution operations and will restructure up to $40 million of short-term debt.	20.00	–	10.00	–	–	–	**30.00**
MIDDLE EAST & NORTH AFRICA							
REGIONAL							
Citibank will establish a $70 million MENA Trade Facility to support the continued demand for import trade finance for private sector businesses in the region.	–	–	–	35.00	–	–	**35.00**
Algeria							
Algerian Cement Company will establish the country's first integrated, dry process cement plant that has significantly lower environmental impact than the traditional processes.	35.00	–	–	–	–	–	**35.00**
Ispat Annaba will rehabilitate a steel plant and upgrade it to meet international environmental norms.	25.00	–	–	–	–	–	**25.00**
Egypt, Arab Republic of							
Alexandria Carbon Black Company S.A.E. will expand its existing carbon black plant from its current capacity of 110,000 tons per annum to 150,000.	5.00	–	–	–	–	–	**5.00**
Citibank will help establish a three-year $60 million trade facility to guarantee documentary letters of credits originated by selected banks in Egypt.	–	–	–	30.00	–	–	**30.00**
Metro Markets will expand its retail store network and modernize its dairy food and juice drink processing plant.	15.00	–	–	–	–	–	**15.00**
Sekem Holdings will expand the production of organically produced pharmaceutical products, fruits, vegetables, and textiles, also establishing family-owned farms to supply the project.	5.00	–	–	–	–	–	**5.00**
Unipak Nile Limited will convert its original fixed-rate loan with IFC into a variable-rate loan.	0.35	–	–	–	–	–	**0.35**

(millions of U.S. dollars)

DESCRIPTION	IFC LOAN	IFC EQUITY	IFC QUASI-EQUITY	IFC GUARANTEE	SYNDICATIONS	RISK MGMT PRODUCTS	TOTAL FY03 COMMITTED
Jordan							
Hikma Investment Company, Ltd., a multinational generic pharmaceutical operation, will expand production and research and development facilities.	14.87	–	–	–	–	–	**14.87**
Jordan Training Technology Group Private Shareholding Company Limited will finance Rubicon's animation outsourcing activities.	–	1.00	–	–	–	–	**1.00**
Middle East Complex for Engineering, Electronics, and Heavy Industries PLC will relocate and expand its production capacity, increase its local manufactured content and value added, establish a new joint venture with Haier China, and restructure some of its debt.	19.00	–	–	–	–	–	**19.00**
Pakistan							
ABN AMRO Bank will provide the renewal of a three-year $80 million Pakistan Trade Enhancement Facility (PTEF II) to guarantee documentary letters of credit originated by selected commercial banks.	–	–	–	40.00	–	–	**40.00**
Dewan Salman, a large producer of polyester fiber, will expand operations into specialty fiber production and enhance long-term competitiveness.	30.00	1.00	4.00	–	–	–	**35.00**
Karachi Container Terminal will acquire container handling equipment, build workshops, and undertake a civil works program to improve the container yard.	7.75	–	1.50	–	–	–	**9.25**
Network Leasing will promote access to credit for low-income and underserved segments of the population.	–	–	–	2.02	–	–	**2.02**
Saudi Arabia							
Saudi Orix Leasing Company (SOLC) will issue the first corporate term note in Saudi Arabia and will use the term borrowings to finance the growth of its leasing portfolio.	–	–	–	6.00	–	–	**6.00**
Yemen, Republic of							
Al-Ahlia Mineral Water Company will modernize and upgrade its mineral water bottling plant by installing a more advanced bottling line and bag packing facility.	1.51	–	–	–	–	–	**1.51**

DESCRIPTION	IFC LOAN	IFC EQUITY	IFC QUASI-EQUITY	IFC GUARANTEE	SYNDICATIONS	RISK MGMT PRODUCTS	TOTAL FY03 COMMITTED
GLOBAL							
ACCION Investments in Microfinance will capitalize profitable microfinance institutions so that they can reach more people who currently do not have access to financial services.	–	3.00	–	–	–	–	**3.00**
Internationale Micro Investitionen Aktiengesellschaft will receive funding to resolve a rights issue.	–	3.97	–	–	–	–	**3.97**
Internationale Micro Investitionen Aktiengesellschaft will receive capital to increase its market presence.	–	0.61	–	–	–	–	**0.61**
Novica United, Inc. will enable artists in the developing world to increase their standard of living and hire additional workers and also spread the use of technology within their profession.	–	1.50	–	–	–	–	**1.50**

(millions of U.S. dollars)

INTERNATIONAL FINANCE CORPORATION

Technical Assistance & Advisory Projects

FIAS = Foreign Investment Advisory Service
PEP = Private Enterprise Partnership

SME = Small and medium enterprise
TATF = Technical Assistance Trust Funds program

PROJECT	PROJECT DESCRIPTION	DONOR	PROGRAM
SUB-SAHARAN AFRICA			
REGIONAL			
Credit Bureau Program	Fostered development of private credit bureaus to extend credit to underserved segments of the economy, in particular small businesses.	Norway	TATF
New Business Model for AMSCO	Assessed existing AMSCO products and services and trained regional managers to implement new approaches to marketing and sales.	Switzerland	TATF
Textile Sector Study	Sought to help government agencies and the private sector in Kenya, Tanzania, and Uganda expand apparel exports under the U.S. African Growth Opportunity Act.	Switzerland	TATF
Burkina Faso			
Administrative Barriers to Investment	Conducted an administrative and regulatory survey.		FIAS
Cape Verde			
Administrative Barriers to Investment	Implemented previous work on investment promotion strategy and tax and incentives. An action plan has been developed by local stakeholders.		FIAS
Eritrea			
Investment Promotion	Conducted a survey of potential international and diaspora investors to help the government understand their perceptions of the country.		FIAS
Ghana			
Administrative Barriers to Investment	Conducted a survey of existing investors to assess the administrative and regulatory costs of doing business.		FIAS
Community Development Plan	Established a model for sustainable social and economic development in communities where mines are expected to close.	Netherlands	TATF
Local Entrepreneurial Development: Feasibility Study	Helped a food retailer improve the capacity, quality standards, and commercial relationships of local food producers, particularly growers of tropical fruits and vegetables.	Netherlands	TATF

98 SUB-SAHARAN AFRICA	100 EAST ASIA & THE PACIFIC	102 SOUTH ASIA	102 EUROPE & CENTRAL ASIA	106 LATIN AMERICA & THE CARIBBEAN	108 MIDDLE EAST & NORTH AFRICA
Burkina Faso, Cape Verde, Eritrea, Ghana, Guinea-Bissau, Kenya, Mali, Mauritius, Mozambique, Nigeria, Sao Tome and Principe,* Senegal, Sierra Leone, Tanzania, Zambia	Cambodia, China, Indonesia, Malaysia, Mongolia, Palau, Philippines, Timor-Leste,* Vietnam	Bangladesh, Bhutan,* India, Maldives	Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Georgia, Latvia, FYR Macedonia, Romania, Russian Federation, Serbia and Montenegro, Tajikistan, Turkey, Ukraine	Colombia, Ecuador, Honduras, Mexico, Nicaragua, Peru, Suriname*	Afghanistan, Algeria, Jordan, Kuwait, Lebanon, Pakistan, Saudi Arabia, Syrian Arab Republic, Tunisia

* Member of IBRD but not IFC.

PROJECT	PROJECT DESCRIPTION	DONOR	PROGRAM
Guinea-Bissau			
Administrative Barriers to Investment	Assessed reforms and assisted the government in developing an action plan.		FIAS
Kenya			
Insurance Premium Financing: Viability Assessment	Assessed the viability and development of the country's insurance premium financing business.	Ireland	TATF
Kenya Tea Development Agency: Corporate Governance	Developed a corporate governance review for the agency to help strengthen its business practices.	Netherlands	TATF
Railways Privatization	Maximized the developmental impact of the KRC privatization, ensuring that privatization of the railways is sustainable.	Denmark	TATF
Mali			
Sadiola Gold Mine: Integrated Development Action Plan	Prepared a prototype model for sustainable social and economic development that considered eventual mine closure.	Luxembourg	TATF
Mauritius			
Water and Sanitation Services	Provided technical assistance for private sector participation in water and sanitation services.	Canada / Italy	TATF
Mozambique			
South East Africa Tourism Investment Program	Assessed the effectiveness of the program for the private sector and local communities affected by tourism.	Netherlands	TATF
Nigeria			
Leasing Regulations and Legislation	Assisted the government in creating legislation for development of the domestic leasing industry.	Netherlands / IFC	TATF
Sao Tome and Principe			
Investment Incentives	Assisted the government by reviewing the proposed tax code.		FIAS
Senegal			
Administrative Barriers to Investment	Updated an earlier study, giving new impetus to the reform process.		FIAS
Investment Incentives	Assisted the government in implementing FIAS recommendations on taxation.		FIAS

PROJECT	PROJECT DESCRIPTION	DONOR	PROGRAM
Sierra Leone			
Policy: Investment Law	Reviewed the draft investment law, drawing on international best practice.		FIAS
Tanzania			
Institutional Capacity Building of an SME Bank	Brought the bank's operations level up to international banking standards, specifically in credit appraisal, risk management, operational policies, portfolio monitoring, and asset liability management.	Norway	TATF
Zambia			
Administrative Barriers to Investment	Advised on investment climate and business environment issues related to growth and poverty alleviation.		FIAS
Copperbelt SME Development Program	Worked to develop SMEs and build their commercial links with a privatized copper conglomerate.	Canada	TATF
EAST ASIA & THE PACIFIC			
REGIONAL			
Natural Resource Industries	Helped develop training to build capacity in governance and revenue management for the natural resource industries.	New Zealand	TATF
Regional Business Development Services	Analyzed the supply and demand of business development services to the private sector.	Australia	TATF
Cambodia			
Quality Management in Higher Education	Helped Norton University improve its quality management systems and achieve full university status; provided training to faculty and staff.	New Zealand	TATF
China			
Accounting, Auditing, and Training Program	Provided a financial audit training program in international accounting standards, and recommendations on internal control for a necktie and weaving company.	Ireland	TATF
Commercial Bank Technical Assistance	Enhanced international practices of Nanjing City Commercial Bank, specifically in credit/investment management and risk management.	Italy	TATF
Corporate Governance	Assisted in setting standards for asset management companies to follow international best practice in corporate governance.	France	TATF
Financial Review and Advisory Service	Provided advisory assistance and a financial review for Chengdu City Commercial Bank to improve credit and risk management policies.	Norway	TATF
Internal Risk Management System	Assisted the national council for social security funds in formulating policies.	Ireland	TATF
Needs Assessment	Improved efficiency for an agribusiness development company via a needs assessment for a management information system.	Denmark	TATF

PROJECT	PROJECT DESCRIPTION	DONOR	PROGRAM
Private Higher Education: Market Survey	Assessed the situation in private colleges, universities, and vocational training institutions; identified potential investment opportunities.	Sweden	TATF
Privatization of State-Owned Enterprises	Helped to formulate a strategy for privatization at national and local levels.	Australia	TATF
Securities Capacity Building	Helped Citic Securities improve its practices in corporate governance, risk management, and management information systems.	Switzerland	TATF
Sichuan Environment Capacity Building Project	Developed the capacity of consultants and specialists to undertake social, environmental, and health and safety reviews and mitigation work in accordance with international standards.	Denmark	TATF
Solid Waste / Organic Fertilizer	Assisted local farmers in switching from inorganic to organic fertilizer.	Israel	TATF
Indonesia			
Credit Bureau: Feasibility Study	Fostered the development of private credit bureaus, facilitating the extension of credit to previously underserved segments of the population.	New Zealand	TATF
Investment Promotion	Advised on establishment of the proposed National Investment Team, in association with the Asian Development Bank.		FIAS
Supply Chain Linkages	Helped smaller businesses in Kalimantan participate in the supply chain of large firms in the region, focusing on the mining sector.	Ireland	TATF
Malaysia			
Linkages	Evaluated the spillover effects from multinational companies to local suppliers over the past decade.		FIAS
Mongolia			
Investment Policy and Promotion	Provided training for staff from the national investment promotion agency; helped prepare a new investment policy statement.		FIAS
Palau			
Policy: Investment Law	Reviewed a draft implementing regulations on foreign direct investment.		FIAS
Philippines			
Rural and Small Business Finance	Considered the prospect of establishing a rural and small business finance wholesale facility or bank holding company.	Netherlands	TATF
Sustainable Mineral Resources	Improved awareness of sustainable development among stakeholders of the mining industry.	Japan	TATF
Timor-Leste			
Investment Policy	Participated in a World Bank mission to review the environment for private sector investment.		FIAS
Policy: Investment Law	Reviewed a draft investment law.		FIAS

PROJECT	PROJECT DESCRIPTION	DONOR	PROGRAM
Vietnam			
Consumer and Small Business Banking	Helped Asia Commercial Bank and Sacombank develop viable consumer and small business finance operations.	Netherlands / Switzerland	TATF
SOUTH ASIA			
Bangladesh			
Investment Promotion Strategy	Helped the country's board of investment develop its first investment promotion strategy; conducted a strategic planning workshop.		FIAS
Bhutan			
Investment Policy	Assisted with the country's first investment policy decree; helped prepare drafts of rules, regulations, procedures, and criteria.		FIAS
India			
Mortgage Guarantee Products: Market Assessment	Studied how mortgage guarantee companies can estimate the demand for their product, establish a pricing mix, determine eligibility criteria for lenders, and set up standardized loan documents.	Canada	TATF
Small and Medium Education Enterprises: Market Study	Assembled data on enterprises in the states of Madhya Pradesh and Andhra Pradesh to help quantify the size of the market in need of financing and identify the needs for technical assistance.	United Kingdom	TATF
Maldives			
Environmental Management and Sustainable Tourism	Provided environmental impact training to strengthen domestic capacity and management in tourism and commercial sectors.	Japan	TATF
Insurance Industry Legislation	Helped set up viable and transparent legislation for the domestic insurance industry.	Ireland	TATF
Investment Policy and Promotion	Reviewed the existing investment law and implementation guidelines; commented on the current institutional arrangements for investment promotion.		FIAS
EUROPE & CENTRAL ASIA			
REGIONAL			
Administrative Barriers to Investment	Conducted pilot survey of consulting firms, law firms, and accounting and audit firms regarding the experiences of their clients with administrative procedures.		FIAS
Commercializing Energy Efficiency Finance	Helped reduce the financing barriers to investments in energy efficiency projects.	Spain / Finland / USA	TATF
Credit Bureau Development	Fostered the development of private credit bureaus, facilitating the extension of credit to previously underserved segments of the population.	Italy	TATF
European Conservation Farming Initiative	Analyzed the markets, policy, and institutional status for a conservation farming initiative.	Netherlands	TATF

PROJECT	PROJECT DESCRIPTION	DONOR	PROGRAM
Medical Device and Equipment Sector: Investment Opportunities	Studied the medical device sector in Poland and Ukraine, identifying investment opportunities and assessing market segments.	Israel	TATF
Microfinance Legislation	Advised governments on legislation to stimulate microfinance development.	USA	PEP
Public-Private Partnerships for Public Hospitals	Helped implement pilot public-private partnership transactions in public hospitals in Poland and the Slovak Republic.	Austria	TATF
Support for Entrepreneurs - Faculty Development Program	A capacity-building initiative for entrepreneurs in countries covered by SEED: assisted academic faculty in creating training courses and university-level curriculum in areas of entrepreneurship.	Italy	TATF
Albania			
Administrative Barriers Study	Helped the government conduct a regulatory and administrative cost survey among existing firms; provided advice on needed improvements.		FIAS
Albania Power Company	Assisted the government in privatizing the state-owned company.	Greece	TATF
Armenia			
Policy: Investment Law	Reviewed the existing and proposed investment law, based on best practices and previous advice from FIAS.		FIAS
SME Risk Capital Fund	Promoted the development of the SME sector through facilitating enterprise access to term risk capital.	USA	PEP
Azerbaijan			
Corporate Governance Project	Advised and trained companies on corporate governance; advised government on better legislation.	Switzerland	PEP
Leasing Development Project	Promoted new legislation and built local expertise in leasing.	Switzerland / Canada	PEP
Policy: Investment Law	Reviewed a new draft law on investment activity; provided a set of guidelines for drafting in line with international best practices.		FIAS
Belarus			
Business Association Development	Promoted business-friendly policies and equipped entrepreneurs with skills needed in a country with a limited private sector.	Sweden	PEP
Bosnia and Herzegovina			
Administrative Barriers to Investment	Followed up an earlier study; focused on strengthening the dialogue between the public and private sectors and developing a monitoring system to assess the impact of reforms.		FIAS
Bulgaria			
Administrative Barriers to Investment	Updated an earlier study, including a comprehensive business survey of administrative and regulatory costs.		FIAS
Croatia			
Mapping of Small and Medium Enterprises	Developed a small and medium enterprise map of the country to aid analysis of the business environment and identify opportunities for programs.	Austria	TATF

PROJECT	PROJECT DESCRIPTION	DONOR	PROGRAM
Georgia			
Georgia Business Development	Promoted improved legislation and built local expertise in leasing; advised companies on corporate governance; carried out a survey of the SME sector.	Canada	PEP
Latvia			
Administrative Barriers to Investment	Updated an earlier study and conducted a business survey of administrative and regulatory costs.		FIAS
Linkages	Provided policy recommendations to develop the country's knowledge-intensive sectors over the next decade.		FIAS
FYR Macedonia			
Administrative Barriers to Investment	Conducted a study of administrative barriers to investment, including a business survey of administrative and regulatory costs.		FIAS
HACCP Implementation for Food Processing	Trained smaller businesses in the food processing sector to implement the HACCP food safety procedure.	Greece	TATF
Strengthening the Small and Medium Enterprises Department	Strengthened the small and medium enterprises department of the Ministry of Economy, helping implement a strategic plan for development of the sector.	Ireland	TATF
Romania			
Administrative Barriers to Investment	Helped the government implement an action plan to remove administrative barriers.		FIAS
National Environment Fund	Improved the finances of the National Environment Fund, enabling environmental protection and remediation projects.	Canada	TATF
Secondary Market Legislative Project	Assessed the legislative framework for mortgage bonds and mortgage-backed securities and the need to harmonize with countries in the region.	Canada	TATF
Russian Federation			
Advisory Support on Securitization	Advised public and private sector officials on identifying obstacles in securitization transactions.	United Kingdom	TATF
Banking Sector: Corporate Governance Study	Analyzed the extent to which the country's banks follow corporate governance best practices in internal operations.	Switzerland	TATF / PEP
Development of Automotive Component Suppliers	Increased the compatibility and number of automotive component suppliers to Ford assembly plant.	IFC	TATF / PEP
Development of Finance and Accounting Departments	Helped Stavropolsky Broiler establish a new management information system, train staff, and hire and train a chief financial officer.	Netherlands	TATF
Development of Forestry	Promoted sustainable development of forestry; facilitated foreign direct investment.	Finland	PEP
Information and Communications Technologies	Provided technical assistance to companies in the offshore programming sector and linked them to counterparts in Western Europe.	Finland	PEP

PROJECT	PROJECT DESCRIPTION	DONOR	PROGRAM
Mobile Telecommunications Market	Examined the mobile telecommunications market, determining financing needed, identifying competitive candidates, and advising on ways to serve the market effectively.	Sweden	TATF
Mortgage-Backed Securities Law	Reviewed the draft mortgage-backed securities law, with the goal of establishing the country's first secondary mortgage company.	Norway	TATF
Northwest Russia Leasing Development	Promoted leasing development in northwestern Russia; matched companies with Western European investors and equipment manufacturers.	Finland	PEP
Private Energy Efficiency Projects	Selected pilot projects for energy efficiency investments, considering market conditions, financing structures, and the regulatory environment.	Netherlands	TATF / PEP
Waste Gas Utilization: Feasibility Study	Determined the viability of capturing waste gas and developing a business based on commercial utilization.	Bavaria	TATF / PEP
Serbia and Montenegro			
Business Plan for a Pharmaceutical Company	Analyzed the business and prepared a sustainable business plan with a related investment program.	Netherlands / Sweden	TATF
Community Development Program	Assisted restructuring of a rubber footware and consumer goods business; supported development of a viable dairy operation.	Sweden	TATF
Establishment of a Polyclinic Hospital	Carried out a technical, market, and commercial assessment of the proposal to establish a polyclinic hospital.	Sweden	TATF
Hotel Business Plan: Feasibility Study	Helped a leading hotel choose a modernization strategy and identify strategic partners.	United Kingdom	TATF
Internet and IT Investment: Survey of Potential	Identified investment opportunities in the internet and IT sector.	Italy	TATF
Oil and Gas Industry: Pre-Privatization and Restructuring	Strengthened the reform agenda of the Serbian government in the energy sector; addressed the need for reorganization.	Italy	TATF
Privatization Agency	Financed a consultant for the capital market center in the privatization agency to assess company portfolios held by the state share fund of Serbia.	Italy	TATF
Privatization of Dr. Simo Milosevic Institute	Helped the government of Montenegro introduce private sector participation into operations of the Dr. Simo Milosevic Institute.	Austria	TATF
Review and Upgrading of Banking Services and Credit Operations	Hired an advisor to reengineer the Vojvodjanksa Banka's credit process and develop a strategy for its credit operations.	Sweden	TATF
Strengthening the Insurance Supervisory Authority	Reviewed the draft legal and regulatory framework for insurance and assisted the government's insurance supervisory services.	Italy	TATF

PROJECT	PROJECT DESCRIPTION	DONOR	PROGRAM
Serbia and Montenegro (continued)			
Support to Privatized Banks	Addressed the need to restructure nonperforming assets, supported preparations for privatization, and provided advisory services.	Sweden	TATF
Tissue Products and Recycled Papers: Market Study	Analyzed the current market for tissue products and potential for development.	Sweden	TATF
Tajikistan			
Creation of a Microfinance Institution: Feasibility Study	Assessed the feasibility of establishing a microfinance bank, focusing on the underserved population of the Ferghana valley.	IFC	TATF
Local Capacity Building: International Standard Audit	Provided training in financial management services to staff members of a consulting firm and its clients.	IFC	TATF
Turkey			
Investment Law Policy	Provided assistance in revising the draft laws on foreign investment and on setting up an investment promotion agency.		FIAS
Investment Promotion	Developed a strategic and institutional framework to improve the environment for foreign direct investment in the country.		FIAS
Ukraine			
Mortgage Securities Law	Drafted a law on mortgage securities, including authorization to issue off-balance sheet, multi-tranche mortgage-backed securities.	United Kingdom	TATF
Small and Medium Enterprise Survey and Policy Development	Analyzed the state of small and medium enterprises and related government policies.	Norway	TATF / PEP
LATIN AMERICA & THE CARIBBEAN			
REGIONAL			
Exit Strategies for SME Venture Capital Funds	Helped Aureos Capital Limited, a global fund manager of private equity funds specializing in SMEs, improve exit opportunities.	Switzerland	TATF
Small Business Development and Training	Increased local business capacity to deliver services and training to small and medium enterprises.	Canada	TATF
Student Financing Programs: Case Studies	Examined student financing programs to determine characteristics that lead to success.	Switzerland	TATF
Colombia			
Distribution Network Assessment	Increased the efficiency of Bavaria de Colombia's distribution system and created a training program.	IFC	TATF
Investment Promotion Strategy	Advised the country's investment promotion agency on international experience in structural arrangements between export and investment promotion.		FIAS

PROJECT	PROJECT DESCRIPTION	DONOR	PROGRAM
Sustainable Microfinance: Feasibility Study	Assessed the feasibility of setting up a commercial microfinance/small business lending facility.	Canada	TATF
Ecuador			
Gas Processing and Power Plant: Business Plan	Prepared a business plan for Amazonia Gas, a private company owned by a confederation of indigenous peoples.	Norway	TATF
Milk Processing and Dairy Marketing	Assisted a dairy company in milk processing and product marketing, including new product development and distribution.	Denmark	TATF
Honduras			
Competition Policy	Reviewed draft legislation to help the government design a best practice framework on competition policy.		FIAS
Strengthening the Horticulture Sector	Recommended a program for capacity building for enterprises in the sector.	Netherlands	TATF
Mexico			
Public-Private Partnerships	Aided the government in implementing a program of public-private partnerships.	IFC	TATF
Wastewater Recycling Plant	Supported the design and implementation of a wastewater recycling plant to provide industrial-grade water for manufacturing.	IFC	TATF
Nicaragua			
Administrative Barriers to Investment	Evaluated and proposed a comprehensive administrative reform program to eliminate barriers to entry.		FIAS
Competition Policy	Assessed the constraints to competition and their impact on competitiveness of the country's economy.		FIAS
Housing Finance Market: Feasibility Study	Analyzed the housing finance system to promote development of the residential housing market.	Canada	TATF
Peru			
Investment Promotion Strategy	Conducted a study to develop a strategic framework for promoting foreign direct investment.		FIAS
Suriname			
Investment Promotion Strategy	Reviewed the government's initiative to create a new investment law and promotion agency.		FIAS

PROJECT	PROJECT DESCRIPTION	DONOR	PROGRAM
MIDDLE EAST & NORTH AFRICA			
REGIONAL			
Algeria and Morocco SME Evaluation	Evaluated the SME sector and proposed interventions to support commercially sustainable initiatives.	Italy	TATF
Primary Housing Finance	Documented the current system and created a specialized lending institution, with the goal of establishing a secondary mortgage market.	Switzerland	TATF
Afghanistan			
Commercial Banking Operations: Feasibility Study	Assessed the need for commercial banking operations with the aim of creating a microfinance bank.	Netherlands	TATF
Microfinance Banking	Provided capacity building to a microfinance bank, focusing on the shortage of trained staff, limited physical infrastructure, and social issues.	Norway	TATF
Algeria			
Foreign Direct Investment	Cosponsored a survey of potential foreign investors from three Western European countries, focusing on constraints to private sector development in Algeria.		FIAS
Investment Climate	Identified the policy and regulatory constraints affecting the country's investment climate and recommended specific changes.		FIAS
Microfinance Sector Assessment	Assessed the microfinance sector for the North Africa Enterprise Development facility.	Italy	TATF
Jordan			
Hospital Sector Investment: Opportunities Study	Provided an overview of the health care sector, with emphasis on identifying investment opportunities.	Sweden	TATF
Policy: Investment Law	Reviewed a draft investment law.		FIAS
Kuwait			
Administrative Barriers to Investment	Assessed impediments to investment and provided recommendations for change.		FIAS
Foreign Direct Investment	Helped draft a new bylaw on foreign direct investment and provided recommendations on automating fiscal incentives and information on screening and licensing.		FIAS
Lebanon			
Insurance Regulatory Framework	Helped implement supervisory procedures so international standards are met and helped build organizational capacity in the insurance sector.	Canada	TATF

PROJECT	PROJECT DESCRIPTION	DONOR	PROGRAM
Pakistan			
Administrative Barriers Study	Identified the steps needed to complete an investment approval and create a legally established business.	USA	TATF
Credit Bureau Development	Aided the development of Datacheck, a credit bureau, to expand service and attract a strategic partner.	New Zealand	TATF
Secondary Mortgage Market: Feasibility Study	Examined establishing a secondary mortgage market and helped the government identify steps to improve the affordability and availability of funds.	USA	TATF
Saudi Arabia			
Administrative Barriers to Investment	Examined foreign direct investment as a tool to address the cyclical nature of the economy and the problem of unemployment.		FIAS
Syrian Arab Republic			
Modern Insurance Law	Drafted an updated law to govern the activities of private sector insurance companies.	Sweden	TATF
Tunisia			
Investment Incentives	Assessed the tax system and incentive regimes.		FIAS
GLOBAL			
Credit Bureau Program	Fostered the development of private credit bureaus, facilitating the extension of credit to previously underserved segments of the population.	IFC	TATF
Electronics Manufacturing: Global Strategy	Defined a role for subsectors of the industry, focusing on a positive economic and developmental impact.	Canada / Switzerland	TATF
Environmental and Social Guidelines	Helped develop IFC's environmental and social performance technical guidelines.	Denmark	TATF
IT Industry in India and China	Assessed drivers of performance growth in information technology manufacturing and services in these countries.	Norway	TATF
Strengthening Business Associations	Delivered training and technical support to business associations in Cambodia, Nigeria, South Africa, and Vietnam.	Denmark	TATF

Executive Boards

APPENDIX A GOVERNORS AND ALTERNATES As of June 30, 2003

Member	Governor	Alternate
Afghanistan	Ashraf Ghani	Anwar Ul-Haq Ahady
Albania	Kastriot Islami	Fatos Ibrahimi
Algeria	Abdellatif Benachenhou	Abdelhak Bedjaoui
Angola	Ana Dias Lourenco	Job Graca
Antigua and Barbuda	Lester B. Bird	Asot A. Michael
Argentina	Roberto Lavagna	Alfonso de Prat-Gay
Armenia	Vahram Nercissiantz	Karen Chshmarityan
Australia	Peter Costello	Chris Gallus
Austria	Karl-Heinz Grasser	Thomas Wieser
Azerbaijan	Elman Siradjogly Rustamov	Farhad Aliyev
Bahamas, The	James H. Smith	Ruth R. Millar
Bahrain	Abdulla Hassan Saif	Zakaria Ahmed Hejres
Bangladesh	M. Saifur Rahman	Mirza Tasadduq Hussain Beg
Barbados	Owen S. Arthur	Grantley W. Smith
Belarus	Andrei V. Kobyakov	Anatoly I. Sverzh
Belgium	Didier Reynders	Guy Quaden
Belize	Said W. Musa	Sydney J. Campbell
Benin	Bruno Amoussou	Lazare Sehoueto
Bolivia	Javier Comboni Salinas	Roberto Camacho
Bosnia and Herzegovina	Adnan Terzic	Mila Gadzic
Botswana	Baledzi Gaolathe	Serwalo S.G. Tumelo
Brazil	Antonio Palocci Filho	Henrique de Campos Meirelles
Bulgaria	Milen Veltchev	Bojidar Lubenov Kabaktchiev
Burkina Faso	Jean Baptiste Compaore	Etienne Yameogo
Burundi	Athanase Gahungu	Dieudonne Nintunze
Cambodia	Keat Chhon	Ouk Rabun
Cameroon	Martin Okouda	Daniel Njankouo Lamere
Canada	John Manley	Leonard M. Good
Cape Verde	Carlos Augusto Duarte Burgo	Victor A.G. Fidalgo
Central African Republic	Alexis Ngomba	Clement Eregani
Chad	Djimrangar Dadnadji	Mahamat Ali Hassan
Chile	Nicolas Eyzaguirre	Mario Marcel
China	Jin Renqing	Jin Liqun
Colombia	Alberto Carrasquilla	Santiago Montenegro Trujillo
Comoros	Younoussa Imani	Moindjie Saadi
Congo, Democratic Republic of	Andre-Philippe Futa	Jean-Claude Masangu Mulongo
Congo, Republic of	Rigobert Roger Andely	Pierre Moussa
Costa Rica	Alberto Dent Zeledon	Francisco de Paula Gutierrez
Côte d'Ivoire	Bohoun Bouabre	Boniface Britto
Croatia	Mato Crkvenac	Josip Kulisic
Cyprus	Markos Kyprianou	Christos Patsalides
Czech Republic	Bohuslav Sobotka	Oldrich Dedek
Denmark	Per Stig Moller	Carsten Staur
Djibouti	Yacin Elmi Bouh	Simon Mibrathu
Dominica	Swinburne Lestrade	Ambrose M.J. Sylvester
Dominican Republic	Jose Lois Malkun	Felix Calvo
Ecuador	Mauricio Pozo Crespo	Gilberto Pazmino Arias
Egypt, Arab Republic of	Medhat Hassanein	Faiza Abulnaga
El Salvador	Juan Jose Daboub	Luz Maria Serpas de Portillo
Equatorial Guinea	Antonio Nve Nseng	Miguel Edjang Angue
Eritrea	Berhane Abrehe	Martha Woldegiorghis
Estonia	Tonis Palts	Renaldo Mandmets
Ethiopia	Sufian Ahmed	Mekonnen Manyazewal
Fiji	Jone Yavala Kubuabola	Tevita Banuve
Finland	Antti Kalliomaki	Paula Lehtomaki
France	Francis Mer	Jean-Pierre Jouyet

GOVERNORS AND ALTERNATES (continued)

Gabon	Casimir Oye-Mba	Christian Bongo
Gambia, The	Famara L. Jatta	Dodou B. Jagne
Georgia	Mirian Gogiashvili	Giorgi Gachechiladze
Germany	Heidemarie Wieczorek-Zeul	Caio K. Koch-Weser
Ghana	Yaw Osafo-Maafo	Grace Coleman
Greece	Nikolaos Christodoulakis	Vasilis Rapanos
Grenada	Anthony Boatswain	Timothy Antoine
Guatemala	Eduardo Humberto Weymann Fuentes	Lizardo Arturo Sosa Lopez
Guinea	Cheick Ahmadou Camara	Cellou Dalein Diallo
Guinea-Bissau	Rui Duarte Barros	Verissimo Paulino Nancassa
Guyana	Bharrat Jagdeo	Saisnarine Kowlessar
Haiti	Faubert Gustave	Venel Joseph
Honduras	Arturo Alvarado	Maria Elena Mondragon de Villar
Hungary	Csaba Laszlo	Jozsef Thuma
Iceland	Halldor Asgrimsson	Geir Hilmar Haarde
India	Jaswant Singh	Subbaraman Narayan
Indonesia	Boediono	Hartadi A. Sarwono
Iran, Islamic Republic of	Thamaseb Mazaheri-Khorzani	Mohammad Khazaee Torshizi
Iraq	Issam Rashid Hwaish	Hashim Ali Obaid
Ireland	Charlie McCreevy	Tom Considine
Israel	David Klein	Ohad Marani
Italy	Antonio Fazio	Lorenzo Bini Smaghi
Jamaica	Omar Lloyd Davies	Wesley George Hughes
Japan	Masajuro Shiokawa	Toshihiko Fukui
Jordan	Bassem I. Awadallah	Hala Bsaiso Lattouf
Kazakhstan	Alexander Sergeyevich Pavlov	Kayrat N. Kelimbetov
Kenya	David Mwiraria	Joseph Mbui Magari
Kiribati	Beniamina Tinga	Tebwe Ietaake
Korea, Republic of	Jin-Pyo Kim	Seung Park
Kuwait	Mohammad Sabah AlSalem AlSabah	Bader Meshari Al-Humaidhi
Kyrgyz Republic	Bolot Abildaev	Kubat Abduldaevich Kanimetov
Lao People's Democratic Republic	Chansy Phosikham	Phouphet Khamphounvong
Latvia	Valdis Dombrovskis	Aigars Kalvitis
Lebanon	Fuad A.B. Siniora	Marwan Hemadeh
Lesotho	M.C. Mphutlane	T.J. Ramotsoari
Liberia	Roland Massaquoi	Charles R. Bright
Libya	Alojeli Abdel Salam Breeni	Ali Ramadan Shnebsh
Lithuania	Dalia Grybauskaite	Arvydas Kregzde
Luxembourg	Luc Frieden	Jean Guill
Macedonia, former Yugoslav Republic of	Petar Gosev	Dimko Kokaroski
Madagascar	Zaza Manitranja Ramandimbiarison	Davida Rajaon
Malawi	Friday Jumbe	Bingu Wa Mutharika
Malaysia	Mahathir Mohamad	Samsudin Hitam
Maldives	Fathulla Jameel	Adam Maniku
Mali	Bassary Toure	Marimantia Diarra
Marshall Islands	Brenson S. Wase	Smith Michael
Mauritania	Abdellahi Ould Cheikh-Sidia	Mohamed Ould El Abed
Mauritius	Khushhal Chand Khushiram	Ayub Hussein Nakhuda
Mexico	Francisco Gil Diaz	Agustin Carstens
Micronesia, Federated States of	John Ehsa	Sebastian L. Anefal
Moldova	Zinaida Grecianii	Dumitru Ursu
Mongolia	Chultem Ulaan	Ochirbat Chuluunbat
Morocco	Fathallah Oualalou	Abderrazak El Mossadeq
Mozambique	Adriano Afonso Maleiane	Manuel Chang
Myanmar	Hla Tun	Than Nwe

GOVERNORS AND ALTERNATES (continued)

Namibia	Immanuel Ngatjizeko	Carl-Hermann G. Schlettwein
Nepal	Prakash Chandra Lohani	Bhanu Prasad Acharya
Netherlands	Hans Hoogervorst	Agnes Van Ardenne
New Zealand	Michael Cullen	John Whitehead
Nicaragua	Eduardo Montealegre Rivas	Mario Alonso Icabalceta
Níger	Ali Badjo Gamatie	Maliki Barhouni
Nigeria	Adamu Ciroma	Thelma Amata Iremiren
Norway	Hilde Frafjord Johnson	Olav Kjorven
Oman	Ahmed Bin Abdulnabi Macki	Mohammed bin Nasser Al-Khasibi
Pakistan	Shaukat Aziz	Waqar Masood Khan
Palau	Casmir Remengesau	Lawrence Alan Goddard
Panama	Norberto Delgado Duran	Domingo Latorraca
Papua New Guinea	Bart Philemon	Koiari Tarata
Paraguay	Alcides Jimenez Q.	Jose Ernesto Buttner
Peru	Javier Silva Ruete	Richard Webb
Philippines	Jose Isidro N. Camacho	Rafael B. Buenaventura
Poland	Leszek Balcerowicz	Andrzej S. Bratkowski
Portugal	Manuela Ferreira Leite	Francisco Esteves de Carvalho
Romania	Mihai Nicolae Tanasescu	Emil Iota Ghizari
Russian Federation	Viktor Khristenko	German O. Gref
Rwanda	Donald Kaberuka	Celestin Kabanda
St. Kitts and Nevis	Denzil Douglas	Wendell Everton Lawrence
St. Lucia	Kenny D. Anthony	Trevor Brathwaite
Samoa	Misa Telefoni Retzlaff	Hinauri Petana
Saudi Arabia	Ibrahim A. Al-Assaf	Hamad Al-Sayari
Senegal	Abdoulaye Diop	Cheikh Hadjibou Soumare
Serbia and Montenegro	Miroslav Ivanisevic	Bozidar Djelic
Seychelles	Jeremie Bonnelame	Alain Butler-Payette
Sierra Leone	Joseph B. Dauda	Samura Kamara
Singapore	Lee Hsien Loong	Lim Siong Guan
Slovak Republic	Ivan Miklos	Elena Kohutikova
Slovenia	Dusan Mramor	Irena Sodin
Solomon Islands	Snyder Rini	Shadrach Fanega
Somalia	(vacant)	(vacant)
South Africa	Trevor Andrew Manuel	Mandisi Bongani Mpahlwa
Spain	Rodrigo de Rato Figaredo	Juan Costa Climent
Sri Lanka	Kairshasp Nariman Choksy	Charitha Ratwatte
Sudan	El Zubair Ahmed El Hassan	Sabana Ibrahim Jambo
Swaziland	Guduza Dlamini	Musa D. Fakudze
Sweden	Gunnar Lund	Jan O. Karlsson
Switzerland	Joseph Deiss	Micheline Calmy-Rey
Syrian Arab Republic	Ghassan El-Rifai	Mohamad Bittar
Tajikistan	Safarali Najmuddinov	Akram Suleymanov
Tanzania	Abdallah Omar Kigoda	Gray S. Mgonja
Thailand	Suchart Jaovisidha	Somchainuk Engtrakul
Togo	M'Ba Legzim	Mewunesso Baliki Pini
Tonga	Siosiua T.T. 'Utoikamanu	'Aisake V. Eke
Trinidad and Tobago	Patrick Manning	Conrad Enill
Tunisia	Mohamed Nouri Jouini	Abdelhamid Triki
Turkey	Ibrahim H. Canakci	Aydin Karaoz
Turkmenistan	Ymamdurdy Gandymov	(vacant)
Uganda	Gerald M. Ssendaula	C. M. Kassami
Ukraine	Mykola Azarov	Valeriy Khoroshkovskiy
United Arab Emirates	Hamdan bin Rashid Al-Maktoum	Mohammed Khalfan Bin Khirbash
United Kingdom	Valerie Amos	Gordon Brown
United States	John W. Snow	Alan P. Larson
Uruguay	Ariel Davrieux	Isaac Alfie
Uzbekistan	Rustam S. Azimov	(vacant)
Vanuatu	Sela Molisa	Jeffery Wilfred
Venezuela, República Bolivariana de	Jorge Giordani	Tobias Nobrega Suarez
Vietnam	Le Duc Thuy	Phung Khac Ke
Yemen, Republic of	Ahmed Mohamed Sofan	Anwar Rizq Al-Harazi
Zambia	David S. Diangamo	Mukuka L.N. Zimba
Zimbabwe	Herbert M. Murerwa	Leonard Ladislas Tsumba

APPENDIX B DIRECTORS AND ALTERNATES AND THEIR VOTING POWER As of June 30, 2003

Director	Alternate Director	Casting Votes of	Total Votes	Percent of Total
Appointed				
Carole Brookins	Robert B. Holland, III	United States	569,629	23.70
Yuzo Harada	Masanori Yoshida[a]	Japan	141,424	5.88
Eckhard Deutscher	Eckhardt Biskup	Germany	129,158	5.37
Pierre Duquesne	Emmanuel Moulin[b]	France	121,265	5.05
Tom Scholar	Rosemary B. Stevenson	United Kingdom	121,265	5.05
Elected				
Kurt Bayer (Austria)	Gino Alzetta (Belgium)	Austria, Belarus, Belgium, Czech Republic, Hungary, Kazakhstan, Luxembourg, Slovak Republic, Slovenia, Turkey	125,221	5.21
Franco Passacantando (Italy)	Helena Cordeiro (Portugal)	Albania, Greece, Italy, Portugal	98,866	4.11
Chander Mohan Vasudev (India)	Akbar Ali Khan (Bangladesh)	Bangladesh, India, Sri Lanka	98,264	4.09
Per Kurowski (Rep. Bol. de Venezuela)	Maria Jesus Fernandez (Spain)	Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Spain, Venezuela (República Bolivariana de)	97,478	4.06
Marcel Masse (Canada)	Sharon Weber (Jamaica)	Antigua and Barbuda, The Bahamas, Barbados, Belize, Canada, Dominica, Grenada, Guyana, Ireland, Jamaica, St. Kitts and Nevis, St. Lucia	92,944	3.87
Finn Jønck (Denmark)	Inkeri Hirvensalo (Finland)	Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway, Sweden	86,693	3.61
Ad Melkert (Netherlands)	Tamara Solyanyk (Ukraine)	Armenia, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Georgia, Israel, Macedonia (former Yugoslav Republic of), Moldova, Netherlands, Romania, Ukraine	86,515	3.60
Alexey G. Kvasov (Russian Federation)	Eugene Miagkov (Russian Federation)	Russian Federation	81,592	3.39
Amaury Bier (Brazil)	Gil S. Beltran (Philippines)	Brazil, Colombia, Dominican Republic, Ecuador, Haiti, Panama, Philippines, Trinidad and Tobago	75,980	3.16
Neil F. Hyden[c] (Australia)	Dong-Soo Chin[d] (Rep. of Korea)	Australia, Cambodia, Kiribati, Korea (Republic of), Marshall Islands, Micronesia (Federated States of), Mongolia, New Zealand, Palau, Papua New Guinea, Samoa, Solomon Islands, Vanuatu	73,309	3.05
Alieto Guadagni (Argentina)	Alfonso C. Revollo (Bolivia)	Argentina, Bolivia, Chile, Paraguay, Peru, Uruguay	64,144	2.67
Pietro Veglio (Switzerland)	Jakub Karnowski (Poland)	Azerbaijan, Kyrgyz Republic, Poland, Serbia and Montenegro, Switzerland, Tajikistan, Turkmenistan, Uzbekistan	62,601	2.60
Rapee Asumpinpong (Thailand)	Hadiyanto (Indonesia)	Fiji, Indonesia, Lao People's Democratic Republic, Malaysia, Myanmar, Nepal, Singapore, Thailand, Tonga, Vietnam	59,912	2.49
Louis K. Kasekende (Uganda)	J. Mills Jones (Liberia)	Angola, Botswana, Burundi, Eritrea, Ethiopia, The Gambia, Kenya, Lesotho, Liberia, Malawi, Mozambique, Namibia, Nigeria, Seychelles, Sierra Leone, South Africa, Sudan, Swaziland, Tanzania, Uganda, Zambia, Zimbabwe	58,873	2.45
Tanwir Ali Agha (Pakistan)	Sid Ahmed Dib (Algeria)	Afghanistan, Algeria, Ghana, Iran (Islamic Republic of), Iraq, Morocco, Pakistan, Tunisia	46,377	1.93
Mahdy Ismail Aljazzaf (Kuwait)	Mohamed Kamel Amr (Arab Republic of Egypt)	Bahrain, Egypt (Arab Republic of), Jordan, Kuwait, Lebanon, Libya, Maldives, Oman, Syrian Arab Republic, United Arab Emirates, Yemen (Republic of)	34,079	1.42
Yahya Abdulla M. Alyahya (Saudi Arabia)	Abdulrahman M. Almofadhi (Saudi Arabia)	Saudi Arabia	30,312	1.26
Zhu Guangyao (China)	Wu Jinkang (China)	China	24,750	1.03
Paulo F. Gomes (Guinea-Bissau)	Louis Philippe Ong Seng (Mauritius)	Benin, Burkina Faso, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Congo (Democratic Republic of), Congo (Republic of), Côte d'Ivoire, Djibouti, Equatorial Guinea, Gabon, Guinea, Guinea-Bissau, Madagascar, Mali, Mauritania, Mauritius, Niger, Rwanda, Senegal, Togo	22,947	.96

Note: In addition to the foregoing list, the following Alternate Directors also served after October 31, 2002: Maria Teresa S. Habitan (Philippines), to January 30, 2003; Nguyen Doan Hung (Vietnam), to February 14, 2003; Jerzy Hylewski (Poland), to May 14, 2003; Ahmed Sadoudi (Algeria), to January 24, 2003.

Note: Somalia (333 votes) did not participate in the 2002 Regular Election of Directors, and its votes are not included in the above report.
a. To be succeeded by Toshio Oya (Japan) effective July 7, 2003.
b. To be succeeded by Anthony Requin (France) effective July 8, 2003.
c. To be succeeded by John Austin (New Zealand) effective August 1, 2003.
d. To be succeeded by Terry O'Brien (Australia) effective July 23, 2003.

IFC Organization and Management

APPENDIX C
IFC ORGANIZATIONAL CHART

BOARD OF GOVERNORS

BOARD OF DIRECTORS

James D. Wolfensohn
President

Ngozi Okonjo-Iweala
Vice President &
Corporate Secretary[2]

Meg Taylor
Compliance Advisor/
Ombudsman[1]

Peter L. Woicke
Managing Director WBG
Executive Vice President, IFC

Joseph O'Keefe
Manager
Corporate Relations Unit

Gavin Murray
Director, Environment &
Social Development

Declan J. Duff
Director
Municipal Fund

William E. Stevenson
Director
Operations Evaluation Group

Michael Klein
Vice President
Private Sector Development
& IFC Chief Economist[3]

Assaad J. Jabre
Vice President
Operations

Farida Khambata
Vice President
Portfolio & Risk Management

Dorothy H. Berry
Vice President
Human Resources &
Administration

Carol F. Lee
Vice President
Legal

Nina Shapiro
Vice President
Finance

Neil Roger
Director, Investment Climate
Dept & General Manager FIAS[4]

Harold Rosen
Director
Small & Medium Enterprises[4]

Mohsen Khalil
Director, Global Information &
Communication Technologies[4,5]

Rashad-Rudolf Kaldany
Director
Oil, Gas, Mining & Chemicals[4,5]

Bernard Sheahan
Director
Operational Strategy

(Vacant)
Director, Privatization
Transaction Advisory Group

Motoharu Fujikura
Director
Tokyo Office

Jean-Paul Pinard
Director
Agribusiness

Karl Voltaire
Director, Global
Financial Markets

Richard Ranken
Director, Global
Manufacturing & Services

Guy Ellena
Director
Health & Education

Francisco Tourreilles
Director
Infrastructure

Teresa Barger
Director, Private Equity &
Investment Funds

Haydée Celaya
Director
Sub-Saharan Africa

Javed Hamid
Director
East Asia & the Pacific

Dimitris Tsitsiragos
Director
South Asia

Edward A. Nassim
Director
Central & Eastern Europe

Khosrow K. Zamani
Director, Southern Europe
& Central Asia

Bernard Pasquier
Director, Latin America
& the Caribbean

Sami Haddad
Director
Middle East & North Africa

Allen F. Shapiro
Director, Controller's &
Budgeting

Guy-Pierre de Poerck
Chief Information Officer
Corporate Business Informatics

Marc Babin
Director, Corporate
Portfolio Mangement

Paul Hinchey
Director
Credit Review

Avi Hofman
Senior Manager
Financial Operations

Lakshmi Shyam-Sunder
Associate Director, Risk
Management & Financial Policy

Jyrki Koskelo
Director
Special Operations

Udayan Wagle
Director
Trust Funds

Jennifer Sullivan
General Counsel &
Director

(Vacant)
Director
Resource Mobilization

1 Vice presidential rank, serves same role for MIGA
2 Jointly IFC and World Bank
3 Joint IFC and World Bank vice presidency reporting to Peter Woicke
4 Joint IFC-World Bank department
5 Also reports to World Bank vice president for Infrastructure

APPENDIX D IFC MANAGEMENT As of July 2003

President[1]	James D. Wolfensohn
Executive Vice President[2]	Peter L. Woicke
Vice President and Corporate Secretary[1]	Ngozi Okonjo-Iweala
Compliance Advisor/Ombudsman[3]	Meg Taylor
Vice President, Legal	Carol F. Lee
Vice President, Human Resources and Administration	Dorothy H. Berry
Vice President, Operations	Assaad J. Jabre
Vice President, Portfolio and Risk Management	Farida Khambata
Vice President, World Bank/IFC Private Sector Development and IFC Chief Economist	Michael Klein
Vice President, Finance	Nina Shapiro

Regional Departments

Sub-Saharan Africa

Director (Johannesburg)	Haydée Celaya
Regional Manager, East Africa (Nairobi)	Saleem Karimjee
Regional Manager, West Africa (Abidjan)	Saran Kebet-Koulibaly
Country Manager, Nigeria (Lagos)	Andrew Alli
Country Manager, Cameroon (Douala)	Mohamadou Diop
Manager, Business Development	Jean Philippe Prosper

East Asia and Pacific

Director (Hong Kong)	Javed Hamid
Manager, Business Development (Hong Kong)	Timothy Krause
Manager, Business Development (Hong Kong)	Azmat Taufique
Country Manager, China and Mongolia (Beijing)	Karin Finkelston
Country Manager, Indonesia (Jakarta)	German Vegarra
Country Manager, Philippines (Manila)	Vipul Bhagat
Country Manager, Thailand (Bangkok)	Michael Higgins
Country Manager, Vietnam (Hanoi)	Deepak Khanna
Manager, Strategy and Coordination	Amitava Banerjee

South Asia

Director	Dimitris Tsitsiragos
Country Manager, India (New Delhi)	Vipul C. Prakash
Head, Strategy and Coordination	Neil Gregory

Central and Eastern Europe

Director (Moscow)	Edward Nassim
Director, Private Enterprise Partnership (Moscow)	Christian Grossmann
Manager, Strategy and Coordination	Kutlay Ebiri

Southern Europe and Central Asia

Director (Istanbul)	Khosrow Zamani
Manager (Istanbul)	Sita Ramaswami
Manager (Istanbul)	Sujata Lamba
Manager (Istanbul)	Vincent Rague

Latin America and the Caribbean

Director (Rio de Janeiro)	Bernard Pasquier
Country Manager, Brazil (São Paulo)	Wolfgang Bertelsmeier
Country Manager, Colombia (Bogotá)	Paolo Martelli
Country Manager, Mexico & Central America (Mexico City)	Manuel Núñez
Manager, Business Development	Marcos Brujis
Manager, Strategy and Coordination	Toshiya Masuoka

Middle East and North Africa

Director (Cairo)	Sami Haddad
Associate Director, General Business Development	Abdelkader H. Allaoua
Country Manager, Pakistan	Farid Dossani
Head, Strategy and Coordination	Peggy Henderson

Industry Departments

Agribusiness

Director	Jean-Paul Pinard
Senior Manager, Portfolio and Credit Review	Macadou N'Daw
Manager, New Investments	Oscar Chemerinski

Global Financial Markets

Director	Karl Voltaire
Director, Portfolio	Mary Ellen Iskenderian
Portfolio Manager, Africa (Johannesburg)	Alain Soulard
Portfolio Manager, Asia	Loy Pires
Portfolio Manager, Europe	Ritva Laukkanen
Portfolio Manager, LAC	Serge Devieux
Portfolio Manager, MENA	M. Rohil Hafeez
Manager, Banking and Financial Group, Asia/Africa/MENA	Shidan Derakhshani
Manager, Banking and Financial Products Group, LAC/Europe	Mark Alloway
Manager, Financial Markets Transaction Group	Georgina Baker
Manager, Housing Finance	Pamela Lamoreaux
Manager, Micro Finance	S. Aftab Ahmed

Global Information and Communication Technologies[4]

Director	Mohsen Khalil
Manager, Portfolio and Credit Review	Joseph Solan
Manager, New Investments	Stephanie von Friedeburg
Manager, Internet Group	Ravi Vish

Global Manufacturing and Services

Director	Richard Ranken
Associate Director, Sector Group I & Global Corporate Finance	Jerome Sooklal
Associate Director, Global Portfolio	Michael Essex
Senior Portfolio Manager, Europe	Robin Glantz
Portfolio Manager, Africa	Colin Warren
Portfolio Manager, LAC	Stanley Greig
Manager, Sector Group II	Sujoy Bose
Manager, Global Transaction Group	Stephanie Miller Freymann

Health and Education

Director	Guy Ellena
Manager, Business Development	Shilpa Patel

Infrastructure

Director	Francisco Tourreilles
Senior Manager, Transport Services	Ravinder Bugga
Manager, New Investments	Darius Lilaoonwala
Manager, Portfolio and Credit Review	Apinya Suebsaeng
Manager, Portfolio and Credit Review	Paul Baribeau
Manager, Infrastructure	Amnon Mates
Manager, Utilities	Usha Rao-Monari

Oil, Gas, Mining, and Chemicals[4]

Director	Rashad-Rudolf Kaldany
Senior Manager, Mining	Kent E. Lupberger
Manager, Oil and Gas	Somit Varma
Manager, Chemicals	Lance Crist
Manager, Portfolio and Credit Review	Kalada Harry

Private Equity and Investment Funds

Director	Teresa C. Barger
Manager, Portfolio Operations	(vacant)

Small and Medium Enterprise[5]

Director	Harold Rosen
Associate Director	Shahbaz Mavaddat
Manager	Max Aitken
Manager	Thomas Davenport

Trust Funds

Director	Uday Wagle
Manager	Mariko Higashi

Project Development Facilities

Africa Project Development Facility (APDF)

Associate Director (Johannesburg)	Nkosana Moyo
Regional Manager (Johannesburg)	Jesper Kjaer
Regional Manager (Nairobi)	Mischek Ngatunga
Regional Manager (Abidjan)	Henri Rabarijohn
Regional Manager (Accra)	Modou Badara Njie

China Project Development Facility (CPDF)

General Manager (Chengdu)	Eric Siew

SouthAsia Enterprise Development Facility (SEDF)

General Manager (Dhaka)	Anil Sinha

Indonesia Enterprise Development Facility (IEDF)

General Manager (Bali)	Chris Richards

LAC Facility

General Manager	(Vacant)
Program Manager	Anita Bhatia

Mekong Project Development Facility (MPDF)

General Manager (Hanoi)	Mario Fischel
Regional Manager (Laos/Cambodia)	Adam Sack
Regional Manager (Ho Chi Minh City)	Robert Webster

North Africa Enterprise Development (NAED)

Program Manager (Cairo)	Antoine Courcelle-Labrousse
Program Manager (Algiers)	Houria Sammari
Program Manager (Rabat)	Joumana Cobein

South Pacific Project Facility (SPPF)

General Manager (Sydney)	Denise Aldous

Southeast Europe Enterprise Development (SEED)

General Manager (Sarajevo)	Alex Paine

Departments

Controller's and Budgeting

Director	Allen F. Shapiro
Senior Manager, Budgeting	Richard J. Moss
Manager, Financial Reporting and Accounting Policy	Paul B. Bravery
Manager, Internal Controls and Special Projects	Nicholas Pardoe
Senior Adviser, Loss Provisioning	Guy A. de Clercq

Corporate Business Informatics

Chief Information Officer	Guy-Pierre de Poerck
Manager, Development and Informatics	Wajdi Bustani
Manager, Business Informatics	Paul Standen

Corporate Portfolio Management

Director	Marc Babin
Head/Equity and Portfolio Management	Sebastian Thiriez

Corporate Relations

Manager	Joseph O'Keefe

Credit Review

Director	Paul Hinchey
Associate Director	Sakdiyiam Kupasrimonkol
Chief Credit Officer	Mun Fui Wong
Chief Credit Officer	Eduardo Abello
Chief Credit Officer	Mamta Shah
Chief Credit Officer	Maria DaG. Domingues
Chief Credit Officer	Vincent Polizatto

Environment and Social Development

Director	Gavin Murray
Manager, Environmental Markets Group	Louis Boorstin
Manager, Project Support Group	William Bulmer
Manager, Insurance Services Group	Merunisha Ahmid
Manager, Market Development	Imoni Akpofure

Financial Operations

Senior Manager	Avi Hofman
Manager, Loan and Equity Operations Support	Soon-Wan Ooi
Manager, Treasury Operations Support	Isaku Higa

Human Resources and Administration

Vice President	Dorothy H. Berry
Associate Director, HR Development	Esteban Altschul
Manager, Compensation and Policy Implementation	Jean Bradier
Human Resources Team Manager	Eva Mennel
Human Resources Team Manager	Anne Sahl
Manager, Facilities and Administration	Geoffrey A. Willing

Legal Department

Vice President and General Counsel	Carol F. Lee
General Counsel	Jennifer Sullivan
Chief Counsel	Fernando Cabezas
Chief Counsel, Finance	Victoria C. Choy
Chief Counsel	David Harris
Chief Counsel	Eduardo A. Hernandorena
Chief Counsel	David McLean
Chief Counsel	Christian Philip
Chief Counsel	George Springsteen

Operations Evaluation Group[6]

Director	William E. Stevenson

Operational Strategy Group

Director	Bernard Sheahan

Resource Mobilization

Director	(vacant)
Manager, B-Loan Management	Mary Elizabeth Ward

Risk Management and Financial Policy Unit

Associate Director	Lakshmi Shyam-Sunder

Treasury

Manager, Funding Operations	John Borthwick
Manager, Liquid Assets and Cash Management	Mark Spindel
Manager, Client Products and Asset Liability Management	Shanker Krishnan
Manager, Applications Development Group	Takehisa Eguchi
Chief, Structured Finance	Lee Meddin

Other

Director, Tokyo Office (Japan)	Motoharu Fujikura
Special Representative in Europe (Paris)	Arthur Levi
Special Representative in Europe (Frankfurt)	Oltmann G. Siemens

Municipal Fund

Director	Declan J. Duff

Private Sector Advisory Services

Director, Investment Climate Department and General Manager, FIAS	Neil Roger
Manager, Foreign Investment Advisory Services	(vacant)
Manager, Monitoring and Analysis Group	(vacant)
Regional Manager (Sydney)	(vacant)
Lead Economist	Frank J. Lysy

Privatization Transaction Advisory Group

Director	(vacant)
Manager, Privatization Policy and Transactions	Denise Leonard
Manager, Privatization Policy and Transactions	David Donaldson

Special Operations Group

Director	Jyrki Koskelo

1 These officers hold the same position in IBRD.
2 Also serves as Managing Director for the World Bank, with responsibility for Private Sector Development across the Bank Group.
3 Reports directly to James D. Wolfensohn.
4 Reports to IBRD Vice President, Infrastructure, as well as IFC Vice President, Operations and IFC Vice President, Portfolio and Risk Management on portfolio matters.
5 Reports to IFC Vice President, Operations as well as to World Bank/IFC Vice President, Private Sector Development and IFC Chief Economist.
6 Reports directly to Director General, Operations Evaluation, IBRD and to IFC Executive Vice President.

APPENDIX E IFC FIELD REPRESENTATIVES AND CONTACTS

Country	City	Name	Title
Albania	Tirana	Elira Sakiqi	Country Officer
Albania (SEED)	Tirana	Anila Bashllari	Program Coordinator
Algeria (NAED)	Algiers	Houria Sammari	Program Manager
Argentina	Buenos Aires	Yolande Duhem	Country Manager
Armenia	Yerevan	Nerses Karamanukyan	Sr. Projects Officer
Australia (FIAS)	Sydney	Andrew Proctor	Regional Manager
Australia (SPPF)	Sydney	Denise Aldous	General Manager
Azerbaijan	Baku	Aliya Nuriyeva	Program Coordinator
Bangladesh	Dhaka	Hafeezuddin Ahmad	Country Manager
Bangladesh (SEDF)	Dhaka	Anil Sinha	General Manager
Belarus	Minsk	Ivan Ivanov	Project Manager
Bolivia	La Paz	Paolo Martelli	Country Manager
Bosnia & Herzegovina	Sarajevo	Sita Ramaswami	Country Manager
Bosnia & Herzegovina (SEED)	Banja Luka	Stevo Topalovic	Business Development Officer
Bosnia & Herzegovina (SEED)	Sarajevo	Alex Paine	General Manager
Brazil	Rio de Janeiro	Bernard Pasquier	Director
Brazil	São Paulo	Wolfgang Bertelsmeier	Country Manager
Bulgaria	Sofia	Sujata Lamba	Country Manager

IFC FIELD REPRESENTATIVES AND CONTACTS (continued)

Cambodia (MPDF)	Phnom Penh	Adam Sack	Regional Manager
Cameroon	Douala	Mohamadou Diop	Country Officer
Cameroon (APDF)	Douala	David Ashiagbor	Business Development Officer
Chile	Santiago	Yolande Duhem	Country Manager
China	Hong Kong	Javed Hamid	Director
China	Beijing	Karin Finkelston	Country Manager
China (CPDF)	Chengdu	Eric Siew	General Manager
Colombia	Bogotá	Paolo Martelli	Country Manager
Côte d'Ivoire	Abidjan	Saran Kebet-Koulibaly	Regional Manager
Côte d'Ivoire (AMSCO)	Abidjan	Fatma Hervieu-Wane	Regional Manager
Côte d'Ivoire (APDF)	Abidjan	Henri E. Rabarijohn	Regional Manager
Croatia	Zagreb	Roberto Albisetti	Country Manager
Czech Republic	Prague	Charles van der Mandele	Head of Special Operations
Dominican Republic	Santo Domingo	Salem Rohana	Regional Representative
Egypt, Arab Republic of	Cairo	Sami Haddad	Director
Egypt, Arab Republic of (NAED)	Cairo	Antoine Courcelle-Labrousse	Program Manager
France	Paris	Arthur Levi	Special Representative for Europe
Georgia	Tbilisi	Anna Akhalkatsi	Program Coordinator
Germany	Frankfurt	Oltmann Siemens	Special Representative for Europe
Ghana (AMSCO)	Accra	Tidiane Traore	Acting Regional Manager
Ghana (APDF)	Accra	Modou Badara Njie	Regional Manager
Guatemala	Guatemala City	Manuel E. Núñez	Country Manager
Hong Kong	Hong Kong	Javed Hamid	Regional Director
India	Mumbai	(Vacant)	
India	New Delhi	Dimitris Tsitsiragos	Director
Indonesia	Jakarta	German Vegarra	Country Manager
Indonesia (IEDF)	Bali	Christopher Richards	General Manager
Japan	Tokyo	Motoharu Fujikura	Director
Kazakhstan	Almaty	Gorton De Mond	Regional Representative
Kazakhstan	Almaty	Valerian Khagay	Country Officer
Kenya	Nairobi	Saleem Karimjee	Regional Manager
Kenya (AMSCO)	Nairobi	Edward Greene	Regional Manager
Kenya (APDF)	Nairobi	Mischeck Ngatunga	Regional Manager
Kyrgyz Republic	Bishkek	Goulnoura Djouzenova	Country Officer
Lao PDR (MPDF)	Vientiane	Adam Sack	Regional Manager
FYR Macedonia (SEED)	Skopje	Lene Mikkelsen	Program Coordinator
Mauritius (AMSCO)	Port-Louis	Henri E. Rabarijohn	Regional Manager
Mexico	Mexico D.F.	Manuel E. Núnez	Country Manager
Moldova	Chisinau	Roberto Albisetti	Country Manager (based in Belgrade)
Morocco (NAED)	Rabat	Joumana Cobein	Program Manager
Nepal	Kathmandu	Sudhir Mittal	Resident Representative
Netherlands (AMSCO)	Amsterdam	Nkosana Moyo	Managing Director
Nigeria	Lagos	Andrew Alli	Country Manager
Nigeria (AMSCO)	Lagos	Ronke Osikoya	Project Officer
Nigeria (APDF)	Lagos	Olatunde Akande	Business Development Officer
Pakistan	Islamabad	Farid Dossani	Country Manager
Papua New Guinea	Port Moresby	James Hasu	Business Development Officer
Paraguay	Asunción	Yolande Duhem	Country Manager
Philippines	Manila	Vipul Bhagat	Country Manager
Poland	Warsaw	Mary Lystad	Senior Investment Officer
Romania	Bucharest	Ana Maria Mihaescu	Chief of Mission
Russian Federation	Moscow	Edward Nassim	Director
Russian Federation (PEP)	Moscow	Christian Grossmann	Director
Senegal	Dakar	Marième D. Travaly	Country Officer
Serbia & Montenegro	Belgrade	Roberto Albisetti	Chief of Mission
South Africa	Cape Town	Henning Amelung	Principal Investment Officer
South Africa (APDF)	Cape Town	Hosain Khan	Business Development Officer
South Africa	Johannesburg	Haydee Celaya	Director
South Africa (APDF)	Johannesburg	Nkosana Moyo	Associate Director
Sri Lanka	Colombo	Sanjiva Senanayake	Country Manager
Tajikistan	Dushanbe	Olim Khomidov	Investment Officer
Thailand	Bangkok	Michael Higgins	Country Manager
Trinidad & Tobago	Port of Spain	Kirk Ifill	Regional Representative
Turkey	Istanbul	Khosrow Zamani	Regional Director
Turkey	Istanbul	Sujata Lamba	Country Manager
Ukraine	Kiev	Elena Voloshina	Program Officer
Uruguay	Montevideo	Yolande Duhem	Country Manager
Uzbekistan	Tashkent	Elbek Rikhsiyev	Country Officer
Vietnam	Hanoi	Deepak Khanna	Country Manager
Vietnam, MPDF	Hanoi	Mario Fischel	General Manager
Vietnam, MPDF	Ho Chi Minh City	Robert Webster	Regional Manager
West Bank & Gaza	Jerusalem	(Vacant)	
Zimbabwe (AMSCO)	Harare	Abraham Lanor	Regional Manager

APPENDIX F IFC ADDRESSES

Headquarters
2121 Pennsylvania Avenue, N.W.
Washington, DC 20433, U.S.A.
Telephone: (202) 473-9331
Fax: (202) 974-4384

Albania, Tirana
Rruga Deshmoret e 4 Shkurtit
Vila. 34
Tirana, Albania
Telephone: (+355) 230-016/7
Fax: (+355) 240-590

Argentina, Buenos Aires
Bouchard 680, piso 11°
Torre Fortabat
1106 Buenos Aires, Argentina
Telephone: (54-11) 4114-7200
Fax: (54-11) 4312-7184

Armenia, Yerevan
Republic Square
9 V. Sargsyan Str.
Yerevan 375010, Armenia
Telephone: (374-1) 545-241/242/243
Fax: (374-1) 599-545

Australia, Sydney (FIAS)
Level 18, CML Building
GPO Box 1612
14 Martin Place
Sydney, NSW 2000, Australia
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Fax: (61-2) 9223-2533

Azerbaijan, Baku
91-95 Mirza Mansur Str.,
Icheri Sheher
Baku 370 004, Azerbaijan
Telephone: (994-12) 921-941/
922-807
Fax: (994-12) 921-479/ 926-873

Bangladesh, Dhaka
c/o World Bank
3A Paribagh
Dhaka 1000, Bangladesh
Telephone: (880-2) 861-1056/69;
966-9301/4495
Fax: (880-2) 861-7521

Belarus, Minsk
6ª, 3rd floor Partizansky Prospekt
Minsk 220033, Belarus
Telephone: (375-172) 197-811;
281-779
Fax: (375-172) 227-440

Bolivia, La Paz
Calle Fernando Guachalla No. 342
Edificio Victor, Piso 9
La Paz, Bolivia
Telephone: (591-2) 244-3133
Fax: (591-2) 212-5065

Bosnia and Herzegovina, Sarajevo
H. Kresevljakovica 19
71000 Sarajevo
Bosnia and Herzegovina
Telephone: 387-(0) 33 440-293
Fax: 387-(0) 33 440-108

Brazil, Rio de Janeiro
Rua Redentor, 14-Ipanema
Rio de Janeiro – 22421-030, Brazil
Telephone: (55-21) 2525-5850
Fax: (55-21) 2525-5879

Brazil, São Paulo
Av. Roque Petroni Junior, 999
8th Floor, Rooms 81/82
04707-910 São Paulo SP, Brazil
Telephone: (55-11) 5185-6888
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Bulgaria, Sofia
36 Dragan Tzankov Blvd.
World Trade Center /INTERPRED
1057 Sofia, Bulgaria
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Fax: (359-2) 9697-333

Cameroon, Douala
96 rue Flatters
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B.P. 4616
Douala, Cameroon
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Fax: (237) 342-8014

China, Beijing
9th Floor, Tower B
Fuhua Mansion
8 Chaoyangmen Beidajie
Dongcheng District
Beijing 100 027, PR China
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Fax: (86-10) 6554-4192

China, Hong Kong
Suite 1107, Asia Pacific
Finance Tower
Citibank Plaza
3 Garden Road Central
Hong Kong
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Fax: (852) 2509 9363

Colombia, Bogotá
Corporación Financiera Internacional
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Bogotá, Colombia
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Fax: (571) 317-4380

Côte d'Ivoire, Abidjan
Corner of Booker Washington &
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Côte d'Ivoire
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Croatia, Zagreb
Trg. J.F. Kennedya 6b/III
Zagreb 10000, Croatia
Telephone: (385-1) 238-7236
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Czech Republic, Prague
Na Rybnicku 5
12000 Prague, Czech Republic
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Dominican Republic, Santo Domingo
Calle Virgilio Diaz Ordoñez #36
esq. Gustavo Mejía Ricart
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Santo Domingo, Dominican Republic
Telephone: (809) 566-6815
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Egypt, Cairo
World Trade Center Bldg.
1191 Corniche El Nil, Boulac
Cairo, Egypt
Telephone: (20-2) 579-
9900/6565/5353
Fax: (20-2) 579-2211

France, Paris
66, avenue d'Iéna
75116 Paris, France
Telephone: (33-1) 4069-3060
Fax: (33-1) 4720-7771

Georgia, Tbilisi
5a, 1st Drive, Chavchavadze Ave
Tbilisi, Georgia 380 079
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912 689, 912 659
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913 480

Germany, Frankfurt
Bockenheimer Landstrasse 109
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ABN AMRO Bank NV

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Banco Comercial Portugues SA
Banco de Sabadell S.A.
Banco Espirito Santo SA
Banco Itaú Europa, S.A.
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Caixa de Aforros de Vigo, Ourense e Pontevedera (CAIXANOVA)
Caixa Geral de Depósitos SA
Caja General de Ahorros de Canarias
Caterpillar Financial Services Corporation
Citibank NA
CoBank, ACB
Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland)
Credit Agricole Indosuez
Crédit Lyonnais

Den norske Bank ASA
Deutsche VerkehrsBank AG

Erste Bank der oesterreichischen Sparkassen AG

Fortis Bank NV/SA

Hamburgische Landesbank-Girozentrale
HVB Group

ING Group
International Finance Participation Trust Management Inc. (IFPT)

JP Morgan Chase & Co.

KBC Bank NV

Landesbank Baden-Wurttemberg
Landesbank Schleswig-Holstein Girozentrale

Mizuho Corporate Bank, Ltd.

Natexis Banques Populaires
National City Bank
Nederlandse Financierings- Maatschappij voor Ontwikkelingslanden NV (FMO)
Nordea AB (pub)

Raiffeisen Zentralbank Oesterreich AG

Société Générale
Standard Chartered Bank
State Bank of India

UFJ Bank Limited

Wachovia Bank N.A.
WD Power Investment Limited Partnership
WGZ-Bank Westdeutsche Genossenschafts-Zentralbank eG
WestLB AG

ACRONYMS, NOTES, AND DEFINITIONS

Acronyms

ADB	Asian Development Bank
AEF	Africa Enterprise Fund
AfDB	African Development Bank
AMSCO	African Management Services Company
APDF	Africa Project Development Facility
CAO	Compliance Advisor/Ombudsman
EBRD	European Bank for Reconstruction and Development
FDI	foreign direct investment
FIAS	Foreign Investment Advisory Service
FY	fiscal year
GDP	gross domestic product
GEF	Global Environment Facility
GHG	greenhouse gas
IBRD	International Bank for Reconstruction and Development
ICSID	International Centre for Settlement of Investment Disputes
IDA	International Development Association
IFC	International Finance Corporation
IMF	International Monetary Fund
IT	information technology
MENA	Middle East and North Africa
MIGA	Multilateral Investment Guarantee Agency
MPDF	Mekong Private Sector Development Facility
OECD	Organization for Economic Cooperation and Development
NGO	nongovernmental organization
OEG	Operations Evaluation Group
PEP	Private Enterprise Partnership
PSAS	Private Sector Advisory Services
SEDF	SouthAsia Enterprise Development Facility
SEED	Southeast Europe Enterprise Development
SME	small and medium enterprise
TATF	Technical Assistance Trust Funds
WTO	World Trade Organization

Notes and Definitions

A-loan and B-loan. A single loan agreement between the borrower and IFC normally stipulates the full amount of financing to be provided by IFC and the participating institutions. The IFC loan may be in two portions: (1) the A-loan is IFC's own portion, funded with IFC's own resources and subject to its agreed loan terms; (2) the B-loan is funded by participants on terms that may differ from those of IFC.

Approvals are equity and quasi-equity investments, guarantees, loans, syndicated loans, and risk management products approved by the Board of Directors.

Commitments include (1) signed loan and equity (including quasi-equity) investment agreements; (2) signed guarantee agreements; and (3) risk management facilities that are considered ready for execution as evidenced by a signed ISDA agreement or a signed risk management agreement with a client.

Disbursements are loans and investments paid out.

The fiscal year at IFC runs from July 1 to June 30. Thus, FY03 began on July 1, 2002, and ended on June 30, 2003.

Investment amounts are given in U.S. dollars, regardless of the currencies of the investment. Investment amounts in non–U.S.-dollar currencies are revalued on the ending day of the month in which they are approved.

On-lending is the process of lending funds from IFC's own sources through intermediaries, such as local banks.

Participants and IFC fully share the commercial credit risks of projects, but because IFC is the lender of record, participants receive the same tax and country risk benefits that IFC derives from its special status as a multilateral financial institution.

Quasi-equity instruments incorporate both loan and equity features, which are designed to provide varying degrees of risk/return trade-offs that lie between those of straight loan and equity investments.

Rounding of numbers may cause totals to differ from the sum of individual figures in some tables.

The World Bank includes IBRD and IDA.

The World Bank Group includes IBRD, IDA, IFC, MIGA, and ICSID.

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At IFC our mandate is to further sustainable economic development through the private sector. We pursue this goal through innovative solutions to the challenges of development, as we invest in companies and financial institutions in emerging markets and as we help build business skills. We consider positive development impact an integral part of good business, and we focus much of our effort on the countries with the greatest need for investment. We recognize that economic growth is sustainable only if it is environmentally and socially sound and helps improve the quality of life for those living in developing countries.

THE IFC ANNUAL REPORT ON THE WEB, www.ifc.org/ar2003, is a companion to this printed edition. It provides easy navigation and downloading of data related to IFC investment projects.

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