



their/our story

CHAPTER THREE:

significant impact

IFC's swift and innovative response to the global economic crisis enabled us to make a significant impact in developing countries. By learning from past crises and making early preparations for the current one, we worked to mitigate the crisis's effects while maintaining our focus on creating opportunity for people to escape poverty and improve their lives.

In a year when private capital flows to emerging markets decreased by almost half, we helped channel \$14.5 billion in investments to support private enterprise—slightly less than our record high of \$16.2 billion in FY08. We helped IFC client companies lend more than \$9 billion to about 8.5 million microfinance borrowers, and make nearly \$91 billion in loans to about 1.3 million small and medium enterprises in 2008.

Our clients also provided more than 2 million jobs, cared for 5.5 million patients, and helped educate more than a million students.

*IFC results by regions, industry clusters,
and advisory services business lines.*

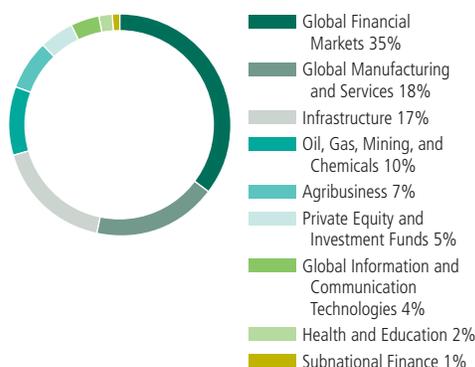
IFC'S GLOBAL IMPACT

FOSTERING SUSTAINABLE PRIVATE SECTOR GROWTH

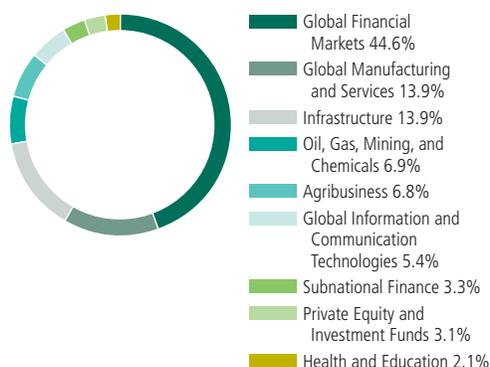
In FY09, IFC committed \$10.5 billion for our own account, and mobilized \$4 billion from other sources. Projects in the poorest countries accounted for 42 percent of our investments and more than 46 percent of new advisory projects. In Sub-Saharan Africa, investments for IFC's account totaled \$1.8 billion, accounting for 17 percent of our commitments for the year. Advisory Services expenditures totaled \$291 million, of which 25 percent was directed to projects in Sub-Saharan Africa.

COMMITTED PORTFOLIO BY INDUSTRY

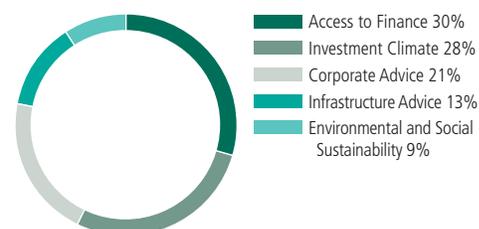
For IFC's own account as of June 30, 2009



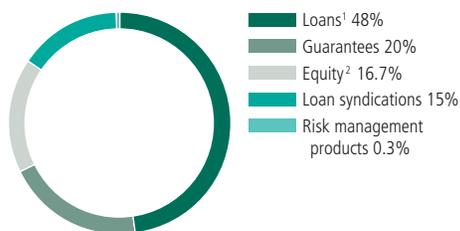
FY09 INVESTMENTS BY INDUSTRY



ADVISORY SERVICES EXPENDITURES BY BUSINESS LINE



COMMITTED PORTFOLIO BY PRODUCT



¹ Includes loan-type, quasi-equity products

² Includes equity-type, quasi-equity products

FY09 COMMITMENTS BY ENVIRONMENTAL AND SOCIAL CATEGORY

CATEGORY ¹	COMMITMENTS (\$ MILLIONS)	NUMBER OF PROJECTS
A	446	4
B	4,283	137
C	2,096	104
FI	2,991	109
N ²	731	93
Total	10,547	447

¹ See Category description on page 111.

² N refers to increased commitments on existing projects or swaps and rights issues.

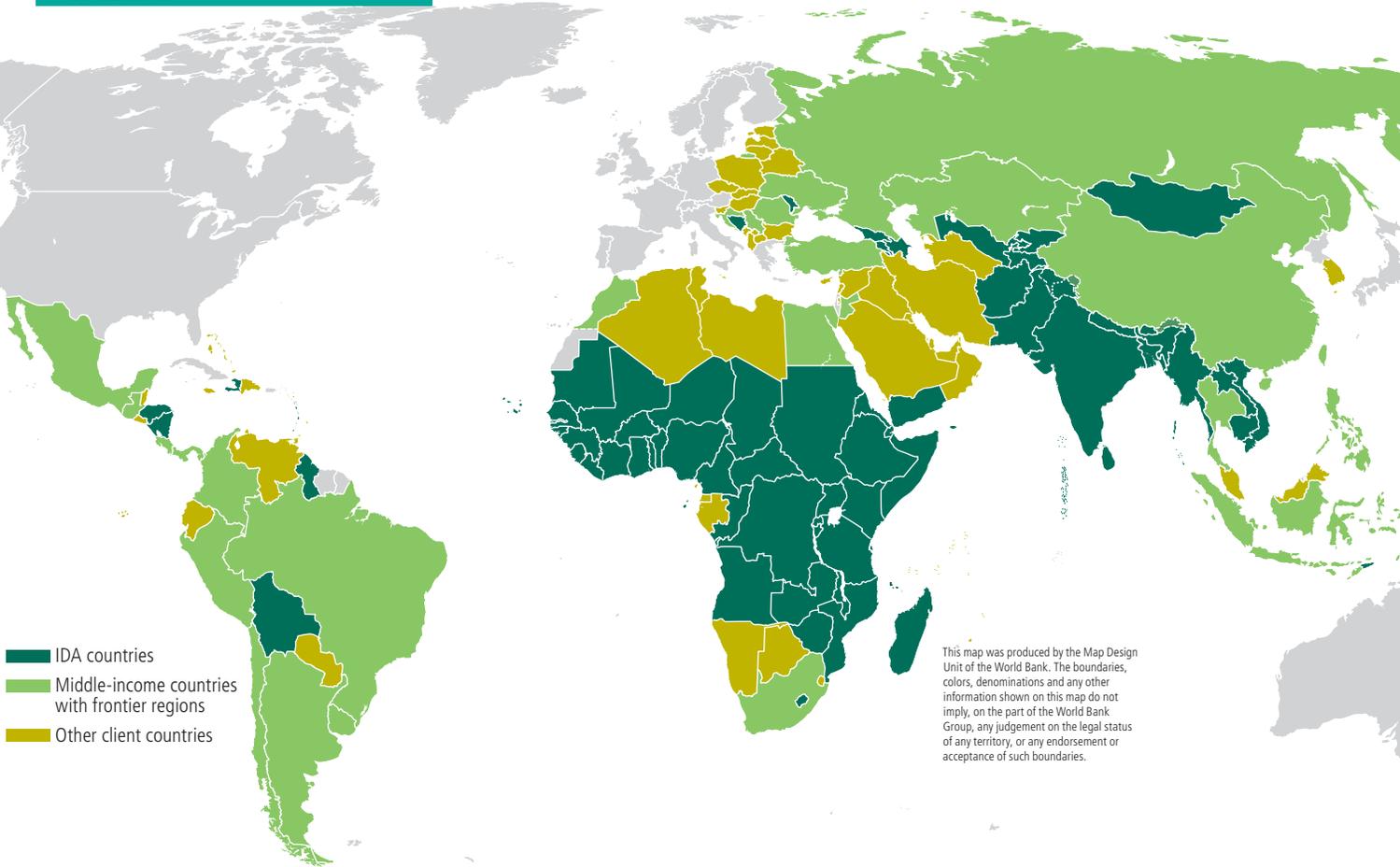
LARGEST COUNTRY EXPOSURES¹

June 30, 2009 (Based on IFC's Account)

COUNTRY (GLOBAL RANK)	PORTFOLIO (\$ MILLIONS)	PERCENT OF GLOBAL PORTFOLIO
India (1)	3,389	10
Brazil (2)	2,364	7
Russian Federation (3)	2,244	7
China (4)	2,099	6
Turkey (5)	1,910	6
Argentina (6)	1,054	3
Philippines (7)	960	3
Colombia (8)	873	3
Mexico (9)	781	2
Peru (10)	744	2

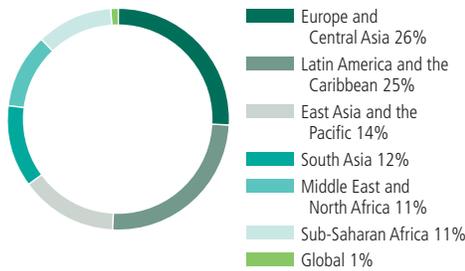
¹ Excludes individual country shares of regional and global projects.

— BY REGION

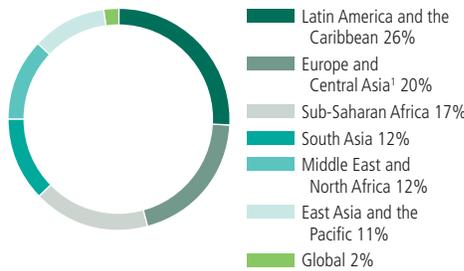


COMMITTED PORTFOLIO BY REGION

For IFC's own account as of June 30, 2009

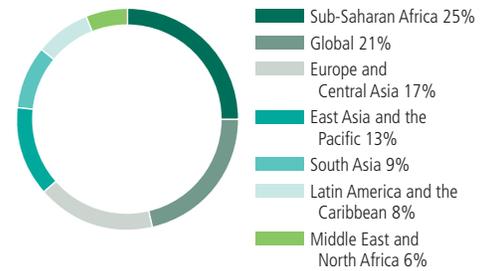


FY09 INVESTMENTS BY REGION



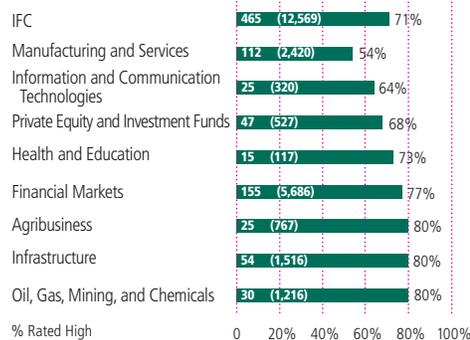
¹Some amounts include regional shares of investments that are officially classified as global projects. See regional sections for details.

ADVISORY SERVICES EXPENDITURES BY REGION



DEVELOPMENT RESULTS BY INDUSTRY

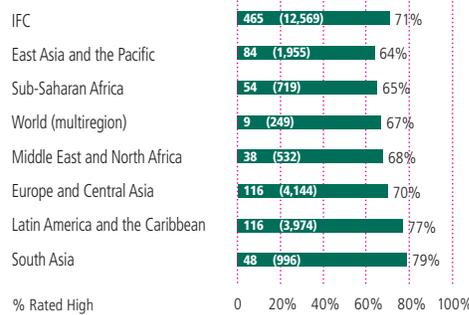
(Investments)



DOTS data as of June 30, 2009, for projects approved in calendar years 2000–2005. Note: Number inside bar represents number of rated projects, and number in parentheses represents total IFC investment (\$ millions) in those projects.

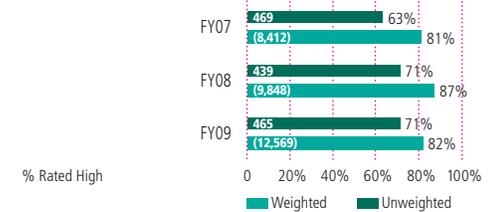
DEVELOPMENT RESULTS BY REGION

(Investments)



DOTS data as of June 30, 2009, for projects approved in calendar years 2000–2005. Note: Number inside bar represents number of rated projects, and number in parentheses represents total IFC investment (\$ millions) in those projects.

UNWEIGHTED AND WEIGHTED DEVELOPMENT RESULTS OVER TIME



FY07: DOTS data as of June 30, 2007, for projects approved in calendar years 1998–2003; FY08: DOTS data as of June 30, 2008, for projects approved in calendar years 1999–2004; FY09: DOTS data as of June 30, 2009, for projects approved in calendar years 2000–2005. Note: Number inside bar represents the number of rated projects for the unweighted series, and total IFC investment rated (\$ millions) for the weighted series.

SUB-SAHARAN AFRICA



ANGOLA BENIN BOTSWANA BURKINA FASO BURUNDI CAMEROON CAPE VERDE
 CENTRAL AFRICAN REPUBLIC CHAD COMOROS DEMOCRATIC REPUBLIC OF CONGO CONGO REPUBLIC
 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
 SAO TOME AND PRINCIPE SENEGAL SEYCHELLES SIERRA LEONE SOMALIA SOUTH AFRICA
 SUDAN SWAZILAND UNITED REPUBLIC OF TANZANIA TOGO UGANDA ZAMBIA ZIMBABWE

IDA COUNTRY MIDDLE-INCOME COUNTRY WITH FRONTIER REGIONS OTHER CLIENT COUNTRY

IFC IS COMMITTED TO INCREASING OUR SUPPORT FOR THE PRIVATE SECTOR.

OVERVIEW

Sub-Saharan Africa has not escaped the impact of the global economic turmoil. Precipitous declines in the prices of commodities, including oil and most minerals, have pulled down export revenues. Tourism, another driver of growth, has also slumped. IFC rose to the challenge, stepping up our financing and Advisory Services to sustain investment flows to the region and raising additional resources through crisis-response initiatives. Our strategy focuses on supporting smaller businesses, building infrastructure, advancing health care, developing agribusiness, reforming the investment climate, and promoting the recovery of countries affected by conflict. Africa's long-term economic prospects remain promising, and IFC is committed to increasing our support to the private sector so more Africans can build a better future.

DEVELOPMENT IMPACT

We are leveraging our resources to be more flexible and achieve a greater impact. We launched or expanded several funds to invest in sectors or regions we previously had difficulty reaching. A new health equity-investment facility will improve access to equity and expertise for health-care entrepreneurs and businesses in Africa, including those involved in medical education. Two new funds address the severe shortfall in private capital for infrastructure projects. IFC continues to use other funds to invest in small and medium enterprises, a crucial part of Africa's private sector. As the global financial crisis dried up credit to African banks, IFC stepped up support for the financial sector. IFC established a new equity and subordinated-debt fund to provide credit to banks facing a shortfall in liquidity, and we increased our Global Trade Finance Program. Last year, Africa accounted for nearly 30 percent of the program's guarantees. Standard Bank, Africa's largest lender, was one of the first two banks to join the Global Trade Liquidity Program. By supporting the financial sector and channeling funds through banks, IFC is able to help improve the lives of more Africans.

PARTNERSHIPS AND MOBILIZATION

Partnerships are an important part of fulfilling our mission. IFC teamed up with other international financial institutions to launch the Joint Action Plan for Africa to coordinate the response of international financial institutions to the economic crisis. Building on each institution's capacities, the initiative mobilized at least \$15 billion to promote trade, strengthen the financial sector, and increase lending for infrastructure projects and other sectors of the economy experiencing a shortfall in liquidity. IFC's Private Enterprise Partnership for Africa provides Advisory Services to governments and businesses to tackle constraints to private sector growth. IFC and our donor partners, together with African governments and the private sector, are working to promote smaller businesses, develop large infrastructure projects, and improve the overall investment climate. Our new partnership with Austria for the Social and Environmental Sustainability programs aims to help private sector entities develop best practice in environmental and social risk management and bring economic benefits to nearby communities. IFC's Private Enterprise Partnership for Africa also supports programs to help promote private-school expansion to help meet mounting education needs. It manages 88 programs in 30 countries, helping to create opportunity and improve lives in some of the poorest places in the world.

SUSTAINABILITY

We are increasing our capacity to better manage sustainability risks and opportunities in Sub-Saharan Africa by expanding our staff of sustainability specialists and launching training programs on promoting economic and social sustainability for financial sector clients. Community development is a key component of our strategy. A good example is IFC's program to foster sustainable growth in communities surrounding the operations of Lonmin, a platinum mining company in South Africa. It helped develop 27 local companies, including Little Rock Construction, which is fully owned and operated by black women. Through our Gender Program, we provided financing and Advisory Services to increase women entrepreneurs' access to finance and reduce gender-based barriers in the business environment. In Ghana and Kenya, we expanded the Lighting Africa Program, which helps provide low-cost alternatives to the use of charcoal and fossil fuels for light. IFC conducted regional case studies to identify how to mitigate climate change in such undertakings as Zambia's Kafue Gorge Lower Hydropower project. We also worked with Green Resources, a forestry company in Tanzania, to install a combined heat and power plant that will use large volumes of waste wood to save energy, reduce costs, and enable the company to sell carbon credits.

LEARNING FROM EXPERIENCE

We are using our experience in Africa to address the region's new challenges. To help reduce high food prices, IFC is looking at ways to increase agricultural production by getting effective crop finance to farmers, reducing the impact of extreme weather through insurance, and promoting higher-productivity farming, such as high-value horticulture, on a larger scale. Approaches include investing in plantations, logistics, and infrastructure to increase food supply. IFC launched the Conflict-Affected States in Africa Program (see page 43) to address a lack of infrastructure, poor job prospects, and minimal support for small businesses, which may be the only possible livelihood in some of the world's poorest countries. We are placing staff on the ground and integrating Advisory Services to develop country strategies, in close coordination with our partners in the World Bank Group. Building on our experience promoting public-private partnerships to help develop infrastructure, IFC also launched a new venture capital fund to provide early-stage risk capital and to fund feasibility studies and modeling and structuring for infrastructure projects. The idea is to address a key constraint for Africa's development.

DEVELOPMENT REACH

INDICATOR	PORTFOLIO CY07	PORTFOLIO CY08	NEW BUSINESS EXPECTATIONS FY09
MSME loans (number of loans)	222,829	161,329	671,530
MSME loans (amount in \$ millions)	2,438	2,109	2,440
Power generated (millions of customers)	17.1	19.1	0
Utility services distribution (millions of customers) ¹	2.7	2.9	0
New phone connections (millions of customers)	6.9	6.1	3.3
Patients reached	89,392	112,450	230,000
Students reached	380,000	388,000	525
Employment	124,262	134,515	26,344
Local purchase of goods and services (\$ millions)	1,166.1	1,394.9	65.8
Payments to governments (\$ millions)	2,608.4	3,309.2	221.3

CY08 and CY07 data are not strictly comparable, because they are based on a changed portfolio of IFC clients. Reach data for select industries; indicator definitions and reporting periods vary somewhat across industries. Some data from previous years have been revised.

¹ Includes power, gas, and water.

PROJECT FINANCING AND PORTFOLIO

(\$ MILLIONS)	FY08 ¹	FY09 ²
Financing committed for IFC's account	\$1,380	\$1,824
Loans ²	541	907
Equity ³	202	232
Guarantees and risk management	638	685
Loan syndications signed	0	58
Total commitments signed	1,380	1,881
Committed portfolio for IFC's account	3,252	3,936
Committed portfolio held for others (loan and guarantee participations)	326	258
Total committed portfolio	3,578	4,194

¹ Includes regional shares of ECOM Agroindustrial Corp. Ltd. and Mixta Africa investment, which are officially classified as global projects.

² Includes regional shares of Altima One World Agricultural Development Fund, Bait Al Batejee Medical Co., GTLP Citibank, and GTLP Standard Chartered investments, which are officially classified as global projects.

³ Loans include loan-type, quasi-equity products. Equity includes equity-type, quasi-equity products.

COMMITMENTS

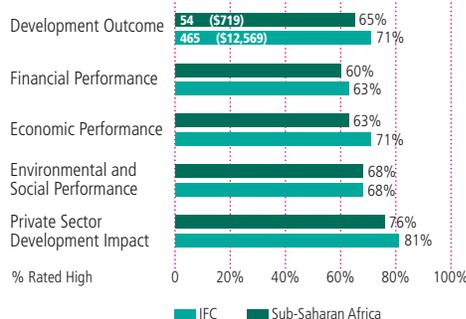
(FINANCING IN \$ MILLIONS)	FY06	FY07	FY08	FY09
Number of projects	38 ¹	52	55 ²	92 ³
Number of countries	11	17	25	30
Financing for IFC's own account	\$700	\$1,379	\$1,380	\$1,824
Syndications	\$0	\$261	\$0	\$58

¹ Includes Veolia AML.

² Includes ECOM WC-IDA and Mixta Africa.

³ Includes Altima Agro, SGH, GTLP Citi, and GTLP SCB.

DEVELOPMENT OUTCOME SCORES



DOTS data as of June 30, 2009, for projects approved in calendar years 2000–2005. Note: Number inside bar represents number of rated projects, and number in parentheses represents total IFC investment (\$ millions) in those projects.

IFC'S LARGEST COUNTRY EXPOSURES

COUNTRY (RANK WITHIN REGION)	PORTFOLIO (\$ MILLIONS)
1 South Africa	578
FY09	578
FY08	535
2 Nigeria	557
FY09	557
FY08	587
3 Ghana	521
FY09	521
FY08	153

BURKINA FASO

Better Telephone Service

Burkina Faso has one of the lowest telephone penetration rates anywhere in the world. IFC purchased a 5 percent stake in Onatel, Burkina Faso's telecommunications operator, Burkina Faso's first initial public offering. We thus helped increase affordable telephone service in the country, while developing West Africa's capital markets so private businesses have more financing options. Advanced telecommunications infrastructure and healthy capital markets create a strong foundation for economic growth and development.

In late 2006, IFC became the first nonresident institution to issue a bond denominated in West African francs, the currency of Burkina Faso and seven neighboring countries, to help develop the region's local currency bond market. Together with a €7.5 million loan IFC made to Onatel in 2007, IFC's equity stake will enable the company to upgrade its fixed and mobile networks and increase connectivity.

NIGERIA

More Small Businesses Get Access to Finance

To strengthen Africa's banking sector and increase lending to small and medium enterprises that have difficulty accessing credit, IFC partnered with Ecobank in 2008, a pan-African bank with a network of over 500 branches in 27 countries.

We provided Ecobank with a financing package of more than \$200 million to support the bank's expansion in the region, promote lending to smaller businesses in Nigeria, and facilitate trade flows by guaranteeing the underlying trade transactions of Ecobank subsidiaries in Benin, Burkina Faso, Côte d'Ivoire, Mali, Niger, Nigeria, Senegal, and Togo.



The project, which builds on 15 years of partnership between the two institutions, will help Ecobank reach even more regions and enable IFC to have a greater development impact in the region. IFC is considering additional financing for Ecobank to support agribusiness, health, education, and infrastructure in Sub-Saharan Africa.

Ensuring that these critical sectors continue to have access to finance during this period of global economic uncertainty will be essential to the region's development.

In recognition of Ecobank support for IFC's strategic priorities to reach frontier markets and create greater access to finance in Africa, it was awarded the IFC Client Leadership Award in 2009.

EAST ASIA *and the* PACIFIC



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 REPUBLIC OF KOREA SAMOA SOLOMON
ISLANDS THAILAND TIMOR-LESTE TONGA VANUATU VIETNAM

IDA COUNTRY MIDDLE-INCOME COUNTRY WITH FRONTIER REGIONS OTHER CLIENT COUNTRY

*IFC IS HELPING
OUR CLIENTS
RECOVER FROM
THE CRISIS.*

OVERVIEW

The global economic and financial crisis has had a profound impact on growth, employment, and poverty in East Asia and the Pacific, one of the world's most export-oriented regions. IFC is helping our clients through financial and operational responses, while maintaining our strategic focus on the long-term challenges of poverty and environmental sustainability. We increased our share of operations in the poorest regions and countries, such as Cambodia and Vietnam, which were severely affected by the crisis. At the same time, we continued to provide investment and Advisory Services to help clients address climate change. Looking ahead, IFC has begun to focus on the economic forces that will help the region recover from the crisis, including urban development, agribusiness, and domestic consumption as a source of growth.

DEVELOPMENT IMPACT

IFC invested \$1.2 billion in 45 projects across the region, of which 24 were in IDA countries. Sustainable access to basic services is expected to improve for 135,000 people, thanks to investments in the renewable power sector in China and Vietnam. An additional \$1 billion in funding is expected to flow to micro, small, and medium enterprises as a result of investments made in FY09. In the real sector, IFC's investments will support over 20,000 jobs. Advisory programs to strengthen the financial sector have delivered good results in difficult times. Projects in China and Vietnam have helped partner financial institutions deliver \$9.6 billion in finance to micro, small, and medium enterprises. Financial institutions have also been effective partners in addressing climate change. Programs in China and the Philippines helped banks lend \$487 million for energy-efficiency projects, enabling borrowing companies to avoid generating the equivalent of 12.5 million metric tons of carbon dioxide. Our advisory programs continue to improve the investment climate across the region. We advised our government clients on 10 legal reforms and 55 policy and institutional reforms. Advisory projects in infrastructure are expected to provide or improve basic services for over 14 million people in the region.

PARTNERSHIPS AND MOBILIZATION

Despite challenging markets, IFC mobilized more financing from other sources in East Asia and the Pacific than in FY08. During FY09, \$333.5 million in syndicated loans was committed for IFC projects, of which 28 percent (\$93 million) was for IDA countries. We used structured products to support local-currency financing for underserved sectors and poorer regions in middle-income countries. In FY09, we created a risk-sharing facility that expanded access to finance for small and medium enterprises and helped small Chinese companies recover after the Sichuan earthquake. IFC's \$15 million investment will enable partner banks, guaranteed by the Chengdu Credit Guarantee Company, to provide as much as \$1 billion in new loans to SMEs in earthquake-stricken areas over eight years. In FY09, donor partners contributed \$25.9 million to IFC Advisory Services in East Asia and the Pacific. Our partnership with the Australian government's overseas aid program AusAID, the largest donor to the region, now includes high-level consultations in both Washington, D.C., and Canberra, as well as collaboration in the field. New Zealand's international aid and development agency NZAID helped finance a project to assist local SMEs in Indonesia. Switzerland provided additional funding for the project.

SUSTAINABILITY

Climate change has profound local consequences for the East Asia and the Pacific region, the world's largest emitter of greenhouse gases. IFC aims to address this by expanding and replicating successful initiatives while creating new opportunities for IFC clients. For example, China's program to provide loans to smaller companies through financial intermediaries for the purchase of energy-saving equipment has been expanded to Indonesia, the Philippines, and Vietnam. We have made investments in solar, hydroelectric, and geothermal energy sources. The region's renewable energy portfolio now stands at \$330 million, plus \$40 million in clean energy funds. Changes in land use constitute another major source of greenhouse gases, particularly in Indonesia. Sustainable agriculture and forestry programs are important IFC responses to this challenge. By blending standard-setting initiatives with Advisory Services and investments in prominent firms, we support best practices in these sectors. IFC continues to work with the Chinese government to help national financial institutions enhance environmental and social risk management in their lending activities. An IFC client, Industrial Bank, became the first Chinese bank to adopt the Equator Principles, in November 2008 (see page 111). It was also the first to receive new Advisory Services to promote smaller emission-reducing projects.

LEARNING FROM EXPERIENCE

IFC used lessons from the Asian financial crisis of the late 1990s to inform our response to current challenges. We have focused on providing support for the region to establish financial workout platforms, conduct stress tests of financial-sector clients, and examine institutional and regulatory systems. We have helped bankers throughout the region build their capacity to manage risk. IFC's Independent Evaluation Group found that environmental and social safeguards often suffer during economic crises, so IFC is developing new projects focused on the environment and intensifying supervision of environmental and social safeguards in our current projects.

PAPUA NEW GUINEA

Mobile Phones Help Grow the Economy

By providing financing to telecommunications company Digicel PNG, IFC has helped improved the lives of people in Fiji, Kiribati, Papua New Guinea, Samoa, Tonga, and Vanuatu. Through Digicel's mobile network, people and businesses have gained access to reliable, affordable mobile-phone services for the first time. Since Digicel's arrival, mobile-phone penetration rates have risen from 3 percent to 18 percent, and the company's subscriber base has grown to about 1 million customers.



Digicel has significantly expanded mobile-phone coverage to include most of the commercial centers in the country. Subscriber numbers have also grown because of Digicel's efforts to extend its network to hard-to-reach rural communities. In addition, Digicel has introduced mobile banking and mobile payments to the country in association with a local bank and an electricity supply company.

Telecommunications development has also meant economic growth: figures show that participation in Digicel's distribution network now contributes to the livelihoods of some 30,000 people. Treasury Department reports that the increased competition contributed to 0.7 percent growth in the country's gross domestic product in FY08.

DEVELOPMENT REACH

INDICATOR	PORTFOLIO CY07	PORTFOLIO CY08	NEW BUSINESS EXPECTATIONS FY09
MSME loans (number of loans)	1,231,563	1,421,169	209,456
MSME loans (amount in \$ millions)	17,025	20,496	1,064
Power generated (millions of customers)	13.4	20.9	1.6
Utility services distribution (millions of customers) ¹	15.6	19.6	0
New phone connections (millions of customers)	5.2	2.3	1.3
Patients reached	1,068,100	1,025,258	0
Students reached	33,192	27,636	0
Employment	502,735	602,093	23,466
Local purchase of goods and services (\$ millions)	4,090.9	9,364.4	2,019.2
Payments to governments (\$ millions)	457.4	968.0	956.8

CY08 and CY07 data are not strictly comparable, because they are based on a changed portfolio of IFC clients. Reach data for select industries; indicator definitions and reporting periods vary somewhat across industries. Some data from previous years have been revised.

¹ Includes power, gas, and water.

PROJECT FINANCING AND PORTFOLIO

(\$ MILLIONS)	FY08 ¹	FY09 ²
Financing committed for IFC's account	\$1,634	\$1,197
Loans ³	1,134	798
Equity ³	287	251
Guarantees and risk management	212	148
Loan syndications signed	59	290
Total commitments signed	1,693	1,487
Committed portfolio for IFC's account	4,671	4,846
Committed portfolio held for others (loan and guarantee participations)	519	748
Total committed portfolio	5,190	5,595

¹ Includes regional share of ECOM Agroindustrial Corp. Ltd. and Green Investment Asia Sustainability Fund 1 investments, which are officially classified as global projects.

² Includes regional share of Asia Environmental Partners, L.P., Altima One World Agricultural Development Fund, GTLP Citibank, GTLP Rabobank, and GTLP Standard Chartered investments, which are officially classified as global projects.

³ Loans include loan-type, quasi-equity products. Equity includes equity-type, quasi-equity products.

COMMITMENTS

(FINANCING IN \$ MILLIONS)	FY06	FY07	FY08	FY09
Number of projects	41 ¹	38 ²	60 ³	45 ⁴
Number of countries	5	8	8	13
Financing for IFC's own account	\$982	\$944	\$1,634	\$1,197
Syndications	\$243	\$128	\$59	\$290

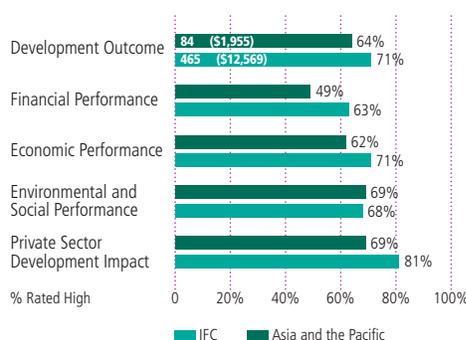
¹ Includes Soco Facility and Avenue Asia.

² Includes Italcementi.

³ Includes ECOM WC-IDA and Aloe 2.

⁴ Includes Altima Agro, AEP, GTLP Citi, GTLP Rabo and GTLP SCB.

DEVELOPMENT OUTCOME SCORES



DOTS data as of June 30, 2009, for projects approved in calendar years 2000–2005. Note: Number inside bar represents number of rated projects, and number in parentheses represents total IFC investment (\$ millions) in those projects.

IFC'S LARGEST COUNTRY EXPOSURES

COUNTRY (RANK WITHIN REGION)	PORTFOLIO (\$ MILLIONS)
1 China FY09	2,099
FY08	2,150
2 Philippines FY09	960
FY08	898
3 Indonesia FY09	735
FY08	830

SOUTH ASIA



BANGLADESH BHUTAN INDIA MALDIVES NEPAL SRI LANKA
IDA COUNTRY

OVERVIEW

South Asia is home to more poor people than any other region in the world, with a billion people living on less than \$2 a day. There are serious economic imbalances in the region, and the global downturn is expected to hit the poorest areas the hardest. Moreover, some countries in the region are fragile because of political uncertainties or conflicts, or are dealing with major climate-change issues. To meet these challenges, IFC's strategy is centered on sustaining growth by increasing access to infrastructure and finance; focusing on low-income, rural, and fragile regions; and making climate change central to our approach in both investments and Advisory Services.

IFC'S STRATEGY IS CENTERED ON SUSTAINING GROWTH.

DEVELOPMENT IMPACT

Our focus on spreading the benefits of growth wider is translating into important impacts. IFC's FY09 commitments in South Asia will help generate over 90,000 jobs, support around 50,000 farmers, and provide about \$808 million in government revenues over the life of the projects. Almost 80 percent of our investments scored high development outcomes, even during these challenging times. Our advisory work broadened access to finance by helping support an additional \$850 million in lending to small enterprises. More than 40 percent of our regional program was designed to meet the needs of fragile and conflict-affected countries—Bangladesh, Nepal, Sri Lanka—and low-income states in India. Our recommendations for improving the investment climate helped the government of Bangladesh adopt over 100 measures to cut time in procedural delays, including reducing the time required to register a business from 35 days to one. In Bihar, one of India's poorest states, IFC is helping the government implement a reform program to promote investment in agribusiness and other sectors. A third of our investments were aimed at addressing South Asia's acute need for infrastructure finance. In response to the scarcity of trade financing, we committed \$100 million in trade-finance facilities in the region.

PARTNERSHIPS AND MOBILIZATION

Sources of funding for investments have come under pressure as a result of the global economic downturn, making it even more challenging to meet critical financing needs such as infrastructure—a key priority in the region. In partnership with Infrastructure Development Finance Company Limited, a specialized financial intermediary, and Citigroup, IFC supported the India Infrastructure Fund and launched another infrastructure equity fund with Australia's Macquarie Group and the State Bank of India. These funds will help India sustain investments in power, toll roads, ports, water, and waste management, and help generate jobs and enhance incomes. In collaboration with other World Bank Group institutions, IFC's infrastructure advisory team has developed a strong pipeline of public-private-partnership projects with Indian state governments, including a solid-waste management project in Andhra Pradesh and an irrigation project in Maharashtra. IFC Advisory Services in the region on such matters as innovative business-climate reforms, enterprise development, infrastructure, and climate-change adaptation and mitigation have been supported by the United Kingdom's Department for International Development, the Netherlands Ministry of Foreign Affairs, the Norwegian Agency for Development Cooperation, and the European Commission.

SUSTAINABILITY

IFC's approach to sustainability and climate change in South Asia helps clients slow the growth of carbon emissions by providing investment and advisory support for renewable energy, energy efficiency, and clean production. About a third of our FY09 projects had a climate-change component. IFC's risk-sharing facility for the Commercial Bank of Ceylon will support Sri Lanka's renewable power generation capacity. IFC invested in WaterHealth India, which is helping expand the availability of affordable drinking water to almost 3 million people by supporting the installation of water purification systems in rural areas, where more than a third of the population does not have access to clean water. IFC's cleaner production assessments for existing clients, such as JK Paper, and funding for significant savings in energy, water, and other resources at plants will help reduce greenhouse-gas emissions and conserve water use. Energy-efficiency projects with current manufacturing-sector clients, such as pharmaceutical company Granules India, will result in important savings. In addition, IFC is helping clients with adaptation strategies by incorporating climate-change risks and opportunities into their business models.

LEARNING FROM EXPERIENCE

In South Asia, IFC stepped up activities in poorer and fragile areas where our work results in quick outcomes and strong impacts. We will continue to strengthen our partnerships with governments, donors, other investors, and private sector players to have the greatest impact and address high-priority needs of less-developed areas in South Asia. Lessons from our interventions to improve the business climate in Bangladesh, in close partnership with the government, will now be tested in Nepal. To spread the benefits of growth more evenly, IFC is working with the private sector in India to develop measures that will increase incomes for the poor and small businesses. IFC SME Ventures, another new initiative, will allow IFC to invest in smaller companies in Bangladesh, Bhutan, and Nepal. IFC and the World Bank assisted the Indian government in conducting a subnational "Doing Business in India" study that will help Indian cities undertake reform by learning from each others' best practices. To address the region's vulnerability to extreme climate-change impacts, we will increasingly work with the private sector on projects in renewable energy, energy efficiency, and cleaner production.

DEVELOPMENT REACH

INDICATOR	PORTFOLIO CY07	PORTFOLIO CY08	NEW BUSINESS EXPECTATIONS FY09
MSME loans (number of loans)	880,683	917,517	0
MSME loans (amount in \$ millions)	5,407	8,476	3,758
Power generated (millions of customers)	31.5	20.8	9.0
Utility services distribution (millions of customers) ¹	1.0	0.8	3.0
New phone connections (millions of customers)	34.0	36.2	0.2
Farmers reached	634,706	1,169,596	52,410
Patients reached	1,523,386	2,125,991	4,000,000
Employment	163,581	199,569	96,926
Local purchase of goods and services (\$ millions)	5,377.8	2,374.8	1,528.0
Payments to governments (\$ millions)	1,553.0	1,837.5	808.3

CY08 and CY07 data are not strictly comparable, because they are based on a changed portfolio of IFC clients. Reach data for select industries; indicator definitions and reporting periods vary somewhat across industries. Some data from previous years have been revised.

¹ Includes power, gas, and water.

PROJECT FINANCING AND PORTFOLIO

(\$ MILLIONS)	FY08 ¹	FY09 ¹
Financing committed for IFC's account	\$1,264	\$1,215
Loans ²	850	590
Equity ²	330	482
Guarantees and risk management	84	144
Loan syndications signed	0	0
Total commitments signed	1,264	1,215
Committed portfolio for IFC's account	3,546	4,072
Committed portfolio held for others (loan and guarantee participations)	635	599
Total committed portfolio	4,180	4,671

¹ Includes regional shares of Asia Environmental Partners, L.P. GTLP Citibank, GTLP Rabobank, and GTLP Standard Chartered investments, which are officially classified as global projects.

² Loans include loan-type, quasi-equity products. Equity includes equity type.

COMMITMENTS

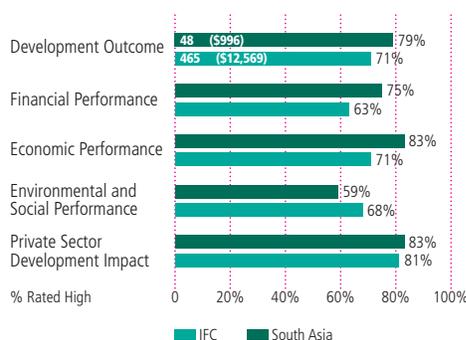
(FINANCING IN \$ MILLIONS)	FY06	FY07	FY08	FY09
Number of projects	25 ¹	30 ²	37	47 ³
Number of countries	3	3	5	6
Financing for IFC's own account	\$507	\$1,073	\$1,264	\$1,215
Syndications	\$200	\$102	\$0	\$0

¹ Includes Avenue Asia.

² Includes Italcementi.

³ Includes AEP, GTLP Citi, GTLP Rabo and GTLP SCB.

DEVELOPMENT OUTCOME SCORES



DOTS data as of June 30, 2009, for projects approved in calendar years 2000–2005. Note: Number inside bar represents number of rated projects, and number in parentheses represents total IFC investment (\$ millions) in those projects.

IFC'S LARGEST COUNTRY EXPOSURES

COUNTRY (RANK WITHIN REGION)	PORTFOLIO (\$ MILLIONS)
1 India FY09	3,389
FY08	2,876
2 Sri Lanka FY09	138
FY08	209
3 Bangladesh FY09	124
FY08	157

their/our story

INDIA

IFC Helps
Entrepreneurs Grow
Their Business

Twenty-eight-year-old C. Raja began his career in 1998 by helping out at a tailoring shop in Chennai, India. Today, with support from IFC and local organizations, he runs a successful clothing business.

At the shop, Raja learned how to stitch and cut and use patterns. Within a year, he was making clothes for friends and acquaintances. He decided to start a business, borrowing \$500 from an Indian organization that helps disadvantaged Indian youth become entrepreneurs.

"It seemed like a dream come true!" Raja says.

Raja's clothing business took off so quickly that he soon needed much more capital to keep up with demand. But obtaining affordable loans wasn't easy. He says his business was regarded as "high risk."

Help came in the form of the BYST Growth Fund, which was started in part by IFC. The fund provided almost \$100,000 to Raja's business, enabling him to expand.

The fund, whose cofounders include India's Bharatiya Yuva Shakti Trust and the venture-capital firm VenturEast, offers small businesses such as Raja's up to \$200,000 in financing. IFC provided \$700,000 to the project.

IFC's support helped attract other investors. VenturEast was able to raise an additional \$2 million from institutions such as the Small Industries Development Bank of India and leading individual investors. The BYST Growth Fund hopes to raise \$5 million—and help at least 40 small businesses.

NEPAL

Buddha Air Flies
Cleaner Skies

Air travel is the most reliable means of domestic transportation in Nepal, because the country's mountainous terrain makes building roads prohibitively difficult and expensive. In 2008, IFC provided a \$10 million long-term loan to Buddha Air, a private airline, to help it expand and adopt new fuel-efficiency methods. As a result of timely financing, the airline was able to purchase new fuel-efficient aircraft, resulting in a 50 percent reduction in fuel consumption per passenger/hour.

"The IFC team was very responsive to our needs, helped us refine our business plan, and was quick in dealing with sudden changes," said Buddha Air Managing Director Birendra Basnet. A client-centric approach, quick response time, combination of global knowledge with local presence, and swift decision making were crucial in helping the airline optimize growth opportunities.

IFC helped the airline benchmark its operations—including safety and security practices—and environment management systems, such as noise and emission control, against some of the best practices globally.

EUROPE *and* CENTRAL ASIA



ALBANIA ARMENIA AZERBAIJAN BELARUS BOSNIA AND HERZEGOVINA BULGARIA CROATIA
CYPRUS CZECH REPUBLIC ESTONIA GEORGIA HUNGARY KAZAKHSTAN KOSOVO KYRGYZ
REPUBLIC LATVIA LITHUANIA FORMER YUGOSLAV REPUBLIC OF MACEDONIA MALTA MOLDOVA
MONTENEGRO POLAND ROMANIA RUSSIAN FEDERATION SERBIA SLOVAK REPUBLIC
SLOVENIA TAJIKISTAN TURKEY TURKMENISTAN UKRAINE UZBEKISTAN
IDA COUNTRY MIDDLE-INCOME COUNTRY WITH FRONTIER REGIONS OTHER CLIENT COUNTRY

OVERVIEW

Eastern Europe and Central Asia have been particularly hard hit by the global economic turmoil, with some countries facing a double-digit decline in economic growth. In response, IFC has focused on meeting urgent crisis-related needs—helping existing clients with short-term finance, restructuring, and capitalization. We strengthened portfolio management, changed our product mix, and refocused our Advisory Services to respond quickly to our clients' needs. We delivered training on crisis-related topics to more than 400 stakeholders in the financial sector across the region. IFC also played a key role in coordinating the response of international financial institutions to the crisis in the region, working with the World Bank, the European Bank for Reconstruction and Development, and the European Investment Bank. We continued to address longer-term needs by increasing lending to micro, small, and medium enterprises, supporting infrastructure investment, developing financing for energy efficiency and cleaner production, and encouraging South-South investments and trade.

IFC HAS FOCUSED ON URGENT CRISIS-RELATED NEEDS.

DEVELOPMENT IMPACT

Given the rise in poverty as a result of the global downturn, we increased our efforts in IDA and post-conflict countries by investing \$543 million in 33 projects. IFC investments in the less-developed regions of Kazakhstan, Russia, Turkey, and Ukraine made up 28 percent of the \$1.4 billion invested in these countries. We more than doubled our commitments in Central Asia and the Caucasus, providing a record \$553 million. Advisory Services continued to focus on IDA, launching investment climate programs in Armenia and the Kyrgyz Republic, and a regional program on strengthening financial market infrastructure in Central Asia. Throughout the region, IFC helped client banks with much-needed short-term liquidity and long-term capital. We more than tripled the amount of trade finance provided during the year, reaching \$224 million. Our advisory work to improve the business-enabling environment and dispute-resolution systems helped businesses across the region save about \$400 million. With the help of IFC's corporate governance program, Bosnian frozen food distributor Fratello Trade became the first private firm to hold an initial public offering in the country. The impact of the crisis on our portfolio led to a decrease in the development-outcome score for the region, which is now roughly equal to IFC's global average.

PARTNERSHIPS AND MOBILIZATION

IFC mobilized global facilities and programs to respond to the crisis in Eastern Europe. We worked with the EBRD and other partners to provide \$530 million to support Georgia's banking sector, \$52 million to develop the St. Nikola wind farm in Bulgaria, and \$72 million to develop the Rotor Elektrik wind farm in Turkey. In parallel with other financial institutions, IFC provided a loan of up to \$68 million to the Metropolitan Municipality of Istanbul to finance the construction of a new rail line. In addition, IFC syndicated \$840 million in loans to banks and real-sector clients in the region. Advisory Services were funded by almost \$24 million in new commitments from donor partners to implement such initiatives as the Cleaner Production Program in Russia, the Food Safety Program in Ukraine, and corporate governance and legislative reform initiatives in Southeast Europe and Central Asia. Supported by Austria, Italy, the Netherlands, Norway, Switzerland, and the United States, the infrastructure advisory program in Southeast Europe has fostered public-private partnerships and facilitated \$353 million in infrastructure investments, notably for two energy projects in Albania.

SUSTAINABILITY

IFC advisory and investment programs promoted energy-efficient technologies and cleaner production to mitigate climate change in the region. In FY09, IFC allocated \$250 million for cleaner-production investments in Russia, supplemented by advisory assistance, and invested a total of \$566 million in 14 projects with a clean energy component. We are carrying out advisory programs that are helping agribusiness and food-processing companies meet international industry standards and strengthen food safety. We are helping clients finance home improvements for energy efficiency (see box on page 65). We are also bringing private investments to finance alternative energy, water, and waste-management infrastructure.

LEARNING FROM EXPERIENCE

IFC's Independent Evaluation Group reviewed IFC Advisory Services in Europe and Central Asia and found that sector-wide initiatives tend to have higher development-effectiveness ratings and broader impact than individual initiatives. We are building on these findings by taking a sectorwide approach to developing agribusiness in Ukraine. For example, the Ukraine Food Safety Program builds on the success of an IFC technical standards program in Southern Europe to increase the number of Ukrainian companies that implement food safety management systems and promote exports and new investments. Addressing food safety issues across the sector will allow regional food-processing companies to become more competitive and will help alleviate the global food crisis. IFC also helped introduce commercial mediation in Southeast Europe, using well-established programs from North America and the European Union as models. The program has been embraced by the business and judicial communities in Albania, Bosnia and Herzegovina, FYR Macedonia, Montenegro, and Serbia. We have also learned that by dedicating local resources and integrating Advisory Services and investments, we can increase our support for private enterprises, even in a challenging economic environment, as demonstrated by our record commitments this year in Central Asia and the Caucasus.

SOUTHEASTERN EUROPE

Home Energy Efficiency Lending in Bosnia and Herzegovina

Borislav Petric, marketing manager for Ekonomsko Kreditna Institucija, or EKI, recalls 1996 as a tough time for Bosnians, but a relatively easy one for EKI. The Bosnian banking industry was in shambles, and demand for credit was overwhelming. A newly established microlender could pretty much choose its clients and help them meet needs that were quite basic—to start businesses or repair homes damaged in the just-ended Bosnian War, for instance.

Times have changed. Today, borrowers' needs have become more complex. To thrive in this new environment, EKI and other microlenders are finding they have to be more agile in defining their market niches and targeting customers.

For EKI, one answer has been to diversify its product line. In 2006, it received a €3 million loan from IFC to create a new lending program to promote energy efficiency in homes.

The loan came with advice from IFC, including training on how to promote the new loans. That was important because, compared with the products EKI sold immediately after the war, persuading people to take actions such as installing insulation in their attics or replacing old windows or boilers was considered a tougher sell. IFC also financed a marketing campaign that included development of radio and television commercials, leaflets, and billboards.

In March 2009, IFC provided a €1 million loan to EKI to help it continue financing home improvements and installation of energy-saving equipment. In addition, IFC provided a loan of up to €6 million to EKI that will enable it to expand its reach to microentrepreneurs in rural areas in Bosnia and Herzegovina.



IFC has a strong presence across the world, consisting of 102 offices in 86 countries. Forty-two of these offices are in IDA countries, enabling close relationships with clients.

DEVELOPMENT REACH

INDICATOR	PORTFOLIO CY07	PORTFOLIO CY08	NEW BUSINESS EXPECTATIONS FY09
MSME loans (number of loans)	1,113,154	1,063,484	691,060
MSME loans (amount in \$ millions)	49,934	34,391	16,230
Utility services distribution (millions of customers) ¹	4.8	5.5	0.3
New phone connections (millions of customers)	3.0	2.5	0
Patients reached	721,171	683,582	15,000
Students reached	8,776	9,574	0
Employment	282,953	322,623	42,245
Local purchase of goods and services (\$ millions)	13,297.7	16,061.3	2,226.5
Payments to governments (\$ millions)	3,540.8	4,167.6	277.0

CY08 and CY07 data are not strictly comparable, because they are based on a changed portfolio of IFC clients. Reach data for select industries; indicator definitions and reporting periods vary somewhat across industries. Some data from previous years have been revised. In particular, applying a tighter definition, data on employment, payments to government, and local purchases for a large retail chain now only include those from the companies most closely associated with IFC's investment, rather than the whole group (i.e., employment of 8,938 vs. 268,000; payments to government of \$23 million vs. \$843 million; local purchases of \$833 million vs. \$21.9 billion).

¹ Includes power, gas, and water.

PROJECT FINANCING AND PORTFOLIO

(\$ MILLIONS)	FY08 ¹	FY09 ²
Financing committed for IFC's account	\$2,680	\$2,146
Loans ³	1,925	1,583
Equity ³	682	365
Guarantees and risk management	73	198
Loan syndications signed	1,041	841
Total commitments signed	3,721	2,987
Committed portfolio for IFC's account	9,038	8,809
Committed portfolio held for others (loan and guarantee participations)	2,225	2,599
Total committed portfolio	11,263	11,408

¹ Includes regional share of Lydian International Ltd., TAV Tunisia, and Melrose Facility, which are officially classified as global projects.

² Includes regional shares of Altima One World Agricultural Development Fund, Emerging Europe Growth Fund II, GTLP Citibank, GTLP Robobank, GTLP Standard Chartered, Macquarie Renaissance Infrastructure Fund, Rakeen Georgia Ltd., Lydian International Ltd., and TAV Tunisia, which are officially classified as global projects.

³ Loans include loan-type, quasi-equity products. Equity includes equity-type, quasi-equity products.

COMMITMENTS

(FINANCING IN \$ MILLIONS)	FY06	FY07	FY08	FY09
Number of projects	80 ¹	67 ²	86 ³	88 ⁴
Number of countries	17	15	19	22
Financing for IFC's own account	\$2,084	\$1,786	\$2,680	\$2,146
Syndications	\$241	\$775	\$1,041	\$841

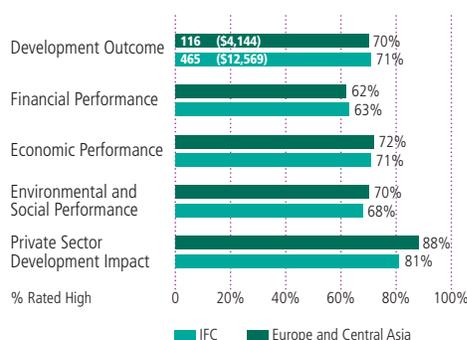
¹ Includes EECF II

² Includes Melrose II, Melrose II Expansion, and Italcementi

³ Includes Lydian Resources, Lydian Int'l RI, Lydian RI, TAV Tunisia, and MelroseResources

⁴ Includes Altma Agro, EEGF II, GTLP Citi, GTLP Rabo, GTLP CSE, Lydian Intl III, MRIF, Rakeen Georgia, and RAV Tuni. Eq

DEVELOPMENT OUTCOME SCORES



DOTS data as of June 30, 2009, for projects approved in calendar years 2000–2005. Note: Number inside bar represents number of rated projects, and number in parentheses represents total IFC investment (\$ millions) in those projects.

IFC'S LARGEST COUNTRY EXPOSURES

COUNTRY (RANK WITHIN REGION)	PORTFOLIO (\$ MILLIONS)
1 Russian Fed. FY09	2,244
FY08	2,718
2 Turkey FY09	1,910
FY08	1,806
3 Ukraine FY09	731
FY08	651

LATIN AMERICA and the CARIBBEAN



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 SAINT KITTS AND NEVIS SAINT LUCIA TRINIDAD AND TOBAGO
URUGUAY VENEZUELA

IDA COUNTRY MIDDLE-INCOME COUNTRY WITH FRONTIER REGIONS OTHER CLIENT COUNTRY

OVERVIEW

IFC quickly adopted a countercyclical strategy in Latin America to mitigate the impact of the global economic crisis. The region is heavily exposed to commodity prices and global capital markets, two of the sectors most affected by the crisis. Central American and Caribbean countries were also affected by a slowdown in worker remittances, a key source of hard currency for them. IFC's investment volumes totaled \$2.72 billion and we signed off on 124 new projects in the region in FY09. IFC concentrated on supporting micro, small, and medium enterprises. These companies are key sources of employment, especially for low-income workers, and suffered as credit dried up across the region. We also expanded our business in regions of middle-income countries—such as Northeast Brazil—that face development obstacles. We maintained our focus on mitigating climate change, for instance, by supporting hydropower stations in Colombia and wind farms in Chile.

*IFC
CONCENTRATED
ON SUPPORTING
MICRO, SMALL,
AND MEDIUM
ENTERPRISES.*

DEVELOPMENT IMPACT

We are focusing our activities in Latin America by working more closely with companies that serve the poor and by increasing our operations in less-developed regions. In FY09, we nearly doubled the number of our investment projects in IDA countries in the region, raising it to 19. The number of our IDA advisory projects rose to 21 from 15 the previous year. In the region's larger economies, IFC focused on transactions favoring lower-income groups, with 55 percent of our investments targeting that segment. In response to the crisis and the disruption in trade finance, we booked \$825 million in trade-finance transactions in 16 countries. At a time when credit was becoming scarce, IFC joined other international financial institutions to provide financing for the expansion of the Panama Canal. In agribusiness, we significantly increased the number of farmers reached in Latin America and southern Mexico through an investment in ECOM, a Central American sustainable coffee trader. In a difficult year in which many IFC clients were forced to retrench, our development-outcome score for the region rose, reflecting a high rating in 77 percent of our projects—well above the IFC global average.

PARTNERSHIPS AND MOBILIZATION

When the global crisis cut capital flows to Latin America, IFC stepped in to support clients with financing from our own balance sheet and by mobilizing resources from the international capital markets. We raised \$720 million in the syndications market and through parallel financing, slightly above past annual averages. In one innovative resource mobilization deal in Brazil, IFC worked with two private equity funds to support Banco Daycoval, a mid-size bank active in providing financing for small and medium enterprises. IFC helped raise \$180 million through a local-currency, five-year, convertible-debt transaction in the first long-term financing for any Brazilian bank after the global crisis hit in late 2008. IFC also signed new donor partnerships with Canada, Spain, and Switzerland, raising \$25 million for private sector-oriented projects in the region.

SUSTAINABILITY

We have maintained our focus on mitigating the effects of climate change, for instance, by supporting small run-of-the-river hydropower dams in Colombia, which minimize adverse environmental impact in sensitive regions, and wind farms in Chile. Climate change-related projects accounted for about 20 percent of IFC's nontrade finance investments in FY09. The environment remains a critical issue for IFC, which set up a team based in São Paulo to lead the Brazilian Amazon Initiative to reduce carbon emissions caused by deforestation. In another initiative, IFC provided a \$24.5 million loan to Petstar, a Mexican facility for recycling nearly 1 billion plastic bottles a year. The project reduces nonbiodegradable waste and extends the longevity of Mexico's landfills. Petstar also has a program to improve working conditions for waste pickers, some of Mexico's most marginalized people.

LEARNING FROM EXPERIENCE

IFC has developed unique expertise in helping extractive industries and national governments handle royalty and transfer payments and manage relations with local communities. IFC Advisory Services first developed the Enhancing Local Benefits program in Peru to improve the transparency and accountability of royalty payments to communities that host large mining projects. The program was initiated in response to complaints by local people that the central government and IFC client companies paid insufficient attention to their concerns. The program encompasses revenue management to improve the performance of public investments financed by royalty transfers; social accountability to help civil society make local governments more accountable; and development guidance to improve the effectiveness of local governments and public companies. Similar projects are now under way in Argentina, Bolivia, Brazil, Colombia, and Peru for industries ranging from oil to petrochemicals and mining.

DEVELOPMENT REACH

INDICATOR	PORTFOLIO CY07	PORTFOLIO CY08	NEW BUSINESS EXPECTATIONS FY09 ¹
MSME loans (number of loans)	3,711,939	4,814,271	1,413,472
MSME loans (amount in \$ millions)	15,475	25,302	4,771
Power generated (millions of customers)	59.4	59.7	0.7
Utility services distribution (millions of customers) ²	24.7	26.9	0
New phone connections (millions of customers)	1.4	0.8	1.5
Patients reached	886,579	1,281,370	52,000
Students reached	214,727	760,127	0
Employment	662,299	575,323	69,290
Local purchase of goods and services (\$ millions)	15,394.0	17,300.6	1,089.9
Payments to governments (\$ millions)	9,813.4	10,228.7	10,066.0

CY08 and CY07 data are not strictly comparable, because they are based on a changed portfolio of IFC clients. Reach data for select industries; indicator definitions and reporting periods vary somewhat across industries. Some data from previous years have been revised.

¹ For FY09, expected payments to government revenues capture payments from 2009–2016 and include \$9 billion by one large Latin American infrastructure client.

² Includes power, gas, and water.

PROJECT FINANCING AND PORTFOLIO

(\$ MILLIONS)	FY08	FY09 ¹
Financing committed for IFC's account	\$2,943	\$2,721
Loans ²	2,050	1,648
Equity ²	378	250
Guarantees and risk management	515	824
Loan syndications signed	1,619	670
Total commitments signed	4,562	3,391
Committed portfolio for IFC's account (loan and guarantee participations)	8,234	8,776
Committed portfolio held for others	3,086	3,425
Total committed portfolio	11,320	12,201

¹ Includes regional shares of GTLP Citibank, GTLP Rabobank, GTLP Standard Chartered, and IFC Capitalization Fund, L.P.

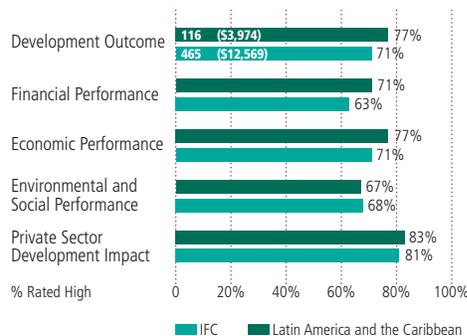
² Loans include loan-type, quasi-equity products. Equity includes equity-type, quasi-equity products.

COMMITMENTS

(FINANCING IN \$ MILLIONS)	FY06	FY07	FY08	FY09
Number of projects	69	68	81	124 ¹
Number of countries	18	14	16	21
Financing for IFC's own account	\$1,747	\$1,781	\$2,943	\$2,721
Syndications	\$888	\$299	\$1,619	\$670

¹ Includes GTLP Citi, GTLP Rabo, GTLP SCB, and IFC Recap EF.

DEVELOPMENT OUTCOME SCORES



DOTS data as of June 30, 2009, for projects approved in calendar years 2000–2005. Note: Number inside bar represents number of rated projects, and number in parentheses represents total IFC investment (\$ millions) in those projects.

IFC'S LARGEST COUNTRY EXPOSURES

COUNTRY (RANK WITHIN REGION)	PORTFOLIO (\$ MILLIONS)
1 Brazil	2,364
2 Argentina	1,054
3 Colombia	873

BRAZIL

Sonia Camargo Goes Back to School for a Better Job

For 56-year-old Sonia Camargo, life has been all about work, challenges, and overcoming the odds.

She worked at a state government agency in Campinas, a city north of São Paulo, Brazil. After rising to the post of supervisor, Camargo hit a major career obstacle: "Without a higher education, I could not climb the professional ladder," she says.

Thanks to Anhanguera Educacional, S.A., a private post-secondary school supported by IFC, Camargo got the higher education she needed to advance her career.



Camargo had not studied in 20 years, and returning to the classroom seemed daunting. But she did not abandon her dream of a university education. "In my youth, my option was getting married and having children, devoting my time to my family," she explains. "Once my children were grown, I thought, now it's my time!"

Today, Camargo is a regional director at the agency, the São Paulo Employment and Labor Relations Office. "I owe my current position to the education I received at Anhanguera," she says. "I enhanced my career prospects and was able to apply for jobs with more responsibility."

Anhanguera is Brazil's leading private post-secondary school, with 252,000 students enrolled in 53 campuses and 450 distance-learning centers. Including students enrolled in vocational training programs, AES educated over 750,000 working adults in 2008, more than any other school in the Americas. Most students are working adults from low- and middle-income backgrounds, living outside Brazil's major urban centers, who need affordable, high-quality education.

In May 2006, IFC invested in AES by committing a \$12 million loan to Fundo de Educação para o Brasil, an investment fund established by Banco Patria, one of Brazil's most successful private equity and investment banking institutions.

their four story

MIDDLE EAST *and* NORTH AFRICA



AFGHANISTAN ALGERIA BAHRAIN ARAB REPUBLIC OF EGYPT ISLAMIC REPUBLIC OF IRAN
IRAQ JORDAN KUWAIT LEBANON LIBYAN ARAB JAMAHIRIYA MOROCCO OMAN QATAR
PAKISTAN SAUDI ARABIA SYRIAN ARAB REPUBLIC TUNISIA UNITED ARAB EMIRATES
WEST BANK AND GAZA REPUBLIC OF YEMEN

IDA COUNTRY MIDDLE-INCOME COUNTRY WITH FRONTIER REGIONS OTHER CLIENT COUNTRY

IFC'S STRATEGY INCLUDES INCREASING ACCESS TO FINANCE FOR THE UNDERSERVED.

OVERVIEW

Economic growth in the Middle East and North Africa region (which, for IFC, includes Afghanistan and Pakistan) is expected to slow because of the crisis in 2009. The crisis is compounding the regional challenges of high unemployment, limited access to finance, inadequate physical and financial infrastructure, and weak regulatory frameworks. IFC's strategy includes increasing access to finance for the underserved, especially micro, small, and medium enterprises, and home-loan and student borrowers. We are investing in infrastructure development and creating employment opportunities through investments in general manufacturing, health, education, and agribusiness. We are addressing climate change by exploring opportunities for renewable energy, energy efficiency, and water resources. The region's IDA and conflict-affected countries are a priority for IFC, and we are furthering regional integration by promoting South-South investments. To address the impact of the global crisis, IFC is providing capital to help existing clients strengthen their balance sheets.

DEVELOPMENT IMPACT

IFC's activities have resulted in increased employment and increased lending to micro, small, and medium enterprises. Our clients had \$1.4 billion in outstanding loans to micro, small, and medium enterprises and generated \$1.7 billion in government revenues. IFC's investments in the region's microfinance sector reached almost 500,000 women borrowers. To support improvements in infrastructure, IFC promoted public-private partnerships and privatizations, and invested \$138 million in infrastructure. To help reverse the decline in trade flows, we committed \$500 million in trade finance to support banks. We also significantly increased our investments in Afghanistan and the West Bank and Gaza. Our portfolio fared best in infrastructure, funds, and financial markets, while operations in small manufacturing businesses showed weaker results. IFC's portfolio performance in countries with large exposures—Pakistan and Egypt—has generally been above IFC's average. To address the weak development results in some countries and sectors, we are increasing our partnerships with first-tier local, regional, and international companies. IFC also has been supporting the development of the agribusiness and telecommunications sectors in conflict-affected countries. About 56 percent of our projects were in IDA and conflict-affected countries in FY09.

PARTNERSHIPS AND MOBILIZATION

Amid the financial crisis, IFC succeeded in attracting long-term financing for the new Enfidha Airport in Tunisia from several development-finance institutions. The airport, built through a public-private partnership, will increase foreign investment, create jobs, and support Tunisia's growing tourism sector (see page 41). During FY09, IFC and the United Kingdom's Department for International Development joined forces to promote private sector-led growth in Yemen. DFID contributed \$14 million to a three-year Advisory Services program to improve the business climate, implemented by the Yemeni government, IFC, and other partners. Building on previous IFC Advisory Services, the program supports the Yemeni government's efforts to reduce constraints on private sector growth in several key areas, including access to finance, infrastructure, management training, and agriculture. Under our "Business Edge" management training program, IFC teamed up with Standard Chartered bank in Pakistan to support small and medium enterprises in different sectors and cities—such as trade in Lahore, metalwork in Gujranwala, rice processing in Sialkot, and textiles in Faisalabad. The program helps underserved enterprises across the country get access to innovative banking products and strengthen their business planning and product marketing skills.

SUSTAINABILITY

IFC promotes best practices in environmental and social sustainability through our investments and advisory work. IFC's investment in Creative Energy Resources, a newly formed holding company based in Dubai, will help the company supply power to some of the most challenging markets in the Middle East, North Africa, and South Asia. This initiative will help improve energy reliability and address growing electricity demand in the region. IFC's investment will help the company develop, acquire, own, and operate a range of thermal and renewable power generation projects in the region. In Pakistan, IFC and the Pakistan Banks' Association are helping banks adopt sustainable banking principles, promoting expanded access to finance for underserved populations and lending that is more socially and environmentally responsible. Through our infrastructure advice program, IFC is helping the government of Egypt tackle the environmental impact of increased demand for sanitation services in New Cairo, a new urban development projected to grow from the current 450,000 residents to 2 million by 2020. IFC also continues to promote women's entrepreneurship in an effort to raise the female participation rate in the labor force in the region. In FY09, 581 women were trained through the Business Edge training program.

LEARNING FROM EXPERIENCE

Several lessons have emerged from the substantial increase in IFC's investment and Advisory Services in the region over the past four years. Decentralization of IFC staff and decision making has brought us closer to clients, sharpening our ability to gauge risks and better deliver our services. IFC now has about 235 staff members in the region, up from about 46 in 2004. Our strong field presence is helping us deliver investments and Advisory Services, particularly in difficult markets such as Afghanistan, the West Bank and Gaza, and Yemen. Our presence on the ground has also helped us respond quickly to the needs of clients affected by the current global financial crisis, through trade finance and through the provision of capital to support existing clients. To enhance our impact and improve access to finance in the region, we have been working with major banks in Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates that have the vision and are well placed to become regional players by expanding in the region and beyond. Given the growing seriousness of water scarcity in the region, IFC's focus on wastewater and drinking-water issues and usage will intensify.

IFC ADVISORY SERVICES IN THE MIDDLE EAST AND NORTH AFRICA

Since its inception in 2005, IFC Advisory Services have contributed greatly toward IFC's development mandate in the region.

To read more about our advisory approach in the region, our results, and the future development agenda, please visit our Web site at www.ifc.org/mena.

DEVELOPMENT REACH

INDICATOR	PORTFOLIO CY07	PORTFOLIO CY08	NEW BUSINESS EXPECTATIONS FY09
MSME loans (number of loans)	851,713	1,375,493	104,000
MSME loans (amount in \$ millions)	3,612	9,180	512
Power generated (millions of customers)	19.9	20.4	0
Utility services distribution (millions of customers) ¹	2.4	2.5	0.18
Patients reached	378,511	291,099	1,298,000
Students reached	5,740	448	13,100
Employment	83,378	71,895	9,825
Local purchase of goods and services (\$ millions)	819.7	412.7	377.4
Payments to governments (\$ millions)	850.3	1,747.8	444.0

CY08 and CY07 data are not strictly comparable, because they are based on a changed portfolio of IFC clients. Reach data for select industries; indicator definitions and reporting periods vary somewhat across industries. Some data from previous years have been revised.

¹ Includes power, gas, and water.

PROJECT FINANCING AND PORTFOLIO

(\$ MILLIONS)	FY08 ¹	FY09 ²
Financing committed for IFC's account	\$1,442	\$1,260
Loans ³	818	284
Equity ³	267	473
Guarantees and risk management	358	503
Loan syndications signed	531	0
Total commitments signed	1,973	1,260
Committed portfolio for IFC's account	3,452	3,722
Committed portfolio held for others (loan and guarantee participations)	734	367
Total committed portfolio	4,186	4,090

¹ Includes regional shares of Melrose Facility and investments, which are officially classified as global projects.

² Includes regional shares of GTLP Citibank, GTLP Rabobank, GTLP Standard Chartered, Rakeen Georgia Ltd., TAV Tunisia, and Bait Al Battejee Medical Co., which are officially classified as global projects.

³ Loans include loan-type, quasi-equity products. Equity includes equity-type, quasi-equity products.

COMMITMENTS

(FINANCING IN \$ MILLIONS)	FY06	FY07	FY08	FY09
Number of projects	29 ¹	40 ²	50 ³	46 ⁴
Number of countries	12	12	12	11
Financing for IFC's own account	\$668	\$1,217	\$1,442	\$1,260
Syndications	0	\$210	\$531	0

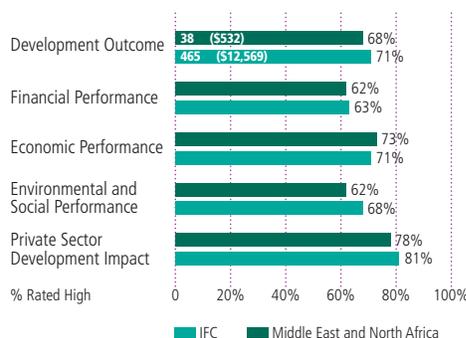
¹ Includes Soco Facility, and Viola AMI.

² Includes Melrose II and Melrose II Expansion and Italcementi.

³ Includes MelroseResources.

⁴ Includes GTLP Citi, GTLP Rabo, GTLP SCB, Rakeen Georgia, SGH II, and TAV Tun. Eq.

DEVELOPMENT OUTCOME SCORES



DOTS data as of June 30, 2009, for projects approved in calendar years 2000–2005. Note: Number inside bar represents number of rated projects, and number in parentheses represents total IFC investment (\$ millions) in those projects.

IFC'S LARGEST COUNTRY EXPOSURES

COUNTRY (RANK WITHIN REGION)	PORTFOLIO (\$ MILLIONS)
1 Pakistan FY09	714
FY08	665
2 Egypt FY09	619
FY08	499
3 Jordan FY09	316
FY08	256

YEMEN

Giving Women a Business Edge

Only a few years ago, Yasmine Al Matari was eking out a modest living as an information-technology trainer in Abyan, Yemen. IFC helped the 28-year-old become a successful entrepreneur—and a role model for other Yemeni women.

Al Matari, who had been making 10,000 Yemeni rials (about \$50) a month, enrolled in training provided by IFC's donor-sponsored Business Edge program, which is designed to improve the performance and competitiveness of firms in developing countries by improving business-management skills.



In Abyan, it is difficult for women to receive training because it is not traditional for men and women to be in mixed-gender environments. The courses Al Matari took in marketing skills gave her the idea of offering women-only classes so that families would feel more comfortable about their female relatives attending business courses.

Last year, Al Matari bought the failing training center where she worked and turned it around, making a profit of about 100,000 rials (about \$500) per month. She now has five Yemeni trainers working for her at the center.

Al Matari had such a good experience with Business Edge that she recommended it to her friends and colleagues. Many of them could not afford to travel to Aden to receive the training. So Al Matari approached IFC about using her own training facility to deliver Business Edge courses in Abyan.

Al Matari's center now has 60 students in a one-year training program, plus others taking individual courses. Some graduates from her center have gone on to open their own vocational training centers, helping women learn how to sew and produce handicrafts.



IFC has global experience in promoting South-South investments, which will be a key driver of growth in emerging markets in coming years.

their/our story

significant impact

CHINA

IFC and China

China's strong economic progress sometimes masks its considerable development challenges — 125 million people living in poverty, the environmental costs of rapid growth, and, more recently, the impact of the global financial crisis and natural disasters such as the Sichuan earthquake.

IFC's strategy focuses on addressing climate change, closing the income gap between rural and urban areas, and increasing the flow of investment capital into West China. We have increased energy-efficiency financing through collaboration with Chinese banks, supported economic recovery in Sichuan by investing in the Chengdu Small Enterprise Credit Guarantee Company, thereby helping to create jobs, and helped farming families increase their incomes by providing Advisory Services in forestry management in Guangxi and fighting grape disease in Shandong.

A new stage was set with IFC's initiatives in response to the global financial crisis, highlighting China's new role in global development.

Recognizing the importance of IFC's global network and trade programs, the Chinese government approached IFC to identify ways to address the critical disruption of trade finance. China made a private placement of \$1.5 billion with IFC to be used in part for the Global Trade Liquidity Program, sending an important signal to the world community with a concrete demonstration of support. The transaction reflects the expanding partnership between China and the World Bank Group to address developmental needs in emerging markets.







their/our story

BANK OF GEORGIA

Keeping Credit Flowing

George Sabanadze's house in the Old District of Tbilisi, Georgia, was in disrepair. The roof leaked. The plumbing system malfunctioned. It was no place for his growing family. The time had come for renovation. But getting a loan to pay for a fix-up was a challenge, even for Sabanadze, a government employee. He applied to several Georgian banks but was turned down without explanation.

Today, thanks to financing that IFC provided to Georgia's largest bank, Sabanadze has a \$60,000 loan from the Bank of Georgia that has allowed him to repair and expand his home. Each of his three children — Tamar, Nikoloz, and Medea — now has a separate room. "My family started a new, much more comfortable life after the renovation," Sabanadze says.

In the aftermath of the conflict in August 2008, IFC moved swiftly to stabilize Georgia's banking system and ensure that credit continued to flow despite the global financial crisis. IFC and the European Bank for Reconstruction and Development each provided \$100 million to the Bank of Georgia to allow it to continue lending to retail clients and small and medium enterprises.

The show of support strengthened a relationship between IFC and the Bank of Georgia that has been growing since 2000. IFC's support helped the bank start the mortgage industry in Georgia, extending more than 20,000 mortgages and sparking competition from others that has significantly improved home-loan terms for borrowers.



their/our story

LATIN AMERICA

Boosting Small Business and Banking for the Poor Through e-Commerce

Access to the electronic marketplace invigorates commerce, levels the playing field for small and medium businesses, and offers those at the base of the economic pyramid a greater choice in goods and services.

In Latin America, where a significant part of the population lives in a cash economy, IFC's \$5 million equity investment in DineroMail is helping to bring the unbanked to e-commerce and empowering smaller businesses to expand their sales on the Web.

The Buenos Aires-based company currently serves about 7,500 businesses in Argentina, Brazil, Chile, and Mexico, offering reliable online payment services. About 90 percent of DineroMail's clients are micro, small, and medium enterprises; many have fewer than five employees.

Any new online business can simply download the free payment system and start receiving payments without the hassle of connecting to separate credit card networks, and without needing any specialized technical skills. DineroMail typically charges recipients a small fee, whether they are merchants or individuals.

"DineroMail makes it very easy for a Mexican translator, for example, to sell services to the rest of the world or for a graphic designer in Argentina to develop business opportunities with clients he or she never would have had access to," says Juan Pablo Bruzzo, DineroMail's co-CEO. "If you have a payment method, you can get paid, which means you have a business."

Clients using credit cards can process their payments safely with DineroMail. But more than 60 percent of DineroMail's users choose to pay for their goods in cash. They simply print a bar-coded receipt for their purchase and pay for it at any store in the DineroMail network. DineroMail extends the reach of e-commerce to those without credit cards or bank accounts, while also reducing transaction costs and increasing economic transparency.







significant impact

PAKISTAN

Trade Finance Keeps Business Moving

As global conditions worsened in September and October 2008, Pakistan faced its own challenges—political uncertainty, a balance of payments crisis, and a country rating downgrade. Finance for trade—essential for the country’s economic growth—was drying up.

IFC stepped in, providing 11 Pakistani banks with a combined \$233 million since September 2008 in guarantees to support transactions in machinery (26 percent), oil (21 percent), iron and steel (17 percent), agricultural products (13 percent), and other commodities.

IFC’s Global Trade Finance Program enabled Pakistani banks to increase cross-border trade.

We provided our most active partner in the program, Habib Bank, with \$116 million in guarantees to keep business moving. The guarantees allowed those businesses to import essential raw materials and equipment and ship their products to buyers overseas—and keep their people employed.



GLOBAL FINANCIAL MARKETS

OVERVIEW

As the global financial crisis spread to emerging markets, the financial services sector was the first and hardest hit. The credit crunch and reduced liquidity in the financial system hampered the ability of financial intermediaries in many developing countries to finance ongoing operations. At the same time, the slowdown in the broader economy reduced their asset quality and decreased revenues. IFC responded by quickly stepping up our work with portfolio clients—a network of over 500 private sector financial institutions—helping them anticipate, assess, and address the challenges of the changing environment. We took the lead in developing timely, targeted solutions to the specific problems of financial intermediaries in emerging markets. IFC designed our crisis-response initiatives to help restore liquidity in trade and microfinance, rebuild financial infrastructure, manage troubled assets, and alleviate specific regional difficulties.

*IFC DEVELOPED
TIMELY, TARGETED
SOLUTIONS
FOR FINANCIAL
INTERMEDIARIES.*

DEVELOPMENT IMPACT

In financial markets, IFC is working to counterbalance the worst effects of the financial crisis, particularly in IDA countries and weaker markets. Our trade finance product allowed us to respond quickly to clients' crisis needs and provide support across the most challenging markets. The IFC Capitalization Fund was set up in a matter of months and has begun investing the \$3 billion mobilized to support systemically important financial institutions. This was quickly followed by the Microfinance Enhancement Facility and the Global Trade Liquidity Program, which galvanized a large number of development finance institutions, governments, and banks to address the trade finance gap. Thanks to IFC leadership, our commitments to the facilities have been leveraged many times and will help increase our development impact. We played a leading role in the first regional initiative for Central and Eastern Europe, which paved the way for initiatives in Latin America, the Caribbean, and Africa. Our investments totaled about \$5 billion in 255 projects, of which 142 were in IDA countries. We achieved record levels of investment in Sub-Saharan Africa, with over \$1 billion committed, and also in the Middle East and North Africa region.

PARTNERSHIPS AND MOBILIZATION

IFC reached out to other market participants to mobilize funds and ensure a coordinated response to the crisis. The financial markets-related initiatives attracted co-financing from Austria, Canada, Germany, Japan, the Netherlands, Saudi Arabia, the United Kingdom, and other partners. The Japanese government, through the Japan Bank for International Cooperation, committed \$2 billion and became a founding partner in the IFC Capitalization Fund. We have worked with numerous development and finance institutions, including the African Development Bank, the European Bank for Reconstruction and Development, the European Investment Bank, and the Inter-American Development Bank on joint regional initiatives. We partnered with KfW to launch the Microfinance Enhancement Facility, which has attracted further investment from the Development Bank of Austria (OeEB). In addition to supporting private sector development through all our activities, we recognize that the private sector has a vital role to play in crisis recovery. The Global Trade Liquidity Program mobilizes funding from both public and private sector sources and channels it through global and regional banks to support their clients in emerging markets. Similarly, the Microfinance Enhancement Facility is being executed through three of the industry's leading private sector fund managers.

SUSTAINABILITY

As financial institutions focus on maintaining market share, the challenge this year has been to convince them to invest scarce capital in financing energy efficiency, renewable energy, and energy production, and in improving supply chains. IFC continued to support investment programs that mitigate climate change and ensure environmental and social sustainability. Carbon finance is a key pillar of IFC's climate change strategy. This year, IFC signed an agreement with Himadri Chemicals & Industries in India to guarantee delivery of certified emission reductions (CERs) to developed country buyers. Revenues from CERs also played an important part in structuring a loan to Estre Ambiental Brazil. We also launched carbon finance-related advisory products, which include capacity building for local banks that will ultimately be the conduit to wholesale carbon finance products. The first of these was Industrial Bank in China. Pakistan's Allied Bank became the first bank to receive financing through IFC's Sustainable Finance Facility, which issues trade guarantees to support the purchase of cleaner and more energy-efficient equipment. The *Financial Times* Sustainable Banking Awards, sponsored by IFC, continue to reward best practice and innovation in sustainable banking.

LEARNING FROM EXPERIENCE

Trade is critical in an integrated world, and it can be an effective tool in private sector development. The rapid deterioration of the global financial markets led banks to reduce lending to emerging markets and cut trade finance lines to importers and exporters. In addressing this situation, IFC was able to draw on a strong track record of facilitating trade during times of crisis. We responded to the Brazilian financial crisis of 2002 with an initiative to provide large, syndicated trade lines to domestic private sector banks, and we provided major support for trade through South Korean banks during the Asian financial crisis in 1997. Our first response in 2008 was to triple our Global Trade Finance Program to \$3 billion from \$1 billion. However, our experience with the program helped us realize that taking on banks' risk was not enough at a time when many financial institutions lack liquidity. This led to the development of the Global Trade Liquidity Program, which is designed to inject liquidity into the trade finance system.

PROJECT FINANCING
AND PORTFOLIO

GLOBAL FINANCIAL MARKETS

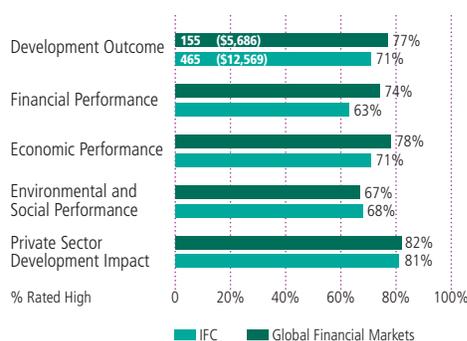
(\$ MILLIONS)	FY09	FY08
IFC commitments	4,709	4,605
Loans	1,719	1,978
Equity	531	890
Guarantees and risk management	2,459	1,737
Loan syndications	777	1,034
Total commitments	5,486	5,639
Committed portfolio for IFC's account	12,018	12,216
Held for others	2,088	1,358
Total portfolio	14,107	13,574

PRIVATE EQUITY AND
INVESTMENT FUNDS

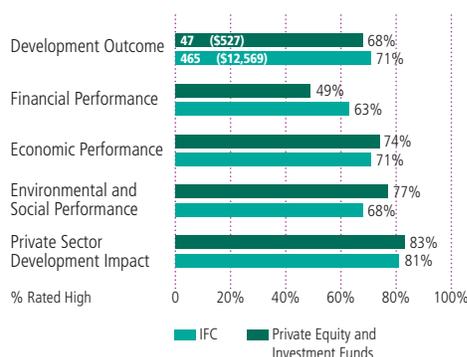
(\$ MILLIONS)	FY09	FY08
IFC commitments	324	394
Loans	—	—
Equity	324	394
Guarantees and risk management	—	—
Loan syndications	—	—
Total commitments	324	394
Committed portfolio for IFC's account	1,618	1,350
Held for others	19	—
Total portfolio	1,638	1,350

DEVELOPMENT
OUTCOME SCORES

GLOBAL FINANCIAL MARKETS



DOTS data as of June 30, 2009, for projects approved in calendar years 2000–2005. Note: Number inside bar represents number of rated projects, and number in parentheses represents total IFC investment (\$ millions) in those projects.

PRIVATE EQUITY AND
INVESTMENT FUNDS

DOTS data as of June 30, 2009, for projects approved in calendar years 2000–2005. Note: Number inside bar represents number of rated projects, and number in parentheses represents total IFC investment (\$ millions) in those projects.

FINANCIAL MARKETS COMMITMENTS

(FINANCING IN \$ MILLIONS)	FY09	FY08
Number of projects	255.5	176.5
Number of countries	84	65
IFC financing	5,032.3	4,999.5
Syndications	777.1	1,033.5

DEVELOPMENT REACH

GLOBAL FINANCIAL MARKET CLUSTER

INDICATOR	PORTFOLIO CY07	PORTFOLIO CY08	NEW BUSINESS EXPECTATIONS FY09 ¹
MSME and housing finance reach indicators			
SME loans (\$ millions) ²	86,005	90,632	27,395
SME loans (millions of loans) ²	1.02	1.27	0.82
Microfinance loans (\$ millions) ²	7,887	9,322	91,579
Microfinance loans (millions of loans) ²	6.99	8.49	72.37
Housing finance loans (\$ millions) ³	14,320	13,561	5,306
Housing finance loans (millions of loans) ³	0.51	0.54	0.06
Private equity and investment funds⁴			
Number of SMEs reached	255	234	59
New jobs	162,081	303,905	22,715
Number of investee companies with frontier exposure/IDA	112	189	88
Number of high-growth investee companies (>20% growth/+growth)	223	285	93

CY08 and CY07 data are not strictly comparable, because they are based on a changed portfolio of IFC clients.

¹ For FY09 New Business Expectations, dollar amounts represent the expected outstanding portfolio by the end of CY13, and the number of loans represent the number of expected new loans to be disbursed in CY09-13 by IFC clients with whom IFC committed SME, microfinance, or housing-related projects in FY09. For FY09, expected microfinance lending includes IFC Microfinance Liquidity Facility & Micro Vest Equity Fund II, which together account for 70 million loans and \$90 billion in outstanding portfolio over the life of the projects.

² Portfolio reach figures represent SME and microfinance outstanding loan portfolio of IFC clients as of end of CY07 and CY08, for MSME-oriented financial institutions/projects; 197 and 215 clients were required to report their end-of-year SME and microfinance portfolios in CY07 and CY08, respectively; 163 and 178 clients did so for CY07 and CY08, respectively. The missing data were extrapolated.

³ Portfolio reach figures represent housing finance outstanding loan portfolio of IFC clients as of end of CY07 and CY08, for housing finance oriented financial institutions/projects; 43 and 39 clients were required to report their end-of-year housing finance portfolios in CY07 and CY08, respectively; 32 and 34 clients did so for CY07 and CY08, respectively. The missing data were extrapolated.

⁴ Calculations for the portfolio are based on new business committed between 2000 and the respective year, and not on the total portfolio of projects. FY09 expectations are projected for the life of the funds.

GLOBAL TRADE FINANCE
PROGRAM INDICATORS

	FY09	FY08	FY07	FY06
Guarantees (\$ amount in millions/number of guarantees)	\$2,393 1,869	\$1,429 1,008	\$767 564	\$267 320
SME (by number of guarantees)	73%	75%	71%	81%
Africa (by amount)	27%	41%	49%	70%
South-South (by number of guarantees)	40%	34%	36%	38%
Total trade supported (\$ millions)	\$3,054	\$1,880	\$1,160	\$395

GLOBAL INFRASTRUCTURE

OVERVIEW

Electricity, roads, water, natural resources, and telecommunications are essential for economic development and poverty alleviation. But the collapse in private infrastructure lending because of the global financial crisis has hit emerging markets particularly hard. Our research indicates that around \$110 billion in new privately financed projects in developing countries risk delay or postponement as financing has dried up. In response, IFC has stepped up support for infrastructure investments and is also helping to incubate projects through our IFC InfraVentures fund. In addition, we are partnering with institutions and countries to establish a new approach to mobilizing much larger amounts of finance than we could provide on our own. In cooperation with the World Bank, IFC's infrastructure cluster—which includes oil, gas, and mining, information and communication technologies, subnational finance, as well as traditional infrastructure sectors—provides financing and advice where the public and private sectors form partnerships to build projects that deliver essential services to people and businesses.

IFC STEPPED UP SUPPORT FOR INFRASTRUCTURE INVESTMENTS AND HELPED TO INCUBATE PROJECTS.

DEVELOPMENT IMPACT

Today, modern infrastructure such as broadband connections and mobile networks are often the most efficient ways to reach the poor in remote places. In India, for instance, IFC invested in FINO, a company that provides a personalized smart card through which people can access financial services and receive government payments. The unique identification card holds personal information such as fingerprint data, providing an easy-to-use, secure tool for those who do not have formal identification documents or are illiterate. Distributing government benefits through electronic payments drastically reduces fraud, which in turn helps safeguard both the government's coffers and the pockets of the poor. The cards also allow people to receive and repay loans, maintain savings, and access insurance and other financial services. IFC's investment helped FINO extend its services to customers in rural and semi-rural areas. IFC is also assisting FINO in expanding applications for health, remittances, and pensions. In March 2009, FINO celebrated having 5 million customers—the majority of them women.

PARTNERSHIPS AND MOBILIZATION

As billions of dollars have fallen away in infrastructure financing amid the global credit crunch, IFC has joined forces with bilateral and multilateral donors to implement the Infrastructure Crisis Facility, an initiative to help bridge financing gaps in privately funded or public-private partnership infrastructure projects. World Bank Group President Zoellick launched the facility in April 2009 together with founding members Germany and France. Germany plans to contribute €500 million and France plans to contribute €1 billion in cofinancing. IFC will provide up to \$300 million for the equity fund and possibly as much as \$2 billion in cofinancing. We are in discussions with governments and other sources to raise about \$10 billion in total funding. In the case of the Rotor Elektrik wind farm in Turkey, IFC stepped in as tight credit markets forced commercial banks to scale back their exposure to the project. We increased our loan to €55 million and made sure the rest of the financing package fell into place as well. We invited the European Bank for Reconstruction and Development to extend a loan and the European Investment Bank to provide €30 million in liquidity to commercial banks, which participated in the transaction as EIB guarantors.

SUSTAINABILITY

Supporting infrastructure systems that operate in an environmentally and socially sustainable way helps to ensure that there will be a world for our children to live in. Take Istanbul, Turkey's economic capital. The ancient city's roads simply cannot handle the traffic for the 12 million people who live there, leading to severe pollution. IFC, working with a large syndicate of banks and export credit agencies, helped the municipality complete the financing for its 22-kilometer-long Kadikoy-Kartal Metro Rail Line, at a time when financial markets were closing down. As a clean mode of mass transit, the new line will help reduce dependence on cars and buses in one of the world's most densely populated cities. By reducing greenhouse-gas emissions, the investment will contribute to IFC's commitment to mitigate climate change. In the power sector, more than half of IFC's investments were in renewable energy for the first time, reaching a record of 12 out of a total of 18 projects. And our chemicals group carried out IFC's first three transactions involving Carbon Delivery Guarantees, a mechanism that helps companies in developing countries sell carbon credits on the international market.

LEARNING FROM EXPERIENCE

Most developers of natural resources today have community-investment programs, but gathering quantifiable experience about their effectiveness has been a challenge. A lack of hard financial data for so-called "soft" programs such as local skills training and health clinics has made it difficult to assess their business benefits and to justify budgets that compete with other corporate priorities. In response, IFC is helping firms put a dollar value on the benefits of their community-investment programs by developing the Planning and Financial Valuation Model for Sustainability Investment. The application uses a global database of past community-development programs and corporate experiences. The information will help companies strategically allocate financial resources to those programs with the greatest positive impact on both their businesses and local communities. IFC's Community Development Fund has been working with Rio Tinto Alcan, Deloitte, and the Multilateral Investment Guarantee Agency to refine the model, which will be further piloted by several IFC clients. The idea is to develop an application that eventually can be used by companies across the globe.

PROJECT FINANCING AND PORTFOLIO

INFRASTRUCTURE

(\$ MILLIONS)	FY09	FY08
IFC commitments	1,464	2,404
Loans	1,140	2,143
Equity	317	248
Guarantees and risk management	7	13
Loan syndications	367	1,279
Total commitments	1,830	3,683
Committed portfolio for IFC's account	5,907	5,314
Held for others	1,845	1,989
Total portfolio	7,752	7,304

GLOBAL INFORMATION AND COMMUNICATION TECHNOLOGIES

(\$ MILLIONS)	FY09	FY08
IFC commitments	572	366
Loans	466	293
Equity	105	72
Guarantees and risk management	1	0
Loan syndications	118	0
Total commitments	690	366
Committed portfolio for IFC's account	1,356	1,140
Held for others	530	461
Total portfolio	1,886	1,601

OIL, GAS, MINING, AND CHEMICALS

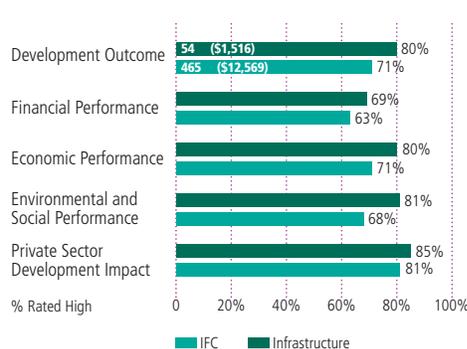
(\$ MILLIONS)	FY09	FY08
IFC commitments	727	1,085
Loans	498	823
Equity	211	184
Guarantees and risk management	18	78
Loan syndications	19	480
Total commitments	747	1,565
Committed portfolio for IFC's account	3,488	3,478
Held for others	1,074	1,501
Total portfolio	4,562	4,980

SUBNATIONAL FINANCE

(\$ MILLIONS)	FY09	FY08
IFC commitments	348	49
Loans	348	29
Equity	—	—
Guarantees and risk management	—	21
Loan syndications	—	—
Total commitments	348	49
Committed portfolio for IFC's account	506	200
Held for others	—	—
Total portfolio	506	200

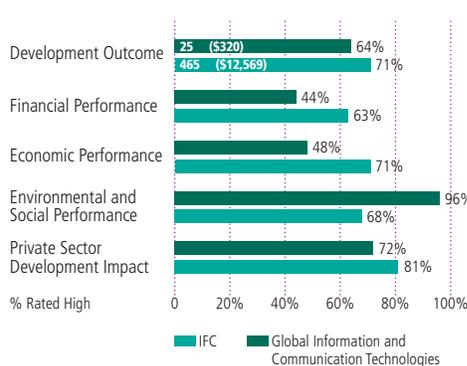
DEVELOPMENT OUTCOME SCORES

INFRASTRUCTURE



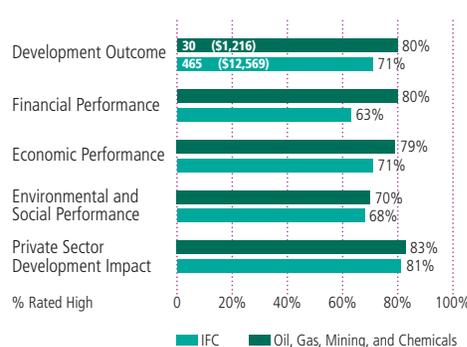
DOTS data as of June 30, 2009, for projects approved in calendar years 2000–2005. Note: Number inside bar represents number of rated projects, and number in parentheses represents total IFC investment (\$ millions) in those projects.

GLOBAL INFORMATION AND COMMUNICATION TECHNOLOGIES



DOTS data as of June 30, 2009, for projects approved in calendar years 2000–2005. Note: Number inside bar represents number of rated projects, and number in parentheses represents total IFC investment (\$ millions) in those projects.

OIL, GAS, MINING, AND CHEMICALS



DOTS data as of June 30, 2009, for projects approved in calendar years 2000–2005. Note: Number inside bar represents number of rated projects, and number in parentheses represents total IFC investment (\$ millions) in those projects.

DEVELOPMENT REACH

GLOBAL INFRASTRUCTURE CLUSTER

INDICATOR	PORTFOLIO CY07 ¹	CY08	NEW BUSINESS EXPECTATIONS FY09 ²
Employment ³	305,578	443,035	44,080
Payments to government (\$ millions)	15,295	17,992	11,369
Local purchase of goods and services (\$ millions) ⁴	13,078	14,209	946
Outlays for community development programs (\$ millions) ⁵	148.2	164.9	3
Total phone connections (millions) ⁵	137.4	218.7	12.0
Power generated (millions of customers)	152.5	140.9	12.1
Power distribution (millions of customers)	21.5	25.1	0.2
Gas distribution (millions of customers)	10.7	12.5	0.3
Water distribution (millions of customers)	18.4	20.5	3.0
Wastewater treated (millions of cubic meters/year)	403.5	436.2	—
Airport/airline passengers (millions)	85.0	92.2	15.6
Transportation and road customers (millions)	3.8	3.5	—
Roads – number of vehicles (millions)	235.6	327.5	—
Railway passengers (millions)	155.3	154.3	—
Rail freight (millions of tons)	162.6	173.8	—
Cargo/grain ports (millions of tons)	15.8	11.1	—

CY08 and CY07 data are not strictly comparable, because they are based on a changed portfolio of IFC clients. Employment and payments to government broken down by industry available on line at <http://www.ifc.org/results>. Time horizons for expectations differ by department.

¹ Some data have been revised.

² Expectations projected for CY12, payments to government for CY09–16 have been revised.

³ CY08 Infrastructure employment data are reported for the first time and include 172,819 jobs from 107 companies, but only partial data for CY07 (57,797 jobs, 24 companies).

⁴ Oil, Gas, Mining, and Chemicals for CY09.

⁵ Information and Communication Technologies for CY13. Expected payments to government revenues include \$9 billion by one large Latin American infrastructure client.

GLOBAL INFRASTRUCTURE COMMITMENTS

(FINANCING IN \$ MILLIONS)	FY09	FY08
Number of projects	95	89
Number of countries	51	32
IFC financing	3,111.5	3,904
Syndications	503.5	1,758.8

REAL SECTOR

OVERVIEW

IFC's investment and advisory activities in manufacturing, agribusiness, and health and education address basic human needs. These "real sector" industries play a central role in job creation and social mobility, and will be critical to economic recovery in developing countries. Through our work in these industries, IFC aims to create employment, support an emerging middle class, increase opportunities for micro, small, and medium enterprises, and mitigate the hazards of climate change. In manufacturing, our strategy has included helping competitive existing clients survive the economic downturn while also strengthening low-cost, competitive companies that show strong development impact. In agribusiness, we have responded to the global crisis by providing liquidity throughout the supply chain while also working to reduce longer-term dangers of food scarcity and rising prices. In health and education, we have sought to increase the quantity and quality of services available by providing financing for health care and education.

*IFC'S
INVESTMENT
AND ADVISORY
ACTIVITIES
ADDRESS BASIC
HUMAN NEEDS.*

DEVELOPMENT IMPACT

In the manufacturing industry, IFC aimed in FY09 to foster employment opportunities while also supporting infrastructure development. We provided €29.4 million in financing to Antea Cement to build and operate a plant that would create 800 jobs while promoting housing construction. We also invested \$50 million in Packages Limited, Pakistan's largest paper producer, supporting a socially responsible company that directly provides jobs for nearly 3,500 people (see box on page 89). In agribusiness, IFC sought to strengthen infrastructure needed to reduce post-harvest waste while increasing our focus on the poorest countries. We provided \$20 million to the Bakhresa Group to build a grain-handling facility in the port of Nacala, Mozambique, which will help increase the supply of wheat to the region. We also invested for the first time in Bangladesh's agribusiness sector, helping modernize PRAN Group—the country's leading agro-processing company. In education, IFC increased access to high-quality affordable learning by providing a \$2.5 million loan to Ghana's Ashesi University College, enabling the institution to educate lower- and middle-income students. In health, we provided \$4.5 million in financing to Afghanistan's Acomet Family Hospital, which trains critically needed doctors, nurses, and medical technicians.

PARTNERSHIPS AND MOBILIZATION

IFC strives to maximize our development impact by working in partnership with others. In the manufacturing industry, IFC's \$65 million in financing for Jambyl Cement was augmented by \$110 million we mobilized in an award-winning project finance deal, supporting the construction of Kazakhstan's first environmentally friendly, dry-process cement plant. We also collaborated with the National Council for Air and Stream Improvement to develop a free, downloadable tool to help forest products companies calculate their carbon and greenhouse-gas impacts. In agribusiness, our partnership with the Alliance for a Green Revolution in Africa helped increase financing for small farmers while improving market logistics and infrastructure. In health, IFC worked with the Netherlands Ministry of Foreign Affairs to finance a survey of the role of the private sector in the financing and provision of health services in second-tier cities in rural India, the results of which could help improve health providers' access to finance. We also worked with the Bill and Melinda Gates Foundation and other partners on the Health in Africa Fund, which will promote investment in private health care providers (see box on page 116).

SUSTAINABILITY

Sustainability, increasing pressure on natural resources, and climate change are key challenges for the real sector. In FY09, IFC worked to address all three. In the manufacturing industry, IFC invested \$9.3 million in Nicaragua's Simplemente Madera Group, which salvages hardwood from forests devastated by the 2007 hurricane. We also invested \$60 million in ENN Solar Energy Company Limited in China, which is making solar power more affordable and more viable by producing rooftop photovoltaic modules. In agribusiness, IFC has promoted better management practices by participating in sustainability roundtables in a number of industries such as palm oil, soybeans, and sugar cane. We also provided financing to Jain Irrigation, India's largest provider of micro-irrigation systems, to promote water-use efficiency in agriculture. In health, IFC's guidance helps our hospital clients meet international standards, serve as a model for other institutions, and enable us to have a wider impact on public health and pollution control. IFC is helping our real sector clients—in tourism, food processing, retail, hospitals, and universities—reduce carbon dioxide emissions and save costs by adopting greener options in designing, constructing, and operating new buildings or retrofitting existing ones. Our work with the Coco Ocean Hotel in The Gambia is a good example.

LEARNING FROM EXPERIENCE

IFC's manufacturing clients tend to create or maintain more employment and generate more local purchases than any others. However, development-outcome scores in the sector have historically been weaker than the overall IFC average, reflecting difficult country environments, smaller-than-average investments, or weak sponsors. In response, we have worked more closely with clients to improve their operations by sharing our global industry expertise and enhancing their financial sustainability. Increasingly, we have directed our investments in micro, small, and medium enterprises through financial intermediaries. This has improved the investment climate and aligned investment and advisory efforts to take advantage of synergies between the two. As a result, our clients in 2008 provided more jobs, paid more taxes, and purchased more local goods and services (see chart on next page). Our increased focus on climate change and improving clients' environmental and social standards also enhance our development impact. In agribusiness, we have found that larger investments tend to perform better, as do investments in nonperishable products and agribusiness infrastructure. In health and education, IFC's growing sector expertise has helped improve already solid development-outcome scores. On financial performance and environmental and social performance, health and education projects performed above the IFC average.

PROJECT FINANCING AND PORTFOLIO

AGRIBUSINESS

(\$ MILLIONS)	FY09	FY08
IFC commitments	714	762
Loans	555	605
Equity	144	157
Guarantees and risk management	15	–
Loan syndications	110	136
Total commitments	824	898
Committed portfolio for IFC's account	2,510	2,188
Held for others	522	505
Total portfolio	3,031	2,693

GLOBAL MANUFACTURING AND SERVICES

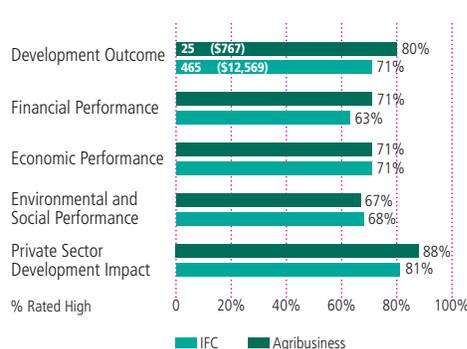
(\$ MILLIONS)	FY09	FY08
IFC commitments	1,466	1,418
Loans	1,110	1,267
Equity	355	148
Guarantees and risk management	2	3
Loan syndications	467	305
Total commitments	1,934	1,723
Committed portfolio for IFC's account	6,336	5,811
Held for others	1,898	1,689
Total portfolio	8,234	7,499

HEALTH AND EDUCATION

(\$ MILLIONS)	FY09	FY08
IFC commitments	223	315
Loans	125	228
Equity	82	60
Guarantees and risk management	17	27
Loan syndications	0	17
Total commitments	223	332
Committed portfolio for IFC's account	763	668
Held for others	21	22
Total portfolio	784	690

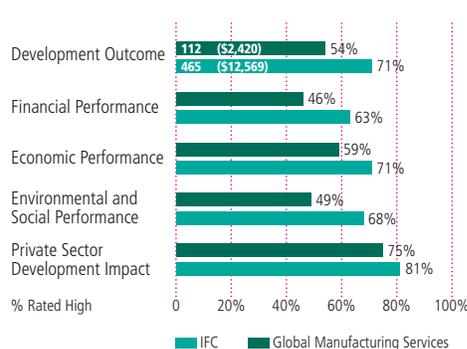
DEVELOPMENT OUTCOME SCORES

AGRIBUSINESS



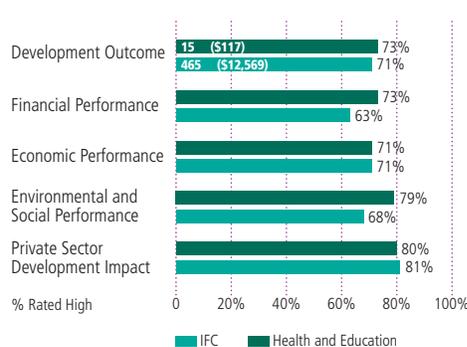
DOTS data as of June 30, 2009, for projects approved in calendar years 2000–2005. Note: Number inside bar represents number of rated projects, and number in parentheses represents total IFC investment (\$ millions) in those projects.

GLOBAL MANUFACTURING AND SERVICES



DOTS data as of June 30, 2009, for projects approved in calendar years 2000–2005. Note: Number inside bar represents number of rated projects, and number in parentheses represents total IFC investment (\$ millions) in those projects.

HEALTH AND EDUCATION



DOTS data as of June 30, 2009, for projects approved in calendar years 2000–2005. Note: Number inside bar represents number of rated projects, and number in parentheses represents total IFC investment (\$ millions) in those projects.

DEVELOPMENT REACH

REAL SECTOR CLUSTER

INDICATOR	PORTFOLIO CY07 ¹	CY08	NEW BUSINESS EXPECTATIONS FY09 ²
Employment	948,839	876,336	206,681
Agribusiness	400,315	295,102	98,189
Manufacturing and Services	504,512	528,749	72,460
Health and Education	44,012	52,485	36,032
Number of farmers reached (millions)	0.8	1.6	0.2
Number of patients reached (millions)	4.7	5.5	5.6
Number of students reached (millions) ³	0.6	1.2	0.01
Local purchases (\$ millions)	27,313	32,778	6,360
Payments to governments (\$ millions)	3,754	4,737	1,422

CY08 and CY07 data are not strictly comparable, because they are based on a changed portfolio of IFC clients.

¹ Some data have been revised. In particular, applying a tighter definition, data on employment and payments to government for a large retail chain now only include those from companies most closely associated with IFC's investment, rather than the whole group (i.e., employment of 8,938 vs. 268,000; payments to government of \$23 million vs. \$843 million; local purchases of \$833 million vs. \$21.9 billion) and revised figures obtained for three health projects reduced previously reported numbers of patients by one million. Data include just over one million patients in a hospital chain in India, in which IFC has a 1.3% equity stake.

² FY09 expectations projected through 2015.

³ Includes students reached with IT services in universities in Africa (350,000 in CY07, 300,000 in CY08).

REAL SECTOR COMMITMENTS

(FINANCING IN \$ MILLIONS)	FY09	FY08
Number of projects	96.5	106.5
Number of countries	52	50
IFC financing	2,403.4	2,495.1
Syndications	577.5	457.6

significant impact

LITHUANIA

Promoting Small-Scale Renewable Energy Deals

For Lithuania, joining the European Union in 2004 brought not only economic benefits but also obligations to comply with a range of environmental standards.

One of them was the duty to increase the amount of energy produced from renewable sources by 7 percent by 2010. In a country where energy waste was rife because of artificially low and state-subsidized supplies, meeting that obligation posed a challenge.

To address the challenge, IFC teamed up with Lithuania's SEB Bank to launch a facility designed to help small and medium enterprises in Lithuania switch to renewable sources of energy. Under the €10 million facility, SEB Bank provides equity-like support in the form of subordinated loans for local renewable-energy projects, while IFC assumes the underlying risk of the loans. The transaction is expected to support about €50 million in lending to smaller businesses.

The facility is a global pilot for an approach that involves offering subordinated loans to finance small-scale renewable-energy projects through commercial banks. The innovative financing mechanism could become an important tool for financing sustainable-energy investments and mitigating climate change. It could also serve as a model to attract much-needed investment to Lithuania during the economic slowdown.

the IFC
ADVANTAGE

IFC has a track record of innovation, as illustrated by the swift development of crisis initiatives and by innovations in public-private infrastructure programs, local currency finance, structured finance, output-based aid, and SME venture capital.



their/our story

MICROFINANCE

Helping Microfinance Institutions Create Opportunity

Germán García (pictured at left) used to know nothing about basic business accounting. But what he knew was that his simple repair shop was earning too little to cover his family's needs.

Then came FDL, a Nicaraguan microfinance institution that was one of the first recipients of credit from the Microfinance Enhancement Facility launched by IFC and the German development bank KfW. FDL lent García money to buy better equipment for his shop and taught him basic bookkeeping.

Today, García's business is earning more. "Before I didn't have any way to pay for my son's education," he says. "Now he's a skilled worker."

The Microfinance Enhancement Facility is a crisis-response vehicle designed to get cash flowing quickly to more than 100 microfinance institutions such as FDL to help them overcome the crisis and build on their successes (see page 36 for details). BlueOrchard Finance S.A., one of three independent fund managers handling the facility's funds, provided a \$3 million loan to FDL, helping it maintain its level of lending in a time of worsening market conditions.

IFC is one of the top three investors in the microfinance sector. Our work helps us shape an emerging industry that enables millions of people to work their way out of poverty. Microfinance today reaches an estimated 133 million people, but that is a small fraction of the number who could benefit from microloans and other financial products.

IFC is responding by focusing on the 15 large countries that account for most of the world's poor but typically have little or no microfinance industry. Expanding microfinance in countries such as Brazil, China, Ethiopia, and Turkey can significantly reduce poverty.

their/our story

UGANDA

Zain-Stanbic Meets Demand for Mobile Phones

Keeping up with the explosive demand for mobile phone products in Uganda used to be a problem for Denis Katwesigye Mitegyeko, who sells airtime, handsets, and mobile telephone starter packs for Zain Uganda.

"There was a lack of inventory, accessing finance was costly, and we couldn't keep up," says Mitegyeko, one of some 20 dealers who distribute Zain products to retail shops across Uganda through a network of subdealers. "We had so many missed opportunities."

Not anymore. In 2009, Mitegyeko received an overdraft facility of 600 million Ugandan shillings (about \$290,000) from Stanbic Uganda to boost his stock. He also passed on some of the funds to his network of subdealers to help them increase inventory and participated in a training program using Business Edge, IFC's management training program for smaller businesses. "It has definitely helped us become more profitable," Mitegyeko says.

The loan and training are part of an innovative IFC program to help Zain Uganda extend its reach across the country. IFC entered a risk-sharing facility with Stanbic Uganda to encourage the bank to increase its financing for Zain Uganda's dealers. IFC is also providing Advisory Services to help dealers improve business practices to increase their profitability. The goal is to address the lack of stock and capital that has hampered the ability of Zain Uganda's dealers to keep up with the public's demand for the company's products.





significant impact

CHINA

Helping Earthquake-Devastated Sichuan Province Recover

Last year's earthquake in China's Sichuan Province devastated the lives of more than 30 million people in one of the country's breadbaskets. Twenty percent of Sichuan's gross domestic product comes from agriculture—significantly more than the national average—and the earthquake severely disrupted the supply of fertilizer, inhibiting recovery of the region's farming sector.

To alleviate the shortage of fertilizer, IFC helped Koyo Ecological Agrotech Group Limited build a 450,000-ton-per-annum fertilizer plant in Sichuan Province that will help reach over 1 million farmers. IFC invested \$10 million by buying a stake in the company and provided a \$20 million loan. We also assisted the company in securing \$44 million in additional financing from a Chinese bank at a time when the credit markets had largely dried up.

As construction gets under way, the new facility is expected to provide an estimated 1,000 local jobs, bring in \$35 million in revenues to area construction companies, and pump \$27 million into the Chinese economy through equipment purchases. The new plant will supply high-quality fertilizer that will enable Sichuan Province's farmers to expand food production, as well as their incomes and standards of living.

Koyo also trains local farmers in best practices of fertilizer usage. Many of the region's farmers are using less sophisticated methods of fertilizer application, often losing up to 50 percent of the nutrients. Koyo's agricultural specialists assist farmers in improving fertilizer use through soil analysis, proper selection, and timing, significantly enhancing crop yields.

*the IFC
ADVANTAGE*

IFC has deep expertise in financial markets, infrastructure, and agribusiness, all areas with a special need for crisis mitigation and recovery.

significant impact

INDIA

Increasing Access To High-Quality Health Care

In India, a growing and aging population is demanding more and better health care. Lifestyle and age-related illnesses have created a demand for access to specialist care, especially in smaller cities. IFC is helping to meet this need by working with two long-term partners and leading health-service providers, Apollo Hospitals Enterprise Limited and Max Healthcare Institute Limited.

In FY09, IFC approved a \$50 million loan for Apollo Hospitals to expand its "Reach" network to secondary cities and semi-rural areas. The company will set up 15 tertiary-care facilities over the next three years, bringing affordable specialized care for the first time to lower-income people. Apollo Hospitals is a key IFC client both in the region and globally because of its willingness to invest in smaller cities and in other emerging markets beyond India. IFC has been an equity holder in Apollo Hospitals since 2005.

IFC is also investing the equivalent of about \$31 million in Max India to increase accessibility and diversification of its health services and help the company move into smaller cities. IFC's equity investment will help Max Healthcare Institute Limited, a Max India subsidiary, add 1,000 hospital beds in the greater New Delhi area by constructing new hospitals in Shalimar Bagh and Greater Noida and upgrading existing facilities. The company will also build a hospital in Dehradun, Uttar Pradesh. IFC has been an equity holder in Max Healthcare since 2007.

Both projects will create significant employment opportunities for local doctors, nurses, and technicians. Apollo Hospitals is also employing specialists of Indian origin who return from the United Kingdom or United States to work in India.



EMERGENCY

PAKISTAN

*Helping a Socially
and Environmentally
Responsible
Client Succeed*

Packages Limited, one of Pakistan's leading employers, faced some difficult decisions.

In a time of global economic challenges, the company knew it needed to shore up its capital base and find ways to reduce expenses — without wavering in its environmental and social responsibility commitments.

The company, which makes a variety of packaging materials, employs 3,500 full-time workers. An additional 27,000 people have found reliable employment as suppliers or complementary service providers for the firm. Cutting jobs would have caused a devastating impact on a nation already buffeted by a growing economic crisis, significant poverty, and political instability.

IFC, a provider of financing to Packages since 1964, stepped in to assist. In 2009, we made a \$50 million equity investment to strengthen the company's balance sheet, helping it to withstand the global economic crisis, retire some of its debt, and invest in several environmental upgrades.

Our financing will help Packages proceed with several initiatives, including retiring \$128 million in debt, acquiring waste-heat-recovery and other systems for reducing water consumption at its factories, and expanding the company's wastepaper-recycling systems to reduce raw-material costs while shrinking its carbon footprint.

The new round of investment will enable the company to continue its important community-development and education initiatives, which have kept 2,300 children in school through a nine-school modernization program — including three for girls alone. The efforts also have increased remote villages' access to clean, fresh water, thus helping reduce the incidence of potentially deadly waterborne illness.

OPERATIONS AND RESULTS

IFC helps private companies, industries, and governments with advice, problem solving, and training. Our work includes advising national and local governments on how to improve the investment climate and strengthen basic infrastructure. We also help investment clients sharpen their competitive edge, improve corporate governance, and become more sustainable.

IFC Advisory Services have become a substantial part of IFC's business and a critical tool for extending our reach and expanding our impact. In FY09, we approved 227 advisory projects in 66 countries. Funding comes from donor partners, IFC retained earnings, and client contributions.

We address a strong need in developing countries for advice on how to build a robust private sector. Our advisory work provides a unique competitive advantage for IFC. We also advise governments on how to spur development through partnerships between the public and private sectors.

IFC provides Advisory Services and investment sequentially, in combination, or separately, depending on the needs of a country or client. IFC advice can expand opportunities for investment or broaden the impact of our investment work.

About 40 percent of our advisory projects focus on improving the investment climate, mostly in the poorest countries. Clients are typically governments. For example, with our support, governments implement reforms to ease business start-ups and make their regulatory regimes more efficient.

The other 60 percent are projects focused on individual firms. These projects have a strong impact when they demonstrate the business case for good practices, and when knowledge of such practices is widely disseminated as a public good. For example, we support microfinance institutions in conflict-affected states, and we advise local banks on energy-efficiency lending.

In FY09, IFC had advisory projects in 29 conflict-affected countries. Because such countries often seem too risky for private investors, our advisory work plays an important role in laying the foundation for future investment.

We have organized our advisory work into five business lines that correspond to our operational strategy: access to finance, corporate advice, environmental and social sustainability, infrastructure, and investment climate.

Donor support for IFC Advisory Services has been strong and growing, attracting an average of around \$200 million a year in recent years from about 32 donor governments and a growing number of multilateral institutions and private donors such as foundations. Contributions from clients have been expanding as well. Cost-sharing with clients is determined according to the nature of the service—depending on the extent to which the benefits go beyond the individual client.



their four story

NIGERIA

IFC's SME Toolkit: A "Savior Kit" for an Entrepreneur

Saidat Shonoiki, a small-business owner in Lagos, Nigeria, had just completed a course in entrepreneurial management when she confronted a new challenge—how to recruit new staff for her growing animal-feed business.

She could not afford the services of a consultant. But she remembered a program that had been introduced to her during her management course: IFC's SME Toolkit, an online resource that provides business forms, training, and tools to help small and medium enterprises in emerging markets grow and succeed. Shonoiki calls it her "savior kit."

Using the information and tools on the SME Toolkit Web site, Shonoiki was able to screen potential candidates for interviews and streamline the selection process. She also was able to improve her selection team's preparation for the interviews. Finally, using a Web site template, she was able to craft an offer letter. That was not all—the toolkit also helped her save money.

"I spent only 4,000 naira [about \$25]," she says. "I would have had to spend 20 times more for the same service elsewhere."

The toolkit training gave Shonoiki the confidence to enter a competition on writing a business plan. She emerged overall winner in the contest organized by the Abuja Enterprise Agency, gaining her prominence in the business community and attracting many young entrepreneurs who began to seek her counsel on how to develop a good business plan.

The SME Toolkit (www.smetoolkit.org) was launched in 2002. In 2006, IFC joined forces with IBM Corporation to strengthen and expand the toolkit's capabilities, including collaborative features. IBM has invested more than \$3 million in the technical development of the toolkit. The program is also supported by funding from donor partners.

The toolkit has been launched in 16 languages in more than 30 markets, and receives over 3.5 million unique visitors a year.



ACCESS TO FINANCE

WHAT WE DO

More than 3 billion people in developing countries have little or no access to financial services. IFC's Access to Finance business line helps increase the availability and affordability of financial services, focusing on micro, small, and medium enterprises.

In FY09, we had 298 projects and programs in 72 countries — 141 projects in IDA countries and 58 in fragile and conflict-affected countries. These projects represent \$54.5 million in expenses, with about 36 percent of our expenditures in IDA countries and 14 percent in fragile and conflict-affected countries.

IFC Bolsters Bank of Saint Lucia with Funding and Advice

HOW WE DO IT

IFC delivers advice on access to finance mainly through our regional offices, with more than 130 dedicated staff members. We also coordinate these services with the World Bank to deliver policy advice and joint interventions. IFC focuses on three key areas:

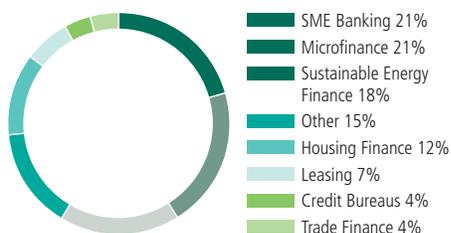
— **Building bank and nonbank financial institutions**, with emphasis on banks that serve small and medium enterprises or provide microfinance, housing finance, leasing, trade finance, insurance, and sustainable-energy finance. IFC Advisory Services helped Bank Muscat with strategy, marketing, and product development to grow a profitable SME operation that has more than doubled in volume.

— **Improving financial infrastructure**, such as credit bureaus, securities markets, collateral registries, payment systems, and remittances. With IFC support, in 2008 Egypt launched its first private credit bureau, i-Score, which has received well over a million inquiries.

— **Improving the legal and regulatory framework** to help develop and improve the enabling environment for increasing access to finance. IFC drafted the secured transactions law passed by Rwanda enabling financial institutions to provide collateralized loans, thereby improving access to credit.

As part of our crisis response, we help our partner financial institutions through improved risk management in the areas of governance, asset-liability and liquidity management, capital adequacy, and credit risk. Our loan portfolio monitoring and workout activities help our clients avoid further capital depletion in the financial sector and reduce the risk of a long-lasting credit crunch. IFC is also developing new products such as mobile banking, index-based weather insurance for farmers, and agrifinance.

FY09 PROJECT EXPENDITURES



The Bank of Saint Lucia is the largest banking institution on the Caribbean island of St. Lucia, enjoying a 40 percent market share. It offers a broad range of banking services, and recently expanded its focus on small and medium enterprises.

A year ago, IFC approved a \$20 million investment to support the Bank of Saint Lucia's services for corporations as well as SMEs. Along with the investment, IFC Advisory Services helped the bank implement its SME strategy. The bank now has a business unit fully dedicated to serving the needs of smaller businesses.

Just as the SME banking project got under way, the Bank of Saint Lucia had to deal with the local effects of the global financial crisis, which highlighted areas in the bank's risk management that could be improved. IFC responded immediately by offering to conduct a risk assessment, the implementation of which helped the bank better understand its risk management capabilities and take steps to improve them. This major local bank is now better prepared to weather future financial storms.

The project also received support from the Canadian International Development Agency, a donor partner for Advisory Services programs in the English-speaking Caribbean.

Access to financial services for SMEs has been identified as a significant obstacle to private sector growth in the Caribbean, and has become particularly acute as a result of the global financial crisis. This is why IFC's strategy is to improve access to finance for micro, small, and medium enterprises through partnerships with local financial institutions.

DEVELOPMENT RESULTS

PRODUCT	TIME FRAME*	RESULTS
SME Banking	2008	IFC clients provided \$41.3 billion in financing to 486,550 SMEs.
Microfinance	2008	IFC clients provided \$4.5 billion in financing to 5 million microfinance enterprises.
Housing Finance	2008	IFC clients provided \$3.1 billion in housing finance loans to 57,734 homeowners.
Leasing	2008	IFC clients provided \$1.7 billion in lease financing for 18,211 micro, small, and medium leasing enterprises.
Credit Bureaus	2008	In 13 countries, credit bureaus that IFC helped create or improve received 38.9 million credit inquiries and helped generate about \$19 billion in financing.



IFC combines investment with advisory activities to increase development impact and meet client needs.

* Portfolio outstanding reported by Advisory Service clients for calendar year 2008. For complete outreach figures of IFC MSME clients, see page 119.



CORPORATE ADVICE

WHAT WE DO

IFC offers corporate advice to existing and potential investment clients.

The business line focuses on three areas: improving corporate governance, building markets for small and medium enterprises and improving their managerial capacity, and enhancing corporate social responsibility. In FY09, expenditures in the Corporate Advice business line totaled \$37.7 million, and we were active in 73 countries. Our activities included 127 projects in IDA countries and 50 in fragile and conflict-affected countries. About 44 percent of our expenditures were in IDA countries and 16 percent in fragile and conflict-affected countries.

IMPROVING CORPORATE GOVERNANCE

IFC provides advice to companies and banks on how to strengthen corporate governance practices and helps them build sustainable institutional capacity so that they can attract capital, improve their performance, and better weather financial crises. Activities focus on improving board practices, shareholder rights, internal and external controls, risk management, transparency, and reporting.

BUILDING MARKETS FOR SMEs AND IMPROVING THEIR MANAGERIAL CAPACITY

IFC helps corporate clients in extractive industries, telecommunications, agribusiness, and manufacturing reach small businesses as suppliers or distributors of goods and services. We facilitate access to finance and provide training in business and technical skills to such small businesses, thereby enhancing their competitiveness. We also equip small and medium enterprises in all sectors with practical management skills and information, adapted to their local needs.

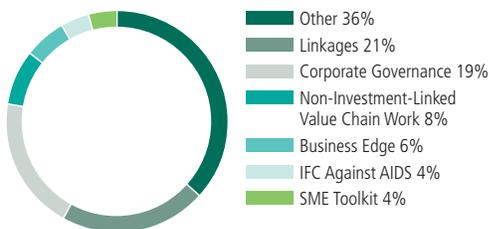
ENHANCING CORPORATE SOCIAL RESPONSIBILITY

IFC helps companies develop strategic approaches to engage with local communities and support community investment programs that are successful, sustainable, and consistent with their business objectives. Using specially designed tools, we help our clients establish a strategic approach to sustainability, aligned with their core business priorities, and assist clients in preparing their first sustainability report. We work with local and national authorities to help companies maximize the effectiveness and accountability of the payments made to the government and local representatives that are earmarked for investment in local development.

HOW WE DO IT

IFC collaborates with global and local entities to broaden the impact and ensure the sustainability of our engagements. We work with regulators, corporate governance institutes, centers for directors, educational institutions, and the media to promote best practices in corporate governance. We have set up the Linkages Business Roundtable, in collaboration with Harvard's Kennedy School and the International Business Leaders Forum, to allow larger companies to share best practices for programs that link small and medium enterprises across the supply chain. Together with AccountAbility, a global sustainability think tank, and the Global Reporting Initiative, we have developed a suite of tools and approaches to help companies ensure their social and environmental activities are bringing business value in terms of revenue, cost reduction, and improved reputation. In partnership with IBM Corporation, providers of content, local country or regional partners, as well as support from Google Grants, we are scaling up the SME Toolkit program. IFC's Business Edge program is franchising local firms that sell the training, building the capacity of local trainers, and partnering with companies to strengthen the managerial skills of their supply chains. IFC has joined partners such as the World Business Council for Sustainable Development, UNESCO, the World Wildlife Fund, Nestlé, and Coca-Cola to support the development of global best practices and tools that enable companies to sustainably manage water use along their supply chains.

FY09 PROJECT EXPENDITURES



DEVELOPMENT RESULTS

PRODUCT	TIME FRAME*	RESULTS
Corporate Governance	2007–2008	Provided Advisory Services to 23,000 individuals, including 2,400 women; held 1,000 consultations and enabled \$1.4 billion in investment that firms attributed to IFC projects.
SME Management Solutions	2007–2008	Enabled 62,000 individuals (18,000 SMEs) to receive Business Edge and SME Toolkit classroom-based management training; 4.7 million accessed SME Toolkit content via the Internet, worldwide.
Linkages & Related Initiatives	2007–2008	Enabled SMEs to win 1,100 contracts worth \$366 million; also, reached 138,000 people (including 13,100 women) with 1,600 training events, workshops, and other capacity-building activities.

* Period from July 1, 2007 through December 31, 2008.

ZAMBIA

IFC Helps Farmer Graduate to Commercial Farming

When Wisdom Mababe resigned from his job as a car mechanic and truck driver in Lusaka, Zambia, he anticipated a better income as a farmer. However, there was a problem: Mababe found it challenging to bring his products to market.

“I purchased the farm in 2002, but there was no development on it apart from one hectare of cleared land, and no asset development,” says Mababe, 45, who is married with five children.

Working with partners, IFC's Inclusive Supply Chain program provided Mababe with access to finance, market-based inputs, technical support, and business training, and helped him become a commercial farmer.



Mababe increased his farm to 328 hectares. Support from IFC and other partners enabled him to double maize productivity.

In addition to providing access to finance, IFC partnered with input suppliers to provide technical support to farmers and with the Zambia Chamber for Small and Medium Business Associations to provide business training.

Omnia Fertilizer Limited provided technical support on soil sampling and fertilizer application, and made farm visits to supervise fertilizer application, measure fields, and assess crop yields. Prime Agri Center gave advice on crop protection such as weed and insect control.

The Zambian Chamber provided training in recordkeeping, bookkeeping, cash-flow management, and budgeting. Mababe built a farm office where he now keeps all farm records. He plans to buy a tractor-drawn harvester that will enable him to harvest and bag his crop in just two weeks instead of two months.



ENVIRONMENTAL AND SOCIAL SUSTAINABILITY

WHAT WE DO

We promote the large-scale adoption of business models that are both profitable and good for the environment and social development. Our projects address the market barriers that keep the private sector from adopting those models.

We focus on three areas: addressing climate change, leveraging labor and social capital, and preventing biodiversity loss.

In FY09, our expenditures in the Environmental and Social Sustainability business line totaled \$16 million, and we were active in 44 countries. Our activities included 41 projects in IDA countries and 12 in fragile and conflict-affected countries. About 16 percent of our expenditures were in IDA countries and 5 percent in conflict-affected countries.

VIETNAM

Labor and Businesses Cooperate for Competitiveness

ADDRESSING CLIMATE CHANGE

IFC advises clients on improving their industrial processes and reducing consumption of energy, water, and raw materials. IFC also promotes the development of markets for sustainable energy, working with companies and business associations, raising the awareness of the public, and addressing technical and financial challenges to expanding renewable energy and improving energy efficiency. We also support investors in their efforts to adopt low-carbon portfolio strategies by developing investment tools and products that help mitigate climate change.

LEVERAGING LABOR AND SOCIAL ASSETS

IFC works with partners to improve businesses' compliance with labor standards, benefiting their employees and strengthening their competitiveness. IFC also provides women entrepreneurs more opportunities to grow their businesses by improving their access to finance and the market regulations in which they operate. Moreover, IFC supports investors that want to devise a strategy to maximize their social returns, such as gender equality, alongside their financial returns.

REDUCING BIODIVERSITY LOSS

To make markets work for preservation of habitats, IFC supports the development and deployment of environmental standards. Businesses benefit by gaining access to markets, more efficient use of resources, greater security of supply, and increased brand value. Developing opportunities for businesses to reduce biodiversity loss in agriculture and forestry is core to IFC's engagement. We also promote new investment instruments that support biodiversity protection, such as bonds for sustainable forestry and new products for environmental services.

HOW WE DO IT

We offer a unique platform to move markets toward sustainability, and we take an approach that builds on our strengths. This includes IFC's expertise, network, and convening power in emerging markets, which can benefit from the promotion of sustainability through Advisory Services. We develop partnerships with clients to work beyond a single financial transaction and collaborate on strategy and operations with organizations that have the expertise and reach to complement ours. We create long-lasting partnerships with donors to increase our impact. Alongside our advice, we provide financing for clients testing new business models for sustainability.

DEVELOPMENT RESULTS

PRODUCT	TIME FRAME	RESULTS
Competitiveness through Labor Standards	FY09	In Cambodia, an IFC-ILO project helped improve the labor conditions for more than 99,000 workers in the country's apparel industry.
Eco-Standards and Sustainable Supply Chains	FY09	A toolkit was made publicly available to stakeholders on best practice for biodiversity offsets as compensation for unavoidable damage to biodiversity.
Instruments for Sustainable Investing	FY09	IFC supported the creation of the S&P ESG India Index (benchmarked to the S&P CNX Nifty), which lists 50 companies that demonstrate a high level of commitment to meeting environmental, social, and governance standards.
Cleaner Production	FY09	Cleaner production assessments resulted in \$10 million in investments in energy-efficient technologies to reduce greenhouse gases.



Better Work Vietnam uses transparent reporting to promote accountability and measure progress over time. Factories can use the project reporting to demonstrate performance improvement and remediation plans to international buyers and reduce buyer audits, thereby freeing up valuable resources. The project includes training opportunities for workers and supervisors.

IFC and ILO hosted a first meeting of the Vietnam Buyers' Forum in October 2008, during which the International Buyer Principles of Engagement were drafted. Eleven of 17 international brands expressing strong commitment to Better Work Vietnam have already signed on, including Abercrombie & Fitch, Gap Inc., H&M, Jones Apparel Group, Wal-Mart, and Levi Strauss & Co.

the IFC ADVANTAGE

IFC provides global knowledge and related capabilities—including technical, market, and industry knowledge; leadership in environmental and social standard-setting and corporate governance; and assistance in improving the investment climate.



INFRASTRUCTURE ADVICE

WHAT WE DO

IFC advises governments on private sector participation in infrastructure and other public services. Our advice helps generate investment opportunities that result in long-term economic growth and better living standards for our client countries.

Our advice in infrastructure balances the needs of investors with public-policy considerations and the needs of the community, while also supporting broader access to public infrastructure and services, including health and education.

Our product areas include:

ADVISORY MANDATES

Our most established advisory activity in infrastructure is our assistance to governments in structuring and implementing public-private partnerships. Focused on frontier countries, our efforts aim to expand access to public services in areas such as power, water, sanitation, transport, health, and education. Through such partnerships, governments benefit from private sector expertise, management, and finance to improve services.

ASSISTANCE FOR PRIVATE OPERATORS

We also provide advice to private entities in areas such as training, capacity building, and initial feasibility and technical studies. This includes the Africa Schools program, which provides advice and financing to 500 private schools in 10 African countries, thus expanding access to education for 100,000 students.

SUPPORT FOR EXTENDING ACCESS

Aimed at improving access to better infrastructure services, this integrated solution combines Advisory Services to governments with capacity building for private sponsors. It includes advice to small-scale infrastructure providers and projects involving performance-based grants.

IFC also provides advice for upstream work such as sector initiatives, market and feasibility studies, and capacity building.

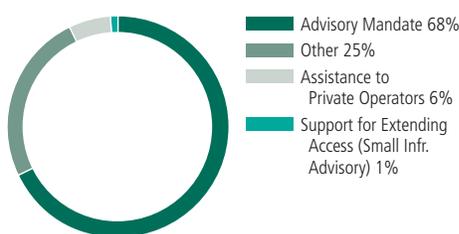
In FY09, our expenditures in the infrastructure advisory business line totaled \$165.8 million, and we were active in 49 countries. Our activities included 46 projects in IDA countries and 16 projects in fragile and conflict-affected countries. About 27 percent of our expenditures were in IDA countries and 18 percent in fragile and conflict-afflicted countries.

HOW WE DO IT

IFC's record of success and our reputation for objectivity and transparency have made us the leading multilateral advisor in the field. During FY09, we signed two innovative transactions involving air transport in Bhutan and management of agricultural silos in India.

Our advisory work in Albania led to the concession of the first major hydropower plant construction in the country in 30 years and the privatization of its distribution company. Our third transaction in rural power in the Philippines concluded with a new power-supply agreement that will result in 185,000 people gaining access to electricity for the first time.

FY09 PROJECT EXPENDITURES



DEVELOPMENT RESULTS

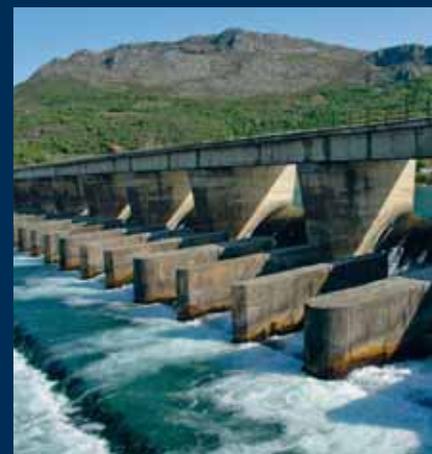
PRODUCT	TIME FRAME	RESULTS
Advisory Mandates	FY08–FY09	Projects producing successful public tenders in which private operators were selected are expected to provide 5.6 million people with improved access to services, help produce \$670 million in fiscal benefits for governments, and enable \$1.5 billion in investment.

ALBANIA

Public-Private Partnerships Turn on More Lights

More than 3.4 million Albanians—many of whom have suffered severe power shortages for decades—will soon enjoy improved, reliable, and fairly priced electricity service thanks to IFC assistance that has enabled the government to increase private sector participation in the country's energy sector.

As lead advisor to the government, IFC, in close cooperation with the World Bank, helped Albania achieve in a few years more than the country had been able to accomplish in two decades: enact a new concession law, establish a special unit in the Ministry of Economy, Trade, and Energy to work with the private sector, implement a pilot program for a private company to build and operate the Ashta hydroelectric plant, and privatize retail electricity distribution.



In September 2008, the Albanian government signed a concession agreement with Austria's Verbund for the Ashta plant, which will have the capacity to serve 100,000 households. The plant will use innovative technology that minimizes environmental impact. The project will bring about €166 million in foreign direct investment into the country and generate electricity import savings estimated at more than €35 million.

IFC also advised the government on privatizing the National Electricity Distribution Company. A World Bank partial risk guarantee helped enhance investor interest, with CEZ of the Czech Republic selected to take over majority interest (76 percent). The company will substantially improve efficiency and cut electricity losses in half during the first five years of operation, thus reducing energy waste by an average 100,000 gigawatt hours per year, with a major impact on climate change.

IFC's advisory work on infrastructure in Southeast Europe is part of a program jointly funded by the governments of Austria, Italy, the Netherlands, Norway, Switzerland, and the United States. DevCo, a multidonor facility established by IFC and the Department for International Development of the United Kingdom, also financed a portion of the costs.



INVESTMENT CLIMATE

WHAT WE DO

We help governments of developing and transitional countries improve the business environment.

We provide customized advice on how to improve and simplify regulations and encourage and retain investment, helping foster competitive markets, growth, and job creation. During FY09, our expenditures in the investment climate business line totaled \$51.3 million and we were active in 69 countries through 214 advisory projects. Our activities included 89 projects in IDA countries and 62 in fragile and conflict-affected countries. Almost 56 percent of our spending was in IDA countries.

Doing Business: Creating Opportunity with Good Rules

A young entrepreneur in Egypt. An MBA student in Colombia. An economist in South Africa. A government minister in Kazakhstan. An investor in India. Each year, *Doing Business*—a joint publication of the World Bank and IFC— attracts a large audience seeking objective measures of business regulations, enforcement, and reform efforts across global economies.

Doing Business focuses on regulations relevant to the life cycle of a small or medium enterprise in the formal sector of the most populous city in each country. Rankings are based on 10 standardized case scenarios—starting a business, dealing with construction permits, employing workers, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts, and closing a business.

A fundamental premise of *Doing Business* is that economic activity requires good rules. In the context of the financial crisis, business regulations affect how well firms can cope with the economic downturn and capitalize on new opportunities as they arise. Our objective is to encourage regulations that are designed to be efficient, accessible to all, and simple in their implementation.

Doing Business has recorded more than 1,000 business regulation reforms globally since 2004. As it tracks business regulation, it also serves as a catalyst for policy debates and encourages and supports governments in creating conditions that encourage firm and job creation as well as revenue generation. *Doing Business* subnational reports also capture differences in business regulations and their enforcement across cities in a single country or region.

For more information, please visit www.doingbusiness.org.



IFC helps developing countries improve their investment climate, a critical prerequisite for strong, sustainable private sector growth.

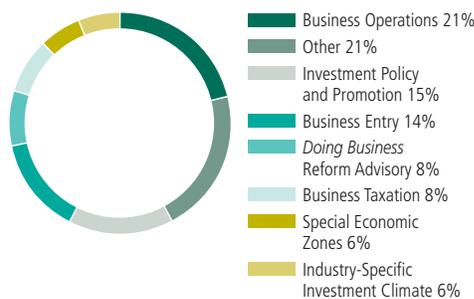
HOW WE DO IT

We provide a platform of investment-climate advice in close collaboration with donor partners. Most of our programs are implemented from the field, and we work closely with our investment colleagues as well as our other World Bank Group partners—the Multilateral Investment Guarantee Agency and other World Bank departments.

We have organized our work around the following core products: simplification of regulatory barriers to business entry, operation, and taxation; facilitation of cross-border trade by helping clients build efficient trade logistics systems and services; rapid response to governments on reforms covered by the *Doing Business* project and benchmarking at the subnational level; alternative dispute resolution; and investment policy and promotion. We support reforms in specific sectors such as agribusiness and tourism, assist clients in establishing sustainable special economic zones, and support platforms for enhanced public-private dialogue. In addition, we are working on a special initiative focused on improving health care in our priority region, Sub-Saharan Africa.

Assistance to client countries focuses on two key areas: designing, catalyzing, and supporting regulatory reforms that support business- and trade-friendly environments; and resolving legal and policy weaknesses while capitalizing on such improvements through targeted investment promotion.

FY09 PROJECT EXPENDITURES



We have expanded and refocused our services in response to the global financial crisis. Amid increased demand, we have strengthened our capacity to provide advice in the areas of tax simplification, trade logistics, and designing and implementing reforms identified as desirable in the *Doing Business* report. We are shifting the focus of our work concerning investment policy and promotion to job retention and investor aftercare. As part of the World Bank Group's response to the crisis, we also are providing assistance to clients seeking to improve their companies' insolvency systems.

DEVELOPMENT RESULTS

PRODUCT	TIME FRAME	RESULTS
Business Taxation	FY08–FY09	Tax reform in Burkina Faso lowered the corporate income tax rate and the tax rate on dividends, saving firms an estimated \$50 million and boosting the country's ranking up 16 places in the 2009 <i>Doing Business</i> report.
Alternative Dispute Resolution	FY08–FY09	Ten mediation centers were opened in Serbia, FYR Macedonia, and Bosnia and Herzegovina. They successfully mediated more than 2,000 disputes. More than \$60 million in previously frozen assets have been unlocked in the three countries.
Business Entry	FY08–FY09	In Belarus, simplification of business registration reduced the application processing time from 20 days to one, saving the private sector an estimated \$34 million. Our advisory work also led to \$53.5 million in IFC investments in manufacturing and services.
Trade Logistics	FY08–FY09	In Rwanda, the total time for processing exports was reduced from 60 to 42 days while the total time for processing imports decreased from 95 to 42 days, and import and export licenses were eliminated.
<i>Doing Business</i> Reform Advisory	FY08–FY09	Colombia followed its "top reformer" status in the 2009 <i>Doing Business</i> report with more reforms in FY09, including simpler regulations for registering new businesses and for transferring property. A new credit information law also expanded information available about potential borrowers.