

# Message from the Executive Vice President

“The Year of Development”—as many in the international community have termed 2005—has been a rare moment in the long global debate about reducing poverty and improving people’s lives in the developing nations. Few times in recent years has there been such a sustained airing of views about aid, development, and the degree of progress it is fair to expect. The focus on development is long overdue, of course. But as important as the issues themselves has been the multiplicity of the voices taking part.

No longer is the issue of global development finance the preserve and prerogative of experts on development. It is a wide-open, wide-ranging debate that includes virtually all nations, large and small. It includes the public and private sectors. And it includes global advocates who campaign on behalf of a diverse array of economic, environmental, and social issues.

To a striking degree, these voices agree on many fundamental aspects of development. Few, if any, have suggested that they will be untouched by the decisions made. Few have argued that solutions can be transplanted from one nation to another without careful attention to local conditions. Overwhelmingly, the role of the private sector is recognized as pivotal, and most agree that one of the main challenges is to scale up the successful approaches that have been tried. Improving governance and building capacity in both the private and public sectors seem to be the starting point for every discussion. Strategically speaking, “bottom-up” approaches are in; “top-down” are out. The watchwords: discipline, measurement, and results.

Moreover, the idea that the developing nations are somehow a “third” world has been relegated to the dustbin. The fate of these nations has become the political, moral, economic, environmental, and social crossroads of our generation. Were one to list the biggest global challenges in economics, energy, or the environment, nearly all of them would be centered in the developing world. Wherever one may live, one’s fate will be linked in some way, large or small, directly or indirectly, to the course these countries take.

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All of this underscores what a great opportunity IFC now has as an institution focusing on sustainable private sector development. For decades, our focus has been helping nations grow and thrive from the bottom up—one investment, one business at a time. This has also helped us catalyze investment and reform throughout markets and sectors, creating interest in those at the frontiers of the emerging markets. Meanwhile, the challenges we face in globalizing markets have continually forced us to innovate and experiment, while refining our traditional products and services. The institutional discipline that comes with being a risk-taking private investor has cultivated precisely the kind of careful, tailor-made approach that is now so widely recognized for its



*Assaad J. Jabre*  
*Acting Executive Vice President*



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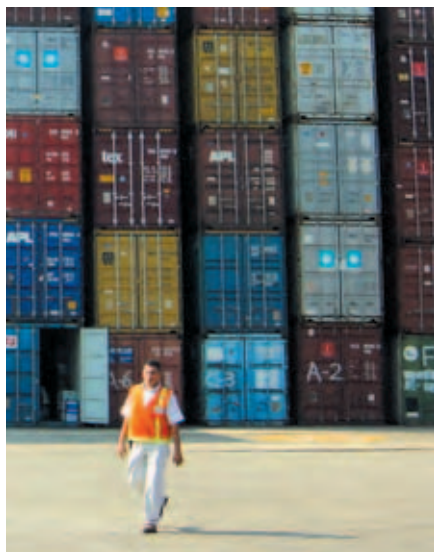
effectiveness. And, more than ever, we have convincing results that point to the strong potential of this approach, at a time when pragmatic solutions are in demand.

This year marks a third consecutive year of record results for IFC. As much as we pride ourselves in that accomplishment and rejoice that the strong performance of so many emerging markets has made it possible, these results are overshadowed by a sobering recognition of how much remains to be done and, as the tsunami in Asia so tragically demonstrated, how quickly unforeseen events can reverse years of progress. Fulfilling our developmental mission will take more effort, creativity, and resolve, not less:

- For each of the past two years, we have committed more than \$400 million in financing in Sub-Saharan Africa, a robust growth consistent with an upturn across the region. Yet Africa's economic growth needs to accelerate further if it is to reach the Millennium Development Goals.
- From a power plant in India to a port in Madagascar to airlines in Central America, we have helped catalyze much-needed private sector investment in infrastructure. Yet many nations still find their competitiveness and their access to markets and services hamstrung by transportation bottlenecks and an unreliable power supply.
- We have mobilized more than \$1 billion through structured finance transactions in sectors such as housing, education, and microfinance. Yet many companies and aspiring entrepreneurs still find their dreams deferred or their business growth thwarted without mature markets and long-term financing in local currencies.
- Through our regional facilities and financial sector investments, we have helped improve the management capacity of institutions serving small and medium enterprises and facilitated access to financing for thousands of them. Yet many developing nations remain saddled with investment climates that are too heavy in applying red tape and too light on the expertise needed for effective governance.
- We have helped finance pioneering projects that preserve biodiversity, that promote the use of sustainable energy and energy efficiency, and that develop the carbon market. Yet the threats from ecosystem degradation and climate change call for a several-fold increase in such efforts.



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In recent months, IFC has outlined an ambitious growth strategy for the coming years that will challenge all our staff. This strategy is grounded in a recognition that the needs of developing nations are enormous. It is grounded in the fact that private sector growth, through both domestic enterprise and foreign direct investment, is the largest lever available for reducing poverty. It is also grounded in the belief that IFC has grown into an institution with a unique value proposition for our clients and for our

*Acting Executive Vice President Assaad J. Jabre  
and IFC's Management Group*

*From left to right*

*Front: Nina Shapiro, Assaad Jabre, Javed Hamid,  
Farida Khambata, Jennifer Sullivan*

*Back: Edward Nassim, Declan Duff, Dorothy Berry*

*Not pictured: Michael Klein,*

*Corporate Secretary W. Paatii Ofofu-Amaah*

shareholder governments, fostering sustainable development not only as a financier but also as a provider of advisory services and a promoter of best practices.

Our ambition is not growth for the sake of growth. Our ambition is to make a difference in our markets by improving the business environment for private investors and extending the benefits of economic growth to the underserved; by building capacity at the enterprise level and increasing competition at the market level; and by working with partners that share our commitment to improving corporate governance and raising environmental and social standards. These may be broad objectives, but they translate into the local, step-by-step victories on the road out of poverty: a new business, a first paycheck, a family with a new home, a child with a better education. They translate also into regional and global progress toward sustainability: clearer air, cleaner water, and healthy ecosystems.

Our founders' vision foresaw the growing role of the private sector in development when IFC was created in 1956. Our legacy of hard-won experience, the leadership of Jim Wolfensohn and Peter Woicke in recent years, and the commitment of our new president, Paul Wolfowitz, to the Corporation's mission will enable us to celebrate IFC's 50th anniversary next year with a brighter potential than ever before. Should we succeed in fulfilling that potential, the achievement will be shared across the years. We will continue to look back in gratitude, outward in partnership, and forward with a renewed sense of purpose.

IFC is a catalyst for progress in a rapidly changing world. We are fortunate that we can play an important role in addressing the defining challenge of our generation.

Assaad J. Jabre  
Acting Executive Vice President

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