



INVESTING IN A SUSTAINABLE PRIVATE SECTOR

INTERNATIONAL
FINANCE CORPORATION

WORLD BANK GROUP



INTERNATIONAL FINANCE CORPORATION

Since its founding in 1956, IFC has committed more than \$34 billion of its own funds and has arranged \$21 billion in syndications for 2,825 companies in 140 developing countries. IFC coordinates its activities with the other institutions in the World Bank Group—the International Bank for Reconstruction and Development, the International Development Association, and the Multilateral Investment Guarantee Agency—but is legally and financially independent. Its 175 member countries provide its share capital and collectively determine its policies.

The IFC Annual Report on the Web: www.ifc.org/ar2002 provides for easy navigation and downloading data related to IFC investment and portfolio projects.

Cover: IFC finances a wide range of private sector projects in developing countries. Cover includes project-related images from IFC 2002 photo contest winners Matthew Morrison and staff of Sundaram Home Finance and Hospital ABC; other photos by Richard Lord and Mark Fallander.

Note: Management's discussion and analysis, the audited financial statements, complete sustainability review, and IFC's fiscal year 2002 investment portfolio appear in Volume 2 of the annual report.

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

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

INVESTING IN A SUSTAINABLE PRIVATE SECTOR

**INTERNATIONAL
FINANCE CORPORATION**

WORLD BANK GROUP

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FINANCIAL HIGHLIGHTS

OPERATIONAL RESULTS SUMMARY, FY 2002

| | |
|--|-----------------|
| New projects committed | 204 |
| Total financing committed | \$ 3.6 billion |
| Financing committed for IFC's own account | \$ 3.1 billion |
| | |
| New projects approved | 223 |
| Total financing approved | \$ 5.8 billion |
| Financing approved for IFC's own account | \$ 4.0 billion |
| | |
| Total committed loan & equity portfolio* | \$ 15.1 billion |
| Equity as a % of committed portfolio | 23% |
| Loans as a % of committed portfolio | 71% |
| Guarantees as a % of committed portfolio | 5% |
| Risk management products as a % of committed portfolio | 1% |

* Includes off-balance-sheet products, such as guarantees and risk management products; for IFC's own account as of June 30, 2002.

RESOURCES AND INCOME, FY 2002

| | |
|-------------------------------|----------------|
| Operating income | \$ 161 million |
| Paid-in capital | \$ 2.4 billion |
| Retained earnings | \$ 3.9 billion |
| Borrowing for the fiscal year | \$ 4.0 billion |

SUSTAINABILITY AND IFC, FY 2002

| | |
|--|-----|
| Committed projects with high sustainability impacts* | 47% |
|--|-----|

* On a pilot basis, IFC identifies, tracks, and assesses new investment commitments that have positive high impact in corporate governance, economic, environment, and social dimensions. More details on IFC's approach can be found in the Sustainability Review beginning on page 65 and in Volume 2 of this annual report.

WHAT

| COMMITMENTS BY SECTOR, FY02* | \$ millions | % |
|---|----------------|------|
| Financial** | 1,236 | 34.2 |
| Transportation, warehousing, and utilities | 621 | 17.2 |
| Information | 310 | 8.6 |
| Construction and real estate | 289 | 8.0 |
| Nonmetallic mineral product manufacturing | 227 | 6.3 |
| Food and beverages | 190 | 5.2 |
| Wholesale and retail trade | 129 | 3.6 |
| Oil, gas, mining and chemicals | 117 | 3.2 |
| Industrial and consumer products | 112 | 3.1 |
| Agriculture and forestry | 75 | 2.1 |
| Pulp and paper | 73 | 2.0 |
| Health care and education | 60 | 1.7 |
| Primary metals | 46 | 1.3 |
| Textiles, apparel, and leather | 43 | 1.2 |
| Accommodation and tourism services | 39 | 1.1 |
| Professional, scientific, and technical service | 25 | 0.7 |
| Plastics and rubber | 18 | 0.5 |
| TOTAL COMMITMENTS | \$3,610 | |

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

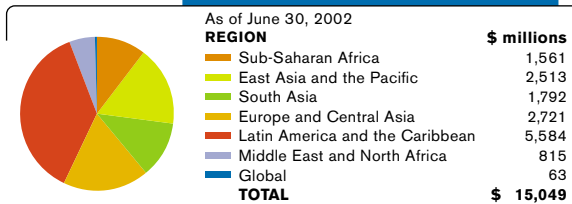
WHERE



HOW

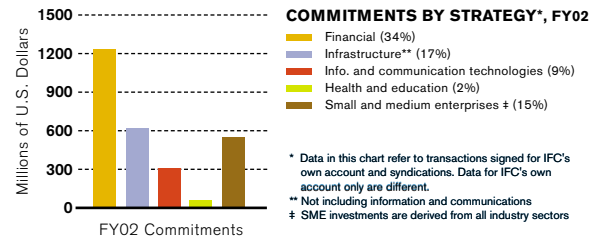


INVESTMENT PORTFOLIO BY REGION (for IFC's account)



WHY

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



* Data in this chart refer to transactions signed for IFC's own account and syndications. Data for IFC's own account only are different.

** Not including information and communications

† SME investments are derived from all industry sectors

Financial consists of finance and insurance, and funds. Infrastructure consists of utilities and transportation. Social sectors consists of health and education.

LETTER TO THE BOARD OF GOVERNORS

DIRECTORS*

Abdul Aziz Mohd. Yaacob
 Girmai Abraham
 Mahdy Ismail Aljazzaf
 Yahya Abdullah M. Alyahya
 Carole Brookins
 Eckhard Deutscher
 Pierre Duquesne
 Yuzo Harada
 Neil F. Hyden
 Finn Jønck
 Terrie O'Leary
 Franco Passacantando
 Philippe M. Peeters
 Moises Pineda
 Jaime Ruiz
 Ahmed Sadoudi
 Tom Scholar
 Balmiki Prasad Singh
 Mario Soto-Platero
 Pieter Stek
 Bassary Toure
 Pietro Veglio
 Zhu Guangyao
 (vacant)

ALTERNATES*

Nguyen Doan Hung
 Richard H. Kaijuka
 Mohamed Kamel Amr
 Abdulrahman M. Almofadhi
 Robert B. Holland III
 Eckhardt Biskup
 Emmanuel Moulin
 Masanori Yoshida
 Dong-Soo Chin
 Inkeri Hirvensalo
 Sharon Weber
 Helena Cordeiro
 Emin Dedeoglu
 Jose H. Machillanda
 Luis Antonio Balduino
 Inaamul Haque
 Rosemary B. Stevenson
 Akbar Ali Khan
 Roberto Garcia-Lopez
 Tamara Solyanyk
 Paulo F. Gomes
 Jerzy Hylewski
 Chen Huan
 Eugene Miagkov

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

The Directors are pleased to report that for the fiscal year ended June 30, 2002, IFC expanded its sustainable development impact through private sector project financing operations and advisory activities.

BRETTON LITTLEHALES



FROM LEFT TO RIGHT: (Standing) Tom Scholar, Luis Antonio Balduino*, Neil Francis Hyden, Mohamed K. Amr*, Pieter Stek, Pierre Duquesne, Eckhardt Biskup*, Pietro Veglio, Finn Jønck, Mario Soto-Platero, Girmai Abraham, Yuzo Harada, Abdul Aziz Mohd. Yaacob, Bassary Toure, Emin Dedeoglu* (Seated) Zhu Guangyao, Yahya A.M. Alyahya, Carole Brookins, Balmiki Prasad Singh, Sharon Weber*, Helena Cordeiro*, Ahmed Sadoudi

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

BOARD OF DIRECTORS PERSPECTIVE AND OVERSIGHT FOR IFC

Representing the 175 member countries that make up IFC's shareholders, the Board of Directors guides IFC's programs and activities. This year the Board approved numerous IFC investments and maintained close oversight of the development and implementation of IFC strategy. As part of the strategic planning process, the Board engaged in discussion of IFC's strategic directions, a framework that shapes future activities of the Corporation.

During FY02 the Board addressed the importance of harmonizing sector strategies within the Bank Group through a review and discussion of the World Bank Group private sector development strategy and a sector strategy framework on information, communications, and technology. The Board also reviewed country-specific operations this year and discussed a number of joint Bank-IFC country assistance strategies and related products.

Board members lent their support to IFC's focus on frontier markets, high-impact sectors, and small and medium enterprises. They welcomed an increased emphasis on profitability but stressed the importance of maintaining IFC's development focus. The Board also discussed how the global economy, capital flows, and country-specific situations were affecting demand for IFC's services and how IFC could best meet the urgent needs for investment and advisory services. They provided direction on how IFC policies could best enhance the development impact of the World Bank Group as a whole.

In keeping with its oversight responsibility, the Board considered the annual review on operations evaluation and the IFC management response. Board members underlined the importance of IFC–World Bank collaboration to improve the investment climates of developing countries, putting an emphasis on the value of coordination between IFC and MIGA. The Board conveyed satisfaction with the constructive dialogue between IFC management and the Operations Evaluation Group.

With respect to the IFC annual portfolio performance review, the directors expressed confidence that IFC had adequate capacity for normal operating conditions and that its financial ratios were within policy limits despite the global economic slowdown. At the same time, they emphasized that IFC should continue to adapt its activities to changing world economic conditions.

IFC Governance

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

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

The Audit Committee advises the Board on financial management and other governance issues to facilitate Board decisions on matters relating to financial policy and control. The Budget Committee considers certain aspects of business processes, administrative policies, standards, and budget issues that have a significant impact on the cost-effectiveness of Bank Group operations.

The Committee on Development Effectiveness advises the Board on selected issues concerning operations evaluation and development effectiveness with a view to monitoring progress toward the Bank's mission of poverty reduction. The Personnel Committee advises the Board on compensation and other significant personnel policies. Directors also serve on the Committee on Directors' Administrative Matters.

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

MESSAGE FROM THE EXECUTIVE VICE PRESIDENT

Difficult times require unconventional thinking and some degree of optimism. At IFC, we drew on both to weather one of the toughest years in the Corporation's history and emerge in a strong position.

The 2002 fiscal year began with economic uncertainty in many parts of the world. The scale and magnitude of the events of September 11 affected our business but also had a profound personal impact on each of us. With these events still fresh in our minds, we watched an unfolding economic and political drama in Argentina that had implications for IFC's financial performance and for other developing countries.

Conventional wisdom might have suggested retrenching and dramatically cutting resources beyond those dedicated to our traditional investment activities. Instead, we quickly absorbed lessons from the rapidly changing situation in emerging markets and made the necessary adjustments in our approach to global and regional finance, social and environmental matters, small and medium enterprise development, technical assistance, and advisory services to better serve clients and create new business opportunities. In short, we brought to bear all the necessary ingredients for promoting sustainable development in emerging markets, even in these challenging times, and we are moving decisively to make them work more effectively and profitably.

At the close of this difficult year, I am even more optimistic that IFC's sights are fixed squarely on

achieving our primary objective: reducing poverty and improving lives through sustainable private sector development.

It was not always easy to see the bright side. By mid-year, the global economic uncertainty and especially our exposure to Argentina left IFC vulnerable to its first-ever annual loss. Despite substantial new provisioning, we were able to show a \$161 million operating profit for the year, thanks to the hard work of our staff, including the effective performance of our treasury team.

We were also able to generate high-quality new business at a faster pace than in the past. We committed \$3.1 billion in financing to 204 projects for IFC's own account, a 14 percent increase over the previous year. Consistent with our strategy, about two-thirds of our new investments were in financial markets, infrastructure, information technology, and health and education. Lending to small and medium enterprises directly and through intermediaries amounted to about \$540 million, or 17 percent of new financing for IFC's account.

COMMITMENT TO ARGENTINA

As our fiscal year was closing, we committed our first new financing in Argentina since the onset of its crisis—a loan to a major agricultural exporter,



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

Aceitera General Deheza. While the difficult circumstances in Argentina loomed large over our operations there, we have chosen to support good clients who have adhered to the highest business standards. Our experience during the past decade in Argentina defies the newly popular notion that foreign investment and private enterprises cannot play a significant role in improving lives in developing countries.

When markets reform, as Argentina's did a decade ago, the role of IFC is to support companies that can benefit from the change and contribute positively to the economies of developing member countries. Under the right circumstances, our investments can contribute to growth and stability in those markets. Policy changes in Argentina during the 1990s offered private companies in the infrastructure sector opportunities to provide more and better services to a large part of the population. Many of our clients delivered on that opportunity. I continue to be proud of their role in Argentina's development.

But effective performance by some private sector companies cannot guarantee sustainable development. For that there needs to be a strong commitment to supporting markets and a public sector environment that complements them through discipline and good governance. No private company in Argentina could be immune to the fallout from a fiscal crisis that led to devaluation and suspension of payments on government debt. Hence, IFC must continue working with our clients to help them through these trying times. Even during a crisis, our long-term commitment and ability to invest in markets where private capital has become scarce can help restore confidence if there is a genuine government commitment to good policies. As always, we will be a long-term partner, seeking additional transactions at the appropriate time.

TURNING LESSONS INTO ACTION

We learned new lessons from Argentina regarding the vulnerability of developing economies. That crisis has merely highlighted the broader challenges before IFC and the World Bank Group in promoting private sector development. We are finding that sponsors are becoming more reluctant to take big risks and invest the capital in developing countries that is essential for economic development to have a broad positive impact. So IFC must respond quickly through greater innovation, enhance the sustainability of our projects by bringing into play the full range of our expertise in our transactions, and coordinate more effectively with the World Bank Group. And our organizational structure must support those efforts.

Argentina's woes laid before us more clearly than ever the very complex challenge development institutions face on a global scale: We must find new ways to attack the underlying weaknesses of developing economies so that we will spend less time responding to crises and more time building a sustainable private sector.

INNOVATION

For starters, IFC must innovate and focus more on client service. How we structure transactions is important. This year we provided clients with more local currency financing for their projects to reduce foreign exchange risk. We expect that local currency transactions will become an integral part of our product line for more large markets in the near future.

We must also draw upon a wider range of our capabilities to ensure more effective development outcomes of our projects. In instances where we listened more closely to clients, worked in teams, bundled our diverse capabilities, and then executed transactions more rapidly, our service to

clients was excellent. We must ensure that we can provide this type of service to clients more often.

SUSTAINABILITY

Sustainability, which became a more important strategic priority over the past year, highlights and expands our ability to provide clients with expertise in environmental, social, technical, and other areas. Our commitment to sustainable development is critical to our ability to differentiate ourselves from other financial institutions and provide clients with high-value services that enable them to face the global challenges. Indeed, sustainability will be a driver of IFC's future business success and profitability.

This focus on sustainability is also vital to IFC as a development institution. For too long, the debate about the future of the global economy, the environment, and related social issues has centered solely on the actions and policies of governments and multinationals. That debate is critical, but far more attention needs to be paid to the intersection of private investment, sustainability, and the emerging markets. The nature of the world in which we live has undergone a sea change over the past decade. In 1990, for every dollar of long-term development assistance to the government of a developing nation—such as a dollar from the World Bank—there was less than a dollar in long-term capital flows from the private sector.

For every dollar of development assistance last year, there were four dollars in long-term private capital flows. For every child born in a rich country, more than nine were born in the developing nations. And roughly half of those children were born to someone living on less than \$2 a day. For every thousand square kilometers of forest gained in high-income countries, roughly 7,000 were lost in low-income countries.

Many still claim that sustainability is a fringe issue for business, difficult to integrate into ongoing operations, and a luxury for big companies from rich countries. But at IFC we are increasingly finding that businesses failing to focus on sustainability are likely to suffer in the marketplace. Inattention to the economic, environmental, and social outcomes of projects presents risks that threaten profitability. Sustainability can help businesses perform effectively and profitably

in developing countries, as highlighted in some examples in this annual report and in *Developing Value: The Business Case for Sustainability in Emerging Markets*, a report recently released by IFC and consulting firms SustainAbility of the United Kingdom and the Ethos Institute of Brazil.

A BANK-WIDE STRATEGY

The innovation and quality of IFC financing are part of a larger puzzle. Additional pieces are provided by other institutions of the World Bank Group—the International Bank for Reconstruction and Development, the International Development Association, and the Multilateral Investment Guarantee Agency.

To help assemble these pieces, earlier this year the World Bank Group adopted a private sector development strategy to better harness private initiative. The World Bank has a unique capacity to affect the public policy debate relating to economic matters and private sector companies. That debate must encompass issues beyond what IFC can tackle as an investor yet must benefit from our experience in promoting private sector development.

The private sector activities of the World Bank Group have a critical role to play in poverty reduction, and pursuing a coordinated strategy is important for delivering the best results on our mission. Private markets are the engine of productivity growth and thus create more productive jobs and higher incomes. Private initiative can also help provide basic services that empower the poor by improving infrastructure, health, and education. Reform processes including deregulation or privatization should also be used proactively to enhance environmental sustainability.

In addition, the new strategy sets the World Bank Group on a course to pursue a program of output-based pilot projects, with particular emphasis on those supporting the provision of basic public services, especially related to infrastructure. This approach opens a new opportunity for IFC to use its experience in working with the private sector and without government guarantees to contribute to the World Bank's mission. With the World Bank supporting policy development and capacity building through the use of targeted subsidies and guarantees, IFC can help mobilize private finance. The World Bank Group

is well suited to providing output-based aid, and IFC has a long history of delivering services without reliance on subsidies.

EMPHASIS ON OUR CLIENTS

In the face of daunting challenges over the past year, we looked closely at whether our organizational structure was prepared to lead private sector investment in the increasingly complex environment confronting developing countries. In the face of short-term difficulties, we moved rapidly to implement changes that reduced costs last year. But we also had to fundamentally rethink our business model, which in some cases had resulted in duplicate services and inadequate focus on clients. Most of all, we wanted to be certain that our clients could reap the full benefit of our global experience and expertise in a range of services.

As a result, we undertook a major reorganization of the Corporation during FY02. Among other changes, we are putting more senior staff in regional hubs so they can be closer to clients and ensure better service. Client service has always been important to IFC, but our structure did not always support changing client needs. Our recent client survey indicated that four-fifths are satisfied with IFC staff responsiveness and service. But clients also told us that we could be more effective in other areas and close transactions more quickly. Our reorganization is aimed at creating a new culture at IFC that promotes greater internal flexibility and delivers nimble and customized service to clients in the face of the rapidly evolving world economy.

Making these changes has not been easy for IFC. Many staff were required to change departments or relocate. For the first time in IFC's history some staff were made redundant as a result of a reorganization. These changes took place in a difficult business environment and amid a pressing need to continue financing good projects.

With this part of the transition behind us, we are positioned to deliver better-targeted services to our clients. With all IFC has to offer, I believe the reorganization will allow us to use our knowledge and skills more effectively in response to our clients' needs. Better delivery of products and services is a powerful and positive result of the lessons learned during a difficult year.

BROADER REPORTING

With changes underway, we expect improved results. We will be tracking the changes in a number of ways. Our coverage of our sustainability initiative in this year's annual report highlights our performance on a wider range of issues than we have reported on in the past, going beyond profitability.

A number of reporting and accountability initiatives are providing IFC's management and shareholders with better information, and in this annual report we publicly present this information in a unified format to help others determine how we are doing and where we can improve our reporting and our way of doing business.

Although we have not yet developed or tracked all measures needed to provide a comprehensive picture of our performance, we are considering new indicators and sharing more information with the public. We are committing the Corporation to enhanced reporting on corporate governance, economic, environmental, and social performance.

POSITIONED FOR THE FUTURE

During the past year, IFC managed to show healthy financial and development performance through especially difficult times. But the biggest challenges lie ahead, and we have taken the necessary steps to position IFC for an even greater contribution to sustainable development. The credit for this belongs to the committed and talented staff that performed with dedication and innovation throughout a very tough year. Their willingness to adapt to rapidly changing circumstances and remain optimistic in the face of severe challenges is a credit to IFC and bodes well for future performance.



PETER WOICKE
Executive Vice President

INVESTING IN A SUSTAINABLE



IFC has made sustainability a corporate priority because of fundamental changes taking place that are affecting our clients, our countries, and the Corporation. The growing public awareness of corporate governance and of environmental and social issues is driving changes in consumer behavior, investment, and policy or regulatory adjustments. All signs point to continued pressure on the private sector to demonstrate that economic growth and sustainability are compatible.

Greater focus on sustainability is a logical evolution of our role. It builds on our experience of ensuring the long-term financial and economic viability of our investments and of requiring compliance with minimum environmental and social standards. Minimum standards are important and required in IFC projects. They provide safeguards for investors and communities and protect project sponsors and IFC from unnecessary financial and reputational risks. At the same time, we are helping our clients identify where they can deliver more beneficial corporate governance, economic, environmental, and social impact in their own financial interest. A new role for IFC is helping clients become aware of opportunities that can be gained from sustainability, in addition to helping them determine how to meet our minimum standards—in other words, delivering more public goods along with private gains.

PRIVATE SECTOR



The business case is at the heart of our new approach to sustainability. A growing body of evidence suggests that improving projects' impact beyond the financial bottom line can in many cases also make good business sense. A subset of emerging market cases forms the basis of a report called *Developing Value: The Business Case for Sustainability in Emerging Markets* (www.sustainability.com/developing-value), published in mid-2002 by IFC in collaboration with SustainAbility, a U.K.-based strategy consultancy, and the Ethos Institute of Brazil. Even where the business case is not apparent today, we find that the changing business landscape is likely to reveal new risks from ignoring sustainability and new opportunities for high-impact sustainability practices that offer commercial benefit in new places for more firms.

IFC is well positioned to promote sustainable practices because of our development mission and in-house expertise. To our projects, we bring project finance skills. We bring perspective and advice on corporate governance. We bring an understanding of and sensitivity to local political and economic conditions. We bring industry expertise, technical know-how, and the capacity to address social and environmental issues. For businesses that are committed to providing strong beneficial impact beyond the financial realm, IFC should be the partner of choice in financing projects.

There are challenges as well as opportunities in putting a greater emphasis on sustainability. Not all IFC project sponsors begin the financing process with a commitment

to sustainable practices or an understanding of their potential financial benefits. Some partners may argue that the business case does not apply in markets where incomes are low and spent mostly on basic needs. The business instinct may be that consumers will value price over socially or environmentally responsible production. The business case is also not a one-size-fits-all approach; especially where market signals and regulation are weak, firms may not see benefits from improving environmental and social performance.

Businesses resisting sustainable practices, however, may put themselves at a long-term competitive disadvantage by missing opportunities, such as economically efficient and environmentally sound production methods that allow new market entrants to produce for less. Such businesses may also face greater downside exposure to changes in the competitive environment and consumer behavior. Our goal is to use our experience to help companies become both more sustainable and more competitive, thereby contributing to economic growth that improves people's lives over the long term.

Many IFC projects now benefit from a focus on sustainability—delivering positive high-impact corporate governance, economic, environmental, and social performance today. Along with many of our clients, we already deliver public goods through the private sector. Many projects highlighted in this section show how. We are committed to expanding our work with sponsors in this regard.

“The children started learning out of thin air...No one guided the process.”

— SUGATA MITRA, Director of Research and Development, NIIT, India



OPENING DOORS

EXPANDING ACCESS AND OPPORTUNITIES

What began as an experiment to see who would use the computers that information technology giant NIIT installed in the walls of its headquarters has become a business opportunity and created the possibility of expanding access to education. To the surprise of NIIT observers, poor, uneducated children were able to accomplish amazing things when left to their own devices with a computer and an Internet connection. The project encouraged the company to look at developing low-cost delivery mechanisms to offer education to rural and low-income children with little access to primary learning.

Hole in the Wall is a unique start-up venture that IFC supported this year. Evidence from these Internet kiosks in the walls showed that even disadvantaged children can quickly learn how to find their way around the computer and surf the Web. NIIT teamed up with IFC to find a commercially viable way to bring Internet-based education to children living in slums and rural areas of India using specially built Internet kiosks.

Financial innovation in Peru



In Lima, a soft-goods vendor that was supported by MIBANCO.

RICHARD LORD

In its initial phase, Hole in the Wall will set up kiosks at 80 sites throughout India to test the viability of delivering education in this way. Meanwhile, it will seek a financially sustainable business model to expand the reach of the kiosks and the educational software. IFC, which has brought financial commitment and international visibility to the project, has involved researchers and interested grant donors in contributing to a successful outcome. Development of a commercially viable model could help overcome the deficiencies in providing traditional education to the poor, including lack of trained teachers, overcrowding of schools, and unequal access to education by girls.

Sustainable microfinance

Microfinance has traditionally provided small, grant-funded aid. Well-managed microfinance institutions in various legal forms, however, have convincingly demonstrated that they can become profitable and sustainable institutions while making major contributions to poverty reduction by increasing economic opportunities and employment.

IFC has been involved in the commercialization of the industry since 1996, when it promoted Micro Enterprise Bank (MEB) in Bosnia and Herzegovina, which has since served as a model for more than 15 other projects. In May 2000 IFC established the \$85 million Global Microfinance Capacity Building Facility for the creation of 11 microfinance institutions developed by Internationale Projekt Consult of Germany; six are now in operation. Some of them are already profitable, while the relatively newer institutions are on their way to profitability, based on their business plans.

Microloan portfolios take time to reach critical mass and generate enough revenues to cover costs and yield profits. The waiting period for operations to turn profitable is usually almost twice the norm of two to two and a half years for start-up retail banks. IFC coordinated with other donor organizations to provide technical assistance funding to absorb part of the upfront establishment costs for these greenfield microfinance institutions. Returns can be very attractive beyond this point and can be improved by operational efficiency gains such as those provided by advances in financial and information technologies.

Coinvestment by private sector partners is a welcome endorsement of the commercial appeal of microfinance institutions. Germany's Commerzbank, for example, has equity investments in six IFC-sponsored microfinance banks in Eastern Europe. Similar IFC-supported institutions are attracting debt financing on commercial terms from international lenders.

IFC also supports microfinance with other financial instruments, such as guarantee facilities, credit lines, quasi-equity, and investments in private equity funds. This year, for example, IFC approved a new credit line that would be used for on-lending by MEB to micro and small enterprises.

Reaching the poor more directly is a high priority for IFC. This year, we made our first microfinance and small business investment in Peru. These businesses are vital to the Peruvian economy, accounting for 98 percent of firms, generating 75 percent of national employment, and producing 45 percent of the country's output. Few businesses have access to the formal financial sector.

Hyperinflation and other factors never deterred Acción Comunitaria del Perú, a nongovernmental organization, from financing entrepreneurs in Lima's poorest neighborhoods over its quarter-century history. In 1998, when its portfolio was \$10 million and included 30,000 clients, the nongovernmental organization decided to convert to a regulated financial institution called Banco de la Microempresa, or MIBANCO. In the three years since conversion, which was supported through ACCION International of the U.S., MIBANCO has doubled its client base to more than 60,000 and its loan portfolio quadrupled.

This year, when MIBANCO was ready to grow further, IFC provided a \$5 million loan. MIBANCO has 26 branches throughout the Lima region and plans to grow. Today it is the third-largest commercially run microfinance institution in Latin America and one of the few rated by local credit-rating agencies.

IFC's financing will also support MIBANCO's plans to diversify its funding sources through deposit taking and private money markets. Eventually, MIBANCO may issue bonds or commercial paper in the local markets. The long-term nature of IFC funding will allow MIBANCO to increase its loans to small and medium businesses and better establish its relatively new low-income mortgage products. Many of the profits generated by profitable business lines will be recycled through the nongovernmental organization into high-risk and innovative pilot projects to finance poverty reduction.

“IFC involvement provides an opportunity to enhance the transparency of capital markets, strengthen private savings, and adopt a more democratic approach to shareholding.”

— NICANOR RESTREPO, President of Suramericana, Colombia



LAYING FOUNDATIONS

BUILDING ON CORPORATE GOVERNANCE EXPERTISE

In the business world, trust, credibility, and transparency are essential assets. As Ukrainian companies seek business partners and outside investment to grow and provide employment, they must bring corporate governance practices in line with internationally accepted standards. Building on three years of experience in a previous program, this year IFC's Private Enterprise Partnership, with support from the governments of Canada and Switzerland, started a corporate development project in Ukraine to advise companies on sound corporate governance. In addition, the project trains and advises Ukrainian medium and large enterprises on financial management, asset restructuring, and investor strategies to help them become transparent and competitive business partners capable of attracting investment.





Like IFC's similar programs in Armenia and Russia, the project advises the national government on improving corporate governance regulations to build investor confidence. To ensure that the future managers and lawyers understand the importance of good corporate governance and have the right skills, the partnership introduces corporate governance courses into local universities.

The previous three-year corporate governance program in Ukraine worked with 67 enterprises, about half of which reported significant benefits after improving corporate governance. These businesses achieved success in attracting investment, finding partners, and obtaining financing. To reach the broader business community, the partnership also developed and distributed to all joint-stock companies a corporate governance manual—a how-to guide to running a modern corporation; trained representatives of more than 1,500 companies, or 13 percent of all open joint-stock companies in Ukraine; and drafted more than 1,400 corporate documents for local companies. At the national level, the partnership contributed to six pieces of legislation improving corporate governance regulations. In addition, the partnership has trained more than 300 professors and has transferred teaching materials, including a case studies manual, to 23 universities across Ukraine, which now offer courses on corporate governance to 3,500 students each year.



Targeting good corporate governance in Korea

Weak corporate governance was a major factor contributing to the Asian financial crisis of the late 1990s. IFC is committed to improving corporate practices to enhance the performance of companies in the region.

This year IFC approved the Korea Corporate Governance Fund. We aim to support an investment fund that can create value for investors by identifying, investing in, and supporting medium-sized Korean companies seeking to implement the highest international standards of corporate governance. The fund will translate governance guidelines and initiatives into commercial practices and investment behaviors to demonstrate that corporate governance is not simply a matter of regulatory compliance. We expect that a greater emphasis on governance by Korean companies will result in lower costs of capital and improved allocation of capital within companies, therefore becoming an important source of value and competitive advantage for those adopting best practices.

The fund will underline the role that investors can play in improving governance standards, particularly among midsize corporations. It will also increase the efficiency of capital markets by improving the quality and timeliness of information released to the market. The fund will play a role in protecting minority shareholder rights and aligning corporate decision-making with the interests of all shareholders.



ADDING VALUE

INVESTMENTS THAT ENHANCE THE ENVIRONMENT

Until recently, graphic designer Yuri Ambros was accustomed to power outages that virtually paralyzed his city and made it impossible for him to work at his office. Instead, he spent afternoons aimlessly strolling the streets of Chisinau, a city of 700,000 in the heart of Moldova, Eastern Europe's poorest country. "I don't remember how long the power was out, because I don't remember bad things," he said, adding, "We pray to God these things don't happen again."



In Estonia, IFC supported the installation of a new recovery boiler to improve efficiency, emissions, and safety by Horizon Pulp and Paper.

NICK FLANDERS



RIGHT: The IFC Global Environment Fund Efficient Lighting Initiative is being implemented globally. Market research is one part of the initiative.

JAN KONG

As bad as it was for him, many were worse off. Outside the capital, some people lived without electricity, heat, and water for up to 20 hours a day for eight years. The state-owned utilities were overwhelmed by poor collection rates, high energy loss, and inadequate financial resources. Moldova's industrial sector was devastated, and people grew accustomed to darkness. The lack of power caused most of the street lights in Chisinau, the capital, to fail.

In response to its power crisis, the government took the difficult but required steps to facilitate foreign investment. It created a regulatory framework, established a regulatory body, and crafted a tariff structure based on cost recovery. The government privatized three of its five regional electricity distribution companies: RED Chisinau, RED Centru, and RED Sud. Unión Fenosa Internacional, the international arm of one of Spain's largest private sector utilities, won the competitive bid for the three companies.

Unión Fenosa has improved services, eliminated most power interruptions, restricted payment of bills to cash, and significantly increased collections. With the implementation of the investment program and the efficiency improvements, it is expected that the power sector in Moldova will provide reliable and cost-efficient service and be a role model for the power sectors in other countries in the region.

By rehabilitating existing fixed assets to increase reliability and reduce technical distribution losses, the project will also contribute to reduced greenhouse gas emissions. The sponsor agreed to adopt corporate environmental management systems at each distribution company by 2004, ensuring long-term gains in environmental performance. The project is expected to reduce technical losses from nearly 11 percent in 2000 to 9.5 percent in 2004. This would result in a reduction of GHG emissions by 30,000 tons of carbon dioxide per year after 2005.



Empowering El Salvador

Compañía de Alumbrado Eléctrico de San Salvador (CAESS), Empresa Eléctrica de Oriente (EEO), and Distribuidora Eléctrica de Usulután (Deusem) in El Salvador have shown a positive impact through the reduction of greenhouse gas emissions due to efficiency gains. AES purchased CAESS/ EEO/Deusem in 2000 and received financial support from IFC this year. The company has also been able to contribute to El Salvador in other ways. Through its ownership, it has expanded access to electricity, especially to previously underserved rural households. The companies plan to invest approximately \$59 million in their distribution networks to connect mostly rural households, 60 percent of which now lack access to electricity.

AES maintains a wide-ranging corporate citizenship program that includes sponsoring activities related to ecology, education, health and human services, community events, and the renewal of rural areas. The program includes forest and wildlife preservation, tree planting, and recycling. It will offer training programs, give computer equipment, and make repairs to schools. The program also makes donations of food to people with low income and gives equipment to hospitals.

AES will undertake community and urban renewal activities, such as fundraising in the aftermath of the recent earthquake, and is considering a housing reconstruction program with an international nongovernmental organization.



OLIVER RYAN

The impact on individuals active in the private sector was striking. A woman who designs and manufactures sweaters and textiles with the help of four other women lives in a dilapidated Soviet-era apartment building, which often serves as the base for her cottage industry. “During the blackouts, it was really hard because there was no electricity or heat,” she said. “Without electricity, you can’t do anything, especially when dusk falls, which happens to be around 4 p.m. in the winter. It was very bad indeed. Now things have changed. We have heat, we receive a bill, and we don’t have to check the meters ourselves.”

IFC and the World Bank supported sector reform and the privatization of these distribution companies. In November 2001, IFC lent \$25 million to the distribution companies. They received further funding from another multilateral, and the World Bank’s Multilateral Investment Guarantee Agency provided a \$61 million guarantee, protecting the sponsor’s equity against the risks of transfer restriction, expropriation, war and civil disturbance, and breach of contract. The participation of each institution was critical to the success of the project.

IFC’s direct funding helped rehabilitate the existing distribution assets; made billing, metering, and internal control systems more efficient; and provided initial working capital requirements.

“In a city where the intensive use of vehicles produces at least 98 percent of the toxic carbon monoxide and 41 percent of the particulate matter pollution, Ecomex provides a viable commercial alternative that will also contribute to public health.”

— GAVIN MURRAY, Director of IFC’s Environment and Social Development Department

A profitable clean-air solution in Mexico

In Mexico City, IFC worked with a project sponsor who understands that improved air quality and public health can be a business opportunity.

Ecomex is the only supplier of compressed natural gas for vehicle use in the Mexico City metropolitan area. IFC provided \$6.5 million in loans and equity financing to Ecomex to help fund a \$28 million project to construct and operate five CNG dispensing stations as well as to finance microbus conversion and operate a conversion workshop.

CNG-fueled vehicles have much lower emissions of particulate matter than gasoline- or diesel-powered vehicles. And since minibuses are heavy air polluters, the environmental benefits of converting these buses is especially high.

“In a city where the intensive use of vehicles produces at least 98 percent of the toxic carbon monoxide and 41 percent of the particulate matter pollution, Ecomex provides a viable commercial alternative that will also contribute to improved public health,” observed Gavin Murray, director of IFC’s Environment and Social Development Department.

An innovative scheme will help the many microbus owners who could not otherwise bear upfront costs to finance bus conversion. Ecomex covers the entire initial costs and recovers those costs over three years through the sale of CNG.

NEERAJ JAIN



“Our approach is very practical, aiming at transferring skills and knowledge to the workplace. Our staff assist with on-the-job implementation.”

— TONY JENNINGS, Senior Bank Training Advisor, Mekong Project Development Facility



BUILDING BUSINESSES

PROMOTING SMALL AND MEDIUM ENTERPRISES

Growth in the domestic private sector creates jobs, increases incomes, and contributes to poverty reduction. In many low-income economies that have yet to attract substantial amounts of foreign investment, the local private sector is made up almost entirely of micro, small, and medium enterprises. They are the lifeblood of local economies but often struggle against great odds and need well-targeted assistance.

In Vietnam, Cambodia, and Laos, the IFC-managed Mekong Project Development Facility works to build enduring, competitive small businesses that are a source of stable incomes for families. MPDF support makes a tangible difference in these economies, where difficulties in the local business environment are a major barrier to private sector development. In 2001 MPDF’s financial advice helped 40 small and medium businesses raise \$28 million in financing, much of it from local banks. This assistance created approximately 2,600 jobs and generated \$26 million in foreign exchange earnings.

In the past two years, MPDF has stepped up the pace of its activities, working to improve the business environment and strengthen the quality of local support services. The demand for nonfinancial assistance is strong. In Vietnam and Cambodia, more than 38,000 copies of inexpensive self-study workbooks developed by MPDF were sold, helping build skills such as marketing, finance and accounting, production and operations management, and human resources. This approach complemented the MPDF management training program that 1,600 small and medium business owners or managers took part in during the year.

THAI DZUNG TRUONG



ABOVE: A small business owner in Phnom Penh who was assisted by the Mekong Project Development Facility.

RIGHT: Hoang Thi Thai Ha, of MPDF, presents information for a Bank Training Center workshop on foreign exchange and money market products.



MARK FALLANDER

New markets for a rural entrepreneur

Dong Thanh Embroidery Company in Vietnam's rural Ninh Binh Province still uses a decades-old factory. But modern methods of finishing embroidered work, financial management, and marketing have provided contacts in Germany. The company plans to expand this year, adding 500 workers.

Dong Thanh now employs nearly 250 full-time factory workers who finish the tablecloths, bed linen, and decorative items after more than 7,000 women in surrounding homes do the initial embroidery. The company has become a role model for modernization based on traditional skills that have existed in the rural Red River Delta for centuries.

The company also provides a good example of how the MPDF has shifted beyond helping small and medium enterprises prepare the business plans needed to obtain loans toward more extensive technical and advisory assistance. Ms. Nguyen Thi Tu, the factory owner, did not need financial assistance for her expansion. She needed to retrain workers, to institute a new financial management system, and to find additional markets for her products. MPDF drew up a program for her that included three main facets: providing management consulting, building workers' skills, and contacting additional markets on the company's behalf. As a result, new orders are coming in that mean extra earnings for local women.

Training for financial institutions

Training services are one of the most effective ways to help smaller businesses achieve the access to finance they need. One new Vietnamese private company offers an invaluable service in this area: training to international standards designed to enable local banks to serve small and medium business customers more profitably.

This year MPDF launched the Ho Chi Minh City-based Bank Training Center. Its start-up capital of \$100,000 came directly from 10 Vietnamese shareholders, all domestic private commercial joint-stock banks that serve mainly SMEs. The success of the initiative will be determined by the value that customers themselves place on the center's services.

"We have great expectations for this venture," says Nguyen Duc Vinh, CEO of Techcombank and the BTC's first chairman of the board. "My bank invested because this was the most efficient means of providing our staff with the highest quality training at the best price."

Vietnamese joint-stock banks are small: banks that participate in the training center average a modest \$137 million in assets per bank. As a result, they lack the time and human resources to organize in-house training. The BTC promises to meet client needs while consolidating demand to make the venture commercially feasible.

"We are filling a huge gap in the market," says Tony Jennings, MPDF's senior bank training advisor. "Up to now, local bank training institutions taught procedure or theory. Our approach is very practical, aiming at transferring skills and knowledge to the workplace. In addition to classroom training, our staff assist with on-the-job implementation." Jennings has three decades of international banking experience, including seven years as Standard Chartered Bank's regional head of client training for the Asia-Pacific region.

The BTC has already attracted a core team of senior Vietnamese professionals with experience in banks such as ABN Amro, Bank of America, Standard Chartered, and ANZ. They have created 20 training programs that fuse international best practices with Vietnamese realities, including loan officer training and a program on leadership and change management for three shareholders undergoing organizational restructuring. Some courses are individualized to meet shareholder needs. For example, in response to a request from Phuong Nam Joint-Stock Bank, the BTC designed a full-day program on customer service-based videotaped interactions between the bank's employees and customers, as well as follow-up interviews.

For MPDF, the ultimate goal is to improve the range and quality of services offered by domestic banks to private SMEs.

RIGHT, TOP AND BOTTOM: Domostroitel, a furniture producer 1,000 kilometers northeast of Moscow, has a partnership with IKEA. With assistance from IFC, it is adopting updated practices so that it can meet the high standards IKEA requires of its long-term suppliers.

Leasing to spur growth

Leasing provides new companies with access to equipment for a small upfront investment that does not require collateral. With banking services concentrated in capital cities across the former Soviet Union, leasing has the potential to fill gaps in financing for small businesses and where banks are reluctant to provide loans.

To stimulate the growth of the competitive leasing industries in the former Soviet Union, IFC's Private Enterprise Partnership works with private companies, government officials, and lawmakers to introduce or improve leasing legislation. This year, the partnership drafted amendments to Russia's tax code and the Law on Leasing. New leasing legislation was passed in Armenia, Georgia, and the Kyrgyz Republic, which incorporated the partnership's recommendations, laying the foundation for leasing sector growth.

The Private Enterprise Partnership is IFC's technical assistance program in the former Soviet Union. The partnership is funded jointly by IFC (a three-year budget of \$12.6 million) and donor governments, which have provided \$32 million as of the end of FY02. The partnership implements programs to build financial markets, link local companies into supply and distribution chains of major investors, improve corporate governance practices, and improve business support services and the regulatory environment for SMEs. That, in turn, promotes the establishment of more new investment and businesses that contribute to economic growth and expand employment. The partnership's technical assistance has facilitated \$520 million in investment, including \$59 million in investments from IFC.



Long-term supplier partnerships in Russia

When IFC helps create relationships between clients who share our commitment to high standards and their suppliers, the development results can be dramatic.

Social and environmental responsibility is an important part of IKEA's daily operations. The company requires suppliers to adhere to a code of conduct covering working conditions, child labor, environment, and forestry. IKEA's goal is to make its customers feel confident that its products are manufactured in a responsible way.

IKEA's relationship with Domostroitel, a furniture producer 1,000 kilometers northeast of Moscow in the small town of Krasnaya Polyana, has had an overwhelmingly positive impact on the town. Today it is the largest business, employing a quarter of the town's 8,000 residents, or half the work force. But before 1993, Domostroitel, which began building prefabricated housing after World War II, was devastated by the collapse of the state-controlled economy. It had reduced its work force from 3,000 to 900 employees by 1993, when it began its partnership with IKEA.

Domostroitel needed to adopt better practices to meet the high standards IKEA requires of its long-term suppliers. Historically, the company's energy efficiency was low, its environmental practices outdated, and its use of waste wood inefficient.

To help Domostroitel and other suppliers maintain their existing relationship with IKEA and reach new markets, the Private Enterprise Partnership is providing technical assistance to help them realize their full business potential. The assistance includes evaluating the production process and developing plans to use energy-efficient and environmentally safe technologies. The partnership will also help suppliers explore new products that can be made from waste wood and will offer advice on marketing the new products to an expanded customer base.

IKEA has been investing in Russia since the 1970s. IFC helped finance IKEA's first retail outlet in the country, which opened in 2000, to help build the retail sector and expand the company's supply chain there. The Private Enterprise Partnership provides critical support to local communities and helps them maintain the benefits of foreign investment.

“The team at IFC has shown a keen ability to understand our company’s needs. It has been flexible, creative, and efficient in executing the deal.”

— IFC CLIENT SURVEY, 2002

SPOTLIGHT ON CLIENTS

IFC is committed to providing the highest-quality service to its clients in private businesses and financial institutions in developing countries. In response to rapidly changing market conditions, we offer a wide range of financial products and advice tailored to the individual needs of our clients. We also set high standards for corporate governance and social and environmental soundness and bring our expertise to project transactions to help our clients achieve their best performance. And we are committed to continual improvement of the service we deliver to clients.

An IFC investment officer discusses improving business and financing practices with small business owners in Kabul. IFC is assisting with the establishment of the first microfinance bank in Afghanistan.



ABOVE: Dr. Jean-Marcel Guillom reviews plans at the construction site of the Franco-Vietnamese Hospital, which IFC helped finance this year.

BELOW: Nicanor Restrepo, president of Suramericana, an IFC client.



MARK FALANDER



COURTESY OF SURAMERICANA

When clients tell us what they need, we listen. And we actively seek their input (see sidebar on client survey). What we have heard is that clients need us to respond more quickly. In our newly restructured organization, staff will be placed closer to clients so that we can be there when they need us. Our regional hubs will have dedicated investment staff focused exclusively on client service. Our goal is to build stronger and closer relationships with our clients and partners to help us better accomplish our development mission.

Changes now underway build on a tradition of working closely with clients. This past year, for example, we found that market conditions made it especially difficult for companies in middle-income countries to finance expansion. These companies had come to depend on cross-border capital flows, but the significant market volatility made it difficult to obtain international capital.

IFC responded by offering access to funding on reasonable terms to firms such as Suramericana in Colombia. This client needed assistance with a complex reorganization. The holding company and its subsidiaries are active in businesses within the financial and insurance sectors, as well as the cement, food, retail, social security, and textile sectors.

IFC had already invested in Suramericana through an affiliated company, Corfinsura. We dramatically expanded our commitments this year through the parent company, undertaking one of our largest and most complex investment and advisory projects in Latin America. IFC will support Suramericana's reor-

Restructuring IFC to serve clients better

This year IFC management examined the Corporation's approach to business and how we serve clients, and then put in place a plan to improve both.

By the close of FY 2002, IFC had instituted a reorganization designed to sharpen the focus on client service as well as to strengthen our industry expertise. We seek to channel our extensive resources more effectively on behalf of our clients. We expect the changes to allow senior staff to work more closely with clients to develop new business and to manage existing client relationships better.

The reorganization primarily involves our work in financial markets and general manufacturing. Previously, our regional departments were responsible for project development, processing, and supervision in these sectors. Those responsibilities have been shifted to specialized industry departments.

Our regional departments will instead turn their full attention to strategy, business development, and relationships. Our regional directors and senior staff, based at regional hubs, will be able to stay in closer contact with clients and better determine the type and location of projects that most effectively serve the private sector in IFC's developing member countries.

Our reorganization will put more people in the field so that we can respond more flexibly and efficiently to the needs of our clients. Senior staff, in particular, are being relocated to regional offices to be closer to clients and to provide better service and develop more business. The better results we expect should translate into the stronger private sector development impact that is at the heart of IFC's mandate.

Our new organizational chart and listing of key staff contacts are available on page 109.

ganization strategy, which includes new partnerships pursued by its subsidiaries, preparation of companies for public offerings, and divestment of shares held in noncore businesses.

While we committed \$100 million in debt and equity, our client service goes well beyond finance. IFC will advise Suramericana on key elements of its operational and financial strategy. In particular, we will assist the company's adoption of corporate governance practices that will set new high standards in Colombia for transparency and disclosure, for treatment of minority shareholders, and for boards of directors.

Nicanor Restrepo, president of Suramericana, said the relationship was of enormous significance to his company. "IFC involvement provides an opportunity to adopt a more democratic approach to shareholding. It paves the way for increased foreign investment in the country," he said.

Working in partnership with this client, we helped Suramericana achieve its business goals at a time when other financial partners were scarce. We were also able to bring more than our core financing services to this client. By introducing international best practices, we expect to see our client operate and perform better than if IFC had not been involved. By instituting and following best practices, especially through improved corporate governance, our client should be better able to attract new financing sources in the future.



RICHARD ENGLISH



COURTESY OF FINCA



MARK FALLANDER

What our clients think

In 2001, IFC began an annual survey of clients to find out how we are doing and how we can improve. In addition to valuable feedback, results from the client survey are used to measure the performance of the corporation and departments as part of our corporate scorecards. Between 80 and 90 percent of IFC clients said that they find our staff responsive to their needs, they know where to go for service, and they would recommend IFC as a financing partner to another company. About four-fifths of clients said that they most valued the long-term nature of our partnerships, our ability to provide capital, and the reassurance that our participation in financing provides to other parties.

Sixty percent of clients surveyed in 2002 said that IFC's environmental and social policies and procedures are helpful to their long-term business interests, and 42 percent identified a positive change in their business performance as a result of these policies and procedures. Among the positive changes clients mentioned were better compliance with government regulations, strong relationships with external parties, improvement in financial performance, and greater ability to compete because of increased market access or product acceptability. Results from the 2001 survey were similar.

The 2002 IFC Investment Client Survey was sent to 232 clients who had received disbursements in the previous calendar year (2001) and four years ago (1998). Of those surveyed, 165 responded.

PRODUCTS AND SERVICES

INVESTMENT PRODUCTS

EQUITY AND QUASI-EQUITY

IFC risks its own capital by buying shares in project companies, other project entities, financial institutions, and portfolio or private equity funds. We generally subscribe to between 5 and 20 percent of a project's equity. We will not normally hold more than a 35 percent stake and are never the single largest shareholder in a project. We are a long-term investor in our projects. When it comes time to sell, we prefer to exit by selling shares in the capital markets following a public offering.

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

LOANS AND INTERMEDIARY SERVICES

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

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

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

MOBILIZATION

Mobilization of private sector financing in developing countries is fundamental to the fulfillment of IFC's role as a development catalyst. We can broaden our impact by mobilizing loans from other financial institutions that are willing to lend to projects only with our participation.

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

In addition, we mobilize private capital for companies by engaging in underwriting, private placements, and equity fund investments that help clients gain access to international capital markets, often for the first time.

GUARANTEES AND RISK MANAGEMENT

Guarantees on financial instruments and stand-by financing provide opportunities for clients to use IFC's good credit to access capital markets and gain borrowing flexibility. Products include credit guarantees on loans and bonds, trade enhancement and forfaiting facilities, and loan facilities.

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

IFC offers partial credit guarantees on trade enhancement and forfaiting facilities. These facilities help partner banks expand or extend trade financing programs for local importers and exporters when such programs are constrained by country limits or other factors. Loan facilities provide partial credit guarantees for general loan programs that serve small and medium enterprises.

Our risk management services enable clients to access derivatives markets. Currency-hedging instruments allow clients to hedge exposure related to foreign currency borrowings. Interest rate hedges allow clients to transform the nature of their borrowings (for example, fixed rate to floating rate). Commodity price-hedging products allow clients to reduce risks related to price volatility. We also provide risk management facilities so that clients can use hedging products for a fixed period of time on a pre-approved basis.

OTHER SERVICES

ADVISORY SERVICES

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

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

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

Another jointly managed unit, the Small and Medium Enterprise Department, focuses on business environment issues, capacity building, and the development of innovative financing techniques. The IFC corporate governance program advises on practices and policies at IFC investee companies, assists in addressing country-specific risks, and provides information on promoting strong corporate governance.

TECHNICAL ASSISTANCE

Technical assistance further complements IFC's investment activities by offering advisory and training services to governments and private companies. IFC manages special project development facilities that help small and medium enterprises. IFC also manages the Technical Assistance Trust Funds program, which is supported by donor governments. These funds sponsor feasibility and sector studies, training initiatives, environmental and social review of projects, and advisory assignments to governments. In the former Soviet Union, IFC's Private Enterprise Partnership provides technical assistance and advice to companies and governments to attract investment, stimulate small and medium enterprises, and improve the business environment.



MARK FALLANDER

OPERATIONS

During the past year, investment flows to developing countries shrank as companies in the developed world faced their own challenges. The global economic slowdown also hurt businesses that rely on exports to the world's major economies. Our private sector clients experienced an urgent need for funding that could not be satisfied by commercial sources. This was also evident in some of our middle-income client countries, where even large, well-established companies faced financing difficulties.



OLIVER RYAN

Gross commitments of long-term capital to developing countries fell from \$228 billion in calendar year 2000 to \$171 billion in 2001. Net flows of bank loans to developing countries were negative in 2001.

Responding to the diminishing sources of financing in emerging markets from the banking sector, we supported financial institutions and companies to help maintain the momentum of economic activity. For example, in Brazil we provided Banco Itaú and Unibanco with separate credit lines totaling \$250 million. The funding will be used to finance projects in infrastructure, energy, industrial expansion, and environmental upgrading. A major aspect of our financing to larger companies this year was our support for social and corporate governance practices. We helped Colombian conglomerate Suramericana finance its groupwide reorganization, a critical component of which involved improvements in corporate governance. We provided financing for Brazil's C.N. Odebrecht, in a project that will foster sound corporate governance practice and establish a community development program in Angola with a priority on HIV/AIDS.



COURTESY OF HOSPITAL ABC

IFC OPERATIONS AND RESOURCES, FY 1998-02

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

| | FY98 | FY99 | FY00 | FY01 | FY02 |
|---|-----------|--------|--------|--------|--------|
| OPERATIONS | | | | | |
| Investment commitments | | | | | |
| Number of projects* | – | 225 | 205 | 199 | 204 |
| Total commitments signed** | \$ 5,138 | 3,640 | 3,867 | 3,931 | 3,610 |
| For IFC's own account** | 2,699 | 2,842 | 2,337 | 2,732 | 3,092 |
| Held for others | 2,439 | 798 | 1,530 | 1,199 | 518 |
| Investment approvals | | | | | |
| Number of projects | 304 | 255 | 259 | 239 | 223 |
| Total financing approved*** | \$ 5,905 | 5,280 | 5,846 | 5,357 | 5,835 |
| For IFC's own account*** | 3,412 | 3,505 | 3,505 | 3,742 | 4,006 |
| Held for others | 2,493 | 1,775 | 2,341 | 1,615 | 1,829 |
| Total project costs | 15,726 | 15,578 | 21,136 | 16,747 | 15,514 |
| Investment disbursements | | | | | |
| Total financing disbursed | \$ 4,291 | 3,296 | 3,307 | 2,370 | 2,072 |
| For IFC's own account | 2,054 | 2,102 | 2,210 | 1,535 | 1,498 |
| Held for others | 2,237 | 1,194 | 1,097 | 835 | 574 |
| Committed portfolio [†] | | | | | |
| Number of firms | 1,138 | 1,280 | 1,333 | 1,378 | 1,402 |
| Total committed portfolio** | \$ 20,608 | 21,685 | 22,168 | 21,851 | 21,569 |
| For IFC's own account** | 11,448 | 13,364 | 13,962 | 14,321 | 15,049 |
| Held for others | 9,160 | 8,321 | 8,206 | 7,530 | 6,519 |

RESOURCES AND INCOME

(millions of U.S. dollars)

| | FY98 | FY99 | FY00 | FY01 | FY02 |
|-----------------------|--------|--------|--------|--------|--------|
| Capitalization | | | | | |
| Borrowings | 11,162 | 12,429 | 14,919 | 15,457 | 16,581 |
| Paid-in capital | 2,337 | 2,350 | 2,358 | 2,360 | 2,360 |
| Retained earnings | 2,749 | 2,998 | 3,378 | 3,723 | 3,938 |
| Operating income | 212 | 249 | 380 | 241 | 161 |
| Net income | 246 | 249 | 380 | 345 | 215 |

Some data from previous fiscal years have been revised.

* Includes first commitment to projects in the fiscal year. Projects involving financing to more than one company are counted as one commitment. Figures maintained for commitments prior to FY99 do not compare.

** Includes loan guarantees and risk management products for FY99-2002

*** Includes loan guarantees and risk management products for FY98-2002

† Total committed portfolio and held for others include securitized loans.

BALANCE SHEET HIGHLIGHTS

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

| | FY98 | FY99 | FY00 | FY01 | FY02 |
|---|---------------|---------------|---------------|---------------|---------------|
| ASSETS | | | | | |
| Liquid assets, <i>excluding derivatives</i> | 10,747 | 11,369 | 13,740 | 14,581 | 16,924 |
| Investments | 8,976 | 10,039 | 10,940 | 10,909 | 10,734 |
| Reserve against losses | -1,522 | -1,825 | -1,973 | -2,213 | -2,771 |
| Net investments | 7,454 | 8,214 | 8,967 | 8,696 | 7,963 |
| Derivative assets | 11,944 | 12,290 | 14,224 | 1,143 | 1,077 |
| Receivables and other assets | 1,476 | 1,583 | 1,788 | 1,750 | 1,775 |
| Total assets | 31,621 | 33,456 | 38,719 | 26,170 | 27,739 |
| LIABILITIES | | | | | |
| Borrowings outstanding | 11,162 | 12,430 | 14,919 | 15,457 | 16,581 |
| Derivative liabilities | 12,678 | 13,011 | 14,990 | 1,768 | 1,576 |
| Payables and other liabilities | 2,697 | 2,671 | 3,077 | 2,850 | 3,278 |
| Total liabilities | 26,537 | 28,112 | 32,986 | 20,075 | 21,435 |
| CAPITAL | | | | | |
| Capital stock | 2,337 | 2,350 | 2,358 | 2,360 | 2,360 |
| Retained earnings | 2,749 | 2,998 | 3,378 | 3,723 | 3,938 |
| Other | -2 | -4 | -3 | 12 | 6 |
| Total capital | 5,084 | 5,344 | 5,733 | 6,095 | 6,304 |

Note: As a result of the adoption of new accounting standards on derivatives and hedging in FY01, with respect to investments, borrowings, and derivative assets and liabilities, the FY02 and FY01 balance sheets are not comparable with prior fiscal year-end balance sheets.

INCOME STATEMENT HIGHLIGHTS

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

| | FY98 | FY99 | FY00 | FY01 | FY02 |
|---------------------------------|------|------|------|------|------|
| Interest and financial fees | 583 | 607 | 694 | 715 | 562 |
| from loans | | | | | |
| Interest from time deposits | 537 | 547 | 634 | 790 | 478 |
| and securities | | | | | |
| Charges on borrowings | -651 | -670 | -812 | -961 | -438 |
| Net interest income | 469 | 484 | 516 | 544 | 602 |
| Net gains and losses on | 13 | -15 | -38 | 87 | 31 |
| trading activities | | | | | |
| Income from equity investments | 314 | 265 | 262 | 222 | 428 |
| Provision for losses on | -481 | -333 | -215 | -402 | -657 |
| investments and guarantees | | | | | |
| Net noninterest expense | -103 | -152 | -145 | -210 | -243 |
| Operating income | 212 | 249 | 380 | 241 | 161 |
| Other unrealized gains and | – | – | – | 11 | 54 |
| losses on financial instruments | | | | | |
| Cumulative effect of change | 34 | – | – | 93 | – |
| in accounting principle | | | | | |
| Net income | 246 | 249 | 380 | 345 | 215 |

IFC in Argentina: Committed for the long term

Helping private sector clients respond to challenges during times of crisis has become an increasingly important role for IFC. Our long-term commitment and ability to invest in markets where private capital has become scarce can help restore confidence. This year, Argentina's financial system ground to a halt following devaluation and the government's suspension of payments on its foreign debt. It is the latest in a string of emerging market crises that have encompassed much of East Asia, Russia, Brazil, and Turkey since 1997. In those cases, we were able to work with clients on restructuring, provide advice on needed private sector policy changes, support financial institutions, and make new investments that helped the private sector contribute to growth again.

The crisis in Argentina this year offered a complex challenge for IFC because the economic problems were so severe and enduring in nature. About a quarter of our Argentina portfolio of over \$1 billion is dedicated to financial institutions, which were especially hard hit by the unfolding problems after devaluation. IFC substantially increased its loan provisions in FY02 as a result. At the same time, IFC asserted its support for Argentina during its most difficult period and plans to stay engaged while working hard to help our client companies get through this crisis. In our first transaction since the onset of the crisis, we funded a pre-export facility for Aceitera General Deheza aimed at strengthening the company's capacity to meet its soybean purchase program during the peak harvest months. The timing, scale, and nature of other interventions in Argentina remained uncertain as our fiscal year neared an end. Our goal, however, is clear: we are a long-term partner and are committed to helping the nation through this difficult time.

INVESTMENT OPERATIONS

IFC signed investment commitments of \$3.61 billion for 204 projects in FY02, of which \$518 million were mobilized through loan syndications, compared with \$3.9 billion in IFC commitments for FY01, of which \$1.2 billion were syndications. IFC provided a range of products and services for clients, including loans, equity, quasi-equity, guarantees, and risk management products that are funded through IFC's own financial resources. Of the investment commitments IFC signed for its own account, \$776 million were for equity and quasi-equity investments, \$1.98 billion were for loan agreements, and \$335 million were for guarantees and risk management products. Based on the total project costs of our FY02 projects, each \$1 in IFC commitments for our own account resulted in an additional \$4.75 in additional funding from other sources.

We approved a total of 223 projects in 63 countries in FY02, compared with 239 projects in 77 countries in FY01. Our investment portfolio at June 30 included \$15.1 billion in investments for IFC's own account and \$6.5 billion in syndicated loans held for others. We added 170 companies to our portfolio this year, and 144 companies left the portfolio. Five-year data on investment approvals, commitments, and disbursements appear on page 29. Investment projects are further detailed in the regional sections and listed in our project tables beginning on page 79.

MOBILIZATION AND RISK MANAGEMENT

Loan syndications

The high volatility in markets at the start of this fiscal year was intensified by the September 11 attacks and the financial crisis in Argentina, seriously impeding the flow of loans for investments in sectors and countries perceived as especially risky. In this environment, IFC's ability to mobilize financing from the private sector became vital.

Investing in developing countries is IFC's only business, and the comfort of the IFC "umbrella"—which offers preferred access to foreign exchange and exemption from mandatory provisioning—can be a key component in lenders' risk-mitigation strategies. In the midst of an unusually severe economic crisis this year, the government of Argentina continually recognized IFC's status as a preferred creditor.

Since 1956, IFC has joined with some 500 financial institutions to raise more than \$20 billion in syndicated loans for more than 600 projects.

Signings of new syndicated loans, or B-loans, in FY02 totaled \$518 million for 17 projects, compared with \$1.2 billion in FY01. This decline is due to the difficult conditions in financial markets and the different mix of IFC's business this year, including increased use of local currency instruments. We also raised \$193 million through parallel facilities, resulting in a total direct mobilization of \$709 million.

Despite difficult conditions, we committed several notable transactions during FY02. We syndicated \$165 million to provide liquidity for C.N. Odebrecht, a leading Brazilian construction company. In the Philippines, we mobilized \$50 million for the expansion and modernization of the Ninoy Aquino International Airport Terminal, which will advance trade and tourism in the region. This syndication and the syndications for the Chad-Cameroon Petroleum Development and Pipeline Project and the Port Said and Suez Gulf power projects in Egypt were recognized with awards from leading financial publications. We arranged a loan syndication to provide working capital to Aceitera General Deheza, Argentina's largest exporter of oilseeds

and their byproducts, so that it can continue exporting. This is the first IFC transaction that provides new funds to an Argentine borrower since currency restrictions were implemented.

To serve our clients better, this year we launched a private Web site where qualified buyers and sellers can obtain real-time information to facilitate assignments of IFC B-loan participations. Banks that change their investment strategy, and therefore need to buy or sell assets, will find it easier to buy and sell B-loans through this site.

IFC's syndicated loan portfolio as of June 30, 2002, was \$6.5 billion in 238 projects. Our Syndications Department's B-Loan Management Division administers B-loans and coordinates activity with participants.

International securities

IFC helps companies in developing countries raise capital from the international markets by underwriting and placing securities. IFC also provides advisory services to assist companies that are sourcing capital in international markets to structure an appropriate product, develop a mobilization strategy, and meet market requirements.

In recent years, IFC has focused on frontier markets, especially to structure and place transactions that are challenging and that involve smaller issues. In FY02, we structured and placed convertible preferred shares for a commercial bank in Kazakhstan to assist its expansion and strengthen its capital adequacy. It was the first tier-2 eligible capital offering by a Kazakh bank and the first private sector equity issue from a country of the former Soviet Union following the Russian financial crisis of 1998. The issuer undertook various measures to improve corporate governance to make itself attractive to investors.

We also mobilized capital for the first round of funding for the Thai Equity Fund, a \$240 million diversified investment vehicle.

Risk management services

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

These risk management instruments are often not available to emerging market entities because of credit risk-related concerns. Since 1990, IFC's client risk management program has helped such companies compete more effectively on a global basis. IFC enhances the long-term creditworthiness of its private sector clients by enabling them to enter into risk management hedging transactions that reduce their risk exposure.

IFC's Board has approved 104 risk management projects in 12 years, which represent a loan-equivalent exposure of over \$550 million for clients in 39 countries. Transactions have been conducted to hedge a notional amount of over \$2 billion (the potential exposure or future risk of these transactions is a fraction of the notional amount).

In FY02, the Corporation executed 11 risk management transactions. Swap executions are equivalent to disbursements on loans. We entered into a series of Mexican peso–U.S. dollar swaps with a Mexican utility company, Compañía Tratadora de Aguas Negras de Puerta Vallarta. IFC also entered into Indonesian rupiah–U.S. dollar swaps with PT Indorama in Indonesia. These transactions enabled the company to improve its liability management. IFC entered into a series of euro–U.S. dollar basis swap transactions with Kipevu Power in Kenya. Through this arrange-

Donor-supported technical assistance

Donor countries and institutions support technical assistance that IFC administers. The Technical Assistance Trust Funds (TATF) program, for example, finances various feasibility and prefeasibility studies, sector studies, advisory activities related to privatization, policies to strengthen the business environment in developing countries, assessments of environmental and social impacts of investment projects, and capacity-building training. Selected project examples that were supported by TATF can be found in the regional reports and table beginning on page 98.

This year, among the projects TATF funded were capacity-building activities of the local authority and community surrounding a gold and copper mine in Lao PDR, privatization of municipal solid waste treatment in F.R. Yugoslavia, private education opportunity studies in South Africa and Russia, and a hotel development opportunity study in Afghanistan.

Through FY02, the donor community provided cumulative contributions of \$162 million to support the TATF program, which includes a budgeting allocation from IFC's own resources totaling \$9 million to date. Since the inception of the program in 1988, donors have approved 1,135 technical assistance projects. Other funds provided by donors allow for assistance through SME project development facilities and additional programs, including some work carried out by the Foreign Investment Advisory Service, other parts of the Private Sector Advisory Services, and the Private Enterprise Partnership.

Cumulative contributions to all IFC-managed technical assistance programs, including FIAS, project development facilities, and the Private Enterprise Partnership reached \$673 million through FY02.



MARK FALLANDER



MARK FALLANDER

ment Kipevu Power was able to transform its euro floating-rate liabilities into dollar floating-rate liabilities. U.S. dollar interest rate collars enabled Kipevu to fix its dollar-denominated floating-rate debt within an interest rate band. In India, IFC signed a risk management facility with the State Bank of India that offers the client greater flexibility to hedge its foreign exchange exposures and for IFC to hedge its own rupee-dollar exposure.

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

SMALL AND MEDIUM ENTERPRISES

The World Bank Group Small and Medium Enterprise (SME) Department, a joint initiative of IFC and the World Bank, collaborates closely with a wide range of external partners in improving the business environment, providing access to capital and support services, building capacity, and forging closer links with large-scale projects.

The department coordinates the activities of IFC-managed SME facilities (see sidebar). It also works with other donors to launch new ones, such as the China Project Development Facility in Sichuan Province that began operations this year. In Sichuan, where incomes lag behind those in the more prosperous coastal provinces, small and medium businesses are characterized by a high degree of informality, opaque financial reporting, poor ownership and management structures, and weak corporate governance. Local businesses are hampered by lack of access to bank credit, high registration costs, and interest rate controls that limit lending to smaller businesses.

The SME Capacity Building Facility provides support for small business growth through its \$7.1 million in funding for innovative pilot programs and partnerships. CBF support has been instrumental in establishing IFC's partnerships, which are expected to become a key ally in IFC's future SME efforts (see p.59).

In the former Soviet Union the Private Enterprise Partnership supports small and medium businesses by developing financial leasing (see p.22). The partnership works with medium-sized banks in which IFC invests to help strengthen their credit evaluation procedures and expand lending. Working with major investors like Bema Gold, Campina, Ford, and IKEA, the partnership helps smaller businesses become part of the distribution chain.

FINANCIAL SECTOR ADVICE

Technical assistance plays an important role in IFC's operations by identifying countries and sectors with opportunities, creating enabling environments, and providing operational advice to financial institutions.

IFC's Financial Markets Technical Assistance (FMTA) activities are organized under three global programs: institution building for mainstream financial institutions such as banks: projects address core banking operations; diversifying financial services to support new, nonbank financial services, such as housing finance, securities markets, insurance, and pensions; and providing finance for small and medium enterprises. These programs reflect IFC's strategic directions for financial sector development and the assistance most needed by our client countries. At June 2002, IFC's FMTA portfolio held 121 projects in 77 countries and regions worth more than \$23 million in donor funds. Diversifying financial

services represented two-thirds of total FMTA activities, of which key sectors were insurance and pensions, securities markets, and leasing.

These programs operate across various regions and sectors. The East Asia region carried out most of the institution building work for banks; the Southern Europe and Central Asia region focused on financing SMEs; and the Central and Eastern Europe region supported the development of new leasing and securities markets institutions.

PRIVATE SECTOR ADVISORY SERVICES

Private Sector Advisory Services (PSAS), jointly managed by IFC and the World Bank, provides advice to governments on policy, regulatory issues related to the investment climate, and the private provision of public services.

This year PSAS created the Rapid Response on-line knowledge service (<http://rru.worldbank.org>), offering clients databases of research, case studies, toolkits, benchmarking indicators, and online discussion boards on private sector development.

Privatization transaction services

Private Sector Advisory Services advises governments and state-owned enterprises on privatization transactions and projects that meet local legal standards, are sustainable, share risk fairly among private and public sector entities, and benefit consumers. Since 1996, the transaction group has generated \$3.1 billion in foreign investment for governments through the sale of infrastructure businesses and concessions.

Infrastructure privatizations are a high priority. We encourage sector reforms and promote transactions that attract strategic capital and management. We have 11 ongoing mandates in health, public sanitation, power generation and distribution, oil refining and distribution, civil aviation, and water.

This year, PSAS completed the South African National Parks mandate, which included the sale of lodging concessions. The transaction provided a sustainable model for ecotourism and will generate foreign exchange for South Africa.

Foreign investment

The Foreign Investment Advisory Service (FIAS) helps governments develop policies and institutions to improve the investment environment of their countries to attract more foreign investment and obtain the most benefit from it. Jointly operated and financed by IFC and IBRD and supported with additional funds from donor countries, FIAS works only at the request of client governments. Since its founding in 1985, FIAS has assisted more than 120 countries.

FIAS completed 50 advisory projects in FY02. The largest programs were in Africa (15 projects); Asia and the Pacific (13 projects), of which 5 were in the Pacific; and Europe (9 projects). FIAS projects dealt largely with reducing administrative barriers to investment, reviewing the FDI legal framework, and diagnosing a country's main policy impediments to attracting productive FDI.

FIAS began offering new services in FDI and competition policy, with a pilot project in Tanzania this year, and has developed pilot projects in FDI and responsible globalization as a component of existing diagnostic projects.

FIAS has also collaborated closely with the World Bank's Investment Climate Unit on regulatory cost surveys and the creation of a comprehensive database on investment climate indicators.

SME facilities

Working in close partnership with donors, IFC manages a family of field-based technical assistance facilities that support individual SMEs with pre- and postinvestment advisory services and also carry out broader capacity-building initiatives such as strengthening local business associations, financial institutions, entrepreneurship initiatives, and consulting companies. Together, these facilities now have total staff of 227 and an annual budget of \$31 million—numbers that will grow as additional facilities open in the new fiscal year. Facility addresses and donor information can be found on page 118.

Africa Project Development Facility

Region: Sub-Saharan Africa

African Management Services Company

Region: Sub-Saharan Africa

China Project Development Facility

Region: Sichuan Province, China

Mekong Project Development Facility

Region: Vietnam, Cambodia, Laos

North Africa Enterprise

Development Facility

Region: Algeria, Egypt, Morocco

SouthAsia Enterprise

Development Facility

Region: Bangladesh, NE India, Nepal

Southeast Europe

Enterprise Development

Region: Albania, Bosnia and Herzegovina, Kosovo, FYR Macedonia, and Federal Republic of Yugoslavia

South Pacific Project Facility

Region: Pacific islands

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

SUB-SAHARAN AFRICA

BUILDING LOCAL CAPACITY AND REGIONAL BUSINESSES

Sub-Saharan Africa felt the full impact of the global economic shakeout during the past year. In South Africa several factors, including lower investment flows, led to a precipitous decline in the currency in late 2001. Lack of integration into global capital markets spared most other countries from the shock of slowed external capital flows, but declining commodity prices still took a heavy toll on economic performance.

PROJECT FINANCING AND PORTFOLIO / Millions of USD

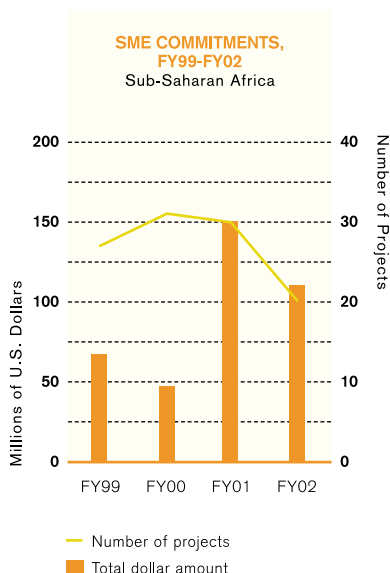
| | FY01 | FY02 |
|---|--------------|--------------|
| Financing committed for IFC's account | 482 | 252 |
| Loans | 361 | 181 |
| Equity and quasi-equity* | 32 | 53 |
| Loan guarantees and risk management | 89 | 17 |
| Loan syndications signed | 160 | 0 |
| TOTAL COMMITMENTS SIGNED | 642 | 252 |
| Committed portfolio for IFC's account | 1,525 | 1,560 |
| Loans | 997 | 1,018 |
| Equity | 424 | 425 |
| Loan guarantees and risk management | 104 | 117 |
| Committed portfolio held for others (loan participations) | 301 | 233 |
| TOTAL COMMITTED PORTFOLIO | 1,826 | 1,793 |
| Financing approved for IFC's account | 400 | 386 |
| Loans** | 237 | 246 |
| Equity and quasi-equity* | 132 | 64 |
| Loan guarantees and risk management | 30 | 76 |
| Loan syndications and underwriting | 40 | 40 |
| TOTAL FINANCING APPROVED | 440 | 426 |

* Includes loan and equity-type, quasi-equity investments

** Includes stand-by facilities

On a more optimistic note, this year witnessed the birth of the New Partnership for Africa's Development (NEPAD), initiated by African leaders and actively backed by a majority of African countries. This partnership promises to bring governance and conflict resolution to the fore. African governments have committed to taking responsibility for inadequate governance and unresolved conflicts, which have been a major deterrent to economic development in the region. As the partnership is implemented, the improvement in governance and the associated efforts to address infrastructure and social issues should lead to increased private investment.

The initiative was timely in the context of the conflict and instability that continue to constrain economic



ABOVE AND TOP LEFT: Construction underway at Ciments du Sahel in Senegal.

LEFT: Workers from Mozal, where IFC has financed a large aluminum smelter and supported company programs on HIV/AIDS awareness and linkages between the company and small and medium enterprises.

NIGERIA

Accepting a development challenge in the oil industry

Communities in the Niger Delta region, where Nigeria's oil is produced, have benefited little economically from oil development. To address this problem, IFC and others have focused on channeling government oil revenues into development projects. IFC is also trying to expand local business opportunities arising from oil production. Our goal is to strengthen the ability of local firms to serve in a variety of capacities as contractors for the big exploration and production firms, thus deepening the direct economic impact of oil production.

IFC helped design and fund a \$30 million facility to provide financing to local oil service contractors, working with a leading Nigerian bank and the largest oil producer, Shell. The project generated controversy because the Niger Delta is a politically sensitive region and a difficult terrain in which to generate sustainable economic activity. Some local groups opposing this project argued that the oil industry generally cannot be relied upon for eradication of poverty in communities. International NGOs also objected to our collaboration with Shell.

IFC management addressed the concerns that were raised by offering a new way of approaching problems in this sector.

This project presents risks, but IFC intends to manage rather than avoid them. This is our first effort to support linkages for small and medium enterprises in the oil production sector in Nigeria. We need oil company partners that are willing to back this type of effort, and Shell has expressed its commitment to help build the capacity of small businesses.

The facility will provide working capital and medium-term financing to allow local firms to expand the business they can do with Shell's joint-venture company in Nigeria and potentially with other oil producers. The Africa Project Development Facility is designing training and capacity building for local firms to complement the financing, the local bank evaluates the credit risk of the contractors, and Shell has committed to expanding the volume of goods and services it contracts to qualified local firms.

We will judge the development impact of this project by the increase in local jobs and the ability of businesses to scale up related efforts by incorporating a broader range of oil producers and their local contractors.

AFRICA

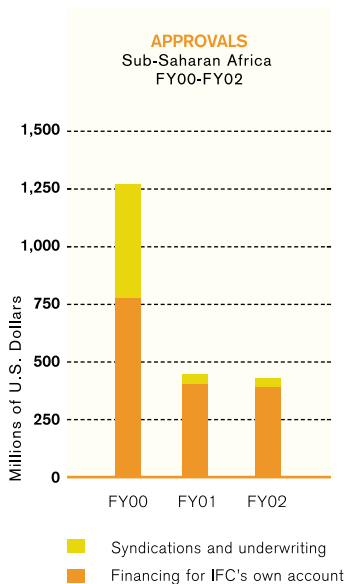
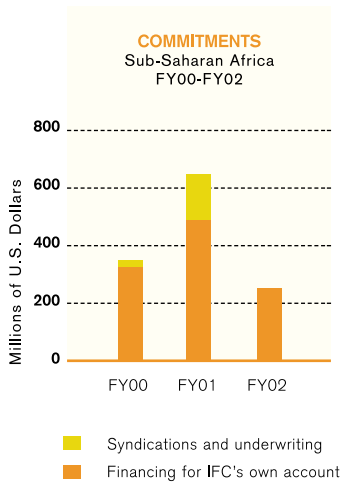
Broadcasting development impact

When television was introduced in Africa, the medium was controlled primarily by state-owned stations, which offered only limited programming. With liberalization, there now exists the potential for increasing the depth and appeal of television to the previously underserved African market.

TV Africa provides free, high-quality programming to a network of 39 local affiliates in 23 African countries in exchange for advertising time with each affiliate. The company's offerings include locally produced shows as well as international programming designed to appeal to broad African audiences. This arrangement brings an improved quality and breadth of programming to viewers compared to what individual stations could provide, while allowing advertisers to reach an African market of up to 110 million viewers. Our equity investment will provide the network with the funding necessary to achieve profitability by adding affiliates, upgrading studio and transmission equipment, and expanding the viewing audience.

TV Africa is committed to providing family-oriented content not generally available to individual affiliates, regional and international sporting events, and locally produced African programming. IFC and TV Africa are also working together to enhance developmental benefits by ensuring the provision of educational programming, information on HIV/AIDS, and other important health and public service notices. The network will limit the broadcast of tobacco and alcohol advertising, respecting local regulations and community norms, and will insist on warning statements to accompany any such advertisements.

As the company becomes profitable, it will fund more African-content production, allowing it ultimately to reach a local-content target of 40 percent of total programming hours. TV Africa has been a leader in bringing quality programming to African audiences and supporting the growth of both independent African television stations and the production of local content.



PROJECTS AND COUNTRIES

Sub-Saharan Africa, FY00-FY02

| COMMITMENTS | FY00 | FY01 | FY02 |
|---------------------|------|------|------|
| Number of projects | 62 | 47 | 37 |
| Number of countries | 23 | 23 | 24 |

| APPROVALS | FY00 | FY01 | FY02 |
|---------------------|------|------|------|
| Number of projects | 80 | 45 | 27 |
| Number of countries | 25 | 19 | 10 |

development in Africa. Civil strife in Zimbabwe preempted hopes of a return to normality and overshadowed the easing of tensions in other countries. Some progress was made in resolving the conflicts in the Democratic Republic of Congo and Angola, but private investors have not yet responded with new projects.

Most economies faced depressed prices for many exports, fueling further decline in the overall terms of trade and effectively reducing gross regional output by 1 percent. Foreign exchange earnings from services were also hurt in countries reliant on tourism following the September 11 attacks. Economic growth in the region declined on average from over

3 percent in the 2000 calendar year to 2.6 percent in 2001.

Other factors have also highlighted the fragility of Africa's economies. In Zambia, the withdrawal of Anglo-American from its investment in the privatized copper mines, in which IFC had also invested, pointed up the vulnerability of reliance on single sectors or commodities for export earnings. The AIDS epidemic continues to present a major developmental challenge, especially in southern Africa.

STRATEGY AND INVESTMENT

The core of IFC strategy in Sub-Saharan Africa mirrors our corporate strategy, where investment priority is given to private provision of phys-



PHOTOS: Projects in southern Africa range from support for locally owned construction firms to financing of health facilities and banks with call centers for clients.



ical infrastructure, development of dynamic private financial institutions, expanded telecommunications and information technology (IT), and support for small and medium enterprises. Infrastructure (including telecoms) and the financial sector, in particular, have dramatically increased as a share of IFC's new investments in Africa, accounting for 53 percent of commitments in FY02. They now constitute 30 percent of the regional portfolio, up from 19 percent in FY98.

In telecoms and IT, IFC made a series of innovative investments. These included a \$13 million package of guarantees for local financing of SC Mobiles, a cellular operator in Cameroon; TV Africa, a pan-African satellite TV station (see sidebar); and loans to Mobile Systems International Cellular Investments Holdings and its subsidiaries that helped fund operations in the Democratic Republic of Congo and Sierra Leone, bringing needed improvements in communications.

IFC supported the expansion of African banks and financial institutions in FY02 with \$84 million in investment commitments, especially in southern Africa. These included the expansion of the southern Africa network of African Bank Corporation (see sidebar); the expansion of a specialized firm offering electronic transactions support to secondary banks in South Africa; and a new equity fund in South Africa focusing on biotechnology.

Supporting small and medium enterprises in Africa is one of our highest priorities. IFC has continued to substitute support to financial intermediaries for direct investment in smaller firms. Such intermediaries offer the potential to leverage IFC funds many times and reach far greater numbers of small and medium firms than we can through direct investments. In FY02, IFC supported AfriCap, an equity fund investing in microfinance institutions; the creation of a new microfinance bank in Ghana; the expansion of Citibank Nigeria's





RICHARD LORD

LEFT AND BELOW:
Employees of African
Bank service customers.

SOUTH AFRICA

Expanding financial services to the poor

African Bank has grown rapidly to become the market leader in microlending in South Africa. By focusing on providing small loans to individuals and microenterprises, African Bank was one of the pioneers in expanding financial services to the poor, who had previously been excluded from South Africa's otherwise sophisticated banking sector. IFC is supporting the expansion of African Bank's operations with a rand-denominated credit facility equivalent to about \$40 million over seven years. The credit facility will strengthen African Bank's funding base and solidify its position as a market leader.

The majority of IFC's funding will go to expanding the operations of two subsidiaries serving small building contractors and taxi operators. These business areas have been two important avenues for self-employment and small business growth in the black community through the bank's specialized subsidiary operations. African Bank has developed effective means of helping them grow with specially tailored credit facilities.

One African Bank client, a building contractor, started by building his own house in the late 1980s when no white contractors would go into the townships. His business has grown steadily through access to working capital from the bank, and he is now constructing over 800 houses per year for low-income buyers. African Bank will also continue to expand its personal lending operations, focusing on small loans to individuals, who often use the funds for improvements to their homes.

Once African Bank and others had shown that microlending was a viable activity, a number of other financial institutions followed suit. Their aggressive expansion plans, however, led to the failure of several banks or to their exit from the sector, causing turmoil and uncertainty. Throughout this crisis, African Bank has remained a market leader, setting standards for ethical practices and demonstrating the viability of microlending in full compliance with the strict requirements of microfinance banking regulations. IFC support is a key catalyst at this crucial time in the evolution of the bank and the microlending sectors in South Africa.



RICHARD LORD

SME lending business with a partial portfolio guarantee; and the establishment of a special SME financing facility in Nigeria for oil service companies (see sidebar). IFC continued to strengthen the small and medium enterprise support facilities it manages—the Africa Project Development Facility and the African Management Services Company—and broaden their base to reach clients indirectly through capacity building for service providers.

The two countries in the region with the highest GDP growth rates in the 2001 calendar year were Chad and Mozambique, reflecting in part the implementation of large projects backed by IFC: the Chad-Cameroon Oil Field Development and Pipeline Project and the Mozal aluminum smelter. Translating the impact of this growth into increased business for local

contractors and suppliers is the focus of IFC-supported efforts to build the local capacity and competitiveness of smaller businesses in those countries. This work is spearheaded by APDF and supported by related activities. Local business programs are an integral element of IFC support, with the collaboration and cofunding of the sponsors.

Support for regional firms has also been a focus of IFC. These companies bring synergies and efficiencies in management, marketing, and production, which help make them competitive in Africa's diverse and difficult markets. We have supported the creation of regional networks in the financial sector in particular. This year we also helped finance the expansion of a leading beverage bottler throughout southern and eastern Africa.

SUSTAINABILITY IN AFRICA

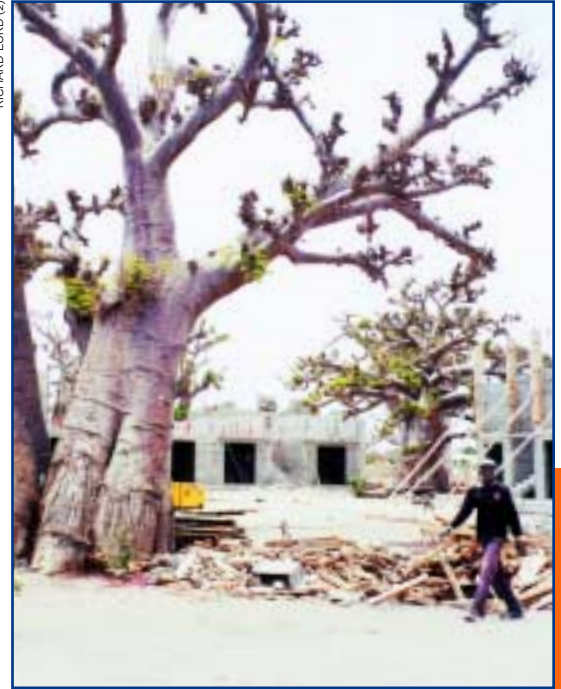
IFC is helping bring the benefits of sustainable development to Sub-Saharan African ventures. Many international companies, responding to the threats and opportunities posed by public concern about sustainable practices, have been leaders in introducing practices of transparent corporate governance and more sustainable environmental and social performance. Activities have included local capacity building and links to local ventures.

IFC works primarily with sponsors from developed economies on high-impact sustainability projects in Africa, supporting them with rigorous social and environmental review and structuring advice to maximize social and economic impact, while also learning more about their good practices. Some African firms have also responded to community needs and environmental priorities with innovative business concepts. IFC has supported some of these pioneers, such as the Spier project in South Africa and the Boundary Hill game lodge and reserve in Tanzania, both profiled in last year's annual report. This year we agreed to invest in the Freecom project, aimed at providing computers to the low-income market.

IFC is making a strong start, working with international firms as they extend or incorporate international standards and best practice. By enhancing our commitment to environmental and social goals, we have been able to help our client firms achieve theirs.



RICHARD LORD (2)



ABOVE: IFC supported construction of a tourist facility in North Saly, Senegal, that preserved baobob trees.

LEFT: Private sector investment brings employment to Sub-Saharan Africa.

NIGERIA

Building skills in small businesses

The Support and Training Entrepreneurship Program (STEP) is an IFC-led initiative to build management skills in the microenterprises and small businesses that are critical to job creation in Nigeria. It does not provide small loans but rather helps these firms learn some of the key traits of business success, such as better accounting, inventory management, marketing, and strategic planning.

Since its founding in 2001, STEP has built an initial set of management training programs for high-potential firms with two to 25 employees in Lagos, the commercial hub of Africa's most populous country. It is now expanding into the Niger River Delta, an oil-producing region that has traditionally offered limited economic opportunity for local businesses.

These initiatives are being funded by partners led by Mobil Producing Nigeria, an affiliate of ExxonMobil. It is the first major multinational corporation to contribute funds directly to an IFC-initiated small business support program. IFC's Swiss technical assistance trust fund and Citibank have also recently provided support.

STEP uses an integrated strategy to increase the productivity of the informal sector. Its main activities include diagnostic work, client surveys, microbusiness development, and training of large commercial groups and business associations. Clients pay a portion of the costs of all programs. With the program now established in Nigeria, its model is being considered for replication elsewhere in Africa.

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

EAST ASIA AND THE PACIFIC

INVESTMENT FOR LONG-TERM VITALITY

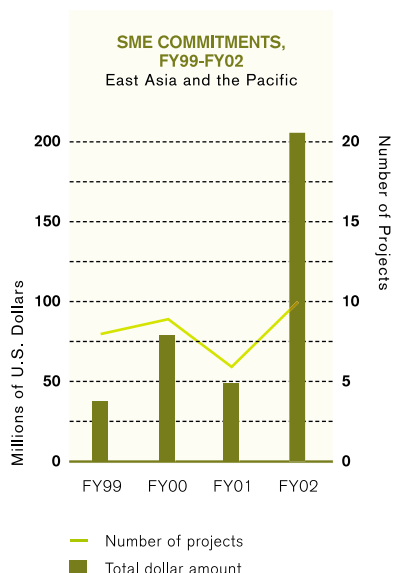
Economic conditions in the East Asia and Pacific region are improving after a difficult spell. During the 2001 calendar year, the regional economic growth rate slowed sharply—from over 7 percent the previous year to less than 5 percent—with the downturn especially pronounced outside the transition economies of China and Vietnam.

| PROJECT FINANCING AND PORTFOLIO / Millions of USD | | |
|--|--------------|--------------|
| | FY01 | FY02 |
| Financing committed for IFC's account | 406 | 673 |
| Loans | 95 | 282 |
| Equity and quasi-equity* | 127 | 248 |
| Loan guarantees and risk management | 184 | 143 |
| Loan syndications signed | 5 | 67 |
| TOTAL COMMITMENTS SIGNED | 411 | 740 |
| Committed portfolio for IFC's account | 2,238 | 2,513 |
| Loans | 1,472 | 1,578 |
| Equity | 535 | 601 |
| Loan guarantees and risk management | 231 | 335 |
| Committed portfolio held for others (loan participations) | 1,943 | 1,510 |
| TOTAL COMMITTED PORTFOLIO | 4,181 | 4,023 |
| Financing approved for IFC's account | 717 | 550 |
| Loans** | 276 | 209 |
| Equity and quasi-equity* | 184 | 206 |
| Loan guarantees and risk management | 257 | 136 |
| Loan syndications and underwriting | 113 | 83 |
| TOTAL FINANCING APPROVED | 830 | 634 |

* Includes loan and equity-type, quasi-equity investments
** Includes stand-by facilities

Growth resumed in East Asia during the first half of 2002, however, and with greater force than expected. A stronger world economy coupled with increasing political stability in the region would bode well for the private sector. Favorable developments in early 2002 have opened a window of opportunity for governments to speed up policy reforms, pressure for which is mounting in the face of a building challenge from global competition.

Across the region, the steep decline in gross international capital flows mirrored deteriorating growth prospects in 2001. Bond and equity issues and bank lending fell nearly 40 percent to \$41 billion in 2001—just above the total at the trough of the Asian financial crisis in 1998. Similarly, banking flows declined by 36 percent.



RIGHT: The Mekong Project Development Facility supports small businesses, like this small manufacturing company, with advice and training.

MARK FALLANDER (3)



ABOVE AND BELOW RIGHT: The Franco-Vietnamese Hospital will help meet the acute shortage of quality hospitals in Vietnam (see sidebar).



The Asian crisis and the recent impact of the global downturn revealed the extent of structural vulnerabilities in Asia's economies. In this context, IFC's strategic focus is on strengthening the sustainability of private sector development through building financial sector institutions, developing model transactions that will catalyze further private investment in a variety of sectors, and setting standards for corporate governance, international accounting, environmental technologies, best practices, and efficiency of operations.

In fiscal year 2002, we widened our support for the development of financial markets. In China, we made an equity investment in Nanjing City Commercial Bank to improve its capital base and assist efforts to adopt international banking best practices. The goal

ASIA

Better lending technologies for small businesses

Steep transaction costs, high risks, and collateral requirements have been the main factors constraining access to bank lending by small and medium enterprises. Hong Kong-based SMELoan has developed an innovative credit-scoring method and an Internet-enabled technology platform to address these problems. This year IFC is funding SMELoan to help the firm develop its business in riskier Asian markets. The company will use IFC's investment to complete its technology development and finance its expansion.

IFC has significant knowledge of the small and medium enterprise sectors in China, India, Korea, the Philippines, and Thailand, accumulated through partnerships with local financial institutions, studies, and project development facilities. Using this knowledge, IFC will help identify prospects for the international deployment of SMELoan's technology.

The model relaxes the collateral constraint on SME lending by making it easier to base credit decisions on the use of accounts receivable as collateral, as opposed to real estate, for instance. The technology has the potential for increasing competition in the credit market by providing new entrants with the ability to manage a large number of borrowers while closely supervising the credit risk of each individual account through a cash flow monitoring system. The project is expected to have a strong demonstration effect and create pressure on banks to adopt new practices in their SME lending. Greater competition among financial institutions would benefit SMEs by increasing the availability of credit and reducing costs.

VIETNAM

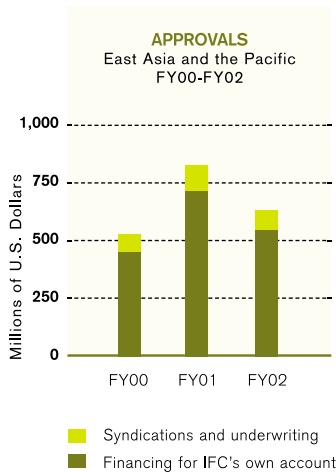
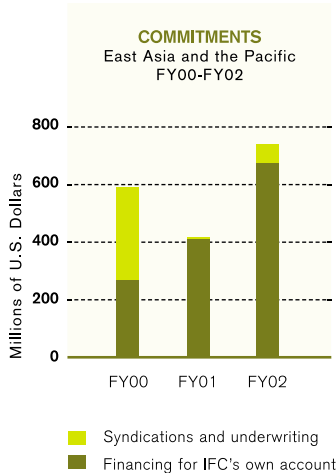
The first foreign-owned hospital in Ho Chi Minh City

As Vietnam makes progress in establishing a modern, market economy, it faces new health challenges, such as an increase in noncommunicable diseases like heart problems and cancer. There is a shortage of high-quality facilities to address such changing patterns of disease in Vietnam. The Franco-Vietnamese Hospital will help meet the acute shortage of quality hospitals by providing highly advanced diagnostic and surgical operations and modern equipment.

The 200-bed hospital, located in the South Saigon Development Area of Ho Chi Minh City, will offer modern facilities, international-quality services, a transparent pricing policy, and professional management. It will focus on day surgery operations that will save time and cost for the patients. Highly experienced French surgeons and doctors will work side by side with Vietnamese medical doctors and nurses, as well as other foreign staff, transferring advanced medical know-how to local medical professionals. The French doctors, many of whom are prominent within their profession, will work in the hospital two weeks per year on a rotating assignment basis. The Franco-Vietnamese Hospital will also collaborate with public hospitals and universities in Vietnam for public service programs. It will be the first hospital of this kind in Vietnam.

IFC committed \$8 million this year to support the \$40 million project. We worked with the sponsors of the project, a group of French medical doctors, for two years in advance of construction. We have been instrumental in developing the project's concept and in ensuring that services are affordable to a large segment of the population from the outset. The scale of the project will be modest but will include social outreach efforts and programs for low-income families. We encouraged the Asian Development Bank, Proparco (the private arm of the Agence Française de Développement), and the Bank for Investment and Development of Vietnam (a Vietnamese bank) to participate along with us in financing the project.

Construction is underway, and the hospital is scheduled to open in January 2003. IFC will continue monitoring the project to ensure successful implementation of environmental and social commitments and the development of sound corporate governance practices.



PROJECTS AND COUNTRIES

East Asia and the Pacific, FY00-FY02

| COMMITMENTS | | FY00 | FY01 | FY02 |
|---------------------|--|------|------|------|
| Number of projects | | 20 | 20 | 33 |
| Number of countries | | 9 | 6 | 7 |
| APPROVALS | | FY00 | FY01 | FY02 |
| Number of projects | | 29 | 31 | 38 |
| Number of countries | | 9 | 9 | 9 |

is for NCCB to become one of the best-managed commercial banks in China. In the region's other transition economy, we invested in Vietnam Enterprise Investment, a closed-end country fund that will support a balanced portfolio of domestically owned and managed companies. It will strengthen Vietnam's fledgling capital markets and help build an institutional investor base.

Fostering links between the housing and financial markets is a priority for IFC. In China, we made an equity investment to support the development of mortgage servicing in China through Advantage China Holdings. As one of the first mortgage service companies for China, it is expected to help banks

strengthen their credit assessment capabilities. A planned investment in Korea Housing Finance will encourage the housing market there by supporting the origination of home mortgages through nonbanking financial institutions and the issuance of mortgage-backed securities.

Strong and vibrant small and medium enterprises are important for sustainable growth and development. In East Asia and the Pacific, IFC does much to aid these businesses through the Mekong Project Development Facility and the South Pacific Project Facility. Our assistance to financial institutions typically benefits their smaller business clients. We are also developing new methods and technolo-

gies for reaching small and medium enterprises. This year we invested in SMELoan (see sidebar). This young company provides working capital loans by utilizing an innovative credit-scoring method and an Internet-enabled technology platform. Our investment will allow the company to complete its technology development, securitize its portfolio, and expand operations into new markets in the region.

The China Project Development Facility, dedicated to promoting small and medium enterprises in China's interior provinces, established operations this year. The facility is providing training and capacity-building services to businesses and financial institutions in Sichuan Province. This year, with support from the South Pacific Project Facility, we also established a venture capital fund to help small and medium enterprises in Samoa. It addresses the substantial lack of equity or quasi-equity funding for the many poorly capitalized Samoan businesses.

Weak corporate governance was a major contributing factor to the Asian financial crisis of the late 1990s. As we sharpen our focus on the long-term sustainability of our projects in East Asia, we recognize that the dissemination of best practices in corporate governance is becoming critical. We are encouraging better governance through our role as an investor as well as through technical assistance to companies and market regulators that may be unrelated to our investments. This year we helped establish the Korea Corporate Governance Fund, which will create value for investors by identifying, investing in, and supporting medium-sized Korean companies that implement the highest international standards of corporate governance. We expect to commit funds to this project in FY03 (see p.15).

Corporate governance has moved to the center stage of enterprise reform in China, and we have worked with authorities to improve such practices. With funding from Australia, IFC organized training for independent directors. This activity responds to a Chinese Securities Regulatory Commission initiative to introduce independent directors to the boards of companies. We collaborated with the World Bank on a study of corporate governance and enterprise reform in China. We are also backing the China Securities Regulatory Commission's efforts to strengthen the corporate governance of institutional investors.

The experience of countries in crisis has revealed the need for greater participation of the private sector in the provision of social services. The need for better health and education is particularly acute in the transition economies of the region, where such basics are an integral part of reforms in the enterprise and social security sectors. To further higher education, we made an investment in RMIT Vietnam International University, the first foreign-owned university in Vietnam. The university will contribute to improving the global competitiveness of the Vietnamese work force. We also invested in the first modern hospital to attract foreign investment. It will offer modern equipment and facilities to reduce the shortage of high-quality hospital care (see sidebar). These projects are the first education and hospital projects to emerge under a new law promoting foreign private investment in health, education, science, and research.

This year we made our first investment in Chinese health care. IFC's loan to Zibo Wanjie Radiation Company will help expand and upgrade cancer treatment facilities at the Zibo Wanjie Tumor Hospital, a private hospital specializing in treating cancer with advanced radiology (see sidebar).

CHINA

Improving health care

This year IFC provided debt financing for the Zibo Wanjie Tumor Hospital, a cancer treatment facility in Zibo, Shandong Province. This project, which will help fund the hospital's expansion, is our first health care investment in China.

Cancer has become one of the leading causes of death in China, largely because of increased smoking and heavy pollution. Lack of cancer care facilities is a heavy drain on the resources of public hospitals, while cancer patients are restricted to China's major cities when seeking advanced treatment. This project will support the tertiary public health care delivery system through greater availability and distribution of high-quality, patient-centered care.

Under the expansion plan, the hospital will install a state-of-the-art proton treatment system. Over the past three years, IFC has been able to mobilize health care and cancer treatment experts to review the practices at the hospital and make recommendations for improvements. IFC also commissioned an independent fire safety audit and made recommendations for meeting international health and safety standards. IFC helped arrange a strategic medical alliance with Canadian Medical Services International, a consortium of hospitals in British Columbia, aimed at improving management practices and treatment.

IFC provided a \$15 million loan and mobilized 100 million renminbi from a domestic bank to complete the debt financing needed for expansion. IFC assisted the hospital in securing the longer-term financing necessary for this type of project, and our participation was critical for attracting support from the local bank, China Construction Bank. IFC helped the sponsors gain experience in international financing as well as in prudent corporate governance practices.

Bangladesh
 India
 Maldives
 Nepal
 Pakistan
 Sri Lanka

SOUTH ASIA

LEADING INVESTMENT IN UNCERTAIN MARKETS

With half the world's poor living in South Asia today, the work of IFC in this region is central to our mission of poverty reduction. This year, IFC's private investment activity was especially important because of reduced international capital flows to emerging markets and trends in local financial markets that limited the availability of domestic capital.

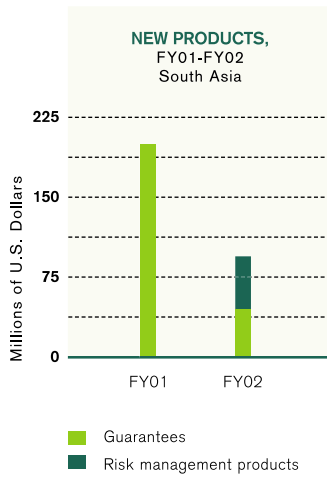
PROJECT FINANCING AND PORTFOLIO / Millions of USD

| | FY01 | FY02 |
|--|--------------|--------------|
| Financing committed for IFC's account | 362 | 250 |
| Loans | 62 | 95 |
| Equity and quasi-equity* | 100 | 61 |
| Loan guarantees and risk management | 200 | 95 |
| Loan syndications signed | 12 | 17 |
| TOTAL COMMITMENTS SIGNED | 374 | 267 |
| Committed portfolio for IFC's account | 1,931 | 1,792 |
| Loans | 1,008 | 954 |
| Equity | 602 | 541 |
| Loan guarantees and risk management | 321 | 298 |
| Committed portfolio held for others (loan participations) | 403 | 329 |
| TOTAL COMMITTED PORTFOLIO | 2,334 | 2,121 |
| Financing approved for IFC's account | 510 | 259 |
| Loans** | 123 | 113 |
| Equity and quasi-equity* | 112 | 58 |
| Loan guarantees and risk management | 275 | 88 |
| Loan syndications and underwriting | 18 | 45 |
| TOTAL FINANCING APPROVED | 529 | 304 |

* Includes loan and equity-type, quasi-equity investments
 ** Includes stand-by facilities

Despite historically high domestic savings, financing for private investment remains scarce throughout South Asia. In India, domestic financial scandals exacerbated the downturn in equity markets prompted by the global slowdown. Across the region, companies were effectively closed out of public offerings in domestic markets and had severely restricted access to private equity capital. Meanwhile, high levels of nonperforming assets undercut the ability of domestic financial institutions to extend term loans. Large government fiscal deficits are crowding out the limited supply of available credit, keeping real interest rates high.

As a result of these conditions, we have placed our top priority on innovative ways to mobilize capital in domestic financial markets. South Asia also



IFC has been introducing new products to serve clients better. During FY02 IFC committed for clients in the South Asia region \$45 million in loan guarantees and \$50 million in risk management products.



DEMETRIOS PAPATHANSIOU (2)



NEERAJ JAIN



TOP: Microenterprise in India.

ABOVE AND LEFT: SREI International Finance, funded by the Global Environment Facility, extended consumer financing to provide solar home systems loans for customers living in remote regions and islands of West Bengal, India.

receives less foreign direct investment per capita than any other region of the world, so IFC has an important role to play in encouraging increased international capital flows.

Private provision of infrastructure is our second priority. Poor quality and insufficient infrastructure is a major constraint to development in the region. Yet private infrastructure projects have struggled in the face of uncertain and unstable political and regulatory environments. As a result, our intensive efforts to support infrastructure projects have yet to yield many investments in this sector.

South Asia had more than its share of political tremors in the past year. For those already cautious because of the global recession, this uncertainty led to a pullback in private investment

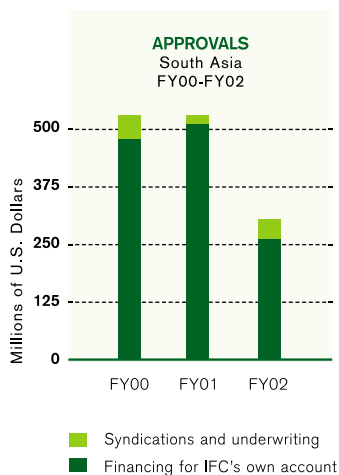
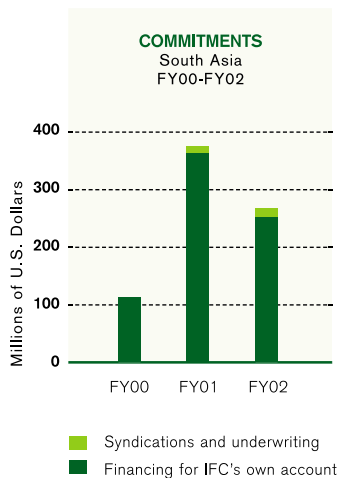
PAKISTAN

Leasing for the smallest businesses

Network Leasing is pioneering the use of leasing to finance microenterprises. Since 1993, it has built a portfolio of about 2,000 leases comprising mainly urban and suburban low-income clients borrowing to invest in income-generating assets. The average lease size is roughly 150,000 rupees (\$2,500). Twenty-three percent of its lending is to enterprises owned by women. Unlike most of its peers, Network Leasing has been profitable since inception and has grown consistently over five years, averaging 13 percent compounded growth a year. Delinquency rates have remained low, at just over 3 percent.

Despite this impressive track record, banks have typically charged Network Leasing more for loans than they charge other leasing companies that focus on writing larger-ticket businesses and therefore have fewer clients and a lower cost base. Network Leasing's concentration on its core microbusiness client base gives it an inherently higher cost of operations. As a result, banks perceive its business to be higher risk.

IFC plans to guarantee \$2 million equivalent in local currency loans to Network Leasing from a locally represented bank. As well as meeting the company's immediate financing needs, the loan is expected to encourage the local bank to develop a closer relationship with the company and thus dispel some of the misconceptions about its business, leading to lower financing costs. This investment, if successful, should encourage Pakistani banks to lend to financial institutions engaged in microfinance and demonstrate the viability of microleasing. Network Leasing will support businesses that should help expand economic and employment opportunities.



PROJECTS AND COUNTRIES

South Asia, FY00-FY02

| COMMITMENTS | | FY00 | FY01 | FY02 |
|---------------------|--|------|------|------|
| Number of projects | | 9 | 26 | 15 |
| Number of countries | | 4 | 5 | 5 |

| APPROVALS | | FY00 | FY01 | FY02 |
|---------------------|--|------|------|------|
| Number of projects | | 26 | 32 | 14 |
| Number of countries | | 4 | 6 | 3 |

COURTESY OF SUNDARAM HOME FINANCE (2)



ABOVE AND OPPOSITE PAGE: Sundaram Home Finance's services include a mobile office, providing access to home loans for customers in small towns and villages of southern India.

across the region. As a long-term investor owned by governments, IFC is better placed than most to weather these storms, and we have focused over the past year on helping our clients deal with the challenges such conditions create.

In Pakistan, IFC was able to support the restructuring of four client companies, Sarah Textiles, Crescent Greenwood, Fauji Cement, and Maple Leaf Cement, laying the foundation for their future growth. In addition, IFC invested \$30 million alongside foreign and domestic investors in Lasmo Oil Pakistan to produce gas from the Bhit field in Sindh Province. This will tap an estimated 633 billion cubic feet for sale to one of the country's gas utilities, while providing an important signal to foreign financiers that good investments can be made in Pakistan despite the difficult conditions. This year we

also approved investments in two innovative microfinance institutions in Pakistan, First Microbank Ltd. and Network Leasing (see sidebar).

In India, IFC helped overcome the limited availability of long-term financing by using its strong credit rating and expertise in financial structuring to encourage domestic investors to buy longer-term debt. We provided a partial credit guarantee of a debt issue by mobile telephone network operator Bharti Mobile. By introducing new debt products, IFC helped develop a market in long-term financing. In addition, IFC put in place swap facilities with the State Bank of India. These have allowed IFC for the first time to lend directly to clients in rupees. This arrangement helps companies whose revenues are in local currency and for whom foreign currency borrowing may not be appropriate. For example, IFC extended a

rupee loan to Sundaram Home Finance to fund the growth of its mortgage lending business (see sidebar).

In addition, IFC focused on the pioneering application of technology by backing IT companies with potential for important contributions to economic development. One such investment was in Webdunia.com, which provides technologies that enable Web-based services to be delivered in many Indian languages. Another was an investment in a subsidiary of NIIT, one

of India's leading information technology education and software development companies. This project aims to bring computer and Internet-based education to children living in slums and rural areas (see p.12).

IFC also encouraged innovation by sharing its global expertise on new products with financial institutions in the region through major conferences on insurance and on financing for small and medium enterprises.



INDIA

Serving the housing market with a rupee loan

Rural and small-town residents—which account for 60 percent of India's population—have a great need for better housing. Yet few financial institutions are providing housing loans to this segment of the population. While this void presents a huge business opportunity, housing finance companies first need to establish long-term sources of local currency funding to be able to provide these loans.

Sundaram Finance Limited, one of the leading nonbank financial institutions in India, established Sundaram Home Finance with IFC support in 2000 and is now extending its reach to serve this hitherto untapped market in southern India. It will

also target self-employed individuals in urban areas, a group other lenders have avoided. IFC provided a rupee-denominated loan of Rs500 million (\$10 million equivalent) to fund mortgage loans to individuals for the acquisition, construction, and improvement of their homes.

The project marks a milestone in IFC's investments in India, since this is the first time IFC has been able to offer rupees directly to clients. Extensive preparatory work was required to obtain regulatory approvals and put in place swap agreements to hedge IFC's currency risk, but the arrangement lays the foundation for further rupee lending by IFC.



Women at work in Bangladesh. The SouthAsia Project Development Facility is being established to support small and medium enterprises in the region.

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

EUROPE AND CENTRAL ASIA

MARKET REFORMS SPUR PRIVATE SECTOR DEVELOPMENT

Private sector prospects remain strong throughout Europe and Central Asia, as the momentum for market reforms is robust and economies are expanding. The slowdown in the world economy during 2001 had an uneven impact in the region. The weaker outlook for exports, declining foreign direct investment, and higher energy prices weighed heavily on some economies, although most continued to grow.

PROJECT FINANCING AND PORTFOLIO / Millions of USD

| | FY01 | FY02 |
|---|--------------|--------------|
| Financing committed for IFC's account | 414 | 664 |
| Loans | 237 | 511 |
| Equity and quasi-equity* | 174 | 112 |
| Loan guarantees and risk management | 3 | 42 |
| Loan syndications signed | 96 | 74 |
| TOTAL COMMITMENTS SIGNED | 510 | 738 |
| Committed portfolio for IFC's account | 2,455 | 2,721 |
| Loans | 1,814 | 2,109 |
| Equity | 620 | 531 |
| Loan guarantees and risk management | 21 | 82 |
| Committed portfolio held for others (loan participations) | 879 | 666 |
| TOTAL COMMITTED PORTFOLIO | 3,334 | 3,387 |
| Financing approved for IFC's account | 719 | 1,138 |
| Loans** | 453 | 826 |
| Equity and quasi-equity* | 227 | 201 |
| Loan guarantees and risk management | 40 | 110 |
| Loan syndications and underwriting | 372 | 227 |
| TOTAL FINANCING APPROVED | 1,091 | 1,365 |

* Includes loan and equity-type, quasi-equity investments

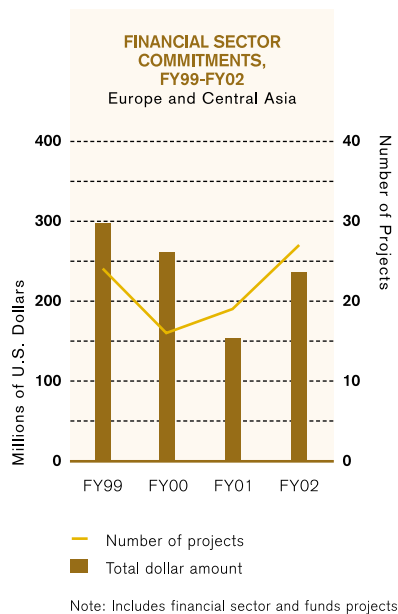
** Includes stand-by facilities

SOUTHERN EUROPE AND CENTRAL ASIA

Responding to crisis

Favorable political and economic developments in Bosnia and Herzegovina, the Federal Republic of Yugoslavia, and Romania helped those countries make substantial gains. The process of European Union accession has been a strong impetus for reform in Bulgaria, Romania, and Turkey. In southern Balkan countries, recovery from economic and regional political crises has increased investor and consumer confidence. In Central Asia, by contrast, Turkmenistan has exhibited weak commitment to market-oriented policies.

The economies of Turkey and FYR Macedonia stood out among those in southern Europe and Central Asia for



TOP: Tajik farmers registering their lands to become shareholders in the Farmers Ownership Model.

ABOVE: Farmers wait to register lands.

LEFT: A father urges his son to register family land.

failing to show growth. Turkey's economy, already in recession in early 2001, was especially hard hit by the September 11 events, which adversely affected the tourism and export sectors—mainstays of the Turkish economy.

IFC reacted promptly and decisively to events unfolding in Turkey this year. While many investors left the country at the onset of its financial crisis, we increased our activity substantially. We helped companies with good business fundamentals and prospects to restructure short-term liabilities, alleviate severe shortages of working capital, and survive in the face of shrinking short-term domestic demand by supporting their export efforts.

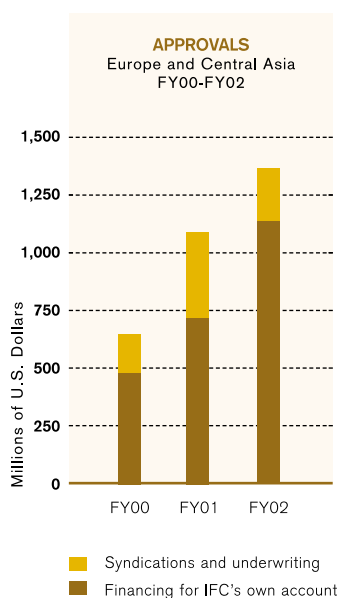
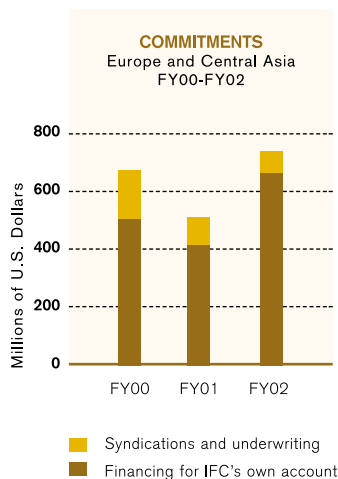
We assisted manufacturing companies—producing goods ranging from

TAJIKISTAN

A model for farmer ownership

IFC strives to create projects that contribute to poverty reduction and improve lives. In rural areas of countries without strong market-based economies, however, there are few models for IFC to follow. We must find new ways to be effective. This year in Tajikistan we established an innovative private sector initiative—the Farmers Ownership Model—to support the development of sustainable agriculture.

The project will help alleviate poverty among cotton farmers by allowing them to take control of their own commercial activities. The project was developed with an IFC loan and funding from Switzerland's State Secretariat for Economic Affairs. The Swiss-funded program is being managed by IFC's Private Enterprise Partnership. Under the project, a new joint-stock company, owned entirely by over 1,400 farmers, has been established with the necessary capital to supply its farmer-owners with crop inputs at affordable prices. A local team led by an experienced general manager will operate the cotton collection and marketing business to benefit the farmers. The pilot project, if successful, can be rolled out in other parts of Tajikistan and to other agricultural countries.



PROJECTS AND COUNTRIES

Europe and Central Asia, FY00-FY02

| COMMITMENTS | FY00 | FY01 | FY02 |
|---------------------|------|------|------|
| Number of projects | 45 | 44 | 60 |
| Number of countries | 20 | 21 | 19 |

| APPROVALS | FY00 | FY01 | FY02 |
|---------------------|------|------|------|
| Number of projects | 47 | 58 | 71 |
| Number of countries | 19 | 23 | 18 |

tissue paper to glass to colored woven shirting fabrics—in mitigating falling domestic sales by increasing exports. IFC helped Modern Karton, Turkey’s largest producer of corrugated packaging materials, emerge from the crisis healthier and in a stronger competitive position. We also invested in Gunkol, a cooking appliances manufacturer, to enhance its export competitiveness by helping modernize and expand its manufacturing facilities.

Strategy

The focus of IFC activities is on countries at the frontier of private sector development, which includes nearly all of southern Europe and Central Asia. Most of the countries in this part of the world are poor, with small markets and weak financial intermediaries. Small and medium enterprises dominate the private sector. Here, our activities centered on building intermediaries to help channel funds to the SMEs. We also supported manufacturing and services projects and undertook a multiyear effort to encourage infrastructure development.

Although micro and small enterprises are typically the driving forces behind private sector economic activity in the region, they are often overlooked by local commercial banks. As a result, these businesses have practically no access to credit. To fill this gap, IFC has been especially active in developing specialized microfinance institutions. This year we made new microfinance commitments in Romania, the Kyrgyz Republic, and F.R. Yugoslavia. The focus of the microenterprise banks is on providing credit and other financial services to micro and small enterprises. Our investment in Micro Enterprise Bank of Kosovo is creating jobs and bridging ethnic differences by helping communities work together on small-scale projects. In the Kyrgyz Republic

our investment in a microfinance institution will help poor families support themselves and improve their standard of living (see sidebar).

Established banks in the region are also our partners in channeling funds to the small and medium enterprise sector. This year we invested in two small Moldovan banks to transform them into sustainable, competitive financial institutions and to build their capacity to support smaller businesses. In Kazakhstan we developed an economically sustainable model that encourages a large corporation to provide new opportunities and assistance to smaller businesses through its supply chain. We expect this project to be a model for other large companies and thus expand its impact.

In a few instances, we invested directly in smaller businesses. In the Kyrgyz Republic, for example, we invested in Akun, which will expand its flour plant to produce pasta. In Tajikistan, we invested in an innovative pilot project to alleviate the acute poverty of over 1,400 cotton farmers (see sidebar). The Farmers Ownership Model established under the project aims at empowering farmers to take control of their own commercial activities.

To increase the availability of capital to businesses, we invested in financial intermediaries throughout the region. In Bosnia and Herzegovina, we supported a landmark bank privatization. To expand reinsurance capacity in the local market and encourage further deregulation in Turkey, we invested in Milli Reasurans, a leading reinsurance company.

To help ease the shortage of private equity in Turkey, we invested in Turkey Venture Partners. In F.R. Yugoslavia, we provided financing to Raiffeisenbank to establish a solid intermediary source of long-term

COURTESY OF VOLGA-DNEPR AIRLINES



IFC financed Volga-Dnepr Airlines, a Russian-registered worldwide charter cargo transport company.

BOSNIA AND HERZEGOVINA

Landmark banking sector privatization

IFC structured financing to settle the crippling liabilities of several state-owned banks in Bosnia and Herzegovina. Our work paved the way for the sale of these banks to strategic foreign investors.

Privredna Banka Sarajevo and its spin-offs, or the PBS banks, faced a major stumbling block to privatization. These banks had inherited burdensome liabilities from prewar guarantees. This made it impossible to attract strategic investors before these obligations were settled, while the bank faced the threat of liquidation by December 31, 2001.

To solve this dilemma, IFC developed a plan to create a special-purpose vehicle that allowed the banks in the group to stave off liquidation and move toward privatization. With funding from IFC and the manager of the special-purpose vehicle, B.P. Invest Consult (Austria), all creditors' claims have been settled at a discount. In return, the vehicle acquired majority stakes in selected PBS banks, which were then considered privatized. Technical assistance for this project was supported by Sweden. This privatization will make possible a significant improvement in the financial sector and promote progress in financial intermediation to private sector companies in Bosnia and Herzegovina.

funding for corporate and retail clients as well as housing finance.

We assisted the Macedonian textile company Teteks in increasing its export competitiveness while recognizing its responsibility to workers. As part of its efficiency program, the company established a fund to help displaced workers start their own businesses. In Romania IFC invested in the modernization of the cable manufacturer ICME ECAB to reduce production costs and expand its range of products.

IFC continues to pursue infrastructure development, with a special emphasis on alleviating the power shortages that impede economic growth and development. While a privatization of power distribution in Moldova has been promising, elsewhere we have

faced challenges in identifying investment opportunities and attracting international investors (see p.16).

CENTRAL AND EASTERN EUROPE

Responding to the improving economic conditions in the region, IFC significantly increased its investments and technical assistance in Central and Eastern Europe. Recovery and growth in the Russian economy brightened the business opportunities in Eastern Europe. As the Central European countries moved closer to accession to the European Union, their need to build financial institutions and complete their privatization efforts became more acute. In contrast, continuing difficulties in the business



IFC is supporting technology-based companies in Central and Eastern Europe.

Support for private sector rebuilding

IFC is supporting the private sector in the Federal Republic of Yugoslavia to help the country rebuild. This year we invested in Tigar, a leading tire and rubber goods producer and a key employer in F.R. Yugoslavia. The euro 20 million investment is the largest private investment in a single Yugoslav company in more than 10 years.

After a decade of war and international isolation, Tigar's production capacity and product competitiveness have been substantially challenged. Nevertheless, the company succeeded in continuing its operations, maintaining its position as the second-largest exporter in Yugoslavia, with Western Europe accounting for more than two-thirds of its market.

Our investment will support Tigar's comprehensive two-year expansion and restructuring plan, which includes a corporate modernization program and consolidation of its existing strategic alliance with Michelin, a leading multinational tire company. In addition, IFC is providing Tigar with extensive technical assistance supported by the Swedish development agency SIDA and by SEED, the IFC-managed enterprise facility in the Balkans. The program is intended to create a sustainable strategy for Tigar's noncore businesses and generate new employment opportunities in small enterprises in the Pirot area.



ABOVE AND RIGHT: In Central and Eastern Europe IFC supports a range of manufacturing businesses, including those in pulp and paper and packaging.



COURTESY OF INTERCELL

environment in a few countries of the region prevented IFC from identifying viable investments. In those countries the IFC-managed Private Enterprise Partnership worked to strengthen the private sector.

Our emphasis in Eastern Europe is on investing in high-impact operations, building sustainable institutions, and pushing further into frontier markets and sectors. Working with carefully chosen local partners to improve transparency and corporate governance, we aim to attract foreign investment and technology. We help build basic financial infrastructure and are strengthening financial institutions by introducing new lines of business. We also work on nurturing the business environment for small and medium enterprises through grass-roots technical assistance.

In Russia, we supported a long list of financial companies as part of our strategy to build regional financial institutions outside Moscow. We financed NBD Bank, Center-invest, and Industry & Construction Bank, which combined loans and hands-on technical assistance. We provided our first partial guarantee of ruble certificates to Russian Standard Bank. Small Business Credit Bank (KMB Bank), a

bank specializing in small and medium enterprises outside Moscow, will increase its lending with financial support from IFC. Baltiskii Leasing and Delta Leasing promoted leasing to small and medium enterprises. Through loans to Delta Credit, we completed our first housing finance deal in Russia, and through the Russian Pre-Export Finance Facility we supported export credit for the first time.

In Central Europe, impending EU accession sharpened our focus on socially and environmentally sensitive sectors and regions. Our growing familiarity with the region and expanding contact network led to innovative approaches, particularly in financial markets.

IFC continued to pursue its efforts to attract investors to frontier countries in the real sector through investments with foreign sponsors in the telecom, furniture, packaging, and ceramic tile sectors in Russia.

In Central Europe and the Baltics we are becoming increasingly selective in our support outside the financial sector, but we did participate in a number of innovative projects this year. We invested in the recently privatized Estonian railways to heighten the country's viability as a transit link between Europe and Asia. We also

COURTESY OF FINCA (3)



LEFT TOP: Sononya Zhanazarova (left) and another member of her village banking group at Sonya's stall.



BELOW AND LEFT BELOW: Village banking substitutes group guarantees for collateral-based lending.

KYRGYZ REPUBLIC

Helping women fight poverty

Entrepreneurs and their enterprises need ongoing, reliable access to loans at commercial interest rates to meet market demands. Working with FINCA International, an established microbusiness lender, IFC is trying to ensure that even the smallest businesses can flourish.

FINCA serves a market that can benefit greatly from additional funds. It targets low-income urban and rural women. Ninety percent of FINCA Kyrgyzstan's clients are women who borrow an average of \$120. FINCA's work provides evidence that poor women are good credit risks through their participation in a village banking program. It uses a lending technique that substitutes group guarantees for traditional collateral-based lending. The developmental impact of this project is expected to be very strong, because low-income women generally use enhanced earnings to improve family education and health.

An example of this is found in the experience of Sononya Zhanazarova, or Sonya, from Naukat, a farming town in the red hills about 40 kilometers from the regional capital. She and her husband had been living on a monthly pension of \$51, which Sonya needed to supplement by selling pistachios at the local produce market. She started business with a small bag of nuts. Not able to afford a stall in the produce hall, she

sold pistachios from a small table outside the building during winter freezes and the summer heat.

Sonya got together with 11 other women to form a village banking group. A \$40 loan from FINCA in 1996 allowed Sonya to buy more pistachios. Over time, her loans and business grew so that she could add new products to her inventory and rent a table inside the market hall. She continually adds more products and provides employment for her daughters-in-law. Although Sonya's retirement will have to wait, she has been happy to be able to provide for her growing extended family during difficult times.

This project was IFC's first equity investment in microlending in Central Asia. The FINCA Microfinance Resource is a funding vehicle in the Kyrgyz Republic in which we invested \$1 million. It will be managed on a commercial basis by FINCA International. The purpose of the resource is to provide much-needed capital for the expansion of FINCA Kyrgyzstan's existing operations. The funding vehicle has a three-year life, after which it will be converted into the equity of a new commercial microfinance entity or be liquidated. We will assist FINCA International in raising financing from trust funds and other donors to transform FINCA Kyrgyzstan into a commercially viable, regulated financial institution.

RUSSIA

Soft drinks all around

In the mid-1990s the Moscow-based beverage retailer Master was determined to break into production. Beginning its operations with 10 staff members in an abandoned Soviet-era building, Master is now one of Russia's leading modern soft drink producers. Today the company employs hundreds, managing offices in eight of Russia's regions and producing a wide range of soft drinks and juices. IFC has been a part of Master's growth. Master is one of eight companies that received loans from Moscow-based Probusinessbank with proceeds from IFC's \$5 million subordinated loan.

The loan to Probusinessbank is IFC's first loan to a Russian bank since the 1998 financial crisis. As the banking sector in Russia remains weak, stifled by a lack of capital and critical reforms, IFC combines technical assistance and investment to stimulate the sector's growth. The technical assistance to Probusinessbank, managed by IFC's Private Enterprise Partnership and funded by the IFC-administered UK (DFID) Trust

Fund, focused on improving the bank's strategy and organization, enhancing its lending practices, and strengthening its financial management and controls. IFC's technical assistance also included training the bank's staff to implement its new strategy of expanding lending to small and medium enterprises.

IFC's technical assistance to Probusinessbank is already yielding results. In 2001, with the increase in lending to the SME sector, the bank's assets grew by 27 percent. The bank's improved performance and increased transparency have also boosted investor confidence. In addition to IFC's loan, Probusinessbank received nearly \$20 million worth of financing from the World Bank and the Black Sea Trade and Development Bank.

In FY02 IFC launched similar programs with two more Russian banks: NBD Bank based in Nizhny Novgorod and Center-invest Bank based in Rostov-on-Don. Technical assistance to these two banks is funded by the IFC-administered Norway Trust Fund.

KAZAKHSTAN

Attracting investors

Good corporate governance that protects shareholders is critical to attracting new investment. Today, few companies in the former Soviet Union meet standards that international investors demand.

TuranAlem Bank, the second-largest private sector bank in Kazakhstan, asked IFC to help structure an equity issue and place it with international investors. This was challenging, because Kazakhstan's banking system is young and its securities market is small and illiquid. Potential investors risked local currency devaluation, lack of exit mechanisms, poor transparency, and few minority protections.

To attract investment, we structured a quasi-equity instrument that incorporated minority shareholder protections, including board representation, key operational and financial policy requirements to improve TuranAlem's corporate governance, and reporting in accordance with international practices.

participated in the development of retail space in Latvia, including renovation of buildings on UNESCO's World Heritage list, and we supported the renovation of a Soviet-era hotel in Lithuania to create the first hotel with conference facilities in Vilnius.

IFC has also launched or continued to work on approximately 30 technical assistance projects to strengthen the private sector in Eastern Europe and Central Asia through the Private Enterprise Partnership, which has new donor funds of more than \$32 million. In addition to donor funding, IFC contributes \$4.2 million each year to manage the partnership. The partnership has expanded its technical assistance to the Central Asian republics, and to Georgia and Azerbaijan. Technical assistance activities have increased the sustainability of IFC

investments in the automotive, furniture, forestry, dairy, and mining industries through support to local suppliers. It has also helped improve the regulatory environment affecting these businesses. Local companies in all sectors have benefited from training and consultation on their corporate governance practices, which are expected to broaden their access to both foreign and domestic investment.

We also advised governments on how to improve the investment environment and attract foreign investment. In particular, the Private Enterprise Partnership has made a significant contribution to bettering the legislative environment for leasing in several countries through work with local stakeholders in the private and public sectors.



COURTESY OF INTERCELL



COURTESY OF LINSTOW VARNER

ABOVE: Intercell, a pulp and paper manufacturer in Poland.

TOP RIGHT: Linstova Varner received IFC financing to develop the retail sector in Latvia.



COURTESY OF ELCOTEQ

RUSSIA

An innovative approach in the far east

Magadan is a city of 130,000 people in Russia's far northeast. Located off the coast of the Sea of Okhotsk and eight time zones east of Moscow, the city is covered by snow for three seasons of the year and receives only six hours of sunlight a day in the winter but more than 19 hours in the summer.

Completely dependent on air and sea for trade, the Magadan region is one of Russia's most remote territories and is known for its vast natural resources, such as gold and silver. Yet despite the richness of its resource base, the poor soil quality, permafrost conditions, physical isolation from the rest of the country, and extreme temperatures keep the region economically depressed, with 75 percent of the population living below the poverty line.

To improve the economic situation, Magadan regional authorities have taken some important steps to enhance the business climate and attract much-needed investment. Today, the region boasts one of the most business-friendly environments in Russia, with one of the fastest turnaround registration times for small businesses, and is home to two large Canadian investments in the mining sector. IFC is a participant in one of these.

Given that mining accounts for 60 percent of economic activity in the Magadan region, IFC's Private Enterprise Partnership has been evaluating ways to extend the development impact of foreign and IFC investment in the mining sector on the greater economy of the area. As a result, the partnership has recently forged a unique arrangement among the Canadian government (Canadian International Development Agency, CIDA), the Canadian mining company Bema Gold Corporation (Bema), and IFC to spur economic development in the region by forming closer business ties with Canadian companies. Magadan is

remarkably similar to Canada in climate and geography. It is these similarities that make Canada a particularly strong partner in bringing business know-how to this region of northern Russia.

The program aims to help Russian companies overcome basic but critical business barriers, including weak management skills, limited access to the mines, lack of market information, and few channels of financing. These actions will enable local firms to become suppliers to the mines and, in return, will help contribute to a more sustainable local economy by integrating local firms with foreign investments. "This project is a great example of private-public partnership. It is a win-win situation. It strengthens our bottom line while greatly contributing to local communities," commented Clive Johnson, president of Bema.

The larger goal of CIDA and the partnership in this initiative is to promote business development in the Magadan region. This will be accomplished in three ways. First, in the course of its work with selected SME mining suppliers, the project will ensure that any lessons learned and specific training materials developed are institutionalized with a number of local partners, such as schools and business associations. Second, through its direct work with enterprises, the project will identify key administrative barriers to business, raise awareness of these issues, and work with local and regional officials in cooperation with the business community to address them. Third, cross-cutting all facets of the initiative is an attempt to change the fundamental mindset and attitudes of local project participants toward the private sector—from entrepreneurs and enterprise managers to legislators and government officials.

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

LATIN AMERICA AND THE CARIBBEAN

DEVELOPING A BALANCED AND SUSTAINABLE PATH

The Latin America and Caribbean region is facing a difficult economic period. Beginning in mid-2001, growth slowed and poverty reduction stalled across the region. Confidence in the economy of Argentina was waning at the start of our fiscal year and then collapsed as the political situation and macroeconomic imbalances sent the country into one of the most severe crises in its history.

PROJECT FINANCING AND PORTFOLIO / Millions of USD

| | FY01 | FY02 |
|---|--------------|--------------|
| Financing committed for IFC's account | 705 | 1,144 |
| Loans | 553 | 833 |
| Equity and quasi-equity* | 151 | 294 |
| Loan guarantees and risk management** | 0 | 18 |
| Loan syndications signed | 312 | 330 |
| TOTAL COMMITMENTS SIGNED** | 1,016 | 1,474 |
| Committed portfolio for IFC's account | 5,204 | 5,584 |
| Loans | 4,050 | 4,431 |
| Equity | 1,122 | 1,115 |
| Loan guarantees and risk management | 32 | 38 |
| Committed portfolio held for others (loan participations) | 3,270 | 3,049 |
| TOTAL COMMITTED PORTFOLIO | 8,474 | 8,633 |
| Financing approved for IFC's account | 1,047 | 1,430 |
| Loans‡ | 696 | 1,026 |
| Equity and quasi-equity* | 241 | 303 |
| Loan guarantees and risk management | 110 | 101 |
| Loan syndications and underwriting | 437 | 1,400 |
| TOTAL FINANCING APPROVED | 1,484 | 2,830 |

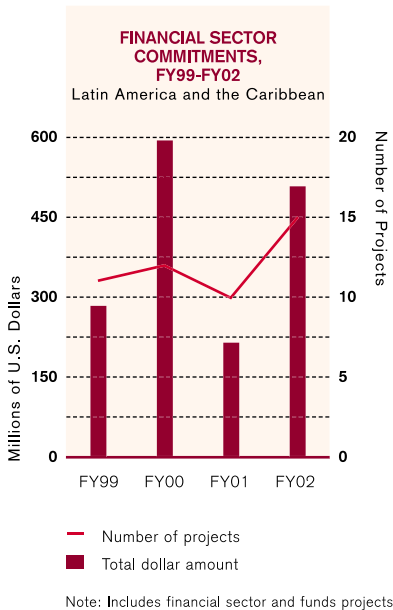
* Includes loan and equity-type, quasi-equity investments

** Revised FY01 figures

‡ Includes stand-by facilities

Private sector activities have ground to a halt in Argentina, where IFC has a large client base. The September 11 terrorist attacks deepened the region's economic problems brought on by the slowdown in the U.S. economy: trade, tourism, foreign direct investment, and remittances dropped significantly. A flight-to-quality mentality made it difficult for businesses other than top-tier companies to attract foreign capital.

Other issues clouded economic prospects at the national level. In Brazil, for example, a power crisis and political uncertainties are resulting in declining private debt flows, while domestic private sector financing needs remain high. Colombia's security risks increased after the government and the rebels failed to sustain peace negotiations. Venezuela is experiencing growing economic and social difficulties



TOP: IFC supports agribusiness in Latin America.

LEFT AND ABOVE: During FY02, IFC provided financing for Peru's Tecnofil to help it upgrade its copper products manufacturing processes.

as political troubles intensify and the fiscal deficit widens.

While risk-averse investors were discouraged by developments in many parts of the region, Mexico proved more resilient than other countries, attracting stable net private capital inflows. Prudent fiscal management and past reforms reinforced the private sector. Yet even with its investment-grade standing, Mexico faces new challenges to sustaining the competitiveness of its businesses in a global economy. It will be equally challenging for Mexico to provide its population—half of which is still poor—with an adequate standard of living, a prospect plausible only with sustained private sector-led economic growth.

Private sector development is urgently required. Critical to the region's development is stronger growth

BRAZIL

Responding to changing needs

Until recently, Brazil's investment climate was strong. The country has pursued structural reforms, stayed the course on fiscal adjustment, restructured its banking system, and enhanced bank supervision and regulation. These efforts have created a favorable climate for private sector investment.

This year, however, foreign investors fled emerging markets because of spillover effects of the persisting Argentine crisis coupled with global economic turbulence. Domestically, Brazil faced a slowing economy and increased political uncertainty before a presidential election. These factors hampered Brazilian firms' ability to raise the long-term financing necessary for maintaining growth.

In an effort to support Brazilian companies in the face of these challenges, IFC provided Banco Itaú and Unibanco with separate credit lines totaling \$250 million. The funding will be used to finance projects in infrastructure, energy, industrial expansion, and environmental upgrading.

The credit lines highlight our commitment to the country's economy and our ability to respond to the needs of our clients under shifting economic conditions. The loans will address economic bottlenecks that arose in Brazil this year, such as debilitating power shortages induced by the country's energy crisis. The loans are also likely to help strengthen the credit culture at two of Brazil's leading banks, mainly by supporting their growing project finance activities.

MEXICO

Environmentally responsible wood production

IFC's investment this year helped Mexican wood products company Holding Montealbán upgrade its production facilities, increase its capacity, and strengthen its distribution network. The company proactively employs environmentally responsible practices and has improved its business prospects as a result.

Holding Montealbán has been working with the Forest Stewardship Council for five years to obtain a chain-of-custody certification for certain product lines to verify that its wood is derived from sustainable sources. The company has already achieved 80 percent certification for its door lines and full certification for the targeted products of its sawmill subsidiary—the first for a Mexican firm.

International certification will allow the company to access the European Union market while supplying the North American market, which is increasingly adopting the same purchasing practices. IFC encouraged Holding Montealbán to enhance and formalize its existing technical assistance to help local communities improve forestry management and ensure the long-term sustainability of their practices. The program will facilitate community access to forestry programs, such as the World Bank's Community Forest Project, and offer direct advice. IFC helped the company improve its corporate governance and management practices and raise the environmental standards of its production facilities.

through higher investment and savings as well as a better distribution of the benefits of that growth. Failure to make progress in economic, financial, environmental, or social sustainability will undercut the ability of some countries to remain competitive. IFC brings special expertise in supporting sustainable businesses, and we are working with our clients to achieve higher standards.

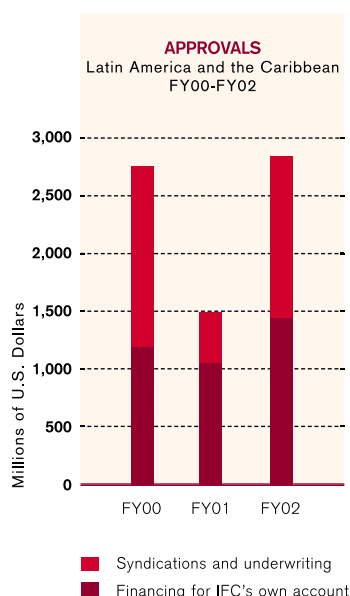
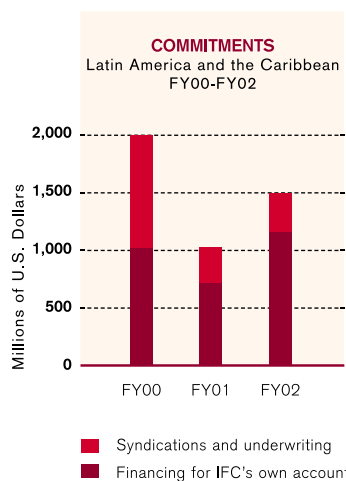
IFC is responding to the diverse challenges in this region. Because our resources are limited relative to the needs, we have selected transactions in sectors and companies that demonstrate both a sustainable impact and especially strong financial prospects, with the intention of catalyzing broader development. In FY02, IFC committed financing of \$1.1 billion to the region, including \$330 million in loan syndications for private financial institutions, or B-loans. Despite reduced appetite for risk among investors, evident from the overall drop in lending in emerging markets, we saw a small increase in B-loan lending. IFC was also able to show a higher volume of lending for its own account, fulfilling the requirements

mandated by our charter to catalyze investment in difficult climates.

A STRATEGIC BALANCE

The strong demand for our products and services from the region's private sector calls for a multifaceted strategy. In countries where the private sector faces lower capital flows and uncertain financial sustainability, IFC will concentrate on a core group of businesses to enhance their competitiveness and to strengthen their ability to withstand shocks. We will also work to improve the investment climate. In countries where the private sector enjoys better prospects, IFC intends to form a partnership with companies taking the lead in sustainability and governance practices. On a sectoral level, we are emphasizing building physical infrastructure, deepening financial systems, reaching smaller firms through financial intermediaries, targeting frontier countries and sectors, and supporting private participation in the social sector businesses.

As a result of the threat to private sector investments in the region and to our portfolio, we have sought to balance



PROJECTS AND COUNTRIES

Latin America and the Caribbean, FY00-FY02

| COMMITMENTS | FY00 | FY01 | FY02 |
|---------------------|------|------|------|
| Number of projects | 55 | 42 | 47 |
| Number of countries | 17 | 12 | 16 |

| APPROVALS | FY00 | FY01 | FY02 |
|---------------------|------|------|------|
| Number of projects | 58 | 54 | 55 |
| Number of countries | 15 | 14 | 16 |



LEFT: In Peru, MIBANCO received IFC support to help entrepreneurs.

BELOW: One MIBANCO customer displays her spools.



multiple objectives—maintaining profitability and efficiency and meeting the needs of the smaller and frontier clients facing high risks and requiring resource-intensive assistance in project preparation. IFC seeks to maintain a diversified regional portfolio with a reasonable mix of location and size. We pursue direct financing of larger clients where we have an essential role in providing otherwise unavailable long-term financing and can transfer best practice expertise in sustainable development and corporate governance. We also pursue investments in smaller projects with a good likelihood of success and demonstration impact. Finally, we are supporting a greater number of smaller enterprises through financial intermediation and technical assistance.

PROJECT ACTIVITY

Demand for IFC services was strong across the board during FY02. As a result, we supported some of the region's major companies, providing much-needed long-term finance and transferring know-how to enhance their competitiveness through financial and corporate restructuring. We introduced a higher standard of environmental, social, and corporate governance practices where we found opportunities to do so.

Notably, we supported companies in Colombia, including Suramericana (see p.24) in its financing of groupwide reorganization, a critical component of which involved improvements in corporate governance. In Brazil, we financed C.N. Odebrecht, a major construction company affected by the regionwide withdrawal of capital. An important component was to enhance its gover-

nance and sustainability activities. IFC also supported local small and medium electricity and water projects in Brazil through financial institutions (see sidebar).

In Argentina, IFC's existing country portfolio has been adversely affected by the economic crisis. With government reaffirmation of our preferred creditor status, however, we are working closely with our clients to help them overcome the harsh economic conditions, as evidenced by our support to Aceitera General Deheza, a major Argentine exporter of soy products. Upon reestablishment of a stable macroeconomic framework, IFC stands ready to further support private sector partners in Argentina.

IFC along with donors provided technical assistance, advisory services, and thematic seminars to strengthen regional businesses. These activities complement and reinforce our financing and sustainability efforts. We have been especially active in support of improved corporate governance. We held a corporate governance seminar in Rio de Janeiro that was well received by the 70 business leaders who participated. IFC is also a sponsor of the Novo Mercado, a new division of the Brazilian stock exchange that lists only companies meeting high standards of corporate governance. With IBRD and OECD, IFC sponsored the third Latin American Corporate Governance Roundtable in Mexico. In Colombia, we sponsored a related seminar for managers and investors. IFC is also assisting in the establishment of institutes of corporate governance that will provide training to company directors in the region.

LATIN AMERICA

A new partner to support small businesses

FUNDES offers small and medium enterprises throughout Latin America an integrated package of services. The Costa Rica-based organization has a strong track record of cost recovery, and expanding its model has earned it a reputation as one of the world's best networks for providing technical assistance and capacity-building products to small businesses. Over 18 years, FUNDES has worked with more than 80,000 businesses, centering its efforts on expanding entrepreneurs' access to management skills and financing and improving the local business environment.

This year IFC and FUNDES became partners, agreeing to work together to build the small business sector. FUNDES received two rounds of support totaling over \$1 million from IFC's SME Capacity Building Facility. The facility is a flexible, new, quick-response financing instrument that helps the World Bank Group, its partners, and local institutions do more to serve small and medium enterprises, especially by creating sustainable, effective local capacity.

Projects funded through this facility have worked to improve the business-enabling environment for small entrepreneurs in Bolivia and Costa Rica, to strengthen their knowledge management systems, and to link local businesses more closely to the large Yanacocha gold mine in Peru. The growing relationship between FUNDES and IFC is expected to lead to future collaborative efforts.

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

MIDDLE EAST AND NORTH AFRICA

GROUNDWORK FOR PRIVATE SECTOR-LED GROWTH

The Middle East and North Africa region is diverse, with a complex political and economic climate. Economic openness is uneven across countries, and ongoing conflicts take a toll on economies, hampering investment in the area. Foreign direct investment flows to the region continue to be among the lowest in the world. Combined with the heavy involvement of many governments in the business of business, the climate for private sector investment remains challenging.

PROJECT FINANCING AND PORTFOLIO / Millions of USD

| | FY01 | FY02 |
|--|--------------|--------------|
| Financing committed for IFC's account | 341 | 107 |
| Loans | 217 | 80 |
| Equity and quasi-equity* | 31 | 6 |
| Loan guarantees and risk management | 93 | 20 |
| Loan syndications signed | 615 | 31 |
| TOTAL COMMITMENTS SIGNED | 956 | 137 |
| Committed portfolio for IFC's account | 842 | 815 |
| Loans | 542 | 526 |
| Equity | 205 | 192 |
| Loan guarantees and risk management | 95 | 97 |
| Committed portfolio held for others (loan participations) | 734 | 733 |
| TOTAL COMMITTED PORTFOLIO | 1,576 | 1,548 |
| Financing approved for IFC's account | 327 | 157 |
| Loans** | 256 | 125 |
| Equity and quasi-equity* | 31 | 6 |
| Loan guarantees and risk management | 41 | 27 |
| Loan syndications and underwriting | 634 | 35 |
| TOTAL FINANCING APPROVED | 961 | 192 |

* Includes loan and equity-type, quasi-equity investments
** Includes stand-by facilities

Local and global conflict affected the MENA region considerably this year. Hostilities in the West Bank and Gaza have had a damaging effect on the economy, and standards of living have dropped significantly. Meanwhile, the September 11 attacks and their aftermath have discouraged tourism, which is a large source of foreign currency for Egypt, Jordan, and other countries in the region.

Economic growth in the region slowed due to the unfavorable economic environment and regional security issues. Despite slowing regional growth, however, oil-exporting countries benefited from rising export revenues, improved fiscal positions, and higher rates of investments. Similarly, among the diversified exporters, agricultural production and rural incomes received a

MATTIAS HEDINGER



PEER STEIN



TOP: A money changer in Kabul. IFC provided technical assistance to help establish a microfinance bank in Afghanistan.

LEFT: IFC provided financing for the Daaboul Company, which is constructing a linear alkyl benzene plant near Damascus, Syria.

strong boost from an end to long-standing drought conditions.

Sectors such as manufacturing and services continue to grow in most countries despite the difficult regional environment, and IFC has been available to help. We maintained a robust investment program in FY02, which followed the strongest single year ever of investment activity by IFC in the region. This year our dollar volume of investment was lower, since we supported a large number of smaller projects. Spanning a range of sectors, these projects are likely to complement the development impact of last year's investments, among which large infrastructure projects predominated.

SYRIA

Opening up the banking sector

Syria's banking sector was nationalized in 1961. Private sector companies in the country are offered limited services, and many have little access to capital to help them expand their businesses. Recently, Syria has sought to open up the banking sector to private investors.

IFC has agreed to structure and establish the Syrian Commercial Bank. The project is supported by the BLOM Bank of Lebanon, which will act as the technical partner, and a group of Syrian businessmen, who jointly control a majority stake. IFC will make an equity investment in the bank.

SCBank will serve private enterprises and improve the banking sector in Syria. This joint-venture bank is expected to draw on best practices from other countries and serve as a model for using modern banking techniques, upgrading standards, promoting competition, and increasing efficiency. SCBank will offer clients commercial banking products that are currently unavailable to retail and corporate customers in Syria. It will place a particular emphasis on offering new services to small and medium enterprises, which generate most of the economic activity in the country.

ALGERIA

Extending access to the financial sector

In Algeria, small and medium companies frequently have little contact with the formal financial sector. To address this problem, Algérie Leasing Corporation was established in 2002 as the first private sector company of its kind in the country. AL provides medium-term financial leases in the construction, transport, manufacturing, and agribusiness sectors, among others. The project also supports the diversification of an economy heavily dependent on the export of oil and gas.

Building on IFC's global experience in leasing and financial markets, the project will provide Algerian small businesses with increased access to finance, in many cases for the first time. Algerian banks, which generally lack leasing services capacity, are unable to reach that market. State-owned banks dominate the financial sector and are geared largely toward serving publicly owned companies, while private financial institutions need to offer new services to nascent private sector clients.

This project is expected to promote growth and increase competition in the financial sector, which should encourage new players to enter the market and support the development of new financial instruments for Algeria. IFC and the World Bank have played a role in developing leasing laws and regulations in the country since the mid-1990s. Support for AL demonstrates how an IFC investment can assist other World Bank Group institutions in developing private sector policy.

Countries that have made economic liberalization a priority are seeing the benefits and providing fertile territory for IFC private sector investment. Meanwhile, the controlled economic regimes in many countries in the region are less attractive for private sector development and investment. In such economies, IFC will continue to work with the World Bank to improve the investment environment in a manner that helps them achieve their full economic potential.

IFC committed 11 investments for \$137 million. Of that amount, \$31 million was for the account of banks participating in our B-loan program. At the end of the year, the total committed portfolio was \$1.55 billion in the region.

STRATEGY AND INVESTMENT

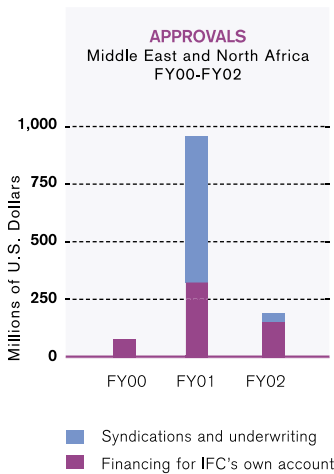
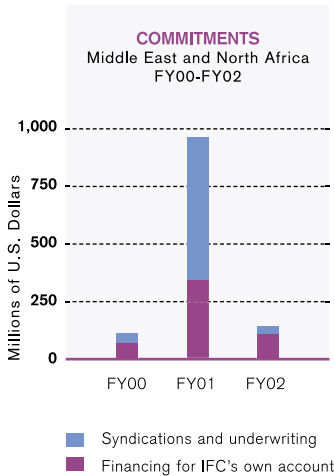
IFC strategy targets investments where our development role is the greatest. We look especially for opportunities to develop financial markets, to support small and medium enterprises, to encourage export-oriented manufac-

turing, and to finance infrastructure.

Our investments this year included a number of milestones. In Syria, we provided financing to SCBank, the first private sector bank in the country, and to Daaboul, a petrochemical plant producing feedstock for liquid soaps and detergents. We approved financing plans for IFC's first weather insurance derivative investment in Morocco to support the agricultural sector.

We approved a plan to invest in Algeria Cement Company that will support the first private sector cement plant in that country. It has the added benefit of enhancing intraregional investment by matching an Egyptian sponsor with Algerian businesses.

IFC has also played an instrumental role in the development of the financial sector through technical assistance. Examples of this type of activity in FY02 included advice to Syria on banking and Saudi Arabia on corporate bond issues.



PROJECTS AND COUNTRIES

Middle East and North Africa, FY00-FY02

| COMMITMENTS | FY00 | FY01 | FY02 |
|---------------------|------|------|------|
| Number of projects | 12 | 16 | 11 |
| Number of countries | 8 | 7 | 4 |

| APPROVALS | FY00 | FY01 | FY02 |
|---------------------|------|------|------|
| Number of projects | 16 | 15 | 14 |
| Number of countries | 10 | 6 | 7 |

LINKING FINANCIAL SECTOR AND SME ACTIVITY

Because many economies in the MENA region are dominated by small or medium enterprises, supporting them is critical to development. As a result, our investments in financial markets are ultimately structured to support smaller businesses. For example, we provided a trade enhancement facility for Algerian financial institutions whose clients are small and medium businesses. Similarly, our approved plan to guarantee a Saudi Orix Leasing bond issue will benefit smaller clients of the leasing company.

This year we also structured the new North Africa Small and Medium Enterprise Development Facility to benefit a large number of businesses in Algeria, Egypt, and Morocco. This facility will provide support and training to participating financial institutions to increase their capacity to service small businesses. Even our highly structured weather insurance derivative product, which will break ground by establishing a new financial instrument in the region, will greatly benefit smaller agricultural enterprises in Morocco, which are heavily affected by rainfall levels.

SUPPORT FOR EXPORTS

IFC invested extensively in projects that support exports, especially in Algeria, Egypt, and Jordan. Jordan has made significant investments in industrial zones to capitalize on its qualified industrial zone status, a special category of export zone established under bilateral trade agreements with the United States. These zones will help the expanding manufacturing sector in Jordan and increase its exports. Two such projects receiving IFC funding this year were Al Tajamouat Industrial City and Industry and Information Technology Park, both of which house foreign-owned manufacturing businesses for export. Other notable projects producing exports include Alexandria Automotive Casting (see sidebar), an automotive parts manufacturer in Egypt, and Middle East Regional Development Enterprise, a silica sand project in Jordan.

IFC continued to work this year with sponsors to develop projects in power, water, transport, and telecommunications. This business development work is expected to have benefits in future years.



MATTIAS HEDINGER

EGYPT

Supplying auto parts and technical know-how

As the auto industry has moved away from fully integrated production facilities, leading manufacturers have been looking for high-quality, long-term partners to supply parts and engineering know-how. In their search for lower-cost suppliers, European automotive companies in particular are turning to North African firms as the source of these components. Egypt, because of the ready availability of lower-cost labor and energy as well as its proximity to Europe, is a prime location.

IFC's euro 3.5 million investment in Alexandria Automotive Casting (AAC) demonstrates the potential of Egypt as a supplier. Continental Teves (CT) of Germany, one of the top manufacturers of automotive brake systems, approached the main project sponsor, the Mansour Group, regarding the supply of high-quality castings using state-of-the-art technology. IFC was able to provide long-term foreign currency financing, which was not available from the local banking sector; the total project cost will be \$14 million. IFC was also valued for its ability to ensure best environmental and social practices in the development of this project. IFC's participation is expected to provide a demonstration effect for other foreign investors to support export-oriented manufacturing in Egypt.

AAC will be located near the Alexandria port and will employ 35 workers. In its first five years of operation, AAC will have guaranteed exports of a certain volume to CT. After it has achieved full capacity and attained a proven product quality, it can seek other customers in the automotive industry.



ANNUAL REVIEW

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“Private enterprise, more often than not, can create public goods beyond tax revenue. And we all have a tremendous stake in helping companies do that. Particularly in the developing nations, we need to continue to make that case—the business case for sustainability.”

— PETER WOICKE, Executive Vice President, IFC

SUSTAINABILITY REVIEW

As public concern about environmental, social, and corporate governance issues grows, there has been more interest in the impact of businesses and financial institutions. Sustainability reporting is an increasingly common response by the private sector to this interest, whether undertaken on a mandated or a voluntary basis. Such reporting offers clients, shareholders, and other stakeholders a better and more comprehensive understanding of performance. Building on a number of reporting and accountability initiatives established by IFC in recent years, we continue to seek to produce better information than ever on the Corporation, as evidenced in this, IFC’s first Sustainability Review.¹

The review reflects the evolution of IFC’s approach to its key strategic priority of sustainable development. From its outset in 1956, IFC has aimed to promote economic activity that is sustainable over time, through long-term, financially viable private sector investment that demonstrates a positive economic impact. Since 1989, IFC has also required that projects comply with minimum environmental and social standards. Today, IFC is responding to a continuously changing business landscape by helping clients find opportunities to enhance the economic, environmental, social, and corporate governance impact of their projects, while reaping financial benefits from such actions.

The business case lies at the heart of IFC’s new approach to sustainability. We have found that in a growing number of our projects, the pursuit of self-interest is an effective complement to regulatory approaches for making progress on global sustainability. This has made sustainability an important vehicle for IFC to add value to our private sector clients and complement member countries’ own development efforts. With its commitment, experience, and resources, IFC is increasingly becoming the sustainability partner of choice.

¹ This section is based on our full Sustainability Review, which appears in Volume 2 of this annual report.

IFC'S MISSION *is to promote sustainable private sector investment in developing countries, helping to reduce poverty and improve people's lives.*

IFC, a member of the World Bank Group, is a global investor and advisor committed to promoting sustainable projects in developing member countries that are economically beneficial, financially and commercially sound, and environmentally and socially sustainable. We believe that sound economic growth is critical to poverty reduction; that it is grounded in the development of entrepreneurship and successful private investment; and that a conducive business environment is needed for private enterprises to thrive and contribute to improving people's lives. We seek to improve our performance by responding to clients promptly, sharing our successes, and learning from our experience. We are therefore committed to and strive to uphold the following principles:

Added Value

We add value to our developing member countries by:

- taking educated risks that the private sector will not take alone
- pioneering opportunities in frontier countries and sectors to maximize our projects' demonstration effect and catalytic role
- developing innovative new products and services that better meet our clients' needs
- providing quality advice when the private sector is unwilling or unable to do so
- sharing knowledge to promote successful private investment, entrepreneurship, and enabling business environments
- integrating best environmental, social, and corporate governance practices in all our work
- being responsive to the needs of our private sector clients in a timely manner

Integrity

We act with integrity in our transactions and daily work by:

- holding ourselves and our clients to the highest professional and ethical standards
- recognizing, in every investment, the importance and value of good corporate governance
- seeking to be transparent, accountable, and equitable
- being honest, open, and fair in our dealings with each other, with our clients, and with local communities

Environmental and Social Sustainability

We demonstrate our core commitment to sustainable development by:

- ensuring that our projects attain high environmental and social standards
- consulting with local communities on project-specific environmental and social impacts and opportunities
- working with responsible clients, other lenders, and local NGOs
- listening actively and responding to stakeholders and their concerns

“Financial markets are key in the pursuit of sustainable development because they hold the scorecard, allocate the capital, and provide risk coverage. By promoting sustainable investments, global institutions such as IFC have a unique opportunity to make a difference.”

— BJÖRN STIGSON, President, World Business Council for Sustainable Development

A CORPORATE PRIORITY

IFC has made sustainability a corporate priority because of the fundamental changes affecting our clients, our countries, and ourselves. Public understanding of environmental, social, and corporate governance issues is growing, driven by press reports, activism, and ever-easier communications. This heightened public awareness is driving changes in consumer behavior, investment, and pressure for policy or regulatory changes. All signs point to continued pressure for change.

IFC, as part of its sustainable development initiative, seeks to promote strong performance by the private sector to achieve greater economic, environmental, social, and corporate governance impact. This commitment to sustainability is a logical evolution of IFC's role, not a departure from its core business. It builds on IFC's experience in ensuring the long-term financial and economic viability of its investments and requiring compliance with minimum environmental and social standards.

The business case

A growing body of evidence holds that, in many situations, improved environmental, social, and corporate governance performance provides financial benefits. This is the business case for sustainability: a commitment to sustainable approaches is a wise business decision.

A new role for IFC is helping clients become aware of opportunities to be gained from sustainability, in addition to helping them determine how to meet IFC's minimum standards. Developing-country firms risk being left behind in this new area, missing opportunities, and finding themselves at a competitive disadvantage in an increasingly global market. IFC's efforts seek to address this imbalance. A business case database with over 400 firm-specific examples is a key tool for incorporating sustainability into IFC operations.

ECONOMIC IMPACT

The need for IFC investment

Limited access to equity or long-term debt financing in emerging markets can deter private investment. IFC plays an important role in promoting private sector-driven growth in emerging markets, providing long-term capital to private sector firms where it is otherwise not available, and reducing the aggregate volatility of capital flows to these firms.

IFC's country-level impact

IFC provides a wide range of advisory services to governments to improve the investment climate for private sector projects. In addition, IFC's transfer of knowledge and experience to domestic corporations plays an important role in efforts to improve the investment climate for member countries. To the extent that IFC models effective project structures in relatively risky environments and changes investor perceptions of risk and returns, IFC's involvement in a project encourages investments in other projects in the same market. IFC identifies how best to support the private sector development efforts of developing member countries through World Bank Group Country Assistance Strategies (CAS). In the CAS, IFC prioritizes investment and advisory goals in response to the specific needs of the country involved.

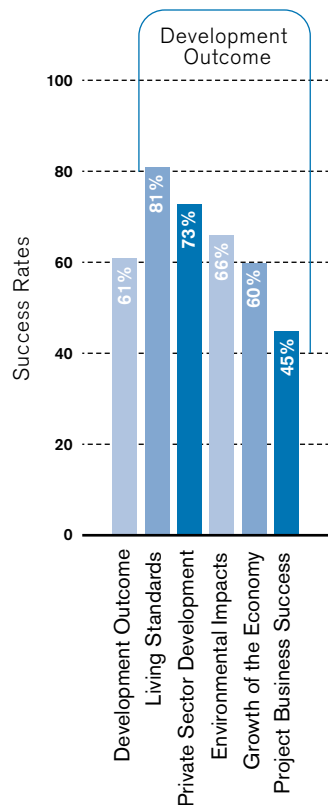
IFC's project-level impact

IFC has always defined a successful investment as one with sustainable financial as well as economic impact, that is, a profitable project not dependent on market distortions. IFC's concern has been both its projects' financial bottom line and the positive effects on the domestic economy, including measurable economic benefits and intangible ones.

OPERATIONS EVALUATION GROUP

Every year in its annual review, OEG evaluates IFC investment operations, analyzing the performance of randomly selected projects and describing the patterns that emerge from that analysis. The review draws lessons from past performance and makes recommendations to management and the Board for improving IFC's results in pursuit of its strategy.

In its most recent annual review of 171 projects approved during 1993–1995, OEG determined that 42 percent of IFC projects achieved both good development impacts and good investment results—so-called “win-win” outcomes. Taken separately, a higher proportion (61 percent) have achieved good development impacts than those attaining a satisfactory IFC profitability standard (49 percent). Eighty-one percent of projects reviewed have had a positive impact on living standards, while most made substantial contributions to private sector development, the environment, or overall economic growth. The review found that investments in those projects that are now part of the Corporation's strategic priorities have yielded better investment results and improved development impacts than have investments in nonpriority sectors. It also found that IFC projects have performed better in countries that have improved their investment climates over the past decade.



Strategic focus on multiplier effects

Certain sectors and types of projects can provide extremely large contributions to economic development, where multiplier effects in addition to the economically productive use of capital are significant. In its strategic focus, IFC seeks to emphasize those sectors, which include domestic financial markets, infrastructure, information and communications technology, and social sectors. Sixty-two percent of FY02 commitments, including IFC's own account and syndications, were in those sectors.

Economic high-impact framework

As part of the sustainability initiative and new departmental performance incentives, IFC has recently developed an economic high-impact framework that aims to better assess and articulate project impact.

This framework is still centered on positive economic contributions but is adapted to the broader sustainability approach, making it easier to compile information and report credibly. It seeks to capture multiplier spillover effects that benefit the economy but are hard to quantify or are not captured by a project and parallels our new approach to environmental, social, and governance impacts.

Corporate governance

The quality of corporate governance has become widely recognized as an important issue in developing countries. Improvement of corporate governance practices and support for firms that follow good practices contribute to development. Corporate leaders in all types of companies are beginning to realize that improved governance not only lowers the cost of capital but also improves company performance. IFC has placed increasing emphasis on improved corporate governance. It is one of the eight high-impact categories in the sustainability framework. IFC's Corporate Governance Group promotes good practices, trains IFC-nominated directors on boards of IFC investee companies, and advises government policy makers on improved governance frameworks.

“By integrating sustainability into its activities and modeling good practice, IFC can help improve the performance of other public financiers of private sector activities, such as bilateral export credit and investment promotion agencies.”

— FRANCES SEYMOUR, Director of Program in Institutions and Governance, World Resources Institute

ENVIRONMENTAL AND SOCIAL IMPACT

Safeguard policies and guidelines

IFC has developed safeguard policies and guidelines for environmental and social issues that project sponsors should adhere to during project preparation and implementation. These policies are derived from IFC's 46 years of experience in developing projects around the world, giving project sponsors a powerful tool for improving sustainability.

Environmental and social review

IFC's Environmental and Social Review Procedure guides IFC staff in the application of the policy and guideline framework to environmental and social analysis of IFC projects. These requirements are fully integrated into IFC's business processes and project cycle. An internal audit program, which is part of IFC's Quality Project Management, regularly reviews the performance of both the system and the individual project managers.

Quality Project Management

An internal environmental and social development management system for IFC was implemented in 2000 for direct investments and in 2001 for investments in financial institutions. The Quality Project Management (QPM) system in IFC's Environment and Social Development Department covers appraisal and supervision of projects, promotes consistency and best practice through a mix of guidance and formal requirements, encourages use of lessons of experience on the premise that good supervision starts when projects are being considered, encourages discussion and agreement on performance requirements, and helps develop consistent annual monitoring reports.

As part of QPM, the Environmental and Social Risk Rating (ESRR) system was introduced in March 2000 for all projects classified as category A or B (for a description of IFC categories, see IFC's Disclosure Policy and Tracking, p.71). The ESRR was introduced for financial intermediary projects in July 2001.

The ESRR is a simple, dynamic ranking tool to define supervision priorities. It takes into account risk factors, compliance factors, and management and reporting factors. Based on the questions related to each factor, the project is scored good, average, watch, or substandard. A substandard categorization may result from a number of factors, and projects that fall into this category are judged in the context of the investment situation. For example, projects may have yet to establish reporting requirements or have a relatively low impact. The ESRR allows IFC to take into account a complex web of factors in determining which projects should be identified for special supervision. It provides a more sophisticated approach than monitoring projects for simple guideline compliance.

As of June 2002, IFC had scored 79 percent of all companies in which it had investments, and 72 percent of scored companies were rated average or good. The number of substandard projects was 3 percent in June 2002. IFC environment and social staff prioritize supervision needs taking into account the ESSR ratings. Further data on performance are provided in Volume 2.

Environmental training for financial institutions

Since November 1997, IFC has complemented its environmental review processes with a program for training senior managers to implement in-house environmental management systems. The workshops have been delivered to over 300 top managers and staff of financial institutions from 45 nations.

“During the last few years IFC has been improving its focus on environmental matters. There are more consultations with local specialists and NGOs. I hope to see IFC provide more encouragement for the social contribution made by companies through microcredit, creation of job opportunities through small business development, and capacity building among local NGOs and communities.”

— CHOLPON DYIKANOVA, Director, Community and Business Forum, Kyrgyz Republic

Sustainability framework

As part of the sustainability initiative, IFC has a new role to play in helping clients become more aware of “added value” or “doing good” opportunities, in addition to helping them figure out how to meet IFC’s baseline of “do no harm” minimum environmental and social requirements. IFC and many of its clients already contribute to the provision of public goods. These contributions may not necessarily be recognized or given adequate credit, in part because they are more difficult to identify and articulate. IFC therefore developed, through internal and targeted external consultation, a sustainability framework to define more precisely what “doing good” means from an environmental, social, or corporate governance perspective. This framework does not change our minimum standards, and there is no policy requirement for any IFC project to meet a higher standard.

Both the sustainability framework and the economic high-impact framework were developed as tools to provide an objective, comparable, and credible basis for assessing the added-value contributions of IFC projects.

At the corporate level, the frameworks will help provide perspective on the aggregate contribution of IFC projects to long-term sustainable development. Within investment departments, the frameworks provide guidance for teams on what added value or beneficial high impact might look like. The frameworks will allow due credit to be given to those who make sustainable outcomes a priority.

Tracking and reporting high impacts

IFC has developed a pilot process for identifying, assessing, and tracking new commitments that have high beneficial impact in one or more dimension of financial, economic, corporate governance, or social performance. We are continuing to refine the two high-impact frameworks and modifying management reporting systems. As part of the pilot, we have reviewed the commitments reported during FY02 and have identified 88 projects, or 47 percent of commitments, as hav-

ing high impact in at least one of the dimensions. A sample of those projects is provided in Volume 2 for illustration.

IFC’s approach to key sustainability issues

A number of sustainability issues have the potential to affect the development impact of IFC investment activities and advisory work across departments. These issues include biodiversity, climate change, revenue management and distribution, and support for small and medium enterprises, including supply and distribution chain linkages, and HIV/AIDS. A detailed discussion of IFC’s approach to each of these issues is provided in Volume 2.

New markets and opportunities

A new role for IFC is helping clients become aware of opportunities to gain from sustainability beyond what they have to do as part of meeting the Corporation’s minimum standards. Along these lines, IFC is actively seeking ways to accelerate market acceptance of technologies, products, and operating practices that benefit the environment. We are acting as a catalyst to identify, develop, and structure innovative projects with environmental benefits and to mainstream those investments within the private sector and IFC.

IFC’s new environmental and social development facilities

IFC has established three new facilities specifically to support increased environmental and social sustainability. The facilities, approved by IFC’s Board of Directors in June 2002, address three core areas of IFC’s work:

- Mainstream project-related work (Corporate Citizenship Facility)
- Capacity building in financial markets (Sustainable Financial Markets Facility)
- Environmental projects and project components (Environmental Opportunities Facility)

TRANSPARENCY AND ACCOUNTABILITY

IFC's disclosure policy and tracking

IFC recognizes and endorses the fundamental importance of accountability and transparency in the development process. Under its disclosure policy, IFC releases a summary of project information (and environmental review summaries for Category B projects) 30 days prior to review of projects by the Board of Directors. Environmental impact assessments for Category A projects must be released 60 days in advance of Board review.

IFC's disclosure policy was substantially strengthened in 1995 and 1998 to increase the transparency of the Corporation's activities. Improvements included requiring local release and translation into local languages of Category B environmental review summaries. Local release and translation are also provided for Category A projects. Documents in English can be found at <http://www.ifc.org/projects>.

IFC released information on all FY02 projects approved (209) with the exception of rescheduling, restructuring, or rights issues for which the disclosure policy does not apply. A summary of this reporting and project categories are provided in the accompanying table.

| TRACKING IFC'S DISCLOSURE | | |
|----------------------------|-------------|-----------------|
| | COMPLIANCE* | NO. OF PROJECTS |
| Category A Projects | 100% | 6 |
| Category B Projects | 100% | 97 |
| Category C and FI Projects | 99.7% | 106 |

*Indicates the percentage of summaries of project information and relevant environmental documents that were released in compliance with disclosure policy.

Category A projects have the potential to produce significant adverse environmental impacts. Category B projects have fewer potential damaging impacts, such as those that are site-specific and are likely to be reversible. Category C projects are likely to have minimal or no adverse environmental impacts, and environmental documents are not required. Category FI projects relate to investments through a financial intermediary. If the projects financed by the intermediary may have adverse environmental impacts, the sponsor is required to undertake an environmental review of each project.

In rare instances, an internal waiver is granted to allow the public release of information less than 30 days prior to Board review of a project. This occurred once during FY02 in order to facilitate Board consideration of two comple-

mentary projects, for which public information had already been released on one of the two projects. Under normal circumstances, waivers are not granted, and Board meetings are rescheduled if adequate public notice is not provided in advance of project review.

IFC's full disclosure policy and links to detailed information on our projects can be found at www.ifc.org/policies.

Compliance Advisor/Ombudsman

The office of the Compliance Advisor/Ombudsman establishes a significant mechanism for accountability to IFC's and MIGA's member countries and civil society, particularly with respect to environmental and social performance. The office accepted 12 complaints during its second full year of operations. It completed its audit procedure and guidelines and provided extensive advisory activity. As the profile and potential of the ombudsman model became more apparent, other financial institutions and bilateral agencies have sought advice from the CAO office or have adopted its approach for governance and accountability.

IFC footprint

As the concept of sustainability gains wider acceptance, many banks and other financial institutions are looking for new ways of reporting their impact beyond the financial bottom line. Given the high priority placed on sustainability in IFC operations, management more carefully considered the Corporation's institutional footprint this year. This footprint comprises environmental, health and safety, and social impacts and includes management of buildings, employees, procurement, and interaction with IFC's immediate local communities (such as those in Washington, D.C.). We asked an external consulting firm to work with us to define the key areas of our footprint and carry out a performance review.

The review found that IFC's footprint achievements are not visible to internal or external stakeholders because of the lack of public disclosure. IFC is therefore not gaining full value and recognition, internally or externally, from existing programs and initiatives. IFC management will be reviewing the report to determine priorities for improvement.

"IFC's input improved communication with the community and municipalities and in this way enhanced our image and increased our number of clients."

— IFC CLIENT SURVEY, 2002

IFC'S FINANCIAL PERFORMANCE HIGHLIGHTS, FY01-FY02

| Millions of U.S. Dollars | FY01 | FY02 |
|--|-------------|-------------|
| CLIENT SERVICES—OPERATING INCOME (LOSS) | (73) | (56) |
| Loan—operating income | (28) | (125) |
| Equity/quasi-equity—operating income | (11) | 91 |
| Technical assistance | (13) | (21) |
| Contributions to facilities | (16) | (22) |
| Corporate charges and other | (5) | 21 |
| IFC TREASURY SERVICES—OPERATING INCOME | 314 | 217 |
| IFC OPERATING INCOME | 241 | 161 |

* FY01 comparatives have been restated to conform to current period allocations.

FINANCIAL REVIEW

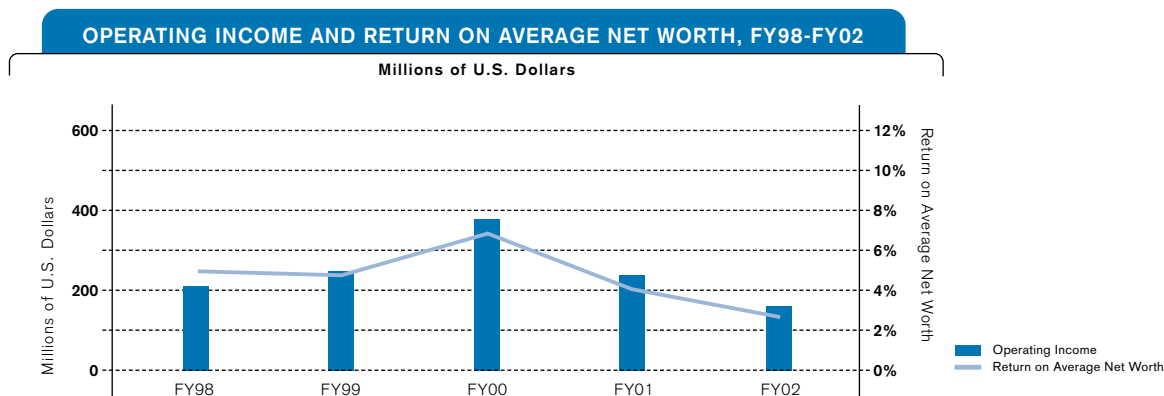
Operating income in fiscal year 2002 was \$161 million, below the \$241 million earned in FY01 and \$380 million in FY00 (operating income excludes the effects of accounting standards for derivatives and hedging activities; including these effects, IFC's net income totaled \$215 million in FY02, as compared with \$345 million in FY01). Operating income in FY02 comprised an operations loss of \$56 million on the Corporation's client services operations compared to a \$73 million operating loss in FY01 and operating income on treasury services of \$217 million, down from the \$314 million operating income in FY01. Overall, the Corporation's operating return on average net worth declined from 4.1 percent in FY01 to 2.7 percent in FY02.

The reduced operating loss on client services operations reflected higher realized equity portfolio income, offset largely by further deterioration in the loan and equity portfolio performance which resulted in a significantly higher level of loss provisioning than in the previous year. The loan portfolio generated an operating loss of \$125 million in FY02 (after charges for nonaccruals, specific loss provisions, administrative expenses, and borrowing costs—the latter restated to account for fair market gains and losses). This follows an operating loss of \$28 million in FY01. The equity and quasi-equity portfolios—that is, the portfolios funded from net worth—recorded operating income of \$91 million in FY02, compared to an operating loss of \$11 million in FY01. Realized capital gains from sales of equities totaled \$288 million compared with \$91 million in FY01.

Operating income from IFC's treasury services principally reflected a significant but reduced contribution from liquid

asset income. Income from treasury services totaled \$217 million in FY02, down from \$314 million in FY01.

New investment commitments for IFC's account amounted to \$3.1 billion (including \$0.3 billion in signed guarantees and risk management facilities), and an additional \$0.5 billion in loan syndications were signed. The disbursed investment portfolio of \$10.7 billion at June 30, 2002, stood 2 percent below its level at June 30, 2001. The Corporation's administrative expenses in FY02 grew 8 percent to \$327 million from \$304 million in FY01. Excluding jeopardy expenses, one-time charges, and after excluding the effect of reimbursed expenses, administrative expenses fell by \$5 million, from \$280 million in FY01 to \$275 million in FY02. As a share of average disbursed investment portfolio, total administrative expenses were 3.0 percent in FY02, up from 2.8 percent in FY01. However, as part of IFC's overall reorganization and also to address the impact on operating



income of the emerging crisis in Argentina, the Corporation implemented a series of efficiency and effectiveness measures in the second half of the year. IFC's borrowings continued to keep pace with its lending activities. New borrowings in the international markets totaled \$4.0 billion equivalent in FY02.

FINANCIAL PERFORMANCE OF MAJOR PRODUCT LINES

Disbursed and outstanding loans (excluding loan-type quasi-equities) declined 2 percent from \$7.0 billion in FY01 to \$6.9 billion in FY02. IFC's loan portfolio showed an operating loss in FY02 of \$125 million, compared to an operating loss of \$28 million in FY01. The net interest margin widened as base LIBOR rates continued to fall, but this was more than offset by lower interest collections in FY02 than in FY01, weaker investment-related service fee income, and substantially higher specific loss provision charges. The net loss on the loan portfolio was equivalent to 11.2 percent of capital employed, compared to 2.5 percent in FY01.

The equity and quasi-equity portfolio, IFC's net worth funded portfolio, fell by 2 percent in FY02 to \$3.9 billion. This portfolio recorded operating income of \$91 million in FY02, compared to an operating loss of \$11 million in FY01, mainly because of higher realized capital gains on equity sales. Realized capital gains from sales of equities totaled

\$288 million, and dividend income totaled \$140 million (compared with \$91 million and \$131 million, respectively, in FY01). This was equivalent to a return on capital employed of 2.8 percent in FY02, after a loss of 0.3 percent in FY01.

Total provisions for losses for FY02 were \$657 million, higher than the \$402 million provided in FY01. The accumulated reserve against losses on loans and equity investments increased to 25.8 percent of the year-end disbursed and outstanding portfolio, compared with 20.3 percent in FY01.

CAPITAL AND RETAINED EARNINGS

IFC's net worth principally comprises retained earnings and paid-in capital. IFC's paid-in capital was \$2.4 billion, unchanged from the end of FY01, while net income of \$215 million increased retained earnings to \$3.9 billion.

On June 30, 2002, IFC's capital adequacy ratio (paid-in capital, retained earnings, and adjusted general reserves compared with risk-weighted assets, both on- and off-balance sheet) stood at 49 percent. This is well above the policy minimum of 30 percent, defined under the capital adequacy framework adopted by the Board of Directors in May 1994. IFC's leverage ratio—which is outstanding borrowings and guarantees measured in relation to the sum of subscribed capital and retained earnings—was 2.8 to 1, well within the limit of 4.0 to 1 prescribed by the Articles of Agreement.

FUNDING MANAGEMENT

In FY02, IFC borrowed \$4.0 billion equivalent in the international capital markets. In FY02, IFC also repurchased \$186 million in outstanding debt. These repurchases were undertaken as part of IFC's strategy of enhancing the liquidity of its outstanding bond issues.

All borrowings were swapped into floating-rate U.S. dollars. Most loans made by IFC are denominated in U.S. dollars on a floating-rate basis. The below-LIBOR cost achieved through the use of currency and interest rate swaps as well as the income generated through debt repurchases also contributed to maintaining IFC's low funding cost and profitability in FY02.

IFC issued securities in three main currencies—U.S. dollars, Japanese yen, and Hong Kong dollars. The largest borrowing of the year was a US\$1 billion global bond issue, IFC's third such transaction. IFC also launched a domestic Colombian peso transaction, the first borrowing ever by a nonresident issuer.

On an after-swap basis, IFC raised 26 percent of total new borrowings in FY02 through its U.S. dollar benchmark issue, 6 percent via a Switzerland-targeted eurodollar borrowing, 51 percent through smaller structured trades targeted to Japanese institutions, 7 percent through borrowings sold to Japanese retail investors, 7 percent in Hong Kong dollars, and 3 percent in Colombian pesos.

LIQUIDITY MANAGEMENT

Total liquid assets grew to \$14.5 billion at June 30, 2002, a 9 percent increase from \$13.3 billion a year earlier. The majority of liquid assets are held in U.S. dollars, with small euro and yen balances held to support operational disbursements. Liquid assets were increased through the proceeds of new borrowings and interest income, but those increases were offset by debt repayments and new disbursements to clients. Total liquid assets are determined by constraints associated with IFC's AAA/Aaa credit ratings and, notably, by the pace of new market borrowings and disbursements to clients.

IFC's liquid asset portfolios performed well this fiscal year. In the wake of the September 11 attacks, the U.S. Federal Reserve eased monetary policy further in three interest rate reductions, while a sluggish U.S. economic recovery and ongoing risk aversion among international investors continued to support the U.S. Treasury market.

The liquid asset portfolios generated \$231 million in operating income after borrowing costs, with \$31 million in spread income from funded liquidity and \$206 million in income from net worth funded liquidity and gains, offset by \$6 million in administrative expenses. This compares with \$297 million during FY01, which included \$35 million in spread income from funded liquidity and \$267 million in income from net worth funded liquidity and gains, reduced by \$5 million in administrative expenses.

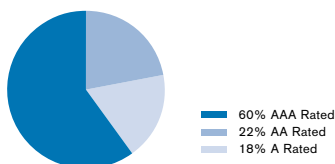
IFC's liquid assets are invested in line with policies and standards set under the Investment Authority granted by the Board of Directors. The authority specifies the types of instruments and entities eligible for investment. IFC is authorized to invest its liquid assets in the obligations of highly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

The P0 portfolio, launched in January 2002, is a cash account to process all of IFC's operational loan and equity disbursements and receipts and borrowing transactions, as well as to fund all of IFC's administrative expenses. P0 outperformed its overnight effective U.S. Federal Funds benchmark, delivering a return of 2.5 percent compared to 2.3 percent on the benchmark.

The P1 portfolio consists of funded liquidity, namely, the proceeds of variable-rate borrowings, which are invested in matching variable-rate investments pending disbursements of approved loans. IFC's objective is to capture a carrying gain on this portfolio with minimal exposure to market risk. This carrying gain averaged 0.3 percent during FY02, an excess return to benchmark of 0.3 percent but down from the 0.4 percent average carrying gain in FY01. FY02 saw the application and further consolidation of new performance measures introduced in FY01 in P1 (a new performance benchmark, the adoption of mark-to-market valuation, and value-at-risk), and a change in the investment style from one of buy-and-hold and based on booked yield of assets to a more actively traded style driven by total return on assets.

LIQUID ASSET ALLOCATION

Millions of U.S. Dollars



The P2 portfolio corresponds primarily to the Corporation's paid-in capital and retained earnings. P2 is managed against a three-year duration benchmark (including the residual fixed-rate loan portfolio). The portfolio is actively managed on a total return basis against this benchmark. The annualized return for FY02 was 7.7 percent versus a benchmark return of 6.9 percent—a margin of 0.8 percent over benchmark. The favorable return to benchmark was mainly due to an overweight bond position during the recent bond market rally; a series of ongoing relative value trades within the U.S. Treasury and other markets; and active securities lending, which continued to benefit from the general reduction in the supply of U.S. Treasury bonds.

The P3 portfolio consists of borrowed variable-rate funds assigned to external managers to be invested actively against a U.S. dollar LIBOR index. At the end of FY02, the external portfolio constituted 7 percent of the total liquid assets portfolio, and IFC had a total of \$963 million under management by six external firms – three global fixed-income managers with \$448 million under management and three mortgage-backed securities (MBS) specialists with \$515 million under management. The P3 portfolio performed well in FY02, delivering total return net of fees of 3.4 percent, representing 0.5 percent over benchmark, compared to 6.9 percent and 0.4 percent over benchmark in FY01.

RISK MANAGEMENT

The measurement and management of financial risk in IFC's treasury operations complement the management of risks arising from the Corporation's investment operations. This function is handled by an independent risk management group to ensure a separation from risk-taking functions.

Market risk

Market risk in IFC's treasury operations arises primarily from the liquid asset portfolio (divided into funded liquidity, net worth liquidity, and externally managed liquidity). In the funded liquidity portfolio (P1), IFC mini-

mizes exposure to market risk by requiring that assets and liabilities be broadly matched by currency and interest rate characteristics and by market risk limits. This policy provides strong protection against market risk, while credit risk is managed as described below. The net worth liquidity portfolio (P2) is funded by net worth and managed against a three-year-duration benchmark. Finally, the externally managed liquidity portfolio (P3), funded by market borrowings, is subject to IFC's risk guidelines. IFC's treasury also hedges the market risks on the Corporation's loan portfolio. Loans are hedged with swaps or other liabilities that have matching currency and interest rate characteristics, and residual currency and interest rate risks are monitored and managed on a portfolio basis.

Credit risk

Credit risk in IFC's treasury operations arises through the investment of the Corporation's liquid assets in sovereign bonds, corporate bonds, and deposits. Counterparty credit risk is also generated through the use of derivatives for hedging purposes. In particular, IFC uses swaps to create synthetic-LIBOR funding and investments, to manage loan assets versus underlying liabilities, and to hedge client risk management products. To manage credit risk, IFC sets eligibility criteria and credit limits for its counterparties that are approved by the Finance and Risk Committee, a subcommittee of the Management Group. IFC closely coordinates credit policies relating to eligibility criteria and credit limits for derivative counterparties with the IBRD.

To protect against deterioration in counterparties' creditworthiness after undertaking derivatives contracts, IFC has entered into collateral agreements with a large number of swap counterparties. Under these agreements, a counterparty is required to post collateral with IFC when the netted mark-to-market exposure exceeds predetermined thresholds (which decline with credit rating). Through these arrangements, IFC is better able to manage its exposure to counterparties over time, particularly if their credit deteriorates.

BREAKDOWN OF IFC PORTFOLIO ON JUNE 30, 2002

Millions of U.S. Dollars

| | |
|--|---------------|
| COMMITTED PORTFOLIO FOR IFC'S OWN ACCOUNT | 14,083 |
| Loans | 10,616 |
| Equity | 3,466 |
| OFF-BALANCE-SHEET EXPOSURE | 967 |
| (on Guarantees and Risk Management Products) | |
| TOTAL COMMITTED PORTFOLIO FOR IFC'S OWN ACCOUNT | 15,049 |
| TOTAL COMMITTED PORTFOLIO HELD FOR PARTICIPANTS | 6,519 |
| TOTAL DISBURSED PORTFOLIO | 10,720 |
| TOTAL UNDISBURSED PORTFOLIO | 3,363 |

PORTFOLIO REVIEW

IFC's committed portfolio at the end of fiscal year 2002 increased by 5.1 percent to \$15.1 billion, from \$14.3 billion in FY01.¹ Nearly 71 percent of the committed portfolio was in loans amounting to \$10.6 billion, and 23 percent was in equity investments amounting to \$3.5 billion. Guarantees of \$794 million accounted for 5 percent of the committed portfolio, and risk management products of \$172 million accounted for 1 percent. In addition, IFC held and managed for participants \$6.5 billion in loans it had syndicated. At the end of FY02, the committed portfolio included loan and equity investments, risk management products, and guarantees in 1,402 companies in 117 countries.

The net increase in committed portfolio was \$728 million after taking into account new commitments, repayments, sales, cancellations, prepayments, write-offs, and translation adjustments. Loan principal repayments totaled \$1.4 billion, and \$373 million in equity investments were sold or redeemed.

The total disbursed portfolio for IFC's own account decreased to \$10.7 billion at the end of FY02, from \$10.9 billion in FY01. During the fiscal year, the disbursed loan portfolio declined by 1.6 percent, and the disbursed equity portfolio declined by 1.4 percent.

Many of the Corporation's investments are denominated in U.S. dollars, but IFC borrows in a variety of currencies to diversify access to funding and reduce borrowing costs. The currency breakdown of the disbursed loan portfolio on June 30, 2002, is shown in the notes to the financial statements (see Volume 2 of IFC's annual report). The Corporation minimizes its risk exposure to off-balance-sheet transactions

by entering into offsetting swap, option, or forward contract positions with highly rated market counterparties and by performing thorough credit reviews of all counterparties.

COMMITMENTS AND DISBURSEMENTS

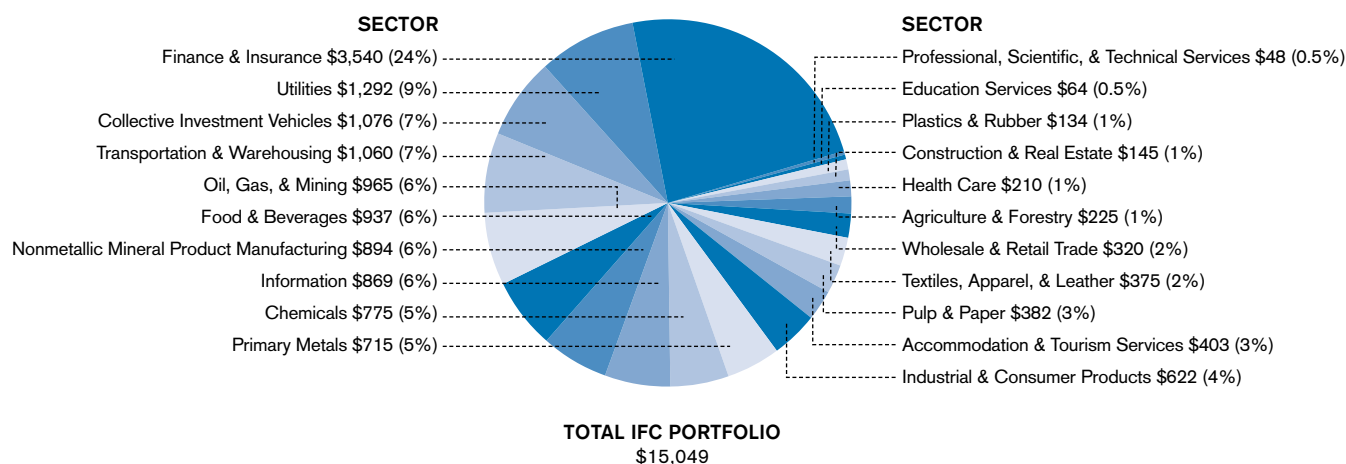
New commitments for IFC's own account were concentrated in the Latin America and Caribbean (37 percent), East Asia and Pacific (22 percent), and Europe and Central Asia (21 percent) regions. The business sectors with the largest volume of new commitments were finance and insurance with 36 percent and information technology with 10 percent.

Disbursements in FY02 were just under \$1.5 billion, nearly unchanged from the FY01 level. Loan disbursements were \$1.2 billion, and equity disbursements were \$285 million. IFC also disbursed \$574 million for financial institutions participating in its syndicated loans.

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

COMMITTED PORTFOLIO FOR IFC'S OWN ACCOUNT ON JUNE 30, 2002

Millions of U.S. Dollars



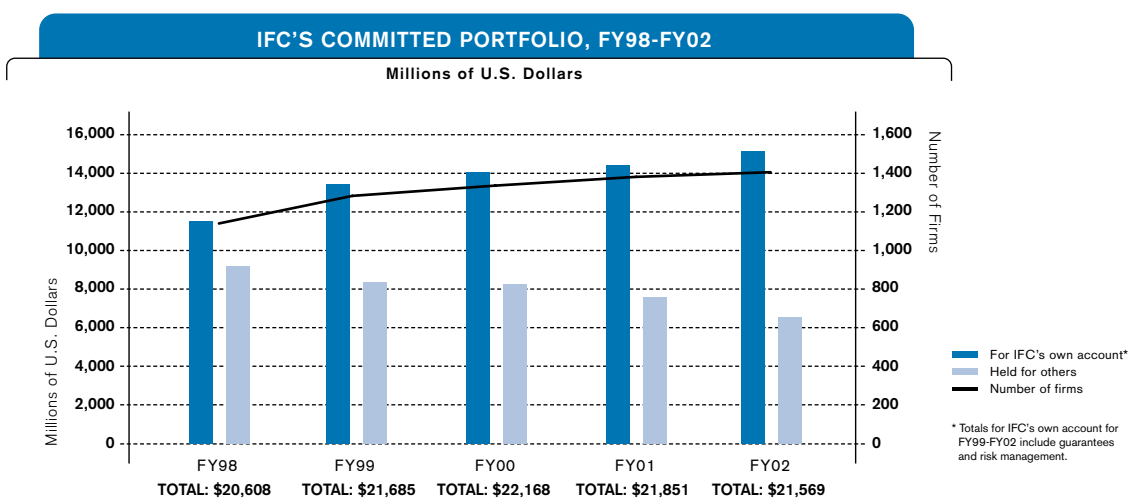
PORTFOLIO MANAGEMENT

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

Operational departments evaluate projects case by case when difficulties arise. For projects with particularly severe problems, the Special Operations Department determines appropriate remedial action. In such situations, it

seeks to negotiate agreements with all creditors and shareholders to share the burden of restructuring so that problems can be worked out while the project continues to operate. In exceptional cases, when the parties reach an impasse in negotiations, IFC takes all necessary and appropriate measures to protect its interests.

In FY02, IFC's Corporate Portfolio Management Department received delegated Board authority to manage financial risks and exposures in connection with the portfolio of loan and equity investments through market-based risk management instruments, tools, and strategies. The scope of the pilot program includes risk management transactions, hedging transactions, and equity buyback strategies. All strategies share the common goal of protecting the portfolio against downside risk; may use such instruments as credit derivatives, swaps, or options on individual stocks, stock indices, commodity prices, or currency risks; and must comply with a defined set of risk limits and control mechanisms for the program.



During FY02, portfolio income was \$990 million on both equity and loans, up 5.5 percent from FY01. The quality of the loan portfolio declined during the fiscal year, mostly as the result of poor performance in Argentina. In particular, principal outstanding on nonaccruing loans as a percentage of the disbursed loan portfolio was 15.2 percent on June 30, 2002, compared with 12.9 percent on June 30, 2001. During the same period, principal in arrears as a percentage of the disbursed loan portfolio reached 6.5 percent, up from 6.2 percent.

Estimated unrealized gains on the equity portfolio declined marginally during FY02. Capital gains of \$288 million were realized, a substantial increase from \$91 million in FY01. IFC received dividends of \$141 million, compared with \$132 million during FY01.² The FY02 dividends were slightly higher than the \$132 million

received in FY01 as dividend increases in the infrastructure sector more than offset lower payouts from the commodity sector.

Reserves against losses increased to \$2.8 billion in FY02, representing 25.8 percent of the disbursed portfolio, up from 20.3 percent in FY01. The increase was from \$717 million in additional specific reserve, \$15 million in additional general reserve, net of write-offs of \$174 million.

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

² The \$140 million dividend income reported in the financial statements is reported net of fees paid for custody of the equity portfolio and also includes net gains or losses from portfolio hedging activities.

PROJECT COMMITMENTS

79 SUB-SAHARAN AFRICA

Benin, Botswana, Burundi, Cameroon, Cape Verde, Democratic Republic of Congo, Côte d'Ivoire, Gabon, The Gambia, Ghana, Kenya, Mali, Nigeria, Rwanda, Senegal, Sierra Leone, South Africa, Swaziland, United Republic of Tanzania, Uganda, Zambia

81 EAST ASIA AND THE PACIFIC

China, Indonesia, Republic of Korea, Mongolia, Philippines, Thailand, Vietnam

83 SOUTH ASIA

Bangladesh, India, Maldives, Pakistan, Sri Lanka

84 EUROPE AND CENTRAL ASIA

Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Estonia, Georgia, Hungary, Kazakhstan, Kyrgyz Republic, Latvia, Lithuania, Macedonia, Moldova, Romania, Russian Federation, Tajikistan, Turkey, Ukraine, Federal Republic of Yugoslavia

87 LATIN AMERICA AND THE CARIBBEAN

Argentina, Bolivia, Brazil, Chile, Colombia, Dominican Republic, El Salvador, Grenada, Jamaica, Mexico, Nicaragua, Peru, Trinidad and Tobago, Uruguay, República Bolivariana de Venezuela

91 MIDDLE EAST AND NORTH AFRICA

Algeria, Arab Republic of Egypt, Jordan, Syrian Arab Republic

View and sort projects on the Web at www.ifc.org/ar2002/projects

(millions of U.S. dollars)

| DESCRIPTION | IFC LOAN | IFC EQUITY | IFC QUASI- EQUITY | IFC GUAR- ANTEE | SYNDI- CATIONS | RISK MGT PRODUCTS | TOTAL FY02 COMMITTED |
|--|-------------|---------------|-------------------------|-----------------------|-------------------|-------------------------|----------------------------|
| SUB-SAHARAN AFRICA | | | | | | | |
| Benin Vision + SARL will expand existing eyeglass lens manufacturing plant. | 0.01 | - | - | - | - | - | 0.01 |
| Botswana African Banking Corporation Holdings Ltd. will increase product line to offer full range of wholesale banking services to southern Africa. | - | 3.00 | - | - | - | - | 3.00 |
| Burundi Florex Ltd. will cultivate beans, baby corn, and other vegetables for export to Europe. | 0.29 | - | - | - | - | - | 0.29 |
| Cameroon FME-GAZ will expand production and distribution of industrial gases. | - | - | 0.32 | - | - | - | 0.32 |
| Société Camerounaise de Mobiles will expand telecommunications infrastructure. | 4.76 | - | 2.59 | 5.38 | - | - | 12.73 |
| Cape Verde Sociedade Unipessoal Moura Company Empresa de Transportes Publicos will modernize and increase bus service in Praia. | 0.48 | - | - | - | - | - | 0.48 |
| Congo, Democratic Republic of Celtel DROC, operating subsidiary of MSICIH, will expand and operate mobile GSM telecommunications network. | 7.00 | - | - | - | - | - | 7.00 |
| Côte d'Ivoire Petro Ivoire S.A. will construct ten gas stations and networks to increase retail presence. | 0.25 | - | - | - | - | - | 0.25 |
| Sodiro, Société pour le développement industriel de la Région d'Odiene will modernize and upgrade rice milling factory, improve efficiency of distribution network, and extend agricultural support services to rice farmers. | - | - | - | 1.38 | - | - | 1.38 |
| Gabon VAALCO Energy, Inc. will complete four wells, drill and test two new wells, and install subsea equipment. | 10.00 | - | - | - | - | - | 10.00 |

Note: This table includes projects signed and processed by IFC during FY02. Certain transactions signed in FY01 for which processing was not completed until FY02 are also included.

| DESCRIPTION | IFC LOAN | IFC EQUITY | IFC QUASI- EQUITY | IFC GUAR- ANTEE | SYNDI- CATIONS | RISK MGT PRODUCTS | TOTAL FY02 COMMITTED |
|--|-------------|---------------|-------------------------|-----------------------|-------------------|-------------------------|----------------------------|
| Gambia, The Kerr Kande Farm Ltd. will expand and modernize poultry production capacity. | 0.08 | - | - | - | - | - | 0.08 |
| Ghana Diamond Cement Ghana Ltd. will establish a new grinding unit to produce cement. | 5.00 | 1.00 | - | - | - | - | 6.00 |
| Ghana Printing & Packaging Industries Ltd. will establish modern printing and packaging factory to produce corrugated boxes and labels. | 1.70 | - | - | - | - | - | 1.70 |
| Sikaman Savings and Loan Company Ltd. is new microfinance institution. | - | 0.52 | - | - | - | - | 0.52 |
| Kenya Gapco Kenya will build fuel oil terminal and blending unit at port of Mombasa. | 15.00 | - | - | - | - | - | 15.00 |
| Industrial Promotion Services (Kenya) Ltd. will increase authorized share capital to fund new manufacturing investments. | - | 0.66 | - | - | - | - | 0.66 |
| Kenya Cuttings Ltd. will construct greenhouses and related infrastructure for ornamental plant production. | 4.12 | - | - | - | - | - | 4.12 |
| Mali Randgold Resources Limited , gold mining company, undertook capital increase. | - | 0.03 | - | - | - | - | 0.03 |
| Nigeria Niger Delta Contractor Revolving Credit Facility will provide term funding and working capital to small and medium local oil service contractors. | 15.00 | - | - | - | - | - | 15.00 |
| United Bank for Africa (plc) will on-lend to private Nigerian enterprises for rehabilitation and modernization. | 30.00 | - | - | - | - | - | 30.00 |
| Rwanda Dreamland Towers Ltd. will construct and operate 34-unit apartment hotel. | 0.80 | - | - | - | - | - | 0.80 |
| Senegal Fanaicha SARL will expand innovative secondary school, enrolling 900 students. | - | - | - | 0.23 | - | - | 0.23 |
| Sénégalaise d'Hôtellerie et de Loisirs du Royal Saly will build seaside resort at North Saly to meet increased tourism demand. | 0.97 | - | - | - | - | - | 0.97 |
| Sierra Leone MSICIH II Sierra Leone , operating subsidiary of MSICIH, will expand and operate mobile GSM telecommunications network. | 4.00 | - | - | - | - | - | 4.00 |
| South Africa African Bank Ltd. will provide small loans to low-income individuals for low-cost housing and education and to small businesses for working capital. | 43.01 | - | - | - | - | - | 43.01 |
| Biotech Venture Partners (Pty) Ltd. will provide risk capital to early stage bioventure enterprises that have defined market and export strategies, proprietary or exclusive technologies, and skillful management. | - | 1.75 | - | - | - | - | 1.75 |
| EDU-Loan (Pty) Ltd. will provide loans for tertiary education to employees. | 1.91 | - | - | - | - | - | 1.91 |
| Freecom (Pty) Ltd. will reequip used computers for low-income market. | - | 0.12 | 0.23 | - | - | - | 0.35 |

| DESCRIPTION | IFC LOAN | IFC EQUITY | IFC QUASI- EQUITY | IFC GUAR- ANTEE | SYNDI- CATIONS | RISK MGT PRODUCTS | TOTAL FY02 COMMITTED |
|--|-------------|---------------|-------------------------|-----------------------|-------------------|-------------------------|----------------------------|
| Rubico Holding S.A. (Pty) Ltd. , is expanding financial services. | - | - | 0.50 | - | - | - | 0.50 |
| South Africa Home Loans will continue development of mortgage-backed securities market. | - | - | 2.64 | - | - | - | 2.64 |
| Spier Estate Hotel will construct 250-room international hotel, 150-room conference hotel, combined with community development projects. | 10.00 | 1.99 | - | - | - | - | 11.99 |
| Swaziland | | | | | | | |
| Swazi Paper Mills Ltd. will expand craft paper production to supply South African market. | 3.85 | - | - | - | - | - | 3.85 |
| Tanzania, United Republic of | | | | | | | |
| Exim Bank of Tanzania will expand preexport crop financing and trade and financial services to small and medium enterprises. | 2.50 | - | - | - | - | - | 2.50 |
| 2000 Industries Ltd. will construct confectionery factory producing for regional markets. | 1.60 | - | - | - | - | - | 1.60 |
| Uganda | | | | | | | |
| Makss Packaging Industries Ltd. , will upgrade and expand capacity to manufacture corrugated cardboard boxes and diversify product range. | 1.35 | - | - | - | - | - | 1.35 |
| Zambia | | | | | | | |
| Chingola Hotel will establish first business hotel in Chingola. | 0.96 | - | - | - | - | - | 0.96 |
| Executive Lodge Ltd. Hotel will establish 15-room guest lodge in Ndola. | 0.20 | - | - | - | - | - | 0.20 |
| REGIONAL | | | | | | | |
| Africa Media Group, Ltd. , will upgrade infrastructure, expand programming, and strengthen TV Africa affiliate network to build pan-African television network. | - | 5.00 | - | - | - | - | 5.00 |
| AfriCap Microfinance Fund Ltd. , a private equity fund, will make investments in microfinance institutions across Africa. | - | 2.00 | - | - | - | - | 2.00 |
| Coca Cola SABCO (Pty) Ltd. will expand soft drink production and distribution facilities of its bottling companies in Mozambique and East Africa. | 15.00 | 10.00 | - | 12.00 | - | - | 37.00 |
| Mobile Systems International Cellular Investments Holdings B.V. will construct, expand, and operate mobile cellular networks throughout Africa. | - | 20.00 | - | - | - | - | 20.00 |
| EAST ASIA AND THE PACIFIC | | | | | | | |
| China | | | | | | | |
| Advantage China Holdings Ltd. will establish joint-venture mortgage company, introducing international best practices for residential mortgage processing and underwriting in China. | - | 0.25 | - | - | - | - | 0.25 |
| Bank of Shanghai will further strengthen capital base and institutional capacity. | - | 24.67 | - | - | - | - | 24.67 |
| CDH China Fund will make equity and equity-related investments in companies with established operations in China. | - | 20.00 | - | - | - | - | 20.00 |
| Chengdu Chemical Company Ltd. , leading manufacturer of potassium-based chemicals, will expand capacity to improve economies of scale and meet increasing demand. | - | - | - | - | 8.60 | - | 8.60 |
| China One Financial Ltd. will purchase nonperforming loans from China Huarong Asset Management Corporation. Auction will set precedent for future sales and provide momentum for NPL market in China. | 31.50 | - | - | - | - | - | 31.50 |
| Interstate Energy Corporation Pte, Ltd. , will acquire and develop combined heat and power generation plants. | 20.00 | - | - | - | - | - | 20.00 |

| DESCRIPTION | IFC LOAN | IFC EQUITY | IFC QUASI- EQUITY | IFC GUAR- ANTEE | SYNDI- CATIONS | RISK MGT PRODUCTS | TOTAL FY02 COMMITTED |
|---|-------------|---------------|-------------------------|-----------------------|-------------------|-------------------------|----------------------------|
| Maanshan Carbon will modernize and upgrade existing production lines and expand carbon black production capacity. | 9.00 | 2.00 | - | - | - | - | 11.00 |
| Nanjing City Commercial Bank will strengthen capital base to improve corporate governance, and adopt international banking best practices. | - | 26.58 | - | - | - | - | 26.58 |
| Peak Pacific Investment Company will provide electricity to local grid, steam to industry, and heat to residential customers. | - | - | 25.00 | - | - | - | 25.00 |
| Sino-Forest Plantation will invest in tree plantations and wood-related downstream manufacturing plants. | 25.00 | - | - | - | - | - | 25.00 |
| Zibo Wanjie Tumor Hospital will expand existing facilities by installing state-of-the-art equipment and 200-bed facility. | 15.00 | - | - | - | - | - | 15.00 |
| Indonesia | | | | | | | |
| PT. Sunson Textile Manufacturer will undertake financial restructuring to extend existing loan maturities and provide financing for capital investments. | 12.41 | - | - | - | 8.25 | - | 20.66 |
| Korea, Republic of | | | | | | | |
| SEI Asset Korea will increase capital base to expand business and strengthen internal systems. | - | 0.32 | - | - | - | - | 0.32 |
| Mongolia | | | | | | | |
| XAC Co. Ltd. will increase availability of credit to rural small and medium-sized businesses and microenterprises. | 0.40 | - | - | - | - | - | 0.40 |
| Philippines | | | | | | | |
| All Asia Life and Legacy Scholarship and Pension Plans will attract new strategic investors to protect policyholders and improve financial condition. | - | 0.30 | - | - | - | - | 0.30 |
| Avalon Professional Web Trade Pte. Ltd. , contract manufacturer in home furnishing sector, will expand product line that promotes SME development in Asia. | - | 1.63 | - | - | - | - | 1.63 |
| Banco de Oro Universal Bank , large commercial bank, will increase capital base to expand operations in local small and medium enterprise sector. | - | - | 20.00 | - | - | - | 20.00 |
| Eastwood Ciber One Corporation will provide state-of-the-art information technology infrastructure and business-friendly environment for export-oriented IT companies. | 25.00 | - | - | - | - | - | 25.00 |
| Filinvest Alabang Inc. will establish commercially oriented, campus-style information technology park to provide high-tech environment for local technology companies. | 22.00 | - | - | - | - | - | 22.00 |
| Manila North Tollways Corporation will expand road capacity and improve road conditions, lowering transport costs to less developed areas north and west of Manila. | 46.00 | - | - | - | - | - | 46.00 |
| Philippine Export Development Facility will establish facility to provide small and medium furniture exporters with financing to expand. | - | - | - | 1.50 | - | - | 1.50 |
| Philippine International Air Terminals Company, Inc. , will construct and operate new international passenger terminal at Ninoy Aquino International Airport to accommodate growing volume of international air traffic. | 50.00 | - | - | - | 50.00 | - | 100.00 |
| PlantersBank will strengthen capital base to provide long-term financing to small and medium enterprises. | - | - | - | - | - | 2.25 | 2.25 |
| S&R Price will establish five discount stores delivering quality, value, and low prices. | 12.50 | - | - | - | - | - | 12.50 |

| DESCRIPTION | IFC LOAN | IFC EQUITY | IFC QUASI- EQUITY | IFC GUAR- ANTEE | SYNDI- CATIONS | RISK MGT PRODUCTS | TOTAL FY02 COMMITTED |
|--|-------------|---------------|-------------------------|-----------------------|-------------------|-------------------------|----------------------------|
| Thailand | | | | | | | |
| Standard Chartered Nakornthon Bank will expand capacity to extend new loans to middle-market clients. | - | - | - | 50.00 | - | - | 50.00 |
| TelecomAsia Corporation Public Company Ltd. , provider of fixed and wireless telecom services, will refinance foreign currency debt. | - | - | 26.46 | 79.38 | - | - | 105.84 |
| Thai Equity Fund will provide equity finance to Thai companies and financial institutions for restructuring or expansion. | - | 37.50 | - | - | - | - | 37.50 |
| Thai Petrochemical Industry Public Company Ltd. will increase operating rate from low levels. | - | - | - | 10.00 | - | - | 10.00 |
| Vietnam | | | | | | | |
| Franco-Vietnamese Hospital will build and operate a 200-bed modern tertiary care hospital in Ho Chi Minh City. | 5.00 | - | 3.00 | - | - | - | 8.00 |
| Global CyberSoft, Inc. , software development company, will provide software outsourcing services to producers of semiconductor factory automation software and hardware and will design global electronics industry. | - | 1.25 | - | - | - | - | 1.25 |
| RMIT Vietnam International University will establish first international university in Ho Chi Minh City to offer undergraduate and graduate degrees and other professional training. | 7.25 | - | - | - | - | - | 7.25 |
| Vietnam Enterprise Investment Ltd. (VEIL) , closed-end fund dedicated to Vietnam, will invest in locally owned and managed companies. | - | - | 12.00 | - | - | - | 12.00 |
| REGIONAL | | | | | | | |
| Emerging Asia CBO Ltd. will establish private sector collateralized bond obligation vehicle. | - | - | 17.46 | - | - | - | 17.46 |
| Pacific NetMarkets Ltd. will modernize production and planning for print buying. | - | 2.00 | - | - | - | - | 2.00 |
| SMELoan will provide working capital loans using proprietary technology to SMEs. | - | 5.00 | 15.00 | - | - | - | 20.00 |
| SOUTH ASIA | | | | | | | |
| Bangladesh | | | | | | | |
| Lafarge Surma Cement Ltd. will build and operate greenfield cement plant with 1.2 million ton annual capacity. | 35.00 | 10.00 | - | - | 15.00 | - | 60.00 |
| India | | | | | | | |
| Bharti Mobile Ltd. will expand cellular network and place fiber-optic backbone across Karnataka and Andhra Pradesh. | - | 20.00 | - | - | - | - | 20.00 |
| Indian Infrastructure Equipment Ltd. will establish India's first nationwide infrastructure equipment services company. | 6.80 | 3.18 | - | - | - | - | 9.98 |
| Mahindra & Mahindra Financial Services Ltd. will expand financing products and services targeted to rural and semiurban customers. | 10.01 | - | 7.15 | - | - | - | 17.16 |
| NIIT—Hole in the Wall aims to improve education with Web-based curriculum delivered through custom-built Internet kiosks. | - | 1.64 | - | - | - | - | 1.64 |
| RPG Cellular Investments & Holdings Private Ltd. , holding company for RPG Cellular Services, will provide mobile telecommunication services in Chennai. | - | 1.97 | - | - | - | - | 1.97 |
| RPG Telephone Ltd. will provide paging services, data communication, and VSAT services. | - | 0.45 | - | - | - | - | 0.45 |
| Sundaram Home Finance Ltd. will receive IFC's first rupee-denominated loan to expand housing loans to individual borrowers. | 10.25 | - | - | - | - | - | 10.25 |

| DESCRIPTION | IFC LOAN | IFC EQUITY | IFC QUASI- EQUITY | IFC GUAR- ANTEE | SYNDI- CATIONS | RISK MGT PRODUCTS | TOTAL FY02 COMMITTED |
|--|-------------|---------------|-------------------------|-----------------------|-------------------|-------------------------|----------------------------|
| Webdunia.com (India) Private Ltd. will increase availability of software content and applications in local languages to expand adoption of IT and Internet. | - | 2.00 | - | - | - | - | 2.00 |
| Maldives | | | | | | | |
| Maldives Leasing Company Ltd. will establish country's first private sector leasing company. | - | 1.25 | - | - | - | - | 1.25 |
| Pakistan | | | | | | | |
| Crescent Greenwood Ltd. restructured, converting foreign currency obligations into rupee loans. | 2.50 | - | - | 7.50 | - | - | 10.00 |
| Fauji Cement Company Ltd. will restructure, using an IFC guarantee to secure local currency financing. | - | 3.72 | - | 18.68 | - | - | 22.40 |
| First MicroFinanceBank Ltd. will be the first commercially oriented national microfinance institution. | - | 2.66 | - | - | - | - | 2.66 |
| Lasmo Oil Pakistan Ltd. will develop Bhit gas field in the Kirthar Block. | 30.00 | - | - | - | - | - | 30.00 |
| Maple Leaf Cement Factory Ltd. will restructure, using IFC guarantee to secure local currency financing. | - | - | - | 11.72 | - | - | 11.72 |
| Pakistan Petroleum Ltd. , country's largest gas producer, will increase capital through rights issue. | - | 6.63 | - | - | - | - | 6.63 |
| Sarah Textiles will restructure debt obligations and replenish capital. | - | - | - | 1.60 | - | - | 1.60 |
| Sri Lanka | | | | | | | |
| Lanka Hospitals Corporation Ltd. will establish 500-bed modern private hospital in Colombo to serve as a general hospital and major referral center. | - | - | - | 5.35 | - | - | 5.35 |
| EUROPE AND CENTRAL ASIA | | | | | | | |
| Bosnia and Herzegovina | | | | | | | |
| Central Profit Banka , well-known banking group also known as PBS banks, will privatize and strengthen capital base. | - | - | 2.89 | - | - | - | 2.89 |
| Privredna Banka Sarajevo , a well-known banking group also known as PBS banks, will privatize and strengthen capital base. | 8.58 | ‡ | 0.90 | - | - | - | 9.48 |
| Bulgaria | | | | | | | |
| Paper Factory Stambolijski A.D. will acquire assets of paper and sack maker Celhart to restart production. | - | 2.01 | 23.49 | - | - | - | 25.50 |
| Croatia | | | | | | | |
| Croatia Banka d.d. will provide term financing to local small and medium enterprises. | 8.38 | - | - | - | - | - | 8.38 |
| Cyprus | | | | | | | |
| Bravo Holdings Ltd. will expand production and restructure large brewery to meet growing domestic demand. | - | - | 5.00 | - | - | - | 5.00 |
| Estonia | | | | | | | |
| AS Eesti Raudtee will replace locomotive fleet, replace and renovate tracks, and improve signaling and communications. | 50.00 | - | - | - | - | - | 50.00 |
| Georgia | | | | | | | |
| Microfinance Bank of Georgia will provide loans to micro and small enterprises and increase capital base. | 6.00 | 0.29 | - | - | - | - | 6.29 |
| TBC Bank will support development of mortgage lending and continue SME lending program. | 3.00 | - | - | - | - | - | 3.00 |

‡ denotes less than \$50,000

| DESCRIPTION | IFC LOAN | IFC EQUITY | IFC QUASI- EQUITY | IFC GUAR- ANTEE | SYNDI- CATIONS | RISK MGT PRODUCTS | TOTAL FY02 COMMITTED |
|---|-------------|---------------|-------------------------|-----------------------|-------------------|-------------------------|----------------------------|
| Hungary Hungary Energy Efficiency Co-Finance Program 2 will provide guarantees on loans for energy-efficiency investments initiated by local financial intermediaries. | - | - | - | 12.00 | - | - | 12.00 |
| Kazakhstan Rambutya Ltd. Liability Partnership will expand supermarket operation to two additional stores. | 1.93 | - | - | - | - | - | 1.93 |
| Kyrgyz Republic FINCA Microfinance Resource will expand the activities of FINCA Kyrgyzstan and prepare for conversion into a regulated institution. | - | 1.00 | - | - | - | - | 1.00 |
| JSC Stock Company Akun Ltd. will establish pasta and macaroni plant that will be integrated into existing flour and semolina plant. | 1.40 | - | 1.00 | - | - | - | 2.40 |
| Latvia Linstow Varner SIA will develop three landmark retail centers in Riga. | 17.00 | - | 8.00 | - | 35.00 | - | 60.00 |
| Lithuania Viešbutis Lietuva will refurbish Hotel Lietuva to promote development of conference market in Vilnius. | 9.31 | - | - | - | 9.31 | - | 18.62 |
| Macedonia, FYR Stopanska Banka A.D. will receive equity investment representing 10 percent ownership stake. | - | 0.55 | - | - | - | - | 0.55 |
| Teteks A.D.Tetovo will modernize spinning, weaving, knitting, and ready-made-garments facilities. | 5.30 | - | - | - | - | - | 5.30 |
| Moldova Banca Comerciala Victoriabank S.A. will provide term finance to SMEs to promote private investments. | 4.00 | - | - | - | - | - | 4.00 |
| Moldindconbank S.A. will help create commercially sustainable banks and creditworthy private enterprises. | 1.50 | - | - | - | - | - | 1.50 |
| RED Chisinau, RED Centru, and RED Sur will rehabilitate existing fixed assets and improve billing, metering, and internal control systems. | 25.00 | - | - | - | - | - | 25.00 |
| Romania Banc Post S.A. will provide banking services and loans nationally. | - | - | 10.00 | - | - | - | 10.00 |
| ICME ECAB S.A. will refurbish and modernize cable manufacturing plant to improve cost efficiency in production of high-quality cables and wires. | 13.25 | - | - | - | - | - | 13.25 |
| Microfinance Bank (MIRO) Romania S.A. will provide full banking services to micro and small business market. | - | 2.03 | - | - | - | - | 2.03 |
| Russian Federation Baltiskii Leasing ZAO will provide long-term leases to Russian companies in northwest. | 2.00 | - | - | - | - | - | 2.00 |
| Bravo International will expand operations to meet the demand in premium and mid-range beer markets. | 15.00 | - | - | - | 7.00 | - | 22.00 |
| Center-invest will provide loans to small and medium enterprises and entrepreneurs. | 2.00 | - | - | - | - | - | 2.00 |
| Commercial Bank DeltaCredit will extend secured line of credit for housing finance to retail clients. | 20.00 | - | - | - | - | - | 20.00 |
| Delta Leasing ZAO will expand portfolio and client base to provide equipment financing to small and medium enterprises. | 10.00 | - | - | - | - | - | 10.00 |

| DESCRIPTION | IFC LOAN | IFC EQUITY | IFC QUASI- EQUITY | IFC GUAR- ANTEE | SYNDI- CATIONS | RISK MGT PRODUCTS | TOTAL FY02 COMMITTED |
|--|-------------|---------------|-------------------------|-----------------------|-------------------|-------------------------|----------------------------|
| Egar Technology Inc. , a financial technology company, will improve product development, expand development centers, and build sales and marketing infrastructure. | - | 1.50 | - | - | - | - | 1.50 |
| Industry & Construction Bank , largest commercial bank, will expand its lending to the small and medium enterprises in the region. | 10.00 | - | - | - | - | - | 10.00 |
| NBD Bank will increase lending to small and medium companies. | 2.50 | - | - | - | - | - | 2.50 |
| OOO Ruscam will rehabilitate and reconstruct glass bottle plant. | 13.00 | - | - | - | - | - | 13.00 |
| Probusinessbank will expand lending to mid-sized companies and SMEs. | - | - | 5.00 | - | - | - | 5.00 |
| Russian Pre-Export Finance Facility will provide up to \$40 million in short-term working capital finance to support exports of private manufacturing exporters. | - | - | - | 20.00 | - | - | 20.00 |
| Russian Standard Bank will obtain local currency funding to support development of retail lending operations. | - | - | - | 9.88 | - | - | 9.88 |
| Russian Standard Bank , commercial and retail bank, will build small business finance operation. | - | 10.00 | - | - | - | - | 10.00 |
| Small Business Credit Bank (KMB Bank) , Moscow-based regional microfinance and SME bank, will expand loan portfolio to underserved Russian regions. | 7.00 | - | - | - | - | - | 7.00 |
| Swedwood Tichvin LLC will construct and operate first integrated production base for furniture manufacturing in Russia. | 5.64 | - | - | - | - | - | 5.64 |
| Volga-Dnepr Airlines , a Russian-registered airline headquartered in Ulyanovsk and engaged in worldwide charter transportation of superheavy and outsize cargo, will expand fleet. | 16.90 | - | - | - | 13.00 | - | 29.90 |
| ZAO Sonic Duo will establish GSM cellular network to provide service in Moscow and vicinity, reaching 15 million residents. | 24.00 | - | 6.00 | - | 10.00 | - | 40.00 |
| ZAO Stora Enso Packaging , a Russian subsidiary of Stora Enso Packaging OY, will expand operations. | 7.00 | - | - | - | - | - | 7.00 |
| Tajikistan | | | | | | | |
| SugdAgroServ will provide financing and technical assistance to cotton farmers to enable them to control commercial activities and become sustainable. | 0.25 | - | - | - | - | - | 0.25 |
| Tajik Sodirobank will strengthen capital base and increase available funding to support growth in private sector and SME lending. | - | 0.50 | - | - | - | - | 0.50 |
| Telecom Technology Ltd. , Internet services provider located in Dushanbe, will expand activities to other cities by installing four satellite VSAT stations. | 0.35 | - | - | - | - | - | 0.35 |
| Turkey | | | | | | | |
| Assan Demir ve Sac Sanayii A.S. will expand and modernize facilities producing aluminum sheets, foil, and coil. | 25.00 | - | - | - | - | - | 25.00 |
| Atilim University , private university in Ankara, will boost student enrollment, increase the number of faculties, and add 15,000 square meters of indoor space dedicated to classrooms and laboratories. | 6.50 | - | - | - | - | - | 6.50 |
| Eczacibasi Karo Seramik , a leading Turkish tile manufacturer, will make efforts to overcome working capital shortages, improve production efficiency, and boost exports. | 9.87 | - | - | - | - | - | 9.87 |
| Gunkol Gunes Enerjisi ve Klima Sanayi A.S. will raise manufacturing capacity primarily through rationalization of production processes and equipment modernization. | 5.12 | - | 5.12 | - | - | - | 10.24 |

| DESCRIPTION | IFC LOAN | IFC EQUITY | IFC QUASI- EQUITY | IFC GUAR- ANTEE | SYNDI- CATIONS | RISK MGT PRODUCTS | TOTAL FY02 COMMITTED |
|--|-------------|---------------|-------------------------|-----------------------|-------------------|-------------------------|----------------------------|
| İpek Kagit Sanayi ve Ticaret A.S. will expand export operations. | 12.77 | - | - | - | - | - | 12.77 |
| Milli Reasurans T.A.S. will establish strong local reinsurance institution. | 50.00 | - | - | - | - | - | 50.00 |
| Modern Karton Sanayii ve Ticaret A.S. will expand to increase production capacity and exports. | 10.00 | - | - | - | - | - | 10.00 |
| Pasabahçe Eskisehir Cam Sanajii ve Ticaret A.S. , leading Turkish glass tableware manufacturer, will reduce short-term debt, boost exports, and overcome shrinking domestic demand precipitated by the country's recent financial crisis. | 7.50 | - | - | - | - | - | 7.50 |
| Soktas Pamuk Ve Tarım Urunlerini Degerlendirme Ticaret Ve Sanayi A.S. will increase export sales, thereby increasing foreign exchange earnings. | 4.00 | - | - | - | - | - | 4.00 |
| Turk Venture Partners LLC will invest in expanding enterprises, creating a diversified portfolio in industries driven by growth, exports, and deregulation. | - | 10.00 | - | - | - | - | 10.00 |
| Türkiye Sise ve Cam Fabrikalari A.S. will increase export marketing capacity. | 35.00 | - | - | - | - | - | 35.00 |
| Yeditepe Beynelmillel Otelcilik Turizm ve Ticaret A.S. (Conrad Istanbul Hotel) will refurbish rooms and construct a conference center. | 3.50 | - | - | - | - | - | 3.50 |
| Ukraine | | | | | | | |
| JSC Damen Shipyards Okean , one of the largest shipyards in Ukraine, will modernize and improve facilities. | 10.00 | - | - | - | - | - | 10.00 |
| Microfinance Bank Ukraine , the country's first microfinance institution, will provide loans to micro and small enterprises. | 3.50 | - | - | - | - | - | 3.50 |
| Yugoslavia, Federal Republic of | | | | | | | |
| Fresh&Co will help increase processing and value-added production of agricultural sector and support fruit farmers. | 6.80 | - | - | - | - | - | 6.80 |
| Micro Enterprise Bank of Kosovo will introduce commercially oriented microfinance techniques. | - | 1.12 | - | - | - | - | 1.12 |
| Micro Finance Bank A.D. will provide a full range of credit and banking services to small and medium enterprises. | 4.00 | 1.00 | - | - | - | - | 5.00 |
| Raiffeisenbank Jugoslavija A.D. will provide essential bank services to international joint ventures and local enterprises. | - | 2.29 | - | - | - | - | 2.29 |
| Tigar Rubber Products Company A.D. will undertake comprehensive corporate restructuring and investment program. | 14.00 | 3.59 | - | - | - | - | 17.59 |
| REGIONAL | | | | | | | |
| Black Sea Fund L.P. will expand its geographical scope to Serbia, Croatia, and Bosnia and Herzegovina. The fund was originally set up to make equity and equity-related investments in the Black Sea region. | - | 4.50 | - | - | - | - | 4.50 |
| Euromedic Diagnostic B.V. and International Dialysis Center B.V. will expand network of diagnostic imaging centers from Hungary across Central and Eastern Europe. | 12.98 | - | - | - | - | - | 12.98 |
| LATIN AMERICA AND THE CARIBBEAN | | | | | | | |
| Argentina | | | | | | | |
| Aceitera General Deheza S.A. , country's largest oilseed and byproducts exporter, will fund soybean purchase program for the 2002–2004 harvests. | 30.00 | - | - | - | 30.00 | - | 60.00 |
| Aguas Provinciales de Santa Fe S.A. will provide water and sanitation infrastructure to Santa Fe. | - | - | - | - | 20.50 | - | 20.50 |

| DESCRIPTION | IFC LOAN | IFC EQUITY | IFC QUASI- EQUITY | IFC GUAR- ANTEE | SYNDI- CATIONS | RISK MGT PRODUCTS | TOTAL FY02 COMMITTED |
|--|-------------|---------------|-------------------------|-----------------------|-------------------|-------------------------|----------------------------|
| Bolivia | | | | | | | |
| Central Aguirre Portuaria, S.A. , will expand river port facility and adjacent free zone. | 2.20 | - | - | - | - | - | 2.20 |
| Brazil | | | | | | | |
| Andrade Gutierrez Concessões S.A. will privatize state-owned water companies, private toll roads, and other concession-based infrastructure businesses. | - | 15.00 | 15.00 | - | - | - | 30.00 |
| Apolo Produtos de Aço S.A. will refinance working capital and implement new pipe production line. | 8.00 | - | - | - | - | - | 8.00 |
| Banco BBA Creditanstalt S.A. will provide a credit line targeted at medium-sized export-oriented borrowers. | - | - | - | 13.63 | - | - | 13.63 |
| Banco Itaú S.A. will provide long-term financing for private infrastructure projects. | 100.00 | - | - | - | - | - | 100.00 |
| Construtora Norberto Odebrecht , a Brazilian company engaged in large infrastructure projects, will raise capital to finance and expand activities. | 60.00 | - | 20.00 | - | 165.00 | - | 245.00 |
| Distel Holdings S.A. will meet operating subsidiary financial needs to expand pay TV and broadband Internet business. | - | 4.20 | - | - | - | - | 4.20 |
| Escol@24 Horas will expand online tutoring service for primary education students. | - | 0.28 | - | - | - | - | 0.28 |
| GP Capital Partners L.P. will cover management fees and expenses for a previous IFC fund investment. | - | 0.40 | - | - | - | - | 0.40 |
| Grupo Peixoto de Castro will expand capacity and modernize existing facilities. | 9.00 | - | - | - | - | - | 9.00 |
| Portobello S.A. , high-quality producer of ceramic tiles, will undertake capital increase. | - | 1.09 | - | - | - | - | 1.09 |
| Sepetiba Terminal de Contêineres S.A. will complete container and steel products terminals, reducing port-handling costs in southeastern Brazil. | 27.00 | - | 5.00 | - | 8.00 | - | 40.00 |
| Synteko Produtos Químicos, SA , will expand and renovate resin, adhesives, and wax floor facilities in Gravataí and Araucaria and construct new resin plant in Uberaba. | 18.00 | - | - | - | - | - | 18.00 |
| União de Bancos Brasileiros S.A. will finance companies that have viable projects but limited access to term financing. | 150.00 | - | - | - | - | - | 150.00 |
| Chile | | | | | | | |
| CB Transportes S.A. will fund capital increase in Fepasa. | - | 0.18 | - | - | - | - | 0.18 |
| Colombia | | | | | | | |
| Banco Caja Social , a leading low-income and small business finance institution, will expand into urban and rural areas that have little or no banking access. | - | 7.00 | - | - | - | - | 7.00 |
| Grupo Empresarial Bavaria S.A. , a leading beverage producer in Colombia, will increase production and distribution efficiency, develop nonalcoholic beverage products, and expand beverage sector outside Colombia. | 70.00 | - | 30.00 | - | - | - | 100.00 |
| Colombian Home Mortgage Co. will develop independent company to acquire and securitize high-quality residential mortgage loans. | - | 10.63 | - | 2.12 | - | - | 12.75 |
| Suramericana Group and Protección S.A. will receive loan and equity investments to support organizational and financial measures. Inversura S.A. , leading group insurance and employee benefits company, will receive quasi-equity investment. IFC is providing advice on corporate governance to position them for growth and public equity offerings. | 25.00 | 25.00 | 50.00 | - | - | - | 100.00 |

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|--|-------------|---------------|-------------------------|-----------------------|-------------------|-------------------------|----------------------------|
| Dominican Republic Caucedo Investments Inc. will construct and operate new container terminal on Caucedo peninsula about 24 km east of Santo Domingo. | 30.00 | - | - | - | - | - | 30.00 |
| France Telecom Dominicana S.A. , a cellular operator, will construct and operate a nationwide digital GSM-1900 cellular phone network. | 35.00 | - | 15.00 | - | - | - | 50.00 |
| El Salvador Compañía de Alumbrado Eléctrico de San Salvador, S.A. de C.V., Empresa Eléctrica de Oriente, S.A. de C.V., and Distribuidora Eléctrica de Usulután, S.A. de C.V. will expand companies' distribution networks and rehabilitate existing fixed assets. | 45.00 | - | - | - | 75.00 | - | 120.00 |
| Grenada Bel Air Plantation Ltd. will construct and operate tourism resort consisting of 24 villas and central complex. | 1.00 | - | 1.00 | - | - | - | 2.00 |
| Jamaica MBJ Airports Ltd. will operate and expand Sangster International Airport, located in Montego Bay, a tourist center. | 20.00 | - | - | - | 25.00 | - | 45.00 |
| Mossel (Jamaica) Ltd. will construct and operate nationwide digital GSM network to offer standard and value-added mobile services. | - | - | - | - | 5.78 | - | 5.78 |
| Mossel (Jamaica) Ltd. will expand nationwide digital GSM cellular telecommunications network to offer standard and value-added mobile services. | 12.00 | 8.00 | - | - | - | - | 20.00 |
| Mexico Combustibles Ecológicos Mexicanos, S.A. de C.V. , will significantly increase conversions of buses and build three natural gas dispensing stations. | 5.00 | 1.50 | - | - | - | - | 6.50 |
| Coppel S.A. de C.V. will enhance credit program and improve corporate governance. | 30.00 | - | - | - | - | - | 30.00 |
| Fondo Chiapas Equity Agency Line will process palm fruit from surrounding smallholder plantations. | - | 0.20 | - | - | - | - | 0.20 |
| Hipotecaria Su Casita, S.A. de C.V.—SOFOL , Mexico's second largest mortgage lender, will provide mortgages for low-income households. | - | - | 1.96 | - | - | - | 1.96 |
| Plata Panamericana, S.A. de C.V. , will rehabilitate and expand existing underground silver mine. | 10.00 | - | - | - | - | - | 10.00 |
| Puertas Finas de Madera Montealbán, S.A. de C.V. , wood products manufacturer, will increase production capacity and further improve efficiency. | 13.00 | - | - | - | - | - | 13.00 |
| Qualita, Inc. , large IT services company serving medium and large corporations and government agencies, will improve internal information systems, construct new solutions center, and meet capital needs. | 3.50 | 2.50 | - | - | - | - | 6.00 |
| ZN Mexico II will invest in middle-market companies and small and medium-sized enterprises. | - | 10.00 | - | - | - | - | 10.00 |
| Nicaragua Banco de la Exportación, S.A. , will provide long-term loans to private sector enterprises for modernization, expansion, and financial restructuring. | 5.00 | - | - | - | - | - | 5.00 |
| Compañía Tratadora de Aguas Negras de Puerto Vallarta, S.A. de C.V. , will use peso-U.S.-dollar swap to cover debt. | - | - | - | - | - | 1.00 | 1.00 |

| DESCRIPTION | IFC LOAN | IFC EQUITY | IFC QUASI- EQUITY | IFC GUAR- ANTEE | SYNDI- CATIONS | RISK MGT PRODUCTS | TOTAL FY02 COMMITTED |
|--|-------------|---------------|-------------------------|-----------------------|-------------------|-------------------------|----------------------------|
| Peru | | | | | | | |
| Ferrocarril Transandino S.A. will upgrade and rehabilitate southern and southeastern Peruvian railway lines. | 7.50 | - | 1.50 | - | - | - | 9.00 |
| Interconexión Eléctrica ISA Peru, S.A. , will construct, own, and operate two high-voltage transmission lines in central Peru. | 18.00 | - | - | - | - | - | 18.00 |
| Interseguro Compañía de Seguros de Vida S.A. will expand to meet growth in life insurance business. | - | 4.00 | - | - | - | - | 4.00 |
| MIBANCO Banco de la Microempresa, S.A. , will provide loans to microfinance recipients and continue portfolio growth and expansion. | 5.00 | - | - | - | - | - | 5.00 |
| Tecnofil S.A. , producer of copper products, will expand production capacity, upgrade production processes, and refinance short-term debt. | 5.40 | 2.00 | - | - | - | - | 7.40 |
| Trinidad and Tobago | | | | | | | |
| Republic Bank Ltd. of Trinidad and Tobago will provide medium and long-term financing in range of sectors. | 20.00 | - | - | - | - | - | 20.00 |
| Royal Merchant Bank and Finance Company Ltd. , leading mortgage financing company, will offer merchant and investment banking services. | 20.00 | - | - | - | - | - | 20.00 |
| Unicell Paper Mills Caribbean Ltd. will establish local tissue paper source for paper converters in Trinidad and Caricom region. | 5.00 | - | 4.00 | - | - | - | 9.00 |
| Uruguay | | | | | | | |
| Banco Montevideo S.A. will expand to provide access to bank credit for lower-middle and middle-income clients. | - | 9.00 | 9.00 | - | - | - | 18.00 |
| Surinvest International Ltd. will expand financial services in trade finance and other activities in the Mercosur region. | - | 3.01 | - | - | - | - | 3.01 |
| Venezuela, República Bolivariana de | | | | | | | |
| Global Material Services Venezuela C.A. will develop two floating-dock facilities, which will help relieve port congestion problems by providing efficient cargo-handling services. | 8.65 | - | - | - | - | - | 8.65 |
| Inter Sea Farms de Venezuela C.A. will integrate shrimp-farming operation, which includes shrimp hatchery, production ponds, and processing plant. | 5.00 | 3.00 | - | - | - | - | 8.00 |
| REGIONAL | | | | | | | |
| Advent Latin American Private Equity Fund II, L.P. , a closed-end regional private equity fund with a target size of \$250 million, will invest in a diversified portfolio of companies in Latin America. | - | 15.00 | - | - | - | - | 15.00 |
| Convergence Communications Inc. , a broadband communications provider in Mexico and Central America, will offer "one-stop" menu of bundled services, including high-speed Internet access and high-speed data transmission. | - | 0.77 | ‡ | - | - | - | 0.77 |
| Latin American Agribusiness Development Corporation will provide financing to private Latin American and Caribbean companies engaged in agriculture, livestock, fishing, and forestry. | 20.00 | - | - | - | - | - | 20.00 |
| MSF HOLDING Ltd. will receive eurodollar swap to hedge currency risk. | - | - | - | - | - | 1.00 | 1.00 |
| PriceSmart, Inc. , will expand in Jamaica, involving construction and operation of two membership-shopping warehouses in Kingston and Montego Bay. | - | 10.00 | - | - | - | - | 10.00 |
| Salutia.com, Inc. , will strengthen e-health connectivity platforms for payers, providers, patients, and suppliers. | - | 3.50 | - | - | - | - | 3.50 |

‡ denotes less than \$50,000

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|---|-------------|---------------|-------------------------|-----------------------|-------------------|-------------------------|----------------------------|
| MIDDLE EAST AND NORTH AFRICA | | | | | | | |
| Algeria | | | | | | | |
| Algeria Trade Finance Facility will lengthen tenor of letters of credit facilities in order to meet financing needs of eligible Algerian private sector entities. | - | - | - | 20.00 | - | - | 20.00 |
| Arab International Leasing will establish first private leasing company in Algiers offering medium-term lease finance mainly to SMEs. | - | 0.69 | - | - | - | - | 0.69 |
| Egypt, Arab Republic of | | | | | | | |
| Alexandria Automotive Casting Company will establish brake caliper factory for exports to Germany. | 4.95 | - | - | - | - | - | 4.95 |
| Gava Sanitary Ware will construct modern facility for production of vitreous china ceramic sanitaryware. | 6.00 | - | - | - | - | - | 6.00 |
| Orascom Construction Industries S.A.E. will provide access to international investors that assist in continued development and expansion plans. | 25.00 | - | - | - | 30.50 | - | 55.50 |
| Orix Leasing Egypt will provide medium-term financing to small and medium enterprises. | 6.00 | - | - | - | - | - | 6.00 |
| Jordan | | | | | | | |
| Al Tajamouat Industrial City will expand existing integrated industrial estate near Amman, Jordan, employing 15,000 workers. | 8.00 | - | - | - | - | - | 8.00 |
| Industry and Information Technology Park Development Co. will build integrated industrial park, creating 20,000 skilled and semiskilled new jobs. | 12.50 | - | - | - | - | - | 12.50 |
| Middle East Investment Bank will recapitalize and restructure to meet Central Bank of Jordan's minimum capital requirement. | - | 2.20 | - | - | - | - | 2.20 |
| Middle East Regional Development Enterprise will establish a silica sand manufacturing plant in the south of Jordan. Products will be exported mainly to Europe and other parts of Middle East. | 4.40 | 0.60 | - | - | - | - | 5.00 |
| Syrian Arab Republic | | | | | | | |
| Daaboul Company for Petrochemicals Industries will construct and operate 40,000 mt/year linear alkyl benzene (LAB) plant outside of Damascus. | 13.20 | - | - | - | - | - | 13.20 |
| Syrian Commercial Bank , first private sector banking institution in Syria, will provide modern commercial banking products to domestic retail and corporate customers. | - | 3.00 | - | - | - | - | 3.00 |
| WORLD | | | | | | | |
| Internationale Micro Investitionen Aktiengesellschaft , investment company that will take strategic equity positions in for-profit micro-finance institutions in emerging markets, will increase capital to meet investment targets. | - | 0.37 | - | - | - | - | 0.37 |

PROJECT APPROVALS

92 SUB-SAHARAN AFRICA

Cameroon, Chad, Gabon, Kenya, Namibia, Nigeria, South Africa, United Republic of Tanzania, Uganda

93 EAST ASIA AND THE PACIFIC

Cambodia, China, Indonesia, Republic of Korea, Lao People's Democratic Republic, Philippines, Samoa, Thailand, Vietnam

94 SOUTH ASIA

India, Maldives, Pakistan

94 EUROPE AND CENTRAL ASIA

Albania, Armenia, Azerbaijan, Bosnia and Herzegovina, Bulgaria, Croatia, Estonia, Georgia, Hungary, Kazakhstan, Lithuania, Macedonia, Moldova, Romania, Russian Federation, Tajikistan, Turkey, Federal Republic of Yugoslavia

96 LATIN AMERICA AND THE CARIBBEAN

Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, El Salvador, Grenada, Guatemala, Jamaica, Mexico, Panama, Peru, Trinidad and Tobago, Uruguay, República Bolivariana de Venezuela

97 MIDDLE EAST AND NORTH AFRICA

Algeria, Arab Republic of Egypt, Jordan, Morocco, Saudi Arabia, Syrian Arab Republic, Republic of Yemen

View and sort projects on the Web at www.ifc.org/ar2002/projects

(millions of U.S. dollars)

| COUNTRY/PROJECT | SECTOR | IFC FINANCING | SYNDICATIONS | TOTAL PROJECT FINANCING | PROJECT SIZE |
|---|------------------------------------|---------------|--------------|-------------------------|--------------|
| SUB-SAHARAN AFRICA | | | | | |
| Cameroon | | | | | |
| FME-GAZ les Gaz Industriels du Cameroun | Chemicals | 0.31 | - | 0.31 | 0.62 |
| Société Camerounaise de Mobiles | Information | 13.30 | - | 13.30 | 88.00 |
| Unité Camerounaise Pharmaceutique | Trade ¹ | 2.26 | - | 2.26 | 5.10 |
| Chad | | | | | |
| Finadev Tchad | Finance ² | 0.42 | - | 0.42 | 0.42 |
| Gabon | | | | | |
| VAALCO Gabon (Etame) Inc. | Oil, Gas, and Mining | 10.00 | - | 10.00 | 35.20 |
| Kenya | | | | | |
| Eberege Tea Factory Ltd. | Food ³ | 1.80 | - | 1.80 | 5.80 |
| Itumbe Tea Factory Ltd. | Food ³ | 1.70 | - | 1.70 | 5.40 |
| Kenya Cuttings Ltd. | Agriculture ⁴ | 4.27 | - | 4.27 | 19.80 |
| Namibia | | | | | |
| Novanam Ltd. | Agriculture ⁴ | 7.50 | - | 7.50 | 15.00 |
| Nigeria | | | | | |
| Mobile Telephone Networks Nigeria Communications Ltd. | Information | 100.00 | - | 100.00 | 1,250.00 |
| Nigeria Trade Enhancement Facility –Australia and New Zealand Banking Group Ltd. | Finance ² | 10.00 | - | 10.00 | 20.00 |
| Nigeria Trade Enhancement Facility–Standard Chartered Bank | Finance ² | 20.00 | - | 20.00 | 40.00 |
| South Africa | | | | | |
| African Bank Ltd. | Finance ² | 43.01 | - | 43.01 | 43.01 |
| Biotech Venture Partners (Pty) Ltd. | Funds ⁵ | 2.14 | - | 2.14 | 12.20 |
| Brait Merchant Bank Ltd. | Finance ² | 15.00 | - | 15.00 | 15.00 |
| Futuregrowth Empowerment Fund | Funds ⁵ | 7.19 | - | 7.19 | 48.80 |
| New Africa Mining Fund | Funds ⁵ | 5.00 | - | 5.00 | 100.00 |
| Rubico Holding S.A. (Pty) Ltd. | Professional Services ⁶ | 2.00 | - | 2.00 | 5.30 |
| South Africa Home Loans | Finance ² | 6.06 | - | 6.06 | 141.20 |
| Swazi Paper Mills Ltd. | Pulp and Paper | 3.87 | - | 3.87 | 8.50 |
| Tanzania, United Republic of | | | | | |
| Exim Bank of Tanzania | Finance ² | 3.50 | - | 3.50 | 3.50 |
| Uganda | | | | | |
| AES Nile Power Ltd. | Utilities | 70.00 | 40.00 | 110.00 | 582.00 |
| Makss Packaging Industries Ltd. | Oil, Gas, and Mining | 1.35 | - | 1.35 | 3.40 |

Note: This table includes projects approved for financing by IFC during FY02.

| COUNTRY/PROJECT | SECTOR | IFC FINANCING | SYNDICATIONS | TOTAL PROJECT FINANCING | PROJECT SIZE |
|--|------------------------------------|---------------|--------------|-------------------------|--------------|
| REGIONAL INVESTMENTS | | | | | |
| AfriCap Microfinance Fund Ltd. | Funds ⁵ | 2.00 | - | 2.00 | 15.00 |
| Coca Cola SABCO (Pty) Ltd. | Food ³ | 37.00 | - | 37.00 | 132.00 |
| Osprey Oil and Gas Ltd. | Oil, Gas, and Mining | 0.25 | - | 0.25 | 1.40 |
| West Africa Trade Enhancement Facility | Funds ⁵ | 16.00 | - | 16.00 | 32.00 |
| EAST ASIA AND THE PACIFIC | | | | | |
| Cambodia | | | | | |
| Angkor Visitors' Center | Tourism ⁷ | 2.75 | - | 2.75 | 10.00 |
| China | | | | | |
| Advantage China Holdings Ltd. | Finance ² | 0.25 | - | 0.25 | 1.90 |
| Asian Strategic Investments Corporation Group | Indus/Cons Products ⁸ | 15.00 | - | 15.00 | 80.00 |
| Bank of Shanghai | Finance ² | 24.70 | - | 24.70 | 72.00 |
| CDH China Fund | Funds ⁵ | 20.00 | - | 20.00 | 100.00 |
| China One Financial Ltd. | Finance ² | 50.00 | - | 50.00 | 125.00 |
| Hangzhou Narada Battery Group | Indus/Cons Products ⁹ | 6.60 | - | 6.60 | 21.61 |
| Interstate Energy Corporation Pte, Ltd. | Utilities | 25.00 | - | 25.00 | 25.00 |
| Long Yuan Shuang Deng Power Sources Co., Ltd | Indus/Cons Products ⁹ | 15.30 | - | 15.30 | 35.00 |
| Ningxia Darong Chemical Industry Joint Stock Company, Ltd. | Chemicals | 11.50 | 8.00 | 19.50 | 30.00 |
| Sino Mining Ltd. | Oil, Gas, and Mining | 11.00 | 5.00 | 16.00 | 21.20 |
| Xi'an Kong Hong Information Technology Company Ltd. | Indus/Cons Products ⁹ | 3.00 | - | 3.00 | 20.00 |
| Zhong Chen Energy Storage Company, Ltd. | Oil, Gas, and Mining | 25.00 | 32.00 | 57.00 | 98.90 |
| Indonesia | | | | | |
| PT. Asuransi Jiwa Manulife Indonesia | Finance ² | 0.04 | - | 0.04 | 0.42 |
| PT. Bank NISP Tbk. | Finance ² | 3.64 | - | 3.64 | 35.00 |
| PT. Gawi Makmur Kalimantan | Food ² | 11.50 | 10.00 | 21.50 | 49.00 |
| Korea, Republic of | | | | | |
| Korea Corporate Governance Fund | Funds ⁵ | 20.00 | - | 20.00 | 150.00 |
| Korea Housing Finance/NewState Capital Co., Ltd. | Finance ² | 91.50 | - | 91.50 | 209.20 |
| SEI - Asset Korea Management Company | Funds ⁵ | 0.32 | - | 0.32 | 0.34 |
| Lao People's Democratic Republic | | | | | |
| Oxiana Resources | Oil, Gas, and Mining | 16.00 | 17.50 | 33.50 | 46.50 |
| Philippines | | | | | |
| All Asia Life | Finance ² | 0.11 | - | 0.11 | 0.11 |
| Avalon Professional Web Trade | Information | 0.63 | - | 0.63 | 5.00 |
| Banco de Oro Universal Bank | Finance ² | 40.00 | - | 40.00 | 70.00 |
| Eastwood Cyber One Corporation | Professional Services ⁶ | 28.00 | - | 28.00 | 162.00 |
| Hong Kong and Shanghai Banking Corporation Ltd. | Finance ² | 10.00 | - | 10.00 | 25.00 |
| Legacy Scholarship and Pension Plans | Finance ² | 0.19 | - | 0.19 | 0.20 |
| PlantersBank Mortgage Securitization | Finance ² | 15.00 | - | 15.00 | 25.00 |
| S&R Price | Trade ¹ | 12.50 | - | 12.50 | 50.00 |
| Samoa | | | | | |
| PIIF Samoa Venture Capital Facility | Funds ⁵ | 0.40 | - | 0.40 | 1.70 |
| Thailand | | | | | |
| Fabrinet Thailand | Indus/Cons Products ⁹ | 12.00 | - | 12.00 | 27.10 |
| Thai Petrochemical Industry Public Company Ltd. | Chemicals | 10.00 | 10.00 | 20.00 | 100.00 |
| Vietnam | | | | | |
| Allianz/AGF Insurance (Vietnam) Co. Ltd. | Finance ² | 1.50 | - | 1.50 | 5.00 |
| Dragon Capital Group | Finance ² | 2.00 | - | 2.00 | 5.00 |
| Franco-Vietnamese Hospital | Health Care | 10.00 | - | 10.00 | 40.00 |
| Global CyberSoft, Inc. | Information | 1.25 | - | 1.25 | 2.50 |
| Vietnam Enterprise Investment Ltd. (VEIL) | Funds ⁵ | 12.00 | - | 12.00 | 59.00 |
| REGIONAL INVESTMENTS | | | | | |
| Emerging Asia CBO Ltd. | Finance ² | 22.00 | - | 22.00 | 22.00 |
| SMELoan | Finance ² | 20.00 | - | 20.00 | 125.00 |

| COUNTRY/PROJECT | SECTOR | IFC FINANCING | SYNDICATIONS | TOTAL PROJECT FINANCING | PROJECT SIZE |
|---|----------------------------------|---------------|--------------|-------------------------|--------------|
| SOUTH ASIA | | | | | |
| India | | | | | |
| Apollo Tyres Limited | Indus/Cons Products ⁸ | 20.00 | 15.00 | 35.00 | 51.00 |
| Cosmo Films Ltd. | Plastics & Rubber | 10.00 | - | 10.00 | 10.00 |
| Escorts Telecommunications Ltd. | Information | 47.00 | 30.00 | 77.00 | 224.00 |
| ICICI Limited | Finance ² | 12.19 | - | 12.19 | 12.20 |
| Mahindra & Mahindra Financial Services Ltd. | Finance ² | 17.00 | - | 17.00 | 17.00 |
| Sundaram Home Finance Ltd. | Finance ² | 10.42 | - | 10.42 | 10.60 |
| Tata Engineering & Locomotive Company Ltd. | Indus/Cons Products ⁸ | 67.00 | - | 67.00 | 103.00 |
| Usha Beltron Ltd. | Metals ⁹ | 24.60 | - | 24.60 | 41.00 |
| Webdunia.com (India) Private Ltd. | Information | 2.00 | - | 2.00 | 4.00 |
| Maldives | | | | | |
| Villa Shipping and Trading Company Private Ltd. | Tourism ⁷ | 15.00 | - | 15.00 | 43.00 |
| Pakistan | | | | | |
| Fauji Cement Company Ltd. | Minerals ¹⁰ | 22.40 | - | 22.40 | 22.40 |
| First Microfinance Bank Ltd. | Finance ² | 2.64 | - | 2.64 | 8.00 |
| Network Leasing | Finance ² | 2.00 | - | 2.00 | 2.00 |
| Pakistan Petroleum Ltd. (PPL) | Oil, Gas and Mining | 6.60 | - | 6.60 | 6.60 |
| EUROPE AND CENTRAL ASIA | | | | | |
| Albania | | | | | |
| Insituti i Sigurimeve, Insig SH.A | Finance ² | 8.00 | - | 8.00 | 8.00 |
| The Savings Bank of Albania | Finance ² | 15.00 | - | 15.00 | 15.00 |
| Armenia | | | | | |
| ACBA Leasing | Finance ² | 2.27 | - | 2.27 | 5.00 |
| Armenia Small and Medium Enterprise Risk Capital Fund, LP | Funds ⁵ | 5.00 | - | 5.00 | 20.00 |
| Azerbaijan | | | | | |
| Microfinance Bank Azerbaijan | Finance ² | 1.75 | - | 1.75 | 5.00 |
| Bosnia and Herzegovina | | | | | |
| Fabrika Cementa Lukavac | Minerals ¹⁰ | 24.09 | 4.96 | 29.06 | 93.00 |
| The Microenterprise Bank of Bosnia and Herzegovina d.d. | Finance ² | 2.63 | - | 2.63 | 2.63 |
| Raiffeisen Bank d.d Bosnia and Herzegovina | Finance ² | 14.89 | - | 14.89 | 14.89 |
| Bulgaria | | | | | |
| Bulgarian-American Credit Bank A.D. | Finance ² | 10.00 | - | 10.00 | 10.00 |
| Paper Factory Stambolijski A.D. | Pulp and Paper | 32.50 | - | 32.50 | 43.00 |
| Unionbank AD | Finance ² | 5.00 | - | 5.00 | 5.00 |
| Croatia | | | | | |
| Belisce d.d. | Pulp and Paper | 9.93 | 12.80 | 22.73 | 41.90 |
| Croatia Banka d.d. | Finance ² | 19.73 | - | 19.73 | 19.73 |
| Erste & Steiermarkische Bank d.d. | Finance ² | 26.91 | - | 26.91 | 26.91 |
| Estonia | | | | | |
| AS Eesti Raudtee | Transportation ¹¹ | 50.00 | - | 50.00 | 227.00 |
| Georgia | | | | | |
| Microfinance Bank of Georgia | Finance ² | 6.00 | - | 6.00 | 6.00 |
| Microfinance Bank of Georgia | Finance ² | 0.72 | - | 0.72 | 4.50 |
| TBC Bank | Finance ² | 3.00 | - | 3.00 | 3.00 |
| Hungary | | | | | |
| Inter-Europa Bank Rt. | Finance ² | 13.00 | - | 13.00 | 13.00 |
| Kazakhstan | | | | | |
| Astana Business and Shopping Center | Trade ¹ | 5.00 | - | 5.00 | 22.00 |
| Lukoil Overseas Karachaganak B.V. | Oil, Gas, and Mining | 75.00 | 75.00 | 150.00 | 578.00 |
| Rambutya Limited Liability Partnership | Trade ¹ | 1.93 | - | 1.93 | 4.00 |
| Lithuania | | | | | |
| Viešbutis Lietuva | Tourism ⁷ | 9.31 | 9.31 | 18.62 | 28.30 |

| COUNTRY/PROJECT | SECTOR | IFC FINANCING | SYNDICATIONS | TOTAL PROJECT FINANCING | PROJECT SIZE |
|--|----------------------------------|---------------|--------------|-------------------------|--------------|
| Macedonia | | | | | |
| Teteks A.D. Tetovo | Textiles ¹² | 5.30 | - | 5.30 | 10.40 |
| Moldova | | | | | |
| Micro Enterprise Credit Bank Moldova S.A. | Finance ² | 1.46 | - | 1.46 | 11.10 |
| Romania | | | | | |
| Banc Post S.A. | Finance ² | 10.00 | - | 10.00 | 10.00 |
| Microfinance Bank (MIRO) Romania S.A. | Finance ² | 2.03 | - | 2.03 | 9.00 |
| Russian Federation | | | | | |
| Agro-Industrial Finance Company | Finance ² | 5.50 | 10.00 | 15.50 | 16.50 |
| AOOT Borsky Stekolny Zavod | Minerals ¹⁰ | 25.00 | - | 25.00 | 79.00 |
| Baltiskii Leasing ZAO | Finance ² | 2.00 | - | 2.00 | 2.00 |
| Commercial Bank DeltaCredit | Finance ² | 20.00 | - | 20.00 | 20.00 |
| Delta Leasing ZAO | Finance ² | 10.00 | - | 10.00 | 10.00 |
| Egar Technology Inc. | Information | 1.50 | - | 1.50 | 7.00 |
| IBS Group Holdings Ltd. | Information | 12.00 | - | 12.00 | 35.40 |
| Industry & Construction Bank | Finance ² | 10.00 | - | 10.00 | 10.00 |
| NBD Bank | Finance ² | 2.50 | - | 2.50 | 2.50 |
| OAO Pfliederer Chudovo | Minerals ¹⁰ | 12.40 | - | 12.40 | 26.40 |
| Open Joint Stock Company Commercial Bank "Center-invest" | Finance ² | 2.00 | - | 2.00 | 2.00 |
| Ramenka OOO | Trade ¹ | 40.00 | 30.00 | 70.00 | 133.30 |
| Russian Pre-Export Finance Facility | Finance ² | 20.00 | - | 20.00 | 40.00 |
| Russian Standard Bank | Finance ² | 10.00 | - | 10.00 | 30.00 |
| Russian Standard Bank | Finance ² | 15.00 | - | 15.00 | 15.00 |
| Small Business Credit Bank (KMB Bank) | Finance ² | 10.00 | - | 10.00 | 10.00 |
| Swedwood Tichvin LLC | Indus/Cons Products ⁸ | 5.90 | - | 5.90 | 17.00 |
| ZAO Sonic Duo | Information | 40.00 | 10.00 | 50.00 | 216.00 |
| ZAO Stora Enso Packaging | Pulp and Paper | 7.00 | - | 7.00 | 15.10 |
| ZAO Welor | Minerals ¹⁰ | 14.00 | - | 14.00 | 54.10 |
| Tajikistan | | | | | |
| Pamir Energy Development | Utilities | 8.00 | - | 8.00 | 26.40 |
| SugdAgroServ | Agriculture ⁴ | 0.25 | - | 0.25 | 0.50 |
| Telecom Technology Ltd. | Information | 0.35 | - | 0.35 | 0.86 |
| Turkey | | | | | |
| Assan Demir ve Sac Sanayii A.S. | Indus/Cons Products ⁸ | 25.00 | - | 25.00 | 60.00 |
| Atilim University | Education Services | 6.50 | - | 6.50 | 15.40 |
| Beko Elektronik A.S. | Indus/Cons Products ⁸ | 25.00 | 25.00 | 50.00 | 95.00 |
| Eczacibasi Karo Seramik | Minerals ¹⁰ | 10.00 | - | 10.00 | 25.00 |
| Ipek Kagit Sanayii ve Ticaret A.S. | Pulp and Paper | 12.27 | - | 12.27 | 12.30 |
| Koc Holding | Finance ² | 50.00 | - | 50.00 | 100.00 |
| Milli Reasurans T.A.S. | Finance ² | 60.00 | - | 60.00 | 60.00 |
| Modern Karton Sanayii ve Ticaret A.S. | Pulp and Paper | 10.00 | - | 10.00 | 10.00 |
| Pasabahce-Eskisehir Cam Sanayii ve Ticaret A.S. | Minerals ¹⁰ | 7.50 | - | 7.50 | 7.50 |
| Soktas Pamuk ve Tarim Urunlerini Degerlendirme Ticaret ve Sanayi A.S. | Textiles ¹² | 4.00 | - | 4.00 | 4.00 |
| Turk Ekonomi Bankasi A.S. | Finance ² | 35.00 | 50.00 | 85.00 | 115.00 |
| Turkiye Sise ve Cam Fabrikalari A.S. | Minerals ¹⁰ | 35.00 | - | 35.00 | 35.00 |
| Yeditepe Beynelmielel Otelcilik Turizm ve Ticaret A.S. (Conrad Istanbul Hotel) | Tourism ⁷ | 3.50 | - | 3.50 | 8.80 |
| Yugoslavia, Fed. Rep. of | | | | | |
| Fresh&Co | Food ³ | 6.80 | - | 6.80 | 10.40 |
| Micro Enterprise Bank of Kosovo | Finance ² | 1.12 | - | 1.12 | 6.60 |
| Microfinance Bank A.D. | Finance ² | 5.00 | - | 5.00 | 30.00 |
| Raiffeisenbank Yugoslavia a.d. | Finance ² | 2.30 | - | 2.30 | 23.00 |
| Tigar Rubber Products Company A.D. | Plastics and Rubber | 17.24 | - | 17.24 | 45.00 |
| REGIONAL INVESTMENTS | | | | | |
| Baltic American Enterprise Fund | Finance ² | 50.00 | - | 50.00 | 50.00 |
| Black Sea Fund L.P. | Funds ⁵ | 4.50 | - | 4.50 | 38.00 |
| Commercializing Energy Efficiency Finance | Finance ² | 75.00 | - | 75.00 | 225.00 |
| Euromedic Diagnostics B.V. and International Dialysis Centers B.V. | Health Care | 13.00 | - | 13.00 | 33.00 |
| MFI Facility - Central Asia | Finance ² | 45.00 | - | 45.00 | 118.00 |

| COUNTRY/PROJECT | SECTOR | IFC FINANCING | SYNDICATIONS | PROJECT FINANCING | TOTAL PROJECT SIZE |
|--|----------------------------------|---------------|--------------|-------------------|--------------------|
| LATIN AMERICA AND THE CARIBBEAN | | | | | |
| Argentina | | | | | |
| Aceitera General Deheza S.A. | Agriculture ⁴ | 30.00 | 30.00 | 60.00 | 60.00 |
| Empresa de Distribución Eléctrica de Tucumán, S.A. | Utilities | 35.00 | 50.00 | 85.00 | 90.00 |
| Brazil | | | | | |
| Amaggi Exportação e Importação Limitada | Food ³ | 30.00 | - | 30.00 | 199.00 |
| Andrade Gutierrez S.A. | Funds ⁵ | 40.00 | 120.00 | 160.00 | 160.00 |
| Banco BBA Creditanstalt S.A. | Finance ² | 50.00 | - | 50.00 | 200.00 |
| Banco Itaú, S.A. | Finance ² | 100.00 | 100.00 | 200.00 | 200.00 |
| Construtora Norberto Odebrecht | Construction ¹³ | 80.00 | 200.00 | 280.00 | 280.00 |
| Distel Holding S.A. | Information | 4.47 | - | 4.47 | 79.00 |
| Escol@24Horas | Education Services | 0.28 | - | 0.28 | 0.28 |
| Macaé | Utilities | 75.00 | 275.00 | 350.00 | 700.00 |
| Microinvest S.A. Sociedade de Credito Ao Microempreendedor | Finance ² | 1.25 | - | 1.25 | 1.30 |
| Net Servicos de Comunicação S.A. | Information | 55.00 | - | 55.00 | 635.00 |
| Portobello S.A. | Construction ¹³ | 1.09 | - | 1.09 | 1.10 |
| Tecon Suape S.A. | Transportation ¹¹ | 6.00 | - | 6.00 | 19.50 |
| Unibanco - Uniao de Bancos Brasileiros S.A. | Finance ² | 150.00 | 150.00 | 300.00 | 300.00 |
| Universidade do Vale do Itajai | Education Services | 10.00 | - | 10.00 | 27.60 |
| UP Offshore (Bahamas) Ltd. | Transportation ¹¹ | 26.80 | 25.20 | 52.00 | 70.10 |
| Chile | | | | | |
| CB Transportes S.A. | Transportation ¹¹ | 0.17 | - | 0.17 | 0.20 |
| San Vicente Terminal Internacional S.A. | Transportation ¹¹ | 17.00 | 18.00 | 35.00 | 71.80 |
| Colombia | | | | | |
| Banco Caja Social | Finance ² | 7.00 | - | 7.00 | 30.00 |
| Grupo Empresarial Bavaria | Food ³ | 100.00 | 200.00 | 300.00 | 750.00 |
| Inversura S.A. | Finance ² | 15.00 | - | 15.00 | 15.00 |
| Omimex de Colombia, Ltd. | Oil, Gas, and Mining | 35.00 | - | 35.00 | 112.00 |
| Protección S.A. | Finance ² | 10.00 | - | 10.00 | 10.00 |
| Suramericana de Inversiones S.A. | Finance ² | 75.00 | - | 75.00 | 335.00 |
| Costa Rica | | | | | |
| Productos Gutis S.A. | Health Care | 7.00 | - | 7.00 | 15.80 |
| Dominican Republic | | | | | |
| Caucedo Investments Inc. | Transportation ¹¹ | 50.00 | - | 50.00 | 277.30 |
| France Telecom Dominicana, S.A. | Information | 56.00 | 80.00 | 136.00 | 278.00 |
| El Salvador | | | | | |
| Financiera Calpia S.A. | Finance ² | 2.00 | - | 2.00 | 4.00 |
| Grenada | | | | | |
| Bel Air Plantation Ltd. | Tourism ⁷ | 2.00 | - | 2.00 | 6.50 |
| Guatemala | | | | | |
| Banco de Occidente S.A. | Finance ² | 10.00 | - | 10.00 | 10.00 |
| Generadora de Occidente Ltda. | Utilities | 15.00 | 22.00 | 37.00 | 57.10 |
| Interforest S.A. | Indus/Cons Products ⁹ | 6.00 | 2.00 | 8.00 | 13.00 |
| Jamaica | | | | | |
| MBJ Airports Ltd. | Transportation ¹¹ | 20.00 | 25.00 | 45.00 | 80.00 |
| Mossel (Jamaica) Ltd. | Information | 20.00 | - | 20.00 | 60.00 |
| Mexico | | | | | |
| Centro Español de Támpico, A.C. de B.P. | Health Care | 5.00 | - | 5.00 | 11.00 |
| Coppel S.A. de C.V. | Trade ¹ | 30.00 | - | 30.00 | 80.00 |
| Puertas Finas de Madera Montealbán, S.A. de C.V. | Indus/Cons Products ⁹ | 13.00 | - | 13.00 | 26.20 |
| Qualita, Inc. | Information | 6.00 | - | 6.00 | 12.00 |
| Panama | | | | | |
| UP Offshore Panama | Transportation ¹¹ | 13.60 | 54.40 | 68.00 | 95.60 |

| COUNTRY/PROJECT | SECTOR | IFC FINANCING | SYNDICATIONS | TOTAL PROJECT FINANCING | PROJECT SIZE |
|--|------------------------------|---------------|--------------|-------------------------|--------------|
| Peru | | | | | |
| Ferrocarril Transandino S.A. | Transportation ¹¹ | 9.00 | - | 9.00 | 41.80 |
| GLORIA S.A. | Food ³ | 25.00 | - | 25.00 | 70.00 |
| Inka Terra, Peru S.A.C. | Tourism ⁷ | 0.25 | - | 0.25 | 5.00 |
| Interseguro Compañía de Seguros de Vida S.A. | Finance ² | 4.00 | - | 4.00 | 4.00 |
| ISA Peru, S.A. | Utilities | 18.00 | 12.00 | 30.00 | 60.00 |
| MIBANCO, Banco de la Microempresa, S.A. | Finance ² | 5.00 | - | 5.00 | 5.00 |
| Trinidad and Tobago | | | | | |
| Republic Bank Limited of Trinidad and Tobago | Finance ² | 40.00 | - | 40.00 | 40.00 |
| Uruguay | | | | | |
| Cooperativa Nacional de Productores de Leche | Food ³ | 35.00 | 15.00 | 50.00 | 108.00 |
| Venezuela, República Bolivariana de | | | | | |
| Global Material Services Venezuela C.A. / ACBL Riverside Terminals C.A. | Transportation ¹¹ | 9.80 | - | 9.80 | 27.40 |
| REGIONAL INVESTMENTS | | | | | |
| Advent Latin American Private Equity Fund II, L.P. | Funds ⁵ | 15.00 | - | 15.00 | 250.00 |
| Convergence Communications, Inc. | Information | 0.77 | - | 0.77 | 25.00 |
| Latin American Agribusiness Development Corporation S.A. | Finance ² | 20.00 | - | 20.00 | 20.00 |
| MSF Holding Ltd. | Finance ² | 1.00 | - | 1.00 | 1.00 |
| PriceSmart, Inc. | Trade ¹ | 10.00 | - | 10.00 | 22.00 |
| Salutia.com, Inc. | Health Care | 2.83 | - | 2.83 | 11.00 |
| UABL Bahamas Ltd. | Transportation ¹¹ | 25.00 | 21.00 | 46.00 | 84.00 |
| MIDDLE EAST AND NORTH AFRICA | | | | | |
| Algeria | | | | | |
| Algeria Trade Enhancement Facility | Finance ² | 20.00 | - | 20.00 | 40.00 |
| Algerian Cement Co. SPA Cement | Minerals ¹⁰ | 35.00 | - | 35.00 | 260.00 |
| Egypt, Arab Republic of | | | | | |
| Al-Amir For Sanitary Ware Production, S.A.E. | Minerals ¹⁰ | 6.00 | - | 6.00 | 12.00 |
| Metro Markets LLC | Trade ¹ | 15.00 | - | 15.00 | 48.00 |
| Orascom Construction Industries S.A.E. | Minerals ¹⁰ | 25.00 | 35.00 | 60.00 | 60.00 |
| Sekem Holdings | Chemicals | 5.00 | - | 5.00 | 13.30 |
| Jordan | | | | | |
| Industry and Information Technology Park Development Co. | Construction ¹³ | 12.50 | - | 12.50 | 55.90 |
| Middle East Regional Development Enterprise | Oil, Gas and Mining | 5.00 | - | 5.00 | 15.00 |
| Specialized Investment Compounds Co. Plc | Construction ¹³ | 8.00 | - | 8.00 | 18.50 |
| Morocco | | | | | |
| Société de Gestion de Risques Intempéries (Weather Risk Insurance Company Morocco) | Finance ² | 0.90 | - | 0.90 | 4.60 |
| Saudi Arabia | | | | | |
| Saudi Orix Leasing Company (SOLC) | Finance ² | 6.67 | - | 6.67 | 13.33 |
| Syrian Arab Republic | | | | | |
| Daaboul Company for Petrochemicals Industries | Chemicals | 13.20 | - | 13.20 | 37.90 |
| Syrian Commercial Bank | Finance ² | 3.22 | - | 3.22 | 30.00 |
| Yemen, Republic of | | | | | |
| Al-Ahila Mineral Water Company | Food ³ | 1.51 | - | 1.51 | 4.30 |
| WORLDWIDE | | | | | |
| AIG Global Emerging Markets Fund II L.P. | Funds ⁵ | 45.00 | - | 45.00 | 250.00 |
| Capital International Private Equity Fund IV, L.P. | Funds ⁵ | 30.00 | - | 30.00 | 250.00 |
| Global Weather Risk Facility | Finance ² | 10.00 | - | 10.00 | 100.00 |
| Internationale Micro Investitionen Aktiengesellschaft | Finance ² | 0.38 | - | 0.38 | 2.33 |

Abbreviations:

- | | |
|---|---|
| 1. Wholesale & Retail Trade | 7. Accommodation & Tourism Services |
| 2. Finance & Insurance | 8. Industrial & Consumer Products |
| 3. Food & Beverages | 9. Primary Metals |
| 4. Agriculture & Forestry | 10. Nonmetallic Mineral Product Manufacturing |
| 5. Collective Investment Vehicles | 11. Transportation & Warehousing |
| 6. Professional, Scientific, & Technical Services | 12. Textiles, Apparel, & Leather |
| | 13. Construction & Real Estate |

TECHNICAL ASSISTANCE & ADVISORY PROJECTS

| COUNTRY | PURPOSE | PROJECT DESCRIPTIONS |
|-------------------------------------|---------------------------------|--|
| SUB-SAHARAN AFRICA | | |
| Kenya | Privatization | Assisted in privatization transaction to maximize developmental impact and ensure sustainable railway privatization. (TATF - Sweden) |
| Madagascar | Financial Sector | Provided technical assistance to Bank of Africa Madagascar to assess legislation. (TATF) |
| Mali | Community Development | Developed economically and financially viable community-oriented projects. (TATF - Luxembourg) |
| Mozambique | Privatization | Lead advisor in privatization of national oil and gas distribution company, Petromoc. (TATF - Norway) |
| Nigeria | Financial | Facilitated Competitiveness and Private Sector Growth forum. (TATF - Canada) |
| | Regulatory/Legal Review | Developed strategy for Manufacturing Association of Nigeria and initiated activities to enhance services and policy advocacy. (TATF - Denmark) |
| | Sector Study | Conducted workshop to increase efficiency and recommended potential association partners and recipients of assistance. (TATF - Denmark) |
| South Africa | SME | Provided technical assistance to Support and Training Entrepreneurship Program (STEP) to improve its work with the informal sector. (TATF - Switzerland) |
| | Sector Study | Conducted market study of primary and secondary education market and developed financing package to support independent schools. (TATF - Sweden) |
| Tanzania, United Republic of | Environment | Completed technical designs for model "eco-village," consisting of 150 affordable rural farm houses and associated services. (TATF - Netherlands) |
| | Business Advisory/Privatization | Helped management in implementing initiatives to improve efficiency and reduce operating costs of Air Tanzania. (TATF) |
| Uganda | Infrastructure | Helped Uganda Rural Electrification Company negotiate operating licenses and power purchase agreement. (TATF) |
| Africa Region | Sector Study | Analyzed information technology and Internet investment opportunities. (TATF - Sweden) |

FDI = Foreign direct investment
FIAS = Foreign Investment Advisory Service
FM = Regional financial markets division or Financial Markets Advisory Department
PEP = Private Enterprise Partnership

PSAS = Private Sector Advisory Services
SCBF = Small and Medium Enterprise Department Capacity Building Fund
SME = Small and medium enterprise
TATF = Technical Assistance Trust Funds program

| COUNTRY | PURPOSE | PROJECT DESCRIPTIONS |
|---|-------------------------|---|
| ASIA AND THE PACIFIC | | |
| China | Business Advisory | Provided business advisory services to Shenyang Special Environmental Equipment Manufacturing Company Limited, a water and wastewater treatment systems company. (TATF - United Kingdom) |
| | Environment | Developed skills of local consultants and specialists to undertake environment review and mitigation work according to international standards. (TATF - Denmark) |
| | FDI | Supported mining investment conference in Xian and program to improve investment climate for sustainable mining development. (TATF - Australia) |
| | Financial Sector | Provided assistance to help New China Life Insurance Co. adopt international best practices for insurance, develop operational manuals, and train staff to develop and manage company's master information system. (TATF - Switzerland) |
| | Financial Sector | Provided training for Bank of Shanghai to improve credit analysis skills and policies. (TATF - Japan) |
| | Financial Sector | Helped improve corporate governance standards among Sichuan companies and financial agencies. (TATF - Canada, Italy) |
| | Financial Sector | Reviewed Chengdu City Commercial Bank's financial performance and provided advice to improve credit and risk management policies and procedures. (TATF - Norway) |
| | SME | Helped China Project Development Facility develop techniques and models for delivering technical assistance to SMEs. (TATF - Switzerland) |
| Indonesia | Financial Sector | Helped Bank NISP adopt international best practices and strengthen institutional capacity. (TATF - Switzerland) |
| Lao People's Democratic Republic | Sustainability | Provided assistance to the Sepon gold and copper mine's management of social and environment issues. (TATF - Australia, Japan) |
| Mongolia | FDI | Assisted in preparing government profiles on various sectors to improve investment opportunities and attract FDI. (TATF - Ireland, Norway) |
| Papua New Guinea | Sector Study | Evaluated success of Street Pasin Stoa scheme to create a model. (TATF - Australia) |
| | SME | Conducted studies to identify and analyze issues affecting development and sustainability of SMEs. (TATF - Australia) |
| | SME | Assessed indigenous SME financing options and identified regional financial and debt security issues. (TATF - Australia) |
| Philippines | Financial Sector | Advised Philippines Bank to strengthen institution and increase effectiveness of lending to SMEs. (TATF - Japan) |
| Thailand | Financial Sector | Helped Thai Bond Dealing Center establish rules and procedures for improved organization. (TATF - Japan) |
| | SME | Identified opportunities to assist SMEs in upgrading technology, support, technical training, and finance. (TATF - Japan) |
| Vietnam | Regulatory/Legal Review | Assessed dynamics of private enterprises, government policies toward private sector, and main constraints for entrepreneurs. (TATF - Australia) |
| Asia and the Pacific Region | Environment | Assisted in developing environmental management systems for manufacturing operations in wood products sector. (TATF - Finland) |
| | Financial Sector | Analyzed feasibility of establishing a bank holding company that would take minority stakes in small and regional banks. (TATF - Netherlands) |
| | SME | Conducted financial and legal assessment of feasibility in risk mitigation of SME lending products. (TATF - Australia) |

| COUNTRY | PURPOSE | PROJECT DESCRIPTIONS |
|-------------------|-------------------------|--|
| SOUTH ASIA | | |
| Bangladesh | Financial Sector | Prepared report on current market statistics and project growth rates in the housing finance sector. (TATF - Sweden) |
| | Financial Sector | Helped private sector commercial banks strengthen operations and increase SME exposure. (TATF - Norway) |
| India | Community Development | Planned high-level workshop to review community development and social awareness issues in mining sector. (TATF - Ireland, United Kingdom) |
| | Regulatory/Legal Review | Reviewed Indian regulations and controls relating to agrochemicals and prepared pesticide management plan. (TATF - Denmark) |
| | SME | Provided funding for seven international specialists and practitioners to advise CEOs of Indian financial institutions on best practice in SME finance. (TATF) |
| | SME | Provided organizational assistance to new trade facilitation center for commercialization of Self-Employed Women's Association, an Indian NGO. (TATF) |
| Pakistan | Financial Sector | Assisted Securities and Exchange Commission in identifying derivatives products to improve risk management in local financial markets. (TATF - New Zealand) |
| Sri Lanka | Financial Sector | Identified opportunities for insurance and contractual savings sector and explored trends in international and local markets in financial services consolidation. (TATF) |
| | Financial Sector | Helped National Development Bank develop strategy for transition to universal bank. (TATF - Canada) |

| COUNTRY | PURPOSE | PROJECT DESCRIPTIONS |
|--------------------------------|-------------------|--|
| EUROPE AND CENTRAL ASIA | | |
| Albania | Financial Sector | Reviewed legal and regulatory environment, analyzed market potential for leasing, and helped establish leasing company. (TATF - Italy) |
| Azerbaijan | FDI | Organized foreign direct investment conference in Azerbaijan to help government promote privatization. (TATF - Switzerland) |
| Bosnia and Herzegovina | Privatization | Assessed water services needs and willingness of households to pay more for reliable and safer water. (TATF - Austria) |
| | Privatization | Assessed privatization and restructuring of shipyard to increase international competitiveness. (TATF) |
| Bulgaria | Sector Study | Implemented program to support economic fruit production and sustain indigenous fresh and processed fruit industry. (TATF - Greece) |
| | Sector Study | Helped Bulgarian furniture manufacturers develop business plans to modernize and expand operation. (TATF-Sweden) |
| Kyrgyz Republic | Financial Sector | Assisted in developing legislative framework for microfinance in the country. (TATF) |
| | Sector Study | Advised Kyrgyz Republic on creating conditions for greater investment in information and communications technology sector. (TATF - Japan) |
| Lithuania | SME | Facilitated integration of manufacturing companies into European supply chain. (TATF - Sweden) |
| Moldova | Sector Study | Conducted study of garment sector that identifies individual enterprises with potential for growth and commercial viability. (TATF - Sweden) |
| Poland | Financial Sector | Conducted analysis of business practices in transparency, treatment of minority shareholders, and internal governance. (TATF - Netherlands) |
| Romania | Sector Study | Assisted Ministry of Health in developing national strategy for private sector participation in health. (TATF - Switzerland) |
| Russian Federation | Business Advisory | Provided aid to improve energy efficiency and environmental conditions of two furniture manufacturers. (TATF - Norway) |
| | Business Advisory | Provided IAS audit of large private coal producer and assisted development of IAS accounting system. (TATF - United Kingdom) |
| | Environment | Conducted environmental audit of three generating plants and prepared feasibility study of carbon emissions trading. (TATF - Norway) |
| | Financial Sector | Provided technical assistance to improve profitability and strengthen internal audit functions of Center-invest. (TATF - Norway) |
| | Financial Sector | Assisted NBD Bank in improving internal audit function and management information systems utilization. (TATF - Norway) |
| | Financial Sector | Helped diversified agribusiness company prepare feasibility study for investment program. (TATF - United Kingdom) |
| | Sector Study | Helped forestry operators improve business practices and implement sustainable forestry methods. (TATF - Sweden) |
| | Sector Study | Conducted baseline survey of private sector higher education. (TATF -Sweden) |
| | Sector Study | Assisted farms in improving production of dairy products and potatoes. (TATF - Canada) |
| | SME | Helped automotive component suppliers improve manufacturing processes and product quality in preparation for joint venture. (TATF - USA) |

| COUNTRY | PURPOSE | PROJECT DESCRIPTIONS |
|---|---------------------------------------|---|
| Tajikistan | Financial Sector | Conducted feasibility assessment for microfinance services. (TATF - Canada) |
| | Privatization | Provided legal assistance to government in conjunction with development of Pamir Energy Co. (TATF) |
| Turkey | FDI | Helped government organize and implement conference to increase FDI flows. (TATF) |
| Ukraine | Financial Sector | Helped implement leasing-oriented IAS accounting system and conducted management training. (TATF - Netherlands) |
| | SME | Cofinanced development and initial operating costs of Internet-based SME toolkit. (TATF) |
| | SME | Analyzed the state of SMEs and produced report on competitiveness and investment in manufacturing. (TATF - Norway) |
| Uzbekistan | Business Advisory | Analyzed demand for plastic card payment and reviewed appropriate software and hardware to transition from card-based society to credit payments system. (TATF - Finland) |
| Yugoslavia, Federal Republic of | Business Advisory | Helped two clothing manufacturers prepare business plans. (TATF - Sweden) |
| | Financial Sector | Developed business plan for Metalex. (TATF - Sweden) |
| | Financial Sector | Assessed risks and reviewed opportunities for expansion of plastic and metal packaging materials plant. (TATF - Sweden) |
| | Privatization/ Sector Study | Assisted with privatization of a solid waste municipal company. (TATF - Denmark, Greece, Norway) |
| | Sector Study | Conducted a feasibility study of two shipyards in northern Serbia. (TATF - Sweden) |
| | Sector Study | Evaluated practices of industrial rubber products industry and strategic partners for development. (TATF - Sweden) |
| | Sector Study | Identified firms suitable for investment. (TATF - Sweden) |
| | Sector Study | Reviewed feasibility of business expansion to include a hypermarket and shopping mall. (TATF - Italy) |
| | Sector Study | Prepared feasibility study and business plan to modernize garment facility and retail distribution network. (TATF - Italy) |
| | Europe and Central Asia Region | Financial Sector |
| | Financial Sector | Identified business opportunities in pension and insurance industry in Kazakhstan and assisted development of private pension funds system in Kyrgyz Republic. (TATF) |
| | Sustainability | Developed and implemented model for testing Global Reporting Initiative's sustainability reporting guidelines. |
| LATIN AMERICA AND THE CARIBBEAN | | |
| Dominican Republic | Financial Sector | Supported regional capital markets seminar resulting in action plans to develop securities markets in Dominican Republic and other participating countries. (TATF) |
| Mexico | Infrastructure | Helped develop public-private partnerships. (TATF - United Kingdom) |
| Latin America and the Caribbean Region | Environment | Helped promote cleaner investments in Latin America and Caribbean. (TATF - United States) |

| COUNTRY | PURPOSE | PROJECT DESCRIPTIONS |
|--|---|---|
| MIDDLE EAST AND NORTH AFRICA | | |
| Afghanistan | FDI | Studied hotel development environment in Afghanistan, including analysis of infrastructure availability and potential constraints. (TATF - United States) |
| | Financial Sector | Assessed financial services needs of micro and small entrepreneurs and feasibility of establishing microfinance institutions catering to those needs. (TATF) |
| Egypt | Partnerships for Community Development | Helped major industrial companies, in cooperation with NGOs, provide on-the-job training for individuals from poor areas of Cairo. (TATF) |
| | SME | Helped SME sector determine constraints on access to capital. (TATF) |
| Iran, Islamic Republic of | Financial Sector | Analyzed financial services market in Iran, highlighting aspects of legal and regulatory framework. (TATF - Ireland) |
| | Other | Helped implement corporate citizenship initiative to address work force issues in socially responsible manner. (TATF - Norway) |
| Syrian Arab Republic | Financial Sector | Assessed viability of insurance company offering life and nonlife coverage. (TATF - Sweden) |
| Middle East and North Africa Region | Financial Sector | Surveyed potential development contribution of leasing industry. (TATF - Denmark) |
| WORLDWIDE | | |
| World Region/Global | Community Development | Identified and evaluated effective public-private partnership approaches to HIV/AIDS prevention and treatment. (TATF - Canada) |
| | Environment | Translated IFC's Lessons of Experience #8 - The Environmental and Social Challenges of Private Sector Projects: IFC's Experience into Japanese. (TATF - Japan) |
| | Financial Sector | Developed legal template for weather risk management sector and carried out legal due diligence on IFC participation in the Global Weather Risk Facility. (TATF) |
| | Other | Reviewed multilateral development bank's current evaluation practices for individual private sector investment operations by multilateral development banks. (TATF) |
| | SME | Created new Internet technology enabling SMEs to obtain information on products and services. (TATF - Japan) |
| | Sustainability | Convened conference to promote good labor practices. (TATF - Japan) |
| | Sustainability | Determined technology needs of industrial manufacturing companies to develop global competitiveness and productivity improvements. (TATF - Ireland) |
| | Sustainability | Conducted analysis of "business case" in pursuit of corporate social and environmental sustainability in emerging markets. (TATF - Ireland) |
| Sector Study | Provided overview of pharmaceutical sector in China and Russia, with special emphasis on investment opportunities. (TATF - Ireland) | |

APPENDIXES

APPENDIX A

Governors and Alternates As of June 30, 2002

| MEMBER | GOVERNOR | ALTERNATE |
|-------------------------------|--------------------------------|-----------------------------|
| A | | |
| Afghanistan | Hedayat Amin-Arsala | (vacant) |
| Albania | Kastriot Islami | Fatos Ibrahim |
| Algeria | Mohamed Terbeche | Omar Bougara |
| Angola | Ana Dias Lourenco | Job Graca |
| Antigua and Barbuda | Lester B. Bird | Asot A. Michael |
| Argentina | Roberto Lavagna | Mario Blejer |
| Armenia | Vahram Nercissiantz | Karen Chshmarityan |
| Australia | Peter Costello | Chris Gallus |
| Austria | Karl-Heinz Grasser | Thomas Wieser |
| Azerbaijan | Elman Siradjogly Rustamov | Jahangir Fevzi Hajiyev |
| B | | |
| Bahamas, The | William C. Allen | Ruth R. Millar |
| Bahrain | Abdulla Hassan Saif | Zakaria Ahmed Hejres |
| Bangladesh | M. Saifur Rahman | Anisul Huq Chowdhury |
| Barbados | Reginald Farley | Grantley W. Smith |
| Belarus | Andrei V. Kobyakov | Vladimir N. Shimov |
| Belgium | Didier Reynders | Guy Quaden |
| Belize | Ralph Fonseca | Sydney Campbell |
| Benin | Bruno Amoussou | Lazare Sehoueto |
| Bolivia | Jacques Trigo Loubiere | Bernardo Requena Blanco |
| Bosnia and Herzegovina | Azra Hadziahmetovic | Mladen Ivanic |
| Botswana | Baledzi Gaolathe | Serwalo S.G. Tumelo |
| Brazil | Pedro Sampaio Malan | Aminio Fraga Neto |
| Bulgaria | Milen Veltchev | Martin Mihaylov Zaimov |
| Burkina Faso | Jean Baptiste Compaore | Etienne Yameogo |
| Burundi | Edouard Kadigiri | Dieudonne Nintunze |
| C | | |
| Cambodia | Keat Chhon | Ouk Rabun |
| Cameroon | Martin Okouda | Daniel Njankouo Lamere |
| Canada | John Manley | Leonard M. Good |
| Cape Verde | Carlos Augusto Duarte Burgo | (vacant) |
| Central African Republic | Alexis Ngomba | Clement Eregani |
| Chad | Mahamat Ali Hassan | Maina Touka Sahanaye |
| Chile | Nicolas Eyzaguirre | Mario Marcel |
| China | Xiang Huaicheng | Jin Liqun |
| Colombia | Juan Manuel Santos Calderon | Juan Carlos Echeverry |
| Comoros | Djaffar Mmadi | Moindjie Saadi |
| Congo, Democratic Republic of | Matungulu Mbuyamu Ilankir | Jean-Claude Masangu Mulongo |
| Congo, Republic of | Mathias Dzon | Clement Mierassa |
| Costa Rica | Jorge Walter Bolanos Rojas | Eduardo Lizano Fait |
| Côte d'Ivoire | Affi N'Guessan | Bouabre Bohoun |
| Croatia | Mato Crkvenac | Josip Kulisic |
| Cyprus | Takis Klerides | Andreas Tryfonides |
| Czech Republic | Jiri Rusnok | Oldrich Dedek |
| D | | |
| Denmark | Per Stig Moller | Carsten Staur |
| Djibouti | Yacin Elmi Bouh | Nouh Omar Miguil |
| Dominica | Swinburne Lestrade | Ambrose M.J. Sylvester |
| Dominican Republic | Francisco M. Guerrero Prats-R. | Luis Manuel Piantini |
| E | | |
| Ecuador | Carlos Julio Emanuel | Julio Ponce Arteta |
| Egypt, Arab Republic of | Medhat Hassanein | Faiza Abulnaga |
| El Salvador | Juan Jose Daboub | Rafael Barraza |
| Equatorial Guinea | Fortunato Ofa Mbo | Melchor Esono Edjo |
| Eritrea | Berhane Abrehe | Kibrom Dafla |
| Estonia | Harri Ounapuu | Renaldo Mandmets |
| Ethiopia | Sufian Ahmed | Mekonnen Manyazewal |
| F | | |
| Fiji | Jone Yavala Kubuabola | Solomone S. Kotobalavu |
| Finland | Sauli Niinisto | Satu Hassi |
| France | Francis Mer | Jean-Pierre Jouyet |

G

Gabon
Gambia, The
Georgia
Germany
Ghana
Greece
Grenada
Guatemala
Guinea
Guinea-Bissau
Guyana

Casimir Oye-Mba
Famara L. Jatta
Mirian Gogiasvili
Heidemarie Wiczorek-Zeul
Yaw Osafo-Mafo
Nikolaos Christodoulakis
Anthony Boatswain
Eduardo Humberto Weymann Fuentes
Cheick Ahmadou Camara
Rui Duarte Barros
Bharrat Jagdeo

Claude Ayo Iguendha
Dodou B. Jagne
Giorgi Gachechiladze
Caio K. Koch-Weser
Grace Coleman
Vasilis Rapanos
Swinburne Lestrade
Lizardo Arturo Sosa Lopez
Cellou Dalein Diallo
Verissimo Paulino Nancassa
Saisnarine Kowlessar

H

Haiti
Honduras
Hungary

Faubert Gustave
Arturo Alvarado
Csaba Laszlo

Venel Joseph
Maria Elena Mondragon de Villar
Peter Adamecz

I

Iceland
India
Indonesia
Iran, Islamic Republic of
Iraq
Ireland
Israel
Italy

Halldor Asgrimsson
Yashwant Sinha
Boediono
Thahmaseb Mazaheri-Khorzani
Issam Rashid Hwaish
Charlie McCreedy
David Klein
Antonio Fazio

Geir Hilmar Haarde
Chander Mohan Vasudev
Achjar Ijas
Mohammad Khazae-Torshizi
Hashim Ali Obaid
Tom Considine
Ohad Marani
Lorenzo Bini Smaghi

J

Jamaica
Japan
Jordan

Omar Lloyd Davies
Masajuro Shiokawa
Bassem I. Awadallah

Wesley George Hughes
Masaru Hayami
Hala Bsaiso Lattouf

K

Kazakhstan
Kenya
Kiribati
Korea, Republic of
Kuwait
Kyrgyz Republic

Alexander Sergeevich Pavlov
Christopher Mogere Obure
Beniamina Tinga
Yun-Churl Jeon
Yousef Hamad Al-Ebraheem
Temirbek Akmataliyev

Mazhit T. Yessenbayev
Mwaghazi W. Mwachofi
Tebwe letaake
Seung Park
Bader Meshari Al-Humaidhi
Kubat Abduldaevich Kanimetov

L

Lao People's Democratic Republic
Latvia
Lebanon
Lesotho
Liberia
Libya
Lithuania
Luxembourg

Soukanh Mahalath
Roberts Zile
Fuad A.B. Siniora
Mohlabi Kenneth Tsekoa
Amelia A. Ward
Alojeli Abdel Salam Breeni
Dalia Grybauskaitė
Luc Frieden

Phouphet Khamphounvong
Aigars Kalvitis
Basil R. Fuleihan
T.J. Ramotsoari
M. Nathaniel Barnes
Ali Ramadan Shnebsh
Arvydas Kregzde
Jean Guill

M

Macedonia, Former Yugoslav Republic of
Madagascar
Malawi
Malaysia
Maldives
Mali
Marshall Islands
Mauritania
Mauritius
Mexico
Micronesia, Federated States of
Moldova
Mongolia
Morocco
Mozambique
Myanmar

Nikola Gruevski
Pierrot J. Rajaonarivelo
Friday Jumbo
Mahathir Mohamad
Fathulla Jameel
Ousmane Issoufi Maiga
Michael Konelios
Mohamed Ould Nany
Khushhal Chand Khushiram
Francisco Gil Diaz
John Ehsa
Zinaida Grecianii
Chulthem Ulaan
Fathallah Oualalou
Adriano Afonso Maleiane
Khin Maung Thein

Vanco Kargov
Simon Constant Horace
Zaki Chalira
Samsudin Hitam
Adam Maniku
Toure Alimata Traore
Smith Michael
Abdallah Ould Hormtallah
Philippe Ong Seng
Agustin Carstens
Sebastian L. Anefal
Dumitru Ursu
Ochirbat Chuluunbat
Ahmed Lahlimi
Manuel Chang
Soe Lin

N

Namibia
Nepal
Netherlands
New Zealand
Nicaragua
Niger
Nigeria
Norway

Saara Kuugongelwa
Ram Sharan Mahat
Gerrit Zalm
Michael Cullen
Eduardo Montealegre Rivas
Ali Badjo Gamatie
Adamu Ciroma
Hilde Frafjord Johnson

Usutuajje Maamberua
Bimal P. Koirala
Eveline Herfkens
Alan Bollard
Mario Alonso Icabalceta
Maliki Barhouni
Thelma Amata Iremiren
Olav Kjørven

| | | |
|-------------------------------------|------------------------------|--------------------------------|
| O | | |
| Oman | Ahmed Macki | Mohammed bin Nasser Al-Khasibi |
| P | | |
| Pakistan | Shaukat Aziz | Nawid Ahsan |
| Palau | Casmir Remengesau | Lawrence Alan Goddard |
| Panama | Norberto Delgado Duran | Domingo Latorraca |
| Papua New Guinea | Mekere Morauta | Koiari Tarata |
| Paraguay | James Spalding | Jose Ernesto Buttner |
| Peru | Pedro Pablo Kuczynski | Richard Webb |
| Philippines | Jose Isidro N. Camacho | Rafael B. Buenaventura |
| Poland | Leszek Balcerowicz | Andrzej S. Bratkowski |
| Portugal | Manuela Ferreira Leite | Miguel Frasquilho |
| R | | |
| Romania | Mihai Nicolae Tanasescu | Emil Iota Ghizari |
| Russian Federation | Viktor Khristenko | German O. Gref |
| Rwanda | Donald Kaberuka | Jean Marie Karekezi |
| S | | |
| St. Kitts and Nevis | Denzil Douglas | Wendell Everton Lawrence |
| St. Lucia | Kenny D. Anthony | Bernard La Corbiniere |
| Samoa | Misa Telefoni Retzlaff | Hinauri Petana |
| Saudi Arabia | Ibrahim A. Al-Assaf | Hamad Al-Sayari |
| Senegal | Abdoulaye Diop | Cheikh Hadjibou Soumare |
| Seychelles | Jeremie Bonnelame | Alain Butler-Payette |
| Sierra Leone | Peter J. Kuyembeh | Samura Kamara |
| Singapore | Lee Hsien Loong | Lim Siong Guan |
| Slovak Republic | Ivan Miklos | Marian Jusko |
| Slovenia | Anton Rop | Irena Sodin |
| Solomon Islands | Laurie Chan | Shadrach Fanega |
| Somalia | (vacant) | (vacant) |
| South Africa | Trevor Andrew Manuel | Mandisi Bongani Mpahlwa |
| Spain | Rodrigo de Rato Figaredo | Juan Costa Climent |
| Sri Lanka | Kairshasp Nariman Choksy | Charitha Ratwatte |
| Sudan | Abdul Rahim Hamdi | Sabir Mohamed Hassan |
| Swaziland | Guduza | Musa D. Fakudze |
| Sweden | Bosse Ringholm | Jan O. Karlsson |
| Switzerland | Pascal Couchepin | Joseph Deiss |
| Syrian Arab Republic | Muhammad Al-Atrash | Mohamad Bittar |
| T | | |
| Tajikistan | Safarali Najmuddinov | Maruf N. Sayfiev |
| Tanzania | Abdallah Omar Kigoda | Peter J. Ngumbullu |
| Thailand | Somkid Jatusripitak | Somchainuk Engtrakul |
| Togo | Simfeitcheu Pre | Kossi Assimaïdou |
| Tonga | Siosua T.T. 'Utoikamanu | 'Aisake V. Eke |
| Trinidad and Tobago | Patrick Manning | Conrad Enill |
| Tunisia | Fethi Merdassi | Abdelhamid Triki |
| Turkey | Faik Oztrak | Aydin Karaoz |
| Turkmenistan | Ymamurdy Gandymov | (vacant) |
| U | | |
| Uganda | Gerald M. Ssendaula | C. M. Kassami |
| Ukraine | Vasyl Rohovyi | Alexander Shlapak |
| United Arab Emirates | Hamdan bin Rashid Al-Maktoum | Mohammed Khalfan Bin Khirbash |
| United Kingdom | Clare Short | Gordon Brown |
| United States | Paul H. O'Neill | Alan P. Larson |
| Uruguay | Alberto Bension | Ariel Davrieux |
| Uzbekistan | Rustam S. Azimov | (vacant) |
| V | | |
| Vanuatu | Sela Molisa | Jeffery Wilfred |
| Venezuela, República Bolivariana de | Felipe Perez | Tobias Nobrega Suarez |
| Vietnam | Le Duc Thuy | Duong Thu Huong |
| Y | | |
| Yemen, Republic of | Ahmed Mohamed Sofan | Anwar Rizq Al-Harazi |
| Yugoslavia, Federal Republic of | Miroljub Labus | Jovan Rankovic |
| Z | | |
| Zambia | Boniface Nonde | Likolo Ndalamai |
| Zimbabwe | Simba Herbert Stanley Makoni | Leonard Ladislas Tumba |

APPENDIX B

Directors and Alternates and Their Voting Power As of June 30, 2002

| DIRECTOR | ALTERNATE DIRECTOR | CASTING VOTES OF | TOTAL VOTES | PERCENT OF TOTAL |
|--|--|--|-------------|------------------|
| Appointed | | | | |
| Carole Brookins | Robert B. Holland, III | United States | 569,629 | 23.73 |
| Yuzo Harada | Masanori Yoshida | Japan | 141,424 | 5.89 |
| Eckhard Deutscher | Eckhardt Biskup | Germany | 129,158 | 5.38 |
| Pierre Duquesne | Emmanuel Moulin | France | 121,265 | 5.05 |
| Tom Scholar | Rosemary B. Stevenson | United Kingdom | 121,265 | 5.05 |
| Elected | | | | |
| Philippe M. Peeters (Belgium) | Emin Dedeoglu (Turkey) | Austria, Belarus, Belgium, Czech Republic, Hungary, Kazakhstan, Luxembourg, Slovak Republic, Slovenia, Turkey | 125,221 | 5.22 |
| Franco Passacantando (Italy) | Helena Cordeiro (Portugal) | Albania, Greece, Italy, Portugal | 98,866 | 4.12 |
| Balmiki Prasad Singh ^A (India) | Akbar Ali Khan (Bangladesh) | Bangladesh, India, Sri Lanka | 98,264 | 4.09 |
| Moises Pineda (Mexico) | Jose H. Machillanda (Rep. Bol. de Venezuela) | Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Spain, Venezuela (República Bolivariana de) | 97,478 | 4.06 |
| Terrie O'Leary (Canada) | Sharon Weber (Jamaica) | Antigua and Barbuda, The Bahamas, Barbados, Belize, Canada, Dominica, Grenada, Guyana, Ireland, Jamaica, St. Kitts and Nevis, St. Lucia | 92,944 | 3.87 |
| Finn Jønck (Denmark) | Inkeri Hirvensalo (Finland) | Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway, Sweden | 86,693 | 3.61 |
| Pieter Stek (Netherlands) | Tamara Solyanyk (Ukraine) | Armenia, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Georgia, Israel, Macedonia (former Yugoslav Republic of), Moldova, Netherlands, Romania, Ukraine | 86,515 | 3.60 |
| (Vacant) ^B (Russian Federation) | Eugene Miagkov (Russian Federation) | Russian Federation | 81,592 | 3.40 |
| Jaime Ruiz (Colombia) | Luis Antonio Balduino (Brazil) | Brazil, Colombia, Dominican Republic, Ecuador, Haiti, Panama, Philippines, Trinidad and Tobago | 75,980 | 3.16 |
| Neil F. Hyden (Australia) | Dong-Soo Chin (Rep. of Korea) | Australia, Cambodia, Kiribati, Korea (Republic of), Marshall Islands, Micronesia (Federated States of), Mongolia, New Zealand, Palau, Papua New Guinea, Samoa, Solomon Islands, Vanuatu | 73,309 | 3.05 |
| Mario Soto-Platero (Uruguay) | Roberto Garcia-Lopez (Argentina) | Argentina, Bolivia, Chile, Paraguay, Peru, Uruguay | 64,144 | 2.67 |
| Pietro Veglio (Switzerland) | Jerzy Hylewski (Poland) | Azerbaijan, Kyrgyz Republic, Poland, Switzerland, Tajikistan, Turkmenistan, Uzbekistan | 60,548 | 2.52 |
| Abdul Aziz Mohd. Yaacob (Malaysia) | Nguyen Doan Hung (Vietnam) | Fiji, Indonesia, Lao People's Democratic Republic, Malaysia, Myanmar, Nepal, Singapore, Thailand, Tonga, Vietnam | 59,912 | 2.50 |
| Girmai Abraham (Eritrea) | Richard H. Kaijuka (Uganda) | Angola, Botswana, Burundi, Eritrea, The Gambia, Kenya, Lesotho, Liberia, Malawi, Mozambique, Namibia, Nigeria, Seychelles, Sierra Leone, South Africa, Sudan, Swaziland, Tanzania, Uganda, Zambia, Zimbabwe | 58,496 | 2.44 |
| Ahmed Sadoudi (Algeria) | Inaamul Haque ^C (Pakistan) | Algeria, Ghana, Iran (Islamic Republic of), Iraq, Morocco, Pakistan, Tunisia | 46,016 | 1.92 |
| Mahdy Ismail Aljazzaf (Kuwait) | Mohamed Kamel Amr (Arab Republic of Egypt) | Bahrain, Egypt (Arab Republic of), Jordan, Kuwait, Lebanon, Libya, Maldives, Oman, Syrian Arab Republic, United Arab Emirates, Yemen (Republic of) | 34,079 | 1.42 |
| Yahya Abdulla M. Alyahya (Saudi Arabia) | Abdulrahman M. Almfadhi (Saudi Arabia) | Saudi Arabia | 30,312 | 1.26 |
| Zhu Guangyao (China) | Chen Huan ^D (China) | China | 24,750 | 1.03 |
| Bassary Toure (Mali) | Paulo F. Gomes (Guinea-Bissau) | Benin, Burkina Faso, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Congo (Democratic Republic of), Congo (Republic of), Côte d'Ivoire, Djibouti, Equatorial Guinea, Gabon, Guinea, Guinea-Bissau, Madagascar, Mali, Mauritania, Mauritius, Niger, Rwanda, Senegal, Togo | 22,947 | .96 |

IN ADDITION TO THE DIRECTORS AND ALTERNATES SHOWN IN THE FOREGOING LIST, THE FOLLOWING ALSO SERVED AFTER JUNE 30, 2001:

| DIRECTOR | END OF PERIOD OF SERVICE | ALTERNATE DIRECTOR | END OF PERIOD OF SERVICE |
|---------------------------------------|--------------------------|----------------------------------|--------------------------|
| Khalid M. Al-Saad (Kuwait) | October 31, 2001 | Anna M. Brandt (Sweden) | July 31, 2001 |
| Andrei Bugrov (Russian Federation) | March 31, 2002 | Lewis D. Holden (New Zealand) | July 6, 2001 |
| Matthias Meyer (Switzerland) | March 31, 2002 | Mahbub Kabir (Bangladesh) | September 21, 2001 |
| Jean-Claude Milleron (France) | August 1, 2001 | | |
| Stephen Pickford (United Kingdom) | December 16, 2001 | | |
| Jan Piercy (United States) | August 19, 2001 | | |
| Helmut Schaffer (Germany) | June 15, 2002 | | |

Note: Afghanistan (361 votes), Ethiopia (377 votes) and Somalia (333 votes) did not participate in the 2000 Regular Election of Directors. The Federal Republic of Yugoslavia (2,053 votes) became a member after that election.

- A. To be succeeded by C.M. Vasudev (India) effective August 1, 2002.
 B. To be succeeded by Alexey G Kvasov (Russian Federation) effective July 1, 2002.
 C. To be succeeded by Tanwir Ali Agha (Pakistan) effective July 1, 2002.
 D. To be succeeded by Wu Jinkang (China) effective July 15, 2002.

APPENDIX C

Banking Advisory Group Members

Mr. Abdlatif Y. Al-Hamad

Director General/Chairman of the Board
 Arab Fund for Economic & Social Development
 Box 21923-Safat
 13080-Kuwait
 Tel: (965) 484-4500
 Fax: (965) 481-5750

Mrs. Ana Patricia Botín

Consejera
 Banco Santander Central Hispano
 Castellana No. 24
 28046 Madrid
 Spain
 Tel: (34-91) 342-4906
 Fax: (34-91) 342-7308

Mr. Fernao Bracher

Presidente
 Banco BBA Credittanstalt S.A.
 Av. Paulista, 37 - andar 19
 CEP 01311-1902
 Sao Paulo, Brazil
 Tel.: (55-11) 281-8210 and 284-9912
 Fax: (55-11) 281-8151

Mr. Toyoo Gyohten

President
 Institute for International Monetary Affairs
 1-2-2, Nihombashi Hongoku-cho
 Chuo-ku, Tokyo 103
 Japan
 Tel: (81-3) 3246-1401
 Fax: (81-3) 3231-5422

Mr. Rainer Masera

Managing Director
 San Paolo IMI Spa
 Piazza S. Carlo, 156
 Torino 10121, Italy
 Tel: (39-011) 555-2203
 Fax: (39-011) 555-2276

Mr. Roberto Mendoza

HMDM, Ltd.
 c/o Rhone Group
 630 Fifth Avenue, Suite 2710
 New York, NY 10111
 Tel. 212 218 6647
 Fax 212 218-6654
 Mobile: 917-202-8310

Mr. Deepak Parekh

Chairman
 Housing Development Finance
 Corporation Limited
 Ramon House 169
 169 Backbay Reclamation
 Mumbai 400 020
 India
 Tel: (91-22) 285-0000
 Fax: (91-22) 285- 2336

Mr. Isaac Takawira

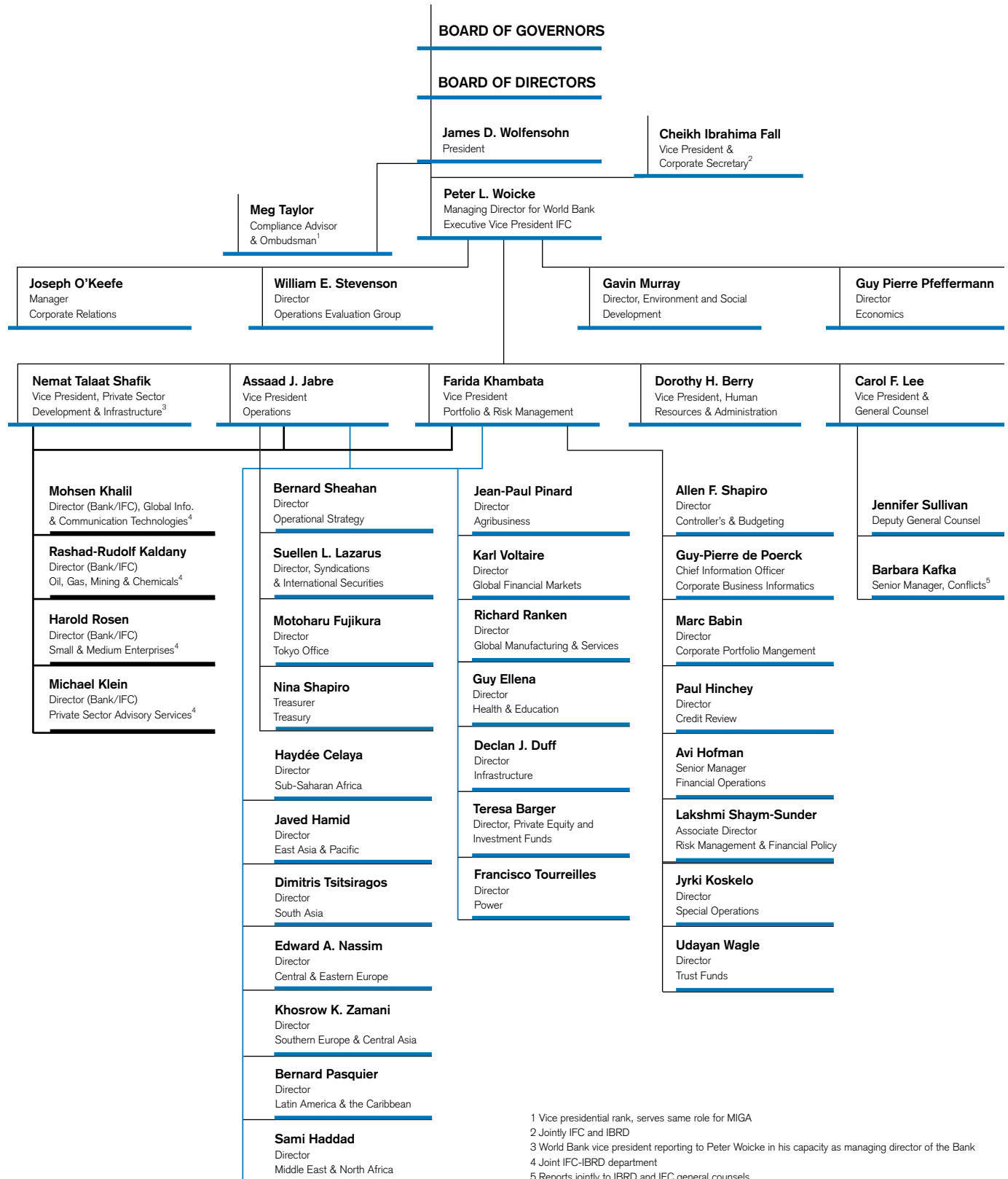
Managing Director
 Barclays Bank of Kenya
 Barclays Plaza
 Loita Street
 P O Box 30120
 Nairobi, Kenya
 Tel: (254 2) 332 230
 Fax (254 2) 213 915

Mr. Marc Viénot

Président d'Honneur
 Société Générale
 Tour Société Générale
 92972 Paris La Défense Cedex
 France
 Tel: 33-1 42-14-41-72
 Fax: 33-1 42-14-75-55

APPENDIX D

Organizational Chart and IFC Management



¹ Vice presidential rank, serves same role for MIGA

² Jointly IFC and IBRD

³ World Bank vice president reporting to Peter Woicke in his capacity as managing director of the Bank

⁴ Joint IFC-IBRD department

⁵ Reports jointly to IBRD and IFC general counsels

IFC Management July 2002

President¹
Executive Vice President²
Vice President and Corporate Secretary¹
Compliance Advisor/Ombudsman³
Vice President and General Counsel
Vice President, Human Resources and Administration
Vice President, Operations
Vice President, Portfolio and Risk Management
Vice President, Private Sector
Development and Infrastructure, IBRD

James D. Wolfensohn
Peter L. Woicke
Cheikh Ibrahima Fall
Meg Taylor
Carol F. Lee
Dorothy H. Berry
Assaad J. Jabre
Farida Khambata
Nemat Talaat Shafik

Regional Departments

Sub-Saharan Africa

Director
Regional Manager, East Africa (Nairobi, Kenya)
Regional Manager, West Africa (Abidjan, Côte d'Ivoire)
Country Manager, Nigeria (Lagos)
Country Manager, Cameroon (Douala)
Manager, Business Development

Haydée Celaya
Saleem Karimjee
Saran Kebe-Koulibaly
Andrew Alli
Mohamadou Diop
Jean Philippe Prosper

East Asia and Pacific

Director (Hong Kong)
Manager, Business Development (Hong Kong)
Manager, Business Development (Hong Kong)
Country Manager, China and Mongolia (Beijing)
Country Manager, Indonesia (Jakarta)
Country Manager, Philippines (Manila)
Country Manager, Thailand (Bangkok)
Country Manager, Vietnam (Hanoi)
Manager, Strategy and Coordination

Javed Hamid
Timothy Krause
Azmat Taufique
Karin Finkelston
German Vegarra
Vipul Bhagat
Michael Higgins
Deepak Khanna
Amitava Banerjee

South Asia

Director
Country Manager, India (New Delhi)
Head, Strategy and Coordination

Dimitris Tsitsiragos
Vipul C. Prakash
Neil Gregory

Central and Eastern Europe

Director (Moscow)
Director, Private Enterprise Partnership (Moscow)
Manager, Strategy and Coordination

Edward A. Nassim
Christian Grossmann
Kutlay Ebiri

Southern Europe and Central Asia

Director (Istanbul)
Manager (Istanbul)
Manager (Istanbul)

Khosrow K. Zamani
Sita Ramaswami
Sujata Lamba

Latin America and the Caribbean

Director (Rio de Janeiro)
Country Manager, Brazil (São Paulo)
Country Manager, Colombia (Bogota)
Country Manager, Mexico & Central America (Mexico City)
Manager, Business Development
Manager, Strategy and Coordination

Bernard Pasquier
Wolfgang Bertelsmeier
Paolo Martelli
Manuel Núñez
Marcos Brujis
Toshiya Masuoka

Middle East and North Africa

Director (Cairo)
Associate Director, General Business Development
Country Manager, Pakistan
Head, Strategy and Coordination

Sami Haddad
Abdelkader H. Allaoua
Farid Dossani
Peggy Henderson

Industry Departments

Agribusiness

Director
Senior Manager, Portfolio and Credit Review
Manager, New Investments

Jean-Paul Pinard
Macadou N'Daw
Oscar Chemerinski

Global Financial Markets

Director
Director, Portfolio
Portfolio Manager, Africa (Johannesburg)
Portfolio Manager, Asia
Portfolio Manager, Europe
Portfolio Manager, LAC
Portfolio Manager, MENA
Manager, Banking and Financial Products Group, Asia/Africa/MENA
Manager, Banking and Financial Products Group, LAC/Europe
Manager, Financial Markets Transaction Group
Manager, Housing Finance
Manager, Micro Finance

Karl Voltaire
Mary Ellen Iskenderian
Alain Soulard
Loy Pires
Ritva Laukkanen
Serge Devieux
M. Rohil Hafeez
Shidan Derakhshani
Mark Alloway
Georgina Baker
Pamela Lamoreaux
S. Aftab Ahmed

Global Information and Communication Technologies⁴

Director
Senior Manager, Portfolio and Credit Review
Manager, New Investments
Manager, Internet Group

Mohsen Khalil
Joseph Solan
Stephanie von Friedeburg
Ravi Vish

Global Manufacturing and Services

Director
Associate Director, Sector Group I & Global Corporate Finance
Associate Director, Global Portfolio
Senior Portfolio Manager, Europe
Portfolio Manager, Africa
Portfolio Manager, LAC
Manager, Sector Group II
Manager, Global Transaction Group

Richard Ranken
Jerome Sooklal
Michael Essex
Robin Glantz
Colin Warren
Stanley Greig
Sujoy Bose
Stephanie Miller Freymann

Health and Education

Director
Manager, Business Development

Guy Ellena
Shilpa Patel

Infrastructure

Director
Senior Manager, Transport Services
Manager, Portfolio and Credit Review
Manager, Infrastructure
Manager, Utilities

Declan J. Duff
Ravinder Bugga
Paul Baribeau
Amnon Mates
Usha Rao-Monari

Oil, Gas, Mining and Chemicals⁵

Director
Senior Manager, Mining
Manager, Oil and Gas
Manager, Chemicals
Manager, Portfolio and Credit Review

Rashad-Rudolf Kaldany
Kent E. Lupberger
Somit Varma
Lance Crist
Kalada Harry

Power

Director
Manager, New Investments
Manager, Portfolio and Credit Review

Francisco Tourreilles
Darius Lilaoonwala
Apinya Suebsaeng

Private Equity and Investment Funds

Director
Manager

Teresa Barger
David Wilton

Small and Medium Enterprise⁶

Director
Associate Director
Senior Manager
Manager
Manager

Harold Rosen
Shahbaz Mavaddat
Max Aitken
Thomas Davenport
Vincent Rague

Syndications and International Securities

Director
Manager, B Loan Management

Suellen L. Lazarus
Mary Elizabeth Ward

Trust Funds

Director
Manager

Udayan Wagle
Mariko Higashi

Project Development Facilities

Africa Project Development Facility (APDF)

General Manager (Johannesburg, South Africa)
Regional Manager (Johannesburg, South Africa)
Regional Manager (Nairobi, Kenya)
Regional Manager (Abidjan, Côte d'Ivoire)
Regional Manager (Accra, Ghana)

John James
Jesper Kjaer
Mischek Ngatunga
Henri Rabarijohn
Modou Badara Njie

China Project Development Facility (CPDF)

General Manager (Chengdu, China)

Eric Siew

Developing Enterprises in South Asia (DESA)

General Manager (Dhaka, Bangladesh)

Anil Sinha

Mekong Project Development Facility (MPDF)

General Manager (Hanoi, Vietnam)
Regional Manager (Laos/Cambodia)
Regional Manager (Ho Chi Minh City, Vietnam)

Mario Fischel
Adam Sack
Robert Webster

South Pacific Project Facility (SPPF)

General Manager (Sydney, Australia)

Denise Aldous

Southeast Europe Enterprise Development (SEED)

General Manager (Sarajevo, Bosnia and Herzegovina)

Mariann Kurtz

Departments

Controller's and Budgeting

Director
Senior Manager, Budgeting
Manager, Financial Reporting and Accounting Policy
Manager, Internal Controls and Special Projects
Senior Adviser, Loss Provisioning

Allen F. Shapiro
Richard J. Moss
Paul B. Bravery
(vacant)
Guy A. de Clercq

Corporate Business Informatics

Chief Information Officer
Manager, Development and Informatics
Manager, Business Informatics

Guy-Pierre de Poerck
Wajdi Bustani
Paul Standen

Corporate Portfolio Management

Director
Head/Equity and Portfolio Management

Marc Babin
Sebastian Thiriez

Risk Management & Financial Policy

Associate Director

Lakshmi Shyam-Sunder

Corporate Relations

Manager

Joseph O'Keefe

Credit Review

Director
Associate Director
Chief Credit Officer
Chief Credit Officer
Chief Credit Officer
Chief Credit Officer
Chief Credit Officer

Paul Hinchey
Sakdiyiam Kupasrimonkol
Mun Fui Wong
Eduardo Abello
Mamta Shah
Maria DaG. Domingues
Vincent Polizzato

Economics

Director
Lead Economist

Guy Pierre Pfeffermann
Frank J. Lysy

Environment and Social Development

Director
 Manager, Environmental Markets Group
 Manager, Project Support Group
 Manager, Insurance Services Group
 Manager, Market Development

Gavin Murray
 Louis Boorstin
 William Bulmer
 Merunisha Ahmid
 Imoni Akpofure

Financial Operations

Senior Manager
 Manager, Loan and Equity Operations Support
 Manager, Treasury Operations Support

Avi Hofman
 Soon-Wan Ooi
 Isaku Higa

Human Resources and Administration

Vice President
 Associate Director, HR Development
 Manager, Compensation and Policy Implementation
 Human Resources Team Manager
 Human Resources Team Manager
 Manager, Facilities and Administration

Dorothy H. Berry
 Esteban Altschul
 Jean Bradier
 Eva Mennel
 Anne Sahl
 Geoffrey A. Willing

Legal

Vice President and General Counsel
 Deputy General Counsel
 Chief Counsel
 Chief Counsel, Finance
 Chief Counsel
 Chief Counsel
 Chief Counsel
 Chief Counsel
 Chief Counsel

Carol F. Lee
 Jennifer Sullivan
 Fernando Cabezas
 Victoria C. Choy
 David Harris
 Eduardo A. Hernandez
 David McLean
 Christian Philip
 George Springsteen

Conflicts of Interest Office

Senior Manager⁵

Barbara Kafka

Operations Evaluation Group⁶

Director

William E. Stevenson

Operational Strategy Group

Director

Bernard Sheahan

Treasury

Treasurer
 Manager, Funding Operations
 Manager, Liquid Assets and Cash Management
 Manager, Client Products and Asset Liability Management
 Manager, Applications Development Group

Nina Shapiro
 John Borthwick
 Mark Spindel
 Shanker Krishnan
 Takehisa Eguchi

OTHER

Director, Tokyo Office
 Special Representative for Europe

Motoharu Fujikura
 Arthur Levi

Private Sector Advisory Services⁴

Director
 Manager, Privatization Policy and Transactions
 Manager, Privatization Policy and Transactions
 Manager, Business Environment and Foreign Investment
 Regional Manager (Sydney, Australia)

Michael Klein
 Denise Leonard
 David Donaldson
 Joseph Battat
 Andrew Proctor

Special Operations

Director

Jyrki Koskelo

1. These officers hold the same position in IBRD.

2. Also serves as Managing Director for the World Bank, with responsibility for Private Sector Development across the Bank Group.

3. Reports directly to James D. Wolfensohn.

4. Reports to IBRD Vice President, Private Sector Development and Infrastructure, as well as IFC Vice President, Operations and IFC Vice President, Portfolio and Risk Management on portfolio matters.

5. Reports directly to Vice President and General Counsel of both IBRD and IFC.

6. Reports directly to Robert Picciotto, Director General, Operations Evaluation, IBRD and to IFC Executive Vice President.

APPENDIX E

Field Representatives and Contacts

| COUNTRY | CITY | NAME | TITLE |
|-----------------------------|----------------|-------------------------|----------------------------|
| A | | | |
| Albania | Tirana | Elira Sakiqi | Program Coordinator |
| Albania (SEED) | Tirana | Anila Bashilari | Program Coordinator |
| Argentina | Buenos Aires | Yolande Duhem | Resident Representative |
| Armenia | Yerevan | Nerses Karamanukyan | Sr. Projects Officer |
| Australia (FIAS) | Sydney | Andrew Proctor | Regional Manager |
| Australia (SPPF) | Sydney | Denise Aldous | General Manager |
| Azerbaijan | Baku | Aliya Nuriyeva | Program Coordinator |
| B | | | |
| Bangladesh | Dhaka | Hafeezuddin Ahmad | Sr. Investment Officer |
| Bangladesh (DESA) | Dhaka | Anil Sinha | General Manager |
| Belarus | Minsk | Carl Dagenhart | Project Manager |
| Bolivia | La Paz | Paolo Martelli | Regional Representative |
| Bosnia & Herzegovina (SEED) | Banja Luka | Stevio Topalovic | Senior Analyst |
| Bosnia & Herzegovina | Sarajevo | Ajla Cico | Team Assistant |
| Bosnia & Herzegovina (SEED) | Sarajevo | Lejla Drasnic | Program Coordinator |
| Brazil | Rio de Janeiro | Bernard Pasquier | Director |
| Brazil | São Paulo | Wolfgang Bertelsmeier | Country Manager |
| Bulgaria | Sofia | George Alexandrov | Program Coordinator |
| C | | | |
| Cambodia | Phnom Penh | Deepak Khanna | Country Manager |
| Cambodia (MPDF) | Phnom Penh | Adam Sack | Regional Manager |
| Cameroon | Douala | Mohamadou Diop | Regional Representative |
| Cameroon (APDF) | Douala | (Vacant) | |
| Chile | Santiago | Yolande Duhem | Regional Representative |
| China | Hong Kong | Javed Hamid | Director |
| China | Beijing | Karin Finkelston | Country Manager |
| China (CPDF) | Chengdu | Eric Siew | General Manager |
| Colombia | Bogotá | Paolo Martelli | Resident Representative |
| Côte d'Ivoire | Abidjan | Saran Kebet-Koulibaly | Regional Manager |
| Côte d'Ivoire (AMSCO) | Abidjan | Fatma Hervieu-Wane | Regional Manager |
| Côte d'Ivoire (APDF) | Abidjan | Henri E. Rabarijohn | Regional Manager |
| Croatia | Zagreb | Vedran Antoljak | Program Coordinator |
| Czech Republic | Prague | Charles van der Mandele | Head of Special Operations |
| D | | | |
| Dominican Republic | Santo Domingo | Salem Rohana | Investment Officer |
| E | | | |
| Egypt, Arab Republic of | Cairo | Sami Haddad | Director |
| Ethiopia | Addis Ababa | (vacant) | |
| F | | | |
| France | Paris | Arthur Levi | Special Representative |
| G | | | |
| Georgia | Tbilisi | Anna Akhalkatsi | Program Coordinator |
| Germany | Frankfurt | Oltmann Siemens | Special Representative |
| Ghana | Accra | Caradoc Mills-Lampthey | Investment Officer |
| Ghana (AMSCO) | Accra | Charles Gigi | Regional Manager |
| Ghana (APDF) | Accra | Modou Badara Njie | Regional Manager |
| Guatemala | Guatemala | Manuel E. Núñez | Regional Representative |
| I | | | |
| India | Mumbai | (Vacant) | |
| India | New Delhi | Dimitris Tsitsiragos | Director |
| Indonesia | Jakarta | German Vegarra | Country Manager |
| J | | | |
| Japan | Tokyo | Motoharu Fujikura | Director |
| K | | | |
| Kazakhstan | Almaty | Gorton De Mond | Regional Representative |
| Kenya | Nairobi | Saleem Karimjee | Regional Manager |
| Kenya (AMSCO) | Nairobi | Edward Greene | Regional Manager |
| Kenya (APDF) | Nairobi | Mischeck Ngatunga | Regional Manager |
| Korea, Republic of | Seoul | Tae-Hee Yoon | Advisor |
| Kosovo | Pristina | Anjeta Baruti | Office Administrator |
| Kyrgyz Republic | Bishkek | Gulnura Djuzenova | Program Coordinator |

| COUNTRY | CITY | NAME | TITLE |
|--------------------------|------------------|---------------------|-----------------------------------|
| L | | | |
| Lao PDR | Vientiane | Deepak Khanna | Country Manager |
| Lao PDR | Vientiane | Adam Sack | Regional Manager |
| M | | | |
| Mauritius (AMSCO) | Port-Louis | Christopher Raelina | Regional Manager |
| Mexico | Mexico D.F. | Manuel E. Núñez | Resident Representative |
| Mongolia | Ulaanbaatar | Dorjnamjim Lhaajav | Project Coordinator |
| Mozambique | Maputo | (Vacant) | |
| N | | | |
| Nepal | Kathmandu | Sudhir Mittal | Resident Representative |
| Netherlands (AMSCO) | Amsterdam | Clive Carpenter | General Manager |
| Nigeria | Lagos | Andrew Alli | Country Manager |
| Nigeria (AMSCO) | Lagos | Ronke Osikova | Project Officer |
| Nigeria (APDF) | Lagos | Olatunde Akande | Investment Officer |
| P | | | |
| Pakistan | Islamabad | Farid Dossani | Country Manager |
| Paraguay | Asunción | Yolande Duhem | Regional Representative |
| Philippines | Manila | Vipul Bhagat | Country Manager |
| Poland | Warsaw | Laurence Carter | Regional Representative |
| R | | | |
| Romania | Bucharest | Ana Maria Mihaescu | Chief of Mission |
| Russian Federation (PEP) | Moscow | Christien Grossman | Director |
| S | | | |
| Singapore | Singapore | Francois Grossas | Principal Investment Officer |
| South Africa | Cape Town | Henning Amelung | Sr. Investment Officer |
| South Africa (APDF) | Cape Town | Rubin Japhta | Investment Officer |
| South Africa | Johannesburg | Haydée Celaya | Director |
| South Africa (APDF) | Johannesburg | John James | General Manager |
| Sri Lanka | Colombo | Sanjiva Senanayake | Country Manager |
| T | | | |
| Tajikistan | Dushanbe | Olim Khomidov | Investment Officer |
| Thailand | Bangkok | Michael Higgins | Country Manager |
| Trinidad and Tobago | Port of Spain | Kirk Ifill | Senior Investment Officer |
| Turkey | Istanbul | Khosrow Zamani | Director |
| U | | | |
| Uganda | Kampala | Dan Kasirye | Investment Officer |
| Ukraine | Kiev | Elena Voloshina | Program Officer |
| United Kingdom | London | Arthur Levi | Special Representative for Europe |
| Uruguay | Montevideo | Yolande Duhem | Regional Representative |
| Uzbekistan | Tashkent | Elbek Rikhsiyev | Administrative Assistant |
| V | | | |
| Vietnam | Hanoi | Deepak Khanna | Country Manager |
| Vietnam (MPDF) | Hanoi | Mario Fischel | General Manager |
| Vietnam (MPDF) | Ho Chi Minh City | Robert Webster | Regional Manager |
| Y | | | |
| Yugoslavia, FR | Belgrade | Roberto Albisetti | Chief of Mission |
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| Caja de Ahorros del Mediterraneo | Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden NV (FMO) |
| Caja de Ahorros y Pensiones de Barcelona (La Caixa) | Norddeutsche Landesbank |
| Caterpillar Financial Services Corporation | Norddeutsche Landesbank Luxembourg |
| Citibank, NA | Nordea AB (pub) |
| Crédit Lyonnais | Rabobank International |
| Den norske Bank ASA | Raiffeisen Zentralbank Oesterreich AG |
| Deutsche VerkehrsBank AG | Sumitomo Mitsui Banking Corporation |
| DEXIA Group | Transamerica Leasing Inc. |
| Dresdner Bank AG | UFJ Bank Limited |
| Ericsson Credit AB | Vereins-und Westbank AG |
| Fortis Bank NV/SA | |
| HVB Group | |

ACRONYMS, NOTES, AND DEFINITIONS

Acronyms

| | | | |
|-------|---|-------|---|
| ADB | Asian Development Bank | IMF | International Monetary Fund |
| AEF | Africa Enterprise Fund | IT | information technology |
| AfDB | African Development Bank | LAC | Latin America and the Caribbean |
| AMSCO | African Management Services Company | LIBOR | London interbank offered rate |
| APDF | Africa Project Development Facility | MENA | Middle East and North Africa |
| CAO | compliance advisor/ombudsman | MIGA | Multilateral Investment Guarantee Agency |
| CAS | country assistance strategy | MPDF | Mekong Project Development Facility |
| CPDF | China Project Development Facility | NEPAD | New Partnership for Africa's Development |
| EBRD | European Bank for Reconstruction and Development | NGO | nongovernmental organization |
| EHSS | environmental, health, safety, and social | OECD | Organization for Economic Cooperation and Development |
| EPU | Environmental Projects Unit | OEG | Operations Evaluation Group |
| ERR | economic rate of return | PSAS | Private Sector Advisory Services |
| ESRR | environmental and social risk rating | SEED | Southeast Europe Enterprise Development |
| FDI | foreign direct investment | SEF | Small Enterprise Fund |
| FIAS | Foreign Investment Advisory Service | SME | small and medium enterprise |
| FY | fiscal year | SPPF | South Pacific Project Facility |
| GDP | gross domestic product | TATF | Technical Assistance Trust Funds |
| GDR | global depository receipt | UEMOA | West African Economic and Monetary Union |
| GEF | Global Environment Facility | UNDP | United Nations Development Programme |
| GHG | greenhouse gas | USAID | United States Agency for International Development |
| GNP | gross national product | WB | World Bank |
| IBRD | International Bank for Reconstruction and Development | WBG | World Bank Group |
| IDA | International Development Association | WTO | World Trade Organization |
| IFC | International Finance Corporation | | |

Notes and Definitions

1. IFC's fiscal year runs from July 1 to June 30. Thus, FY02 began on July 1, 2001, and ended on June 30, 2002.
2. The World Bank includes both IBRD and IDA. The World Bank Group includes IBRD, IDA, IFC, and MIGA.
3. Investment amounts are given in U.S. dollars, regardless of the currencies of the investment. Investment amounts in non-U.S.-dollar currencies are revalued on the ending day of the month in which they are approved.
4. Figures cited in connection with project financing may refer to the following:
Approvals—Equity and quasi-equity investments, guarantees, loans, syndicated loans, and risk management products approved by the Board of Directors.
Commitments—Includes (1) signed loan and equity (including quasi-equity) investment agreements; (2) signed guarantee agreements; and (3) risk management facilities that are considered ready for execution as evidenced by a signed ISDA agreement or a signed risk management agreement with a client.
Disbursements—Loans and investments paid out.
5. In some tables, totals may differ from the sum of individual figures because of rounding.
6. A single loan agreement between IFC and the borrower normally stipulates the full amount of financing to be provided by IFC and the participating institutions. The IFC loan is typically in two portions:
The A-loan is IFC's own portion, funded with IFC's own resources and subject to its agreed loan terms.
The B-loan is funded by participants on terms that may differ from those of IFC.
7. On-lending: The process of lending funds raised from the Corporation's own sources through intermediaries, such as local banks.
8. Quasi-equity instruments incorporate both loan and equity features, which are designed to provide varying degrees of risk/return trade-offs that lie between those of straight loan and equity investments.
9. IFC and participants fully share the commercial credit risks of projects, but, because IFC is the lender of record, participants receive the same tax and country risk benefits that IFC derives from its special status as a multilateral financial institution.

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