



International Finance Corporation

A Member of the World Bank Group

Международная финансовая корпорация

Член группы Всемирного банка

PRESS-RELEASE

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IFC TRIPLES INCOME, POSTS GAINS ON DEVELOPMENT IMPACT

EMBARGO: Information in both volumes of the annual report is not for publication or broadcast until noon, Eastern Daylight Time (1600 GMT), Monday, September 15, 2003.

Washington, D.C., September 15, 2003—The International Finance Corporation, the private sector lending arm of the World Bank Group, tripled its operating income and posted strong gains on key development indicators this past fiscal year, according to figures released on Monday.

Operating income for FY03 grew to \$528 million, more than triple the figure for FY02 and one of the Corporation's highest on record, while the Corporation's committed portfolio grew by 11.5 percent to \$16.8 billion.

The percentage of high-impact projects increased by 9.1 percent to 56.4 percent from FY02 to FY03. High-impact projects have positive environmental, social, or corporate governance benefits for a community or nation beyond profitability, job creation, tax revenues, and compliance with basic environmental and social standards and safeguards.

IFC Executive Vice President Peter Woicke pointed out that IFC's growth in commitments, including financing for IFC's own account and syndicated loans, was strongest in Europe and Central Asia (up 89 percent), led by financial sector investments, and in Latin America and the Caribbean (up 48 percent), where IFC continued to play a critical countercyclical role, especially in trade finance. In the Middle East and North Africa, IFC's investments grew steadily (up 26 percent) despite political turmoil in much of the region, he said. Investment activity remained stable in East Asia despite the outbreak of SARS.

"These results underscore two very clear messages," Woicke said. "Despite spots of volatility, the emerging markets still represent major long-term opportunities for investors. Also, IFC is one of the few institutions that can catalyze innovative, pioneering investments that combine the leading edge of finance with environmental sustainability and high development impact."

Woicke noted several highlights of the past year's performance:

- A major increase, to \$836 million, in IFC's use and mobilization of structured finance products, such as partial credit guarantees and securitizations.

- IFC's entry into the municipal finance market, where infrastructure projects are increasingly funded. IFC invested in a municipal water company in Mexico and created a joint unit with the World Bank for municipal finance.
- IFC developed its first carbon emissions credits deals in Brazil, Guatemala, and India.
- In Tajikistan, IFC helped develop and finance a public-private partnership for completion of a small hydroelectric plant that combined IFC funds with those of the World Bank's International Development Association and the Agha Khan Fund for Economic Development.
- IFC investments in microfinance institutions more than tripled, increasing from \$28 million in FY02 to \$90 million.

The sectors that IFC prioritizes for their high development impact—financial markets, infrastructure, information technology, and health and education—were the focus of two-thirds of the investments. Lending to small and medium enterprises directly and through intermediaries amounted to about \$450 million, or 12 percent of investments for IFC's own account. Gross commitments were \$5.03 billion, including \$1.18 billion in syndicated loans, for 204 projects in 64 countries.

During the year, IFC advised ten leading international banks as they adopted the Equator Principles, a set of voluntary environmental and social policies and guidelines modeled on those of IFC and the World Bank. Major banks continue to join this group. Woicke said, "We believe IFC can play a strong leadership role beyond providing capital, and we demonstrated that this year. These banks took a major step in recognizing that their interests align with those of the people and the environment in developing countries."

Regional highlights of the Annual Report are:

- In Europe and Central Asia, IFC committed financing for 59 projects amounting to \$1.20 billion for its own account and \$190 million in syndicated loans. IFC helped financial institutions and companies become more competitive and sustainable.
- In Latin America and the Caribbean, IFC committed financing for 54 projects amounting to \$1.26 billion for its own account and \$918 million in syndicated loans. In Brazil, trade facilities amounted to \$740 million, including \$585 million in syndicated loans.
- In the Middle East and North Africa, IFC committed financing for 17 projects amounting to \$279 million for its own account. Investments ranged from trade finance facilities to a wide range of manufacturers. IFC established a new facility to assist small and medium enterprises in North Africa.
- In Sub-Saharan Africa, IFC committed financing for 21 projects amounting to \$140 million for its own account and \$26 million in syndicated loans. Here IFC has begun to collaborate with the International Development Association to support sustainable development of smaller businesses.
- In the East Asia and the Pacific region, IFC committed financing for 31 projects amounting to \$573 million for its own account and another \$10 million in syndicated loans. Despite SARS, there were nine new investments in China. In Indonesia, IFC also established a new facility to assist small and medium enterprises.
- In South Asia, IFC committed financing for 18 projects amounting to \$386 million for its own account and \$37 million in syndicated loans. Activity ranged from agriculture to housing finance and information technology to the creation of a new facility to assist small and medium enterprises.

IFC's mission is to promote sustainable private sector investment in developing countries, helping to reduce poverty and improve people's lives. IFC finances private sector investments in the

developing world, mobilizes capital in the international financial markets, and provides technical assistance and advice to governments and businesses. Since its founding in 1956, IFC has committed more than \$37 billion of its own funds and arranged \$22 billion in syndications for 2,990 companies in 140 developing countries. IFC's committed portfolio at the end of FY03 was \$16.8 billion.

The annual report can be viewed on-line at: <http://www.ifc.org/ar2003>.