

Our focus is on reinforcing the potential of markets to facilitate positive social and environmental change.



Foreword

This past year has been a time of tremendous change for IFC and one in which, in many respects, the eyes of the world have been focused on us. Taking up my position as Executive Vice President in January 2006, I welcomed the challenge and opportunity of joining this institution during such an exciting time.

IFC is a strong organization. It achieved excellent financial results last year and is on track to do the same this year. As we look ahead, we will focus even more on the assessment of our development impact. We will do so to better serve our clients and to meet our ambitious development goals.

The biggest development challenge lies in Africa. IFC can help in many ways: financing of infrastructure, good quality health services, education, and sustainable management of natural resources. Through private sector financing, we can encourage the right kinds of investments and have a real development impact. The section on Sub-Saharan Africa in this report gives a perspective on the work that IFC does in the region.

Since the end of February 2006, IFC has new environmental and social standards, and a new disclosure policy. These standards are stronger, better, and more comprehensive than those we had in place before.

With these new policies, we will increase the development impact of projects in which we invest. We will also give companies operating in emerging markets the capacity to manage fully their environmental and social risks and to compete better in a global economy.

The key challenge lies in the implementation of IFC's new standards. It will require a matching commitment and ability on the part of our staff and our client companies. To that effect, we are building internal capacity and have developed a number of implementation tools to both facilitate and monitor the implementation of the standards, and to assist companies in meeting them.

There are many cross-cutting issues in our work. One example is our response to climate change. Not only are we increasing our investments in projects that have sustainable energy benefits, but we are also facilitating the participation of emerging market companies in the market for carbon credits under the Kyoto Protocol. In keeping with our commitment to reducing carbon emissions, we are now improving the way we assess and offset our own carbon footprint.

Sustainability for me comprises all aspects of a successful business: financial, economic, environmental, social as well as governance issues. Strengthening good corporate governance in our client companies is an essential role for IFC. Combating corruption is an essential role for the whole World Bank Group.

We have multiple stakeholders. The two and a half years of the review process to update our environmental and social standards provided an unprecedented opportunity to hear and exchange views with many of you. We need to continue to engage with our stakeholders and further explore opportunities for partnerships.

There is no question that we face challenges in the years ahead and that our role is to help the private sector meet those challenges. These include climate change as well as emerging risks such as Avian Influenza and other global health pandemics. We are in the fortunate position to have the mandate and the caliber of resources to make good risk judgments. We have a talented, creative team of staff, and a wealth of experience to draw on. Being a pioneer means that we will suffer disappointments from time to time, but our responsibility is to learn, adapt, and improve. I am convinced that we have the strengths and assets to deliver.



Lars Thunell
Executive Vice President, IFC

