

Thank you to our development partners who have so generously supported the work which IFC performs.

I am very pleased to be able to present you with this comprehensive report on IFC's donor-supported technical assistance (TA) programs. During the past year, the total resource commitments devoted to these programs from donor sources was approximately \$58 million. Of this, \$14 million was in the form of new commitments through the TATF Program, while the balance was through other IFC-sponsored programs (SMEs, FIAS and the Private Enterprise Partnership in Russia). This is a significant vote of confidence from the donor community in the way we go about our business, and we very much appreciate this vote of confidence.

In last year's report I told you about IFC's strategic directions, with our focus on **frontier markets** and our target sectors—financial markets, infrastructure, information and communication technology, SMEs, and the social sector. At its core this strategy has not changed; it remains a “frontier” strategy. As a result IFC has been shifting the emphasis of its advisory and investment activities toward high-risk/low-income countries with limited access to capital, toward high-risk sectors or regions within countries, and toward sectors with strong multiplier effects. Many of these countries and sectors need **investment climate improvements**, and IFC proposes to strengthen its investment and advisory work in this area as well, working alongside its partners.

IFC's technical assistance activities, which complement and support our investment and advisory activities, are generally focused on these same countries and sectors. Some of the numbers in Chapter 2 are illustrative:

- Over 90 percent of the TA assignments funded by the TATF Program were in low- and lower-middle income countries.
- Over 60 percent were in high-risk countries.
- Over ten percent were in countries with a high incidence of extreme poverty.

Besides the focus on frontiers, I also mentioned last year our objective of developing global leadership in fields such as corporate governance, and environmental and social sustainability. We have gone one step further: we now propose a more proactive engagement in the area of **sustainability** to help ensure that development is viable over the long term in its financial, economic, and environmental and social dimensions—the so-called “triple bottom line.” Financial and economic sustainability must continue to be at the core of IFC's approach as a long-term investor. We will extend this to environmental, social and corporate governance issues, where we are expanding our extensive in-house expertise to strengthen IFC's overall development contribution. This does not represent as much a new strategy as a shift in attitude and measurement. In the area of environment, corporate governance, and social impacts, this represents an expanded focus on creating value in all aspects of the triple bottom line.



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In this continuing focus on frontier markets and our increased engagement in sustainable development, there is a lot to be learned, and a lot to be pioneered and developed in partnership with others. As a result, technical assistance is becoming more and more valuable. Looking forward, I see during the next year an increased level of activity in:

- Micro, rural and small business (MRSB) finance, to complement the work being done by other institutions such as CGAP;
- Capacity building and institution building, particularly for financial intermediaries;
- Expanding the concept of sustainability and corporate citizenship;
- Responding to “local” environmental issues that affect more than one enterprise;
- New ways of financing infrastructure, as outlined in the PSD Strategy, now being widely discussed.

For us to be able to do this we have to work with our development partners, whose support is absolutely critical. Our shareholders and our Board are fully behind this effort. During this year’s discussions on resource allocation, IFC set aside from its net income a record \$26 million to complement the resources that our donors entrust to us for carrying out technical assistance.

I’d like to repeat something from last year’s report which I believe is very important in our drive for sustainable development. While development involves taking risks, the biggest risks are faced by those in our client countries affected by our interventions. IFC reaffirms its commitment to the development effort, to an expanded contribution toward technical assistance and advisory work, and we seek the continued support of the donor community in carrying out this work.

A handwritten signature in dark ink, appearing to read 'Peter Woicke', written in a cursive style.

PETER WOICKE
IFC EXECUTIVE VICE PRESIDENT
SEPTEMBER 2001