Our vision is
That people should have the opportunity to escape poverty and improve their lives.

Our core corporate values are
• Excellence
• Commitment
• Integrity
• Teamwork

Our purpose is
To create opportunity for people to escape poverty and improve their lives by:
• Promoting open and competitive markets in developing countries
• Supporting companies and other private sector partners where there is a gap
• Helping to generate productive jobs and deliver essential services to the underserved

In order to achieve its purpose, IFC offers development impact solutions through firm-level interventions (direct investments and advisory services), standard-setting, and business enabling environment work.

Message from the President
2008 has been a time of testing for the World Bank Group and our ability to respond to the needs of clients. The financial crisis has spiraled into an economic crisis, an unemployment crisis, and events could next become a social and human crisis with political implications. In this fast-moving and uncertain environment, the World Bank Group is leaning forward to serve our clients with flexibility, speed, innovation, and attention to results.

IFC is playing a vital part in that effort. This issue of Telling Our Story captures IFC’s achievements as a catalyst for action —working with partners to mobilize resources to support the projects and people who need them quickly, and thinking creatively to get business moving again in developing countries.

As the crisis spread to emerging markets this year, IFC has worked with partners to quickly establish initiatives that ensured the availability of financing for vital development needs: strengthening local banks; supporting micro, small, and medium-sized enterprises; bolstering trade; and advancing essential infrastructure projects.

In 2009, IFC took a historic step to channel investment into developing countries by establishing IFC Asset Management.
IFC’s Three Businesses

IFC INVESTMENT COMPANY

At a time of greatly reduced private investment in emerging markets, IFC is building private sector development capital ($16.5 billion in fiscal 2009). This amount is located across approximately $10 billion for our own account and an additional $4 billion mobilized through syndications and disbursed through our institutional partners. Our investment aims in the international financial system focused on the private sector: We foster growth and environmental performance by:

- Financing private sector investment and risk management products.
- Mobilizing enabling capital for emerging markets.
- Providing advisory and risk mitigation services.
- Managing third-party capital through an advisor and intermediary services.

IFC ADVISORY SERVICES

Delivering manned by our field-based staff in more than 80 countries, our advisory services are focused on institutions interested in solving specific problems. The following list offers an overview:

- Access to Finance: Advisory services toward financial institutions and governments helping to improve access to financial services for households and micro, small, and medium enterprises.
- Investment Climate: Helping governments improve legal, institutional, and regulatory conditions, making countries more competitive with advice on corporate governance, environmental and social sustainability, and public-private partnership.
- Corporate Advice: Helping firms grow and become more competitive, with advice on corporate performance, supply chain linkages with IFC investment projects, and environmentally and socially sustainable products.
- Environmental and Social Sustainability: Providing firms financial and institutional advice so they can be more economically and socially sustainable and improve their social and environmental performance.
- Infrastructure: Advising governments and firms on ways to strengthen their infrastructure, with a focus on health care, education, and private-public partnership, privatization, renewable energy, and complex project development.

IFC ASSET MANAGEMENT COMPANY

Launched in 2008, IFC Asset Management Company invests a private equity fund format. It offers strong equity returns as well as distinct development impact. Its first two funds are:

- The $3 billion IFC Capitalization Fund, which invests in systemically important banks in emerging markets.
- A general private equity fund targeted at $1 billion that will co-invest in IFC transactions in Latin America, Asia, and the Caribbean. Investors will participate in IFC deal flow across a broad range of sectors.

HOW TO CONTACT US

ICF has offices in more than 80 countries around the world. Please contact the nearest regional office for further information.

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IFC’s Three Businesses

IFC INVESTMENT MANAGEMENT COMPANY

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The following broad areas:

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- Investment Climate: Helping governments improve legal, institutional, and regulatory conditions, making them more conducive to private sector development.
- Corporate Advisory: Helping firms grow and become more competitive with advice on restructuring, mergers, and acquisitions.
- Environmental and Social Sustainability: Providing guidance and support to financial institutions and projects to help them be more socially responsible and improve their social and environmental performance.
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HOW TO CONTACT US

IFC has offices in more than 80 countries around the world. Please contact the nearest regional office for further information.

- Washington, D.C.: 2121 Pennsylvania Ave., NW, 20433 USA
  Telephone: (1-202) 573-8000
- Sub-Saharan Africa: 1440 16th Road, NW, 20433 USA
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IFC is the largest global development finance institution focused on the private sector. We foster sustainable economic growth in emerging markets by:

- Financing private sector investment and improving capital in the international financial markets.
- Providing advisory and risk mitigation services to business and government.
- Managing our private capital through IFC Asset Management Company.

At a time when private investment in emerging markets is scarce, IFC is mobilizing capital through our $15.2 billion private sector development portfolio, adding an additional $1 billion in syndicated and international finance.

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In 2009, IFC took a historic step to channel investment into developing countries by establishing IFC Asset Management.
Company—a wholly owned subsidiary that will mobilize capital from outside IFC’s traditional investor pool. This is a great innovation. The company is managing the new $3 billion IFC Capitalization Fund to strengthen banks in smaller emerging markets. It also will manage a new general private equity fund that will invest in Africa, Latin America, and the Caribbean.

The poorest countries—those served by the International Development Association—have a particularly urgent need for a dynamic private sector. IFC has significantly expanded its contributions in this arena: more than half of IFC’s projects were in IDA countries in fiscal 2009.

IFC has also been working more closely with other parts of the World Bank Group, helping to make the best use of the Bank Group’s diverse areas of expertise, products, and services while tackling the most pressing development challenges. In fiscal 2009, there are 15 joint ventures and 104 joint advisory projects in IDA countries.

IFC is an ideal platform for advancing private sector development in emerging and developing markets, as they both cope with crisis and address broader challenges. For example, IFC has recognized that the private sector can make a useful contribution to reducing greenhouse emissions, and is boosting investments in energy efficiency and renewable energy.

Challenges and opportunities lie ahead. With its talented and creative staff, track record of innovation, and strong network of clients and partners, I’m sure IFC will continue to meet them in ways that help improve people’s lives throughout the developing world.

Robert B. Zoellick
President, World Bank Group
Creating Opportunity Where It’s Needed Most

Upside in emerging markets takes many forms.

At IFC, we measure it not just in financial teams, but in human ones as well.

The global financial crisis has inevitably shifted much of the world’s focus to the downside. It has affected every part of the world, increasing unemployment and pushing many millions of people back into poverty.

Yet despite today’s highly challenging conditions, upside remains.

There continue to be many profitable investment opportunities that address the developing world’s priority needs: creating jobs, fighting poverty, combating climate change, increasing infrastructure and food supply, and others. IFC is helping clients pursue these opportunities in every part of the developing world, investing $14.5 billion in fiscal 2009, including $4 billion mobilized through sources such as syndications and structured finance.

Working as a member of the World Bank Group, IFC is responding to the crisis in many innovative ways. We are helping clients weather the current storm and look ahead to a coming post-crisis world in which developing countries will be increasingly important to the global economy.

Working with our many partners, we have created crisis response initiatives in trade, microfinance, infrastructure, and advisory services, while also putting new focus on small and medium enterprises, agriculture and food security, sustainability and climate change, and other key areas. In these and all our efforts, we put our emphasis on the world’s poorest countries that comprise the World Bank’s International Development Association (IDA), while also helping address unmet needs in middle-income countries.

We do so with a commitment to making a difference, demonstrating the upside that comes when private sector growth also improves people’s lives.

Cover Photo: Telecom sales agents in Papua New Guinea, bringing IFC client Digicel’s state-of-the-art mobile phone service to people at all income levels (see page 30).
The stories in this collection provide many good examples. They show how we are helping African exporters bring their goods to market, developing new sources of electricity for villages in the remote mountains of Central Asia, building a sound local bank for the Palestinian people, and addressing other important challenges.

With private capital flows into emerging markets so greatly diminished, there has never been greater demand for IFC’s services. We expect this demand to remain strong in the coming years, with financing needs staying high no matter what trajectory the recovery path takes.

Our ability to respond is constrained only by the amount of capital we have to invest. With more capital, we can make an even greater difference.

In the coming months, we will continue to work on many fronts, supporting our clients and member countries with investment and advisory services at a time when they need us the most.

The end result: a combination of business success and better living standards for people.

In other words, upside in emerging markets.

Lars H. Thunell
Executive Vice President and CEO
IFC in the World Bank Group

IFC is in the business of creating opportunity and improving lives in emerging markets.

A member of the World Bank Group, we are the largest global development finance institution focused on the private sector.
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TRADE
A Foundation of Recovery

Maize farmers in Malawi, cement firms in Nigeria, and metals exporters in Mauritius all have something in common.

Like many more companies across Africa and the rest of the developing world, IFC and its partners can boost them with new finance products that help counter the effects of the global financial crisis on one of the key drivers of development: trade.

“History tells us that no poor country has ever become wealthy without trade,” says World Trade Organization Director Pascal Lamy. He lists Singapore, South Korea, Chile, China, and Malaysia among the developing country success stories whose progress stemmed in part from their open trade policies. Ongoing access to trade finance was also critical.

But with demand shrinking and banks cutting back, global trade has slumped by 10 percent this year, eroding economies and impeding development. IFC is responding with a three-part package—the Global Trade Liquidity Program (GTLP), the Global Trade Finance Program, and an Export Credit Agency initiative—that together will support significant amounts of trade during the crisis.

The GTLP brings together governments, development finance institutions, and leading commercial banks. For every 40 cents IFC and public investors put up, commercial bank partners will add 60 cents.

A $400 million line of credit South Africa’s Standard Bank received under the program supports trade in Africa. Standard Bank’s Craig Polkinghorne says it “will go a long way to stimulating economic growth in the region, especially since many banks have retreated from Africa during the financial crisis.”

The $400 million will largely be distributed in sums between $10 million and $20 million to businesses in energy, mining, commodities, capital goods, and other sectors in many African countries. IFC provided $100 million, mobilizing the rest from the African Development Bank, Commonwealth Development Corporation, and Japanese Bank for International Cooperation.
IFC’s package of support helps maintain developing country firms’ trade links to key global markets.
RURAL MICROFINANCE
Unlocking the Potential

Siti Mariatun remembers it well: the breakthrough day, seven years ago, when she and 20 other women in her village got their first loans from a small local microlender.

Each borrowed the equivalent of $30 for eight months at just 2 percent a month—far less than they had been paying another informal source. The new loans helped build their tiny home-based business selling a popular local snack food, brem cakes.

Entrepreneurial by nature, Siti soon doubled her sales. Within two years she was selling snacks outside of her village for the first time. Ongoing business growth since has significantly raised the incomes of her group’s members, giving them better lives.

But she was one of the fortunate few. Indonesia has 115 million rural poor, most of them unconnected to the transforming potential of microfinance. Siti’s lender, Arta Kencana, has just 6,200 clients, and while thousands of small institutions like it exist, they are typically overlooked by banks and unable to find the affordable financing they need to expand. Vast numbers of potential borrowers are left out as a result.

IFC has responded by helping establish Indonesia’s first wholesale microfinance bank, Bank Andara. It does not lend to the poor itself, but finances others that do—especially in rural areas.

Working with a Bill & Melinda Gates Foundation-supported NGO, Mercy Corps, and Dutch investors Hivos Triodos Funds and Cordaid, we first acquired and recapitalized a small bank in Bali, then relaunched it in April 2009 as Bank Andara. IFC’s $3.7 million investment comes with advisory services in branding, marketing, and new product development.

Arta Kencana is the first borrower of Bank Andara, which in time expects to reach 2,000 rural banks and other microfinance institutions. This will bring financial services to 3 million poor people in Indonesia, making a difference in its rural economy and creating a model that can be repeated elsewhere.

**Bank Andara**
- Filling a critical gap in Indonesia

**IFC’s Role**
- Investment and advisory services
Siti Mariatun (center) is working her way out of rural poverty with support from Bank Andara, a new specialized lender in Indonesia started with IFC’s financing and advice.
HEALTH IN AFRICA

A Private Sector Approach

“We need to find ways to make quality health care affordable to our people, and I think we can,” says Dr. Victor Litlhakanyane. “As business people, we understand the markets, are good operators, and can work together with governments to find the right solutions.”

He represents Netcare, South Africa’s largest private health care provider and the lead investor in the continent’s first full public-private partnership (PPP) project in health—a new $100 million national hospital and set of related clinics in Lesotho due to open in 2011. IFC advised the government on development of the landmark project, which is expected to improve public health care considerably while keeping costs low.

But IFC’s strategy for health in Africa goes further. The IFC–World Bank Health in Africa Initiative is a five-year, $1 billion combined investment and advisory program. A true partnership, it involves several other parties including the Bill & Melinda Gates Foundation, the African Development Bank, German development finance institution DEG, and donor partners such as France, Germany, and the Netherlands.

The initiative has many parts. One is a new private equity fund designed to increase underserved Africans’ access to high-quality affordable health services. The fund manager, London-based Aureos Capital, is being compensated for its development impact as well as financial performance. IFC recently invested $20 million in the $65 million first closing of the fund, which is expected to reach $300 million in time.

The initiative also involves work to improve smaller health care companies’ access to long-term loans, and teaming with the World Bank and others to help governments harness the private sector to reach national health targets. It has now been formally engaged to advise the governments of Ghana, Kenya, Mali, and Nigeria on ways to bring existing private sector players into their health sectors to target priority needs.

South Africa’s Financial Mail newspaper has called the Lesotho project “a showcase of what PPPs can do.” In time, the IFC-led partnership for health in Africa will bring many more good stories like it to tell.
Mobilizing the power of the private sector, the $1 billion IFC–World Bank Health in Africa Initiative helps Africans live longer, healthier lives.
E-PAYMENT SOLUTIONS
For Small Business Growth

Chocolate Colonial is a small, family-owned business in Buenos Aires, tempting Argentina’s sweet tooth since 1925. When it expanded a few years ago, creating a line of personalized chocolates for special occasions, it went to the Web to woo new customers.

The new product was a hit. Fabiana Ferraz, the founder’s granddaughter, soon saw her online business quadruple, outgrowing a clumsy payment method that required customers to transfer funds from their bank account to the company electronically.

“We were modernizing and we felt good about this new product, but the payment option was too complicated,” Fabiana recalls.

She found an online solution in DineroMail, a reliable e-payment service that lets about 7,500 businesses in Argentina, Brazil, Chile, and Mexico reach new clients whether they use credit cards or not. About 90 percent of its clients are micro, small, and medium enterprises, many with fewer than five employees.

DineroMail acts as a trusted intermediary between buyers and sellers. Users simply download its free payment systems and start receiving payments, with no need for separate credit card networks or specialized technical skills. It is perfectly suited to business conditions in Latin America and the Caribbean, where only one in five adults has a bank account.

IFC’s $5 million equity investment is helping DineroMail grow, bringing e-commerce to the unbanked and empowering smaller businesses to expand their sales on the Web.

Most DineroMail users choose to pay for their goods in cash. They simply print a bar-coded receipt for their purchase, then pay for it at any store in the firm’s network, thus reducing transaction costs and increasing economic transparency.

DineroMail:

– Opening access to a new market: people without bank accounts

IFC’s Role:

– Investments to support expansion
In Argentina, Fabiana Ferraz built her chocolate company’s sales with the help of online payment system DineroMail. SMEs like hers are the economic pulse of Latin America and the Caribbean.
SUSTAINABLE INDUSTRY

Turkey’s Priority

Istanbul—home to more than 12 million people, heart of a country whose per-capita income has more than doubled in the past decade, and host of the 2009 Annual Meetings of the World Bank Group and IMF.

A bustling mega-city, it is also the business center of a nation working closely with the World Bank Group to reduce its greenhouse gas emissions, which have been growing at one of the world’s fastest rates. IFC is helping by supporting Turkey in improving urban infrastructure, increasing reliance on renewable energy, and adapting proven models of energy efficiency finance.

An extension to the Istanbul Metro rail line we are co-financing will give people on the traffic-clogged Asian side a fast, reliable, and clean way to reach the rest of the system. East of Istanbul, in the industrial Kocaeli region, we are also financing the expansion of a newly privatized municipal gas distribution company, IZGAZ. This will increase use of clean-burning natural gas, a sound alternative to fossil fuels such as coal and fuel oil.

For these same reasons, in June 2008 we mobilized €513 million, including €355 million in syndicated loans, to help local company Enerjisa build 10 new hydroelectric power plants. Another local sponsor, Rotor Elektrik, is developing the country’s largest wind farm with our financing.

We are also actively helping Turkey meet its growing demand for innovative, environmentally friendly energy initiatives. This year we supported aluminum firm Assan’s energy efficiency upgrades and glass maker Sisecam’s production of solar energy glass, and launched a broader energy efficiency initiative by lending Yapi Kredi Leasing the equivalent of $50 million to finance SMEs’ energy-savings measures. We are also considering partnerships that would allow us to do even more. The World Bank Group’s $5.2 billion Clean Technology Fund should provide further opportunities for us to bring other local lenders and multilaterals into this important new market.

IFC helps finance Turkey’s growing reliance on wind power and other forms of renewable energy.
IFC’s broad-based support helps Turkey build a more sustainable future.
SOLAR SOLUTIONS

The Power of the Sun

The sun is our friend.

Each day it provides far more energy than we use in a year—energy that is free, will never run out, and can generate power with no emissions. If solar power ever becomes a large-scale, commercially viable proposition, it could change the world.

That day may not be far off. IFC has launched an $800 million investment initiative to help make it happen by financing infrastructure, equipment and cell manufacturing.

Long seen as prohibitively expensive, solar power’s costs will compare favorably with other power sources in many countries by 2015, our analysis shows. It could be a major power source by mid-century, helping fight global warming. But four things must happen first:

- Enactment of sound government policies
- Development and commercialization of new technologies
- Centering production in emerging markets
- Growth in supply and demand

IFC supports these trends as part of a larger World Bank Group climate change strategy. Much of our early focus is on building an efficient solar supply chain from Asia, which helps the industry cut costs and grow more competitive.

A new $50 million IFC investment in China’s Suntech Power Holdings Company, Ltd. helps build the capital base of an emerging industry leader at a time when global financial conditions make it difficult to raise new private capital.

We are also helping India enter the solar age. Two years ago we financed long-term client Moser Baer’s first production of advanced solar technology for export to developed countries, the current center of global demand.

Now Moser Baer is broadening out, working with us to develop solar plants that will sell power to Indian utilities. It is something that so far has drawn only limited interest from the private sector but—like everything else in this high-impact industry—has a sunny future.
Solar Power: Entering the mainstream of power generation.
Africa has great potential in agriculture. But too often that potential goes unmet, with critical success factors left out of the equation. Yet when given the right support, its producers can break through, creating food, jobs, and income to change the rural economy.

IFC clients show it can be done. Linked to markets and financing, they have solid track records that are especially good to consider this year, as the G8 countries launch a $20 billion initiative to boost food security through increased agricultural aid in Africa and other low-income regions.

Zambia has hundreds of high-potential farmers. But few can afford the improved seed, fertilizer, and equipment they need to get ahead. Lacking business training, they rarely approach local banks. Presented the right way, however, their plans can succeed.

The world’s leading agricultural bank, Rabobank of the Netherlands, recently invested in a Zambian partner, ZANACO. Supported by IFC advisory services, its money is now starting to reach smaller-scale farmers.

With our help in writing business plans and other technical training, 14 farmers now have ZANACO loans, typically doubling their production for the local market. Building a business case, up to 300 more may soon follow them to the bank.

In time, some may be like our Kenyan client, Vegpro. Small when we first met it in 1995, it had a vision for exporting to Europe but could not attract major investors. Our $950,000 loan financed a new airport packaging plant that set it on its way. Today Vegpro is Kenya’s industry leader, selling more than $100 million of food and flowers each year to top U.K. retailers Marks & Spencer, Sainsbury’s, and other demanding clients. Recently profiled in a Harvard Business School case study, it now has eight farms, employs 6,500 people, and buys from another 4,000 local farmers.

IFC helps increase the private sector’s role in making Africa’s farms more productive.
EARTHQUAKE RELIEF

For Farmers

When a devastating earthquake shook China’s Sichuan province in May 2008, airwaves quickly filled with news of approximately 70,000 dead and destruction of nearly 5 million homes.

What went largely unreported was that the magnitude 8.0 quake also dealt a crippling blow to local agriculture, affecting more than 30 million people in rural communities in one of China’s breadbaskets.

“After the earthquake, crop diseases became even more widespread and lethal than in other years,” says farmer Tianlin An.

IFC client Koyo Ecological Agrotech Group Ltd., one of China’s leading fertilizer producers, stepped in, not just donating relief materials such as vehicles, food, and water, but using its expertise to help improve the yield of local farmers, many of whom do not use sophisticated methods of fertilizer application.

Koyo’s university-trained agricultural specialists have helped grain and cowpea growers improve their fertilizer use through soil analysis, correct blending, and timing of application, leading to significantly enhanced crop yields.

“Thanks to Koyo, who taught me how to mix fertilizers and spray pesticides to prevent diseases, my cowpeas are good this year,” says farmer Fuyuan Zeng. “I plan to grow more next year.”

IFC’s $20 million loan and $10 million equity investment in Koyo is supporting Sichuan’s ongoing recovery. The money helps finance the firm’s new urea and ammonia plant in Sichuan’s Dazhou City, addressing a fertilizer shortage in one of China’s key agricultural centers and helping to reach out to more than 1 million farmers.

Working with like-minded clients like Koyo is one way IFC meets its vision: Creating opportunity for people to escape poverty and improve their lives.
After the earthquake, technical advice from Chinese fertilizer producer Koyo Ecological Agrotech Group Ltd. supported recovery by Sichuan farmers like Guoqiong Zhang (above). IFC Executive Vice President and CEO Lars Thunell (inset) visited the project to learn more about Koyo’s socially responsible business model.
In 1911, a massive earthquake triggered a mountain landslide in southeast Tajikistan, forming a natural dam and reservoir.

Few could foresee it at the time, but the power harnessed from this dam would hold vast potential, capable of generating electricity for local people throughout the isolated region’s cold winters and dark nights. Until now it has never been developed. But a proposed public-private partnership project to develop 240 megawatts of hydropower at Lake Sarez would do just that, adapting the existing dam in an environmentally and socially sustainable manner.

Like many other ideas for new infrastructure in the world’s poorest countries, the project could do much to move the local economy forward. But its road to commercial viability is long, requiring a well-crafted business plan that can attract investors, manage risks, and bring success on both financial and development terms in a difficult environment.

Active for more than a year, IFC InfraVentures works in several International Development Association (IDA) countries with major infrastructure needs—Djibouti, Madagascar, Nicaragua, and others. Two things are clear so far: demand is high, and investors will come on board when presented with good projects. InfraVentures is there to help make them happen.

IFC InfraVentures
A New Way of Working

IFC InfraVentures

- A $100 million fund
- Develops infrastructure projects in the world’s poorest counties
- IFC comes in early, readying projects for financing
- Carries high environmental and social standards

Like many other ideas for new infrastructure in the world’s poorest countries, the project could do much to move the local economy forward.
Lake Sarez, Tajikistan: Site of a public-private partnership hydroelectric project being considered by IFC InfraVentures, a $100 million initiative to develop infrastructure projects in the world’s poorest countries.
IFC and Standard Chartered
A Trusted Partnership

IFC has just the right partner in Standard Chartered—a respected international bank committed to sustainable development across Asia, Africa, and the Middle East.

Standard Chartered has had a long-standing partnership with IFC, jointly financing development projects in emerging markets. The relationship has evolved over the last three years, inspired by a shared vision and common footprint.

In 2009, responding to the economic and credit crisis, Standard Chartered and IFC launched a $1.25 billion plan to finance global trade. The facility was the first to emerge from the Global Trade Liquidity Program, a larger trade finance initiative that supports the G20’s call to support emerging market exporters and importers and to get global trade moving again. Standard Chartered and IFC are also exploring other trade-related opportunities in underserved sectors such as agriculture.

In 2008, Standard Chartered and IFC came together to provide an innovative solution for improving access to finance in the developing world, enabling millions to escape poverty. Standard Chartered’s five-year, $500 million facility for microfinance institutions in Asia and Africa was backed by a $45 million funding from IFC through a securitization transaction that reduced the bank’s risk and boosted its ongoing microfinance program in 11 countries.

In addition to the landmark trade and microfinance transactions, Standard Chartered has been an active partner in IFC securitizations and treasury activities.

The partnership between IFC and Standard Chartered will go a long way in building a sustainable global economy by upholding high standards of corporate governance, social responsibility, environmental protection, and employee diversity. Together we can make a difference to millions of lives in the developing world.
Rooted in 150 years of history, today’s Standard Chartered is a thriving global bank focused on emerging markets—and a strong partner for IFC.
When he looks at his people, Hashim Shawa looks beyond conflict. He sees opportunity.

His homeland is one of trouble. Throughout the decade, GDP has declined steadily and unemployment doubled, leaving its rising population with too few economic options. But the entrepreneur’s eye still sees ways to move it forward. It drives Hashim’s institution, the Bank of Palestine, to work closely with IFC in meeting several priority needs in the West Bank and Gaza, beginning with a combined investment and advisory project to increase home ownership.

Secure in an overseas job with financial giant HSBC, Hashim came home two years ago to head the largest and fastest growing Palestinian bank after the sudden passing of his father. It was a brave move. The political and economic situation was unstable, and there was no major international partner to help.

IFC took on that role, buying a 5 percent stake and vowing to help the bank develop new products that would be good for business as well as development. The investment was a vote of confidence that sent an important signal to others, and has performed well since. IFC advisors, meanwhile, are providing in-depth support on core banking and risk management operations such as credit risk, market risk, and treasury management, as well as on key corporate governance issues.

Bank of Palestine has been in business for 50 years, serving its people well in a difficult environment. Now it is ready to take the next step. Since IFC invested, the bank has opened 10 new branches, mainly in rural areas and villages, giving thousands of people their first opportunity to save money safely, obtain small business loans, and afford higher education for their children. Bank of Palestine is also one of two local partner banks in a $500 million West Bank and Gaza mortgage facility being developed in collaboration with the U.S. Overseas Private Investment Corporation, the Palestine Investment Fund, the Middle East Investment Initiative, and the U.K. Department for International Development. The bank will soon launch its first 20-year mortgages.
Bank of Palestine: A sound financial partner for the Palestinian people.
Creating opportunity is a challenge in Haiti—a desperately poor country, where almost 80 percent of the people live on less than $2 a day.

But now may be the best time. It could be at a turning point.

Governance, security, and international support have all improved. The new U.N. envoy, ex-U.S. President Bill Clinton, says Haiti now has a better chance of escaping “the darker aspects of its history” than it has ever seen. The World Bank and IMF have also canceled $1.2 billion of government debt, opening the way to a fresh start.

IFC has had an office in Haiti for more than a year, part of our renewed focus on the world’s poorest countries. As part of the World Bank Group’s new three-year Country Assistance Strategy, we are working with the government and investors in high-priority sectors such as infrastructure and SME development.

Only 25 percent of Haiti has electricity today, and even the best-served area, Port-au-Prince, often sees daily blackouts. But with our financing, the country will soon commission its first major independent power project, the 30-megawatt E-Power plant that will generate power more efficiently than the national utility can do itself. The project could not have happened without the $16 million we lent and the $14 million we attracted from our Dutch partner FMO, say the sponsors.

And while microfinance is readily available, the critical SME tier of the economy is typically cut off from capital. But we are a new shareholder in the country’s leading financial institution, Sogebank, and helping it become the sector’s first mover in SME finance, aiming to build a profitable $15 million portfolio to fuel job creation growth in the coming years. In many cases the loans will be supported by our Business Edge management training products.
A forward-looking approach marks the private sector in Haiti, the poorest country in the Western Hemisphere.
Mobile phones are more than phones.

Especially in the poor countries with weak infrastructure, they can be life-changers, acting as a kind of bank, distance-learning classroom, remote medical clinic, or portable commodities market all in one. The technologies are proven. But the challenge has been getting them to those who need them most—especially in remote areas far from big city vendors.

This is starting to change, in part through IFC’s ongoing work with telecom company Digicel, a rising emerging-market specialist that has used several rounds of our financing to reach more than 9 million people in 31 countries. Its innovative business model brings modern communications to those that others overlook—wherever they are, at whatever price they can afford.

Digicel typically uses our loans to enter a new, underserved market, then teams with established middlemen to build a vast network of grassroots distributors and achieve rapid rollout. The approach has proved successful in Haiti, throughout the Caribbean, and in Central America.

Now this same model is revolutionizing communications in the South Pacific. IFC financed Digicel’s $163 million expansion into Papua New Guinea, where it has allowed more than 3.5 million people to have access to mobile phones today, up from just 1.2 million in 2007. The impact on quality of life was strong as well. An estimated 30,000 people now earn better incomes in Papua New Guinea as affiliated Digicel sales representatives. They sell everything from full-service packages to prepaid airtime cards denominated as low as three kina (less than $1) for about three minutes of calling time.

We have also provided $51 million to help Digicel reach into Fiji, Samoa, Tonga, Vanuatu, and Kiribati as well, bringing small Pacific island economies into the mobile phone mainstream.

Mobile Phones: Opening opportunities for the poor in Papua New Guinea.
Sales and Customer Service Jobs: One of the many impacts of our client Digicel, whose effective pricing and distribution model enables Papua New Guinea to have almost three times as much access to mobile phones today as it did two years ago.
Transitioning to peace and democracy after more than 10 years of conflict poses many challenges for Nepal—none greater, perhaps, than creating jobs and sparking new economic growth.

But deep divisions mar the country, slowing the pace of private sector development. A lack of unity makes it hard for industry groups to come together to address important cross-cutting issues and identify key pro-business reforms that still must be made to rebuild the economy and reduce poverty.

Overcoming this breakdown is crucial to improving the investment climate, and greatly helped by the presence of a trusted international partner.

This is the goal of the Nepal Business Forum, a new initiative drawing on IFC’s extensive experience supporting public-private dialogues in low-income countries. Bringing government and business together under the Prime Minister’s leadership, it targets key sectors such as agriculture, tourism, infrastructure, and others, with IFC facilitating a more open exchange of ideas than has been possible until now, steering talks toward specific, noncontroversial reform measures that can work for everyone.

“If we want to bring about a change in the economic map of Nepal, just as there has been in the political map, then it is vital that there is a change in the way we formulate and implement economic policy,” says a key participant, banking leader Anil Shah.

Supported by our British and Norwegian donor partners, the forum applies the World Bank Group’s experience with 30 similar initiatives worldwide. Bringing many stakeholders together to define and solve common business problems, these have led to 400 reforms to date: lower port fees in Cambodia, simpler taxation of coffee growers in Laos, and establishment of a primary skills development authority in Bangladesh. With an 88 percent approval rating in public opinion polls and a strong track record of seeing its reform ideas adopted, the Bangladesh Better Business Forum stands as an especially good model for Nepal.
Nepal Business Forum: Working to create opportunity for more people in conflict-affected Nepal’s poor, fragile economy. The Federation of Nepalese Chambers of Commerce and Industry and its vice president, Pradeep Jung Pande (above), are among the early participants.
Awards

Recognizing Achievement
CLIENT LEADERSHIP

This year IFC presents its annual Client Leadership Award to two successful institutions. Both winners ably meet the award’s criteria of reflecting our values and showing leadership, innovation, operational excellence, strong corporate governance, and a commitment to socially and environmentally sustainable development.

- **Anhanguera Educacional, S.A.**, is a private higher education provider in Brazil that offers vocational training and job skills to middle- and lower-income adults unable to attend public universities. It educated more than 700,000 adults in 2008 alone, helping them obtain substantially higher-paying jobs in the marketplace than would otherwise be possible.

- **Ecobank** is an African bank holding company with full-service operations in 27 sub-Saharan countries and a growing micro- and small business lending portfolio, including a significant focus on women entrepreneurs. Our continued support is helping it expand, doing more business in key areas such as trade and housing finance in some of the world’s poorest countries.

Once a mid-ranking supervisor at her state government agency in Brazil, Sonia Carmargo is now a regional director—a promotion that courses in human resource management from Anhanguera Educacional, S.A. helped her earn.

Nigeria’s Adegbola Solomon (left) built his paint business with small loans from the local microfinance institution that Ecobank supports in collaboration with IFC, Accion International, and others.
SUSTAINABLE BANKING

The annual FT Sustainable Banking Awards, jointly sponsored by IFC and the Financial Times, honor financial institutions that demonstrate leadership and innovation in elevating social, environmental, and corporate governance standards into core aspects of their operations.

This year’s competition attracted 165 entries from 42 countries. Sir Bob Geldof—humanitarian, pop star, broadcaster, and businessman—was the keynote speaker at its awards dinner in London.

Top honors went to Triodos Bank of the Netherlands, this year’s Sustainable Bank of the Year. It has built its business by lending exclusively to sustainability-oriented companies, organizations, and projects—not only in Western Europe but also in the developing world, where its investment funds have financed more than 100 microfinance institutions. The bank’s far-reaching global strategy has paid off: average annual growth rates have reached 20 percent or more for the past 10 years, and today the bank has €3.7 billion under management. Key focus areas include renewable energy, biodiversity conservation, fair trade, sustainable agriculture, and others.

Other awards:

Emerging Markets Sustainable Bank of the Year
• Itaú Unibanco, Brazil

Regional Leadership Prizes
• Africa and Middle East: Equity Bank, Kenya
• Asia: Industrial Bank, China
• Eastern Europe: Industrial Development Bank of Turkey (TSKB)
• Latin America: Itaú Unibanco

Basic Needs Financing
• MicroEnsure, UK

Banking at the Bottom of the Pyramid
• Root Capital, US

Sustainable Investor of the Year
• Global Environment Fund, US
CREDITS

Telling Our Story
Upside in Emerging Markets
Produced by IFC Corporate Relations Department

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Carlos Fadigati (page 13)
Molly Norris/World Bank (pages 14-15)
Zhao Yuming/Xinhua/Landov (page 17)
James Cartwright/Vegpro (page 18)
Peter DiCampo/FAO (page 19)
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Ibrahim Abu Mustafa/Reuters (page 27)
Peter Dinsdale/IFC (pages 28-29)
Anna Manega (page 30)
Sayef Tanzeen Qayuum/IFC (page 33)
Ahanguera Educacional, S.A. (page 36)
Accion International (page 36)
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IIFC's Three Businesses

At a time of greatly reduced private investment in emerging markets, IFC is reaching for private sector development totaling $14.5 billion in fiscal 2009. This amount included an additional $4 billion mobilized through syndications and other key needs totaling $14.5 billion in fiscal 2009. This amount included an additional $4 billion mobilized through syndications and other key needs.

• Financing private sector investment and mobilizing capital in the international financial markets, IFC financing for private sector development.

• The $3 billion IFC Capitalization Fund, which invests in systematically important banks in emerging markets.

• For $1 billion from IFC, its first investment in emerging markets, IFC's Capitalization Fund, which invests in systematically important banks in emerging markets.

Three Businesses

IFC Advisory Services

Delivering mainly to our field-based staff in more than 80 countries, our advisory services are flexible and can be tailored to a client's specific needs, often brought together with investments in innovative solutions that differentiate.

They cover the following broad areas:

- Access to Finance: Advisory services geared toward financial institutions and helping to improve access to financial services for households and micro, small, and medium enterprises.

- Investment Climate: Helping governments improve legal, institutional, and regulatory conditions, making countries more competitive with advice on corporate governance, and environmental performance.

- Corporate Advisor: Helping firms grow and become more competitive with advice on corporate governance, supply chain linkages with IFC investment projects, and other key needs.

- Environmental and Social Sustainability: Providing financial and technical assistance to make our clients' operations more socially responsible and improve their social and environmental performance.

- Infrastructure: Advising governments and firms on ways to strengthen local infrastructure, working with financial institutions and governments, helping to make countries more conducive to private sector development.

- Corporate Advice:

- Investment Climate:

- Access to Finance:

- Environmental and Social Sustainability:

- Corporate Advisor:

- Infrastructure:

IIFC Asset Management Company

In 2009, IFC Asset Management Company (IFC AMC) operationalizes a private equity fund format to offer investors the opportunity to benefit from IFC expertise in emerging markets and track record of achieving strong equity returns as well as distinct development impact. The two key funds are:

- A general private equity fund targeted at $1 billion that will co-invest in IFC transactions in Africa, Latin America, and the Caribbean. Investors will participate in IFC deal flow across a broad range of sectors.

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Our vision is
That people should have the opportunity to escape poverty and improve their lives.

Our core corporate values are
• Excellence
• Commitment
• Integrity
• Teamwork

Our purpose is
To create opportunity for people to escape poverty and improve their lives by:
• Promoting open and competitive markets in developing countries
• Improving companies and other private sector partners where there is a gap
• Helping to generate productive jobs and deliver essential services to the underserved

In order to achieve its purpose, IFC offers development impact solutions through firm-level interventions (direct investments and advisory services), standard-setting, and business enabling environment work.

Message from the President

2008 has been a time of testing for the World Bank Group and our ability to respond to the needs of clients. The financial crisis has spiraled into an economic crisis, an unemployment crisis, and events could next become a social and human crisis with political implications. In this fast-moving and uncertain environment, the World Bank Group is leaning forward to serve our clients with flexibility, speed, innovation, and attention to results.

IFC is playing a vital part in that effort. This issue of Telling Our Story captures IFC’s achievements as a catalyst for action—working with partners to mobilize resources to support the projects and people who need them quickly, and thinking creatively to get business moving again in developing countries.

As the crisis spread to emerging markets this year, IFC has worked with partners to quickly establish initiatives that ensured the availability of financing for vital development needs: strengthening local banks; supporting micro, small, and medium-sized enterprises; bolstering trade; and advancing essential infrastructure projects.

In 2009, IFC took a historic step to channelled investments into developing countries by establishing IFC Asset Management.