

## LOOKING AT OUR WORK THROUGH MULTIPLE LENSES

Private sector development is a challenge of considerable complexity. As a global institution, we embrace that complexity.

IFC tackles the most pressing development challenges, approaching them in ways that are responsive to the needs of all our stakeholders—from the governments that comprise our shareholders to our sister organizations within the World Bank Group to the wide array of clients and partners who share our commitment to create opportunity where it's needed most. Being responsive requires us to see the world in different ways.

In this report, we tell our story through several lenses:

### WORLD BANK GROUP GLOBAL PRIORITIES

As a member of the World Bank Group, our purpose is to create opportunity in ways that advance the group's global priorities—agriculture and food security, climate change, governance and anticorruption, gender, and fragile states. Our work in these areas is discussed throughout this report.

### IFC STRATEGY

We have five areas of strategic focus—frontier markets; climate change and environmental and social sustainability; infrastructure, health and education, and the food supply chain; local financial markets; and client relationships. We measure our performance in these areas through quantitative targets (see Scorecard, page 59). This year we are experimenting with a new set of targets we call the IFC Development Goals (see page 79).

### OUR BRAND VALUE PROPOSITION

IFC strives to make a difference in four distinctive ways—through innovation, influence, demonstration, and impact. We discuss these ways on pages 18–56.

Looking at our work through all of these lenses isn't easy—sometimes they overlap, and that can complicate the picture. But it ensures that we are never blind to the needs of the poor in developing countries.





## OUR MATERIALITY TOPICS

We asked eight representatives of the private sector and nongovernmental organizations to identify topics of greatest importance to external stakeholders. They picked six—food and water security, climate change and energy, women as drivers of economic growth, information technology, public governance, and IFC's relationship with the private sector. These issues are discussed throughout this report (see page 105 for a specific index).

# ABOUT IFC

IFC, a member of the World Bank Group, is the largest global development institution focused exclusively on the private sector. We help developing countries achieve sustainable growth by financing private sector investment, mobilizing capital in international financial markets, and providing advisory services to businesses and governments. We play a catalytic role by demonstrating the profitability of investments in emerging markets.

Established in 1956, IFC is owned by 182 member countries, a group that collectively determines our policies. Our work in more than 100 countries allows companies and financial institutions in emerging markets to create jobs, generate tax revenues, improve corporate governance and environmental performance, and contribute to their local communities.

IFC's vision is that people should have the opportunity to escape poverty and improve their lives.

## KEY FACTS

1/3

We account for about a third of the financing provided by development finance institutions to the private sector in developing countries.

3X

Our climate-change investments have tripled since 2007.

750

We work with more than 750 financial institutions that command more than 30,000 distribution points in nearly every corner of the developing world.

45

We have disbursed loans denominated in more than 45 local currencies.

\$2 BILLION

Since 2007, we have contributed nearly \$2 billion to the World Bank's fund for the poorest countries.

2/3

We are more diverse than ever—nearly two-thirds of our staff is from developing countries.

## Leadership Perspectives

*Letter from the World Bank Group President—Robert B. Zoellick*

We are in the midst of a multispeed recovery from the global economic crisis, offering both opportunities and risks. Emerging economies are driving the recovery, highlighting the fact that we are fast moving toward a new multipolar economy, with new avenues for South-South investment, innovation, marketing, and demand. In some emerging markets the greater risk is now of overheating and possible bubbles for some assets. At the same time, much of the developed world is still struggling to create jobs, and set a clear course on spending and sovereign debt. Price pressures for food and energy are stirring new challenges, while putting vulnerable populations at risk.

As IFC's *Annual Report 2011* portrays, a robust and engaged private sector is a key factor in helping economies adjust to challenges, manage risks, and seize opportunities. The Report highlights IFC's support for businesses and entrepreneurs while promoting, developing, and generating growth. This year, IFC provided nearly \$19 billion in financing for private sector development, \$6.5 billion of which was mobilized from partners.

IFC is making important contributions to job creation—connecting the private sector to investments across the agricultural value chain, in health services, education, and training. IFC has put a special emphasis on infrastructure investment, which can provide jobs today and growth tomorrow, and this year launched the Infrastructure Fund to help mobilize finance. This complements the advisory services provided by the Infrastructure Finance Center of Excellence, supported by the Bank Group and the Government of Singapore. IFC is also expanding its work in the poorest countries, post-conflict zones, and areas at risk. Its leadership in private sector development is reflected in IFC's deepening partnership with the Group of 20 on critical issues such as jobs, food security, and opportunities for small and medium enterprises.

Along with the rest of the Bank Group, IFC has been focused on events in the Middle East and North Africa this year, where we have seen the impact and challenges posed by citizens demanding change. Many of the underlying grievances have been economic and social in nature, including lack of access to good jobs.

IFC responded quickly to these events, emphasizing short-term job creation connected to long-term job investment. Working with the Islamic Development Bank, IFC co-launched the “e4e,” or Education for Employment, initiative to address the social and economic disconnect between jobs, skills, and opportunity. The initiative is looking at how the public and private sectors can join forces to meet the challenge of increasing job-oriented education, and is mobilizing up to \$2 billion over the next five years for vocational training programs across the Middle East and North Africa.



This year's *World Development Report*, on Conflict, Security, and Development, underscores the critical role the private sector can play in countries affected by fragility and conflict. One of the Report's conclusions is that access to capital and finance is vital, and private sector development is a key factor in service delivery and job creation to show early results as well as longer-term growth. IFC has been supporting private investment in several of these countries—for example, through a \$400 million investment for telecommunications infrastructure in Iraq. IFC also launched the SME Ventures Funds this year, to encourage business in the poorest high-risk countries.

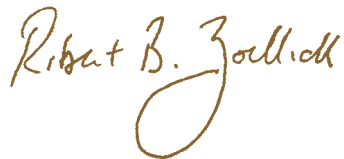
At the same time, IFC Asset Management Company, a wholly owned subsidiary that manages funds for sovereign wealth funds, pension funds, and other investors, more than doubled its investments in IFC projects. With about \$4 billion under management, AMC has become a powerful way to mobilize capital for development.

Over the past year, the World Bank Group has been urging the world to “put food first.” Higher food prices have pushed 44 million more people into extreme poverty. IFC and its partners are finding innovative ways to invest in food security and agriculture. In June, IFC launched an unprecedented Agriculture Price Risk Management project with JPMorgan Chase to provide up to \$4 billion in protection from food price volatility. This new facility allows smaller agriculture producers and consumers, who might not otherwise have access to hedging products, to cushion against downward price swings. We look forward to extending this project with more banks.

IFC has also continued to expand its commitments to the poorest countries. Nearly half of IFC’s investment projects last year and two-thirds of its advisory project expenditures were in the poorest countries eligible to borrow from the International Development Association. In FY11 alone, IFC invested nearly \$5 billion in 251 projects in 56 IDA countries.

IFC works closely with other parts of the World Bank Group and other member institutions. For example, IFC and World Bank partners are leading the G-20 Financial Inclusion Initiative, to simplify and expand access to financing for small and medium enterprises in the developing world; and IFC is cooperating with other member institutions to expand the work of Investment Climate Advisory Services, to improve the business environment in member countries. By simplifying regulations, streamlining registration, and pushing for legal reform, IFC and the World Bank have promoted market development around the world.

I want to thank IFC’s staff for their hard work and dedication. IFC’s achievements this year reflect the strong leadership, drive, and vision of Lars Thunell and his management team. I also want to thank our Board of Governors, the Board of Directors, and our contributors and partners.

A handwritten signature in dark blue ink, reading "Robert B. Zoellick". The signature is fluid and cursive, with the first name "Robert" and last name "Zoellick" clearly legible.

Robert B. Zoellick  
World Bank Group President

## Leadership Perspectives

*Letter from the IFC EVP and CEO—Lars Thunell*

This is the year of the client. Our clients in the private sector make IFC's work real. Their partnership with us promotes development and helps create opportunity for the poor—and they deserve special recognition for it.

They are innovators as much as entrepreneurs. They create jobs where you would not think possible. They pioneer renewable energy projects. They provide food for millions. They take one-room shops and transform them into thriving international firms.

In short, they make lives better. They are our clients—but more, our partners in development. They are individuals who, through their entrepreneurship, embody the imaginative ways in which we expand opportunity in developing countries and across the globe.

In fiscal year 2011, IFC promoted private sector development in distinctive ways—through innovation, influence, demonstration, and impact. These are our biggest strengths, and they leverage IFC's brand in the marketplace. As a result, our clients can make the most of the opportunity provided by IFC and pass it on to others.

Our clients help us achieve the full impact of our investments. Over the past year, our investment clients provided employment to about 2.4 million people—a record. They made nearly 10 million loans totaling about \$140 billion to micro, small, and medium enterprises. They helped bring health care to 7.5 million patients; educated 1 million students; and provided water, power, and gas to tens of millions of citizens.

During my travels this year—to East Asia and the Middle East, to Europe and Africa—I saw firsthand how IFC, together with its clients, is turning volume into value and value into impact. Our investment clients contributed about \$20 billion to government revenues and \$36 billion to purchases in local economies. Considering that total global aid flows are about \$100 billion, it is clear that the work of IFC and our clients is having a giant impact in developing countries.

In the past year, we mobilized more money than ever for development—\$6.5 billion. New commitments reached \$18.7 billion, which is more than double the size of our investments just five years ago and reflects an estimated project value of nearly \$100 billion. We generated net income of nearly \$2.2 billion for the year—that's before our contribution of \$600 million to the International Development Association, the World Bank's fund for the poorest.

IFC's Asset Management Company, established just three years ago, is making great strides. AMC is a wholly owned subsidiary of IFC that serves as a fund manager for governments, pension funds, sovereign wealth funds, and others. It has established a new model for us to mobilize investment for development. It invested \$682 million in IFC projects during the year—more than double the previous year's tally—and now has about \$4 billion under management.

A vibrant and sustainable private sector needs more than just investment. To support our clients, we offer over 25 years of experience in providing advisory services that improve the investment climate; foster vital public-private partnerships; raise environmental, social, and corporate governance standards; build inclusive supply chains; and strengthen expertise.



IFC Advisory Services is delivering for clients—governments and private enterprises—like never before. In FY11, Advisory Services project expenditures reached a record of over \$200 million, about two-thirds of which was attributable to clients in IDA countries.

Our advisory services are delivering real results. Our advice helped our financial intermediary clients provide 3.4 million microfinance loans and 700,000 loans to small and medium enterprises, often in conjunction with IFC investments. We helped governments in 44 countries implement 72 reforms to improve

their investment climates. We helped strengthen the capacity of over 9,000 farmers and businesses in 71 countries.

Such efforts make daily business smoother for our clients, who are then better able to generate opportunity for their own clients, employees, and communities.

We have updated our Sustainability Framework after an extensive, 18-month consultation process with numerous stakeholders. It promotes sound environmental and social practices and helps clients create sustainable businesses. Increasingly, outside organizations see our framework as a mark of quality: 15 European development finance institutions and 32 export credit agencies now refer to IFC's performance standards in their operations.

We have also adopted a new strategy for the palm oil industry. After a year of investigation and meetings with 350 stakeholders, we found an approach that reflects our joint commitment to clients and to long-term, sustainable growth.

Political leaders around the world increasingly recognize the leadership role IFC can play supporting clients in private sector development. The Group of 20 recently launched a Financial Inclusion Initiative to expand access to finance for small and medium businesses. They have asked IFC to play a leading role in this effort.

Likewise, G-20 agricultural ministers recently agreed that price hedging in the food market can reduce volatility. IFC is supporting clients on this front: we recently struck a deal with JPMorgan Chase to provide \$4 billion in price-risk management for agricultural commodities. This will enable farmers to promote food security.

Events across the Middle East and North Africa are reminders that we are living in a world of heightened political, social, and economic volatility. They are also reminders of the importance of the private sector and job creation for equitable growth. These are countries with high youth populations, but also high unemployment. There is a need to balance longer-term fiscal stability with shorter-term job creation.

IFC and the Islamic Development Bank have suggested one innovative solution to this problem through the Education for Employment program, or e4e. We're bringing together governments and companies to match education with necessary job skills. We look to mobilize \$1.5 billion to \$2 billion for the program over the next three to five years, funds that will support job creation across the region.

IFC's strategy is working. And our strong corporate values and vision position us well for 2012 and beyond. We will continue to work alongside our clients to maximize development impact. Our activities in FY11 show how we can work with clients to increase access to finance for small and medium businesses, to raise standards, to create jobs where they're needed most—to create opportunity and pass it on.

I would like to thank our Board of Directors for their guidance during complex times. I'm grateful to our donors for their invaluable support in helping extend IFC's reach. I also thank our staff for their dedication, creativity, and hard work. I am proud to be a member of the IFC family—it is an exceptional organization with exceptional people.



Lars H. Thunell  
IFC Executive Vice President  
and Chief Executive Officer



INTRODUCTION: I AM OPPORTUNITY

P1-7



PART 1: IFC'S GLOBAL RESULTS

P8-17

IFC Financial Highlights	9
IFC Operational Highlights	9
Key Events	11
Special Topic: IFC's Role in Supporting Women as Drivers of Economic Growth	14
Our Management Team	16

PART 2: HOW IFC CREATES OPPORTUNITY

P18-56



Innovation	
Tackling problems, finding solutions	20



Influence	
Shaping policy, raising standards	30



Demonstration	
Mobilizing capital, setting an example	40



Impact	
Improving lives, promoting development	48

PART 3: MEASURING UP

P57-63

Strategic Priorities	58
The Scorecard	59
Creating Opportunity Where It's Needed Most	60
Lessons Learned	62

PART 4: OUR BUSINESS & EXPERTISE

P64-76

Where We Work	65
Our Three Businesses	66
Our Industry Expertise	70
Standard Setting	72
Mobilization and Partnerships	74

PART 5: HOW WE WORK

P77-106

The IFC Way	78
The IFC Development Goals	79
How We Measure Development Results	81
A Comprehensive Change Initiative	87
Our Staff	88
Our Governance	90
Accountability	92
Managing Risks	94
Working Responsibly	96
The Cycle of an IFC Investment Project	98
Independent Assurance Report	102
Stakeholder Review Panel Statement	104
Web and Social Media Resources	106

Open to learn more about IFC



IFC WORKS TO  
PROVIDE OPPORTUNITY  
WHERE IT'S NEEDED  
MOST. PEOPLE MAKE THAT  
POSSIBLE.

*We maximize the ability of the private sector—  
of individual entrepreneurs such as those on the following  
pages—to create opportunity.*



## I CAN BRING SOLAR POWER TO SOUTHEAST ASIA



**Wandee Khunchornyakong**  
*President, Solar Power Co., Thailand*

Investors were skeptical. After all, just 6 percent of Thailand's energy comes from renewable sources. But Wandee saw an opportunity where others didn't. She saw that solar plants would create jobs in Thailand's rural north and promote infrastructure development and generate clean energy all at once. She contacted IFC—we understood the mission, the opportunity. Now she runs the largest solar farm in all of Southeast Asia. And her business is expanding. Rapidly. Her company expects to complete 34 such farms by 2013.

## I CAN FEED MORE THAN 2 MILLION PEOPLE



**Ivan Guta**

*Chairman of the Board, Mriya Agro Holding, Ukraine*

Guta worked for eight years on a communal farm. In 1992 he set up Mriya—“dream” in Ukrainian—on less than one square kilometer of land. Now his company has 2,400 square kilometers in cultivation and is expanding to more than 4,400 (almost twice the area of Luxembourg). With \$50 million in backing from IFC and advice on how to become more energy-efficient, Mriya can now produce enough grain to feed over 2 million people per year. It sells wheat, corn, and potatoes in more than 20 countries. In a time of lagging agricultural output and soaring prices, Guta is bolstering food security.

## I CAN TURN LEFTOVER RICE HUSKS INTO ELECTRICITY



**Gyanesh Pandey**  
*Founder/CEO, Husk Power Systems, India*

As a young man, Pandey went to the U.S. to study engineering. But his heart never left India. He aspired to make life better for rural Indians. Then he hit on an idea: an innovative way to produce combustible gas—and electricity—from leftover rice husks. Backed by IFC investment and advisory services, Pandey's Husk Power Systems operates over 70 plants in Bihar, one of India's poorest states. They provide affordable electricity to around 250 villages and more than 150,000 people. Children study easier, women cook at more convenient times, shops stay open longer. Gyanesh plans to run over 2,000 plants by 2014.

## I CAN EMPOWER ENTREPRENEURS IN A RISKY ENVIRONMENT



**Anwar Jayyosi**

*Managing Director, Palestine for Credit and Development (FATEN), West Bank and Gaza*

In West Bank and Gaza, some 50 percent of people live below the poverty line. Of the jobs that exist, 80 percent are generated by micro, small, or medium enterprises. Instability in the territories has impeded the growth of a financial sector. But Jayyosi is creating opportunity by extending loans to small-business owners. To date, FATEN has disbursed more than 95,000 loans worth about \$100 million. Eighty percent of its 12,000 clients are women. IFC supported his work with a \$3 million loan in April 2011. He expects to reach 22,000 clients by 2015.



6	More than 241,000 micro, small, and medium enterprise loans provided in Sub-Saharan Africa in CY10	\$2.15 billion committed to projects in Sub-Saharan Africa in FY11
---	--	--

## I CAN CREATE AN INTERNATIONAL BUSINESS



**Munira Shonibare**  
*Founder/Executive Director, IO Furniture, Nigeria*

Shonibare started an interior design consultancy. When her contractors couldn't deliver, she opened her own manufacturing shop. When big clients came calling—oil companies, banks, hotels—she partnered with an Italian design firm. And when she needed funding to scale up, she turned to Access Bank, an IFC client. IFC extended a \$15 million loan to Access to provide credit for women entrepreneurs. Access passed the opportunity on to Shonibare. We also helped her strengthen her business and financial skills. Now she runs the only furniture company in Nigeria with a modern production line, garnering 20 percent of the market.

## I CAN BUILD HAITI'S BUSINESS INFRASTRUCTURE



**Jerry Tardieu**  
*CEO, Oasis Hotel, Haiti*

It was supposed to be one of the best business hotels in Port-au-Prince. The Oasis. Then a devastating earthquake. Lives and livelihoods destroyed. The project halted, financing in jeopardy. But Tardieu pushed on with a \$7.5 million IFC loan, which helped raise an additional \$15 million. Rebuilding meant creating jobs and infrastructure. Rebuilding meant buying goods from local fishermen and farmers. Rebuilding meant employing hundreds of workers. Rebuilding meant setting an example: "The Oasis project will be a tangible symbol of Haiti's rebirth from the ashes of the January 12 earthquake," Tardieu says.

## 1

## PART 1

## IFC'S GLOBAL RESULTS

***Highlights***

IFC provided a record amount of financing to businesses in developing countries in FY11, helping the private sector create jobs, strengthen infrastructure, improve agricultural efficiency, and confront other development challenges.

**IFC FINANCIAL HIGHLIGHTS**

Dollars in millions, as of and for the years ended June 30\*

	2011	2010	2009	2008	2007
Net income (loss)	\$ 1,579	\$ 1,746	\$ (151)	\$ 1,547	\$ 2,490
Grants to IDA	\$ 600	\$ 200	\$ 450	\$ 500	\$ 150
Income before grants to IDA	\$ 2,179	\$ 1,946	\$ 299	\$ 2,047	\$ 2,640
Total assets	\$68,490	\$61,075	\$51,483	\$49,471	\$40,599
Loans, equity investments and debt securities, net	\$29,934	\$25,944	\$22,214	\$23,319	\$15,796
<b>Key Ratios</b>					
Return on average assets (GAAP basis)	2.4%	3.1%	-0.3%	3.4%	6.3%
Return on average capital (GAAP basis)	8.2%	10.1%	-0.9%	9.6%	19.8%
Cash and liquid investments as a percentage of next three years' estimated net cash requirements	83%	71%	75%	62%	85%
Debt to equity ratio	2.6:1	2.2:1	2.1:1	1.6:1	1.4:1
Total resources required (\$ billions)	\$ 14.4	\$ 12.8	\$ 10.9	\$ 10.4	\$ 8.0
Total resources available (\$ billions)	\$ 17.9	\$ 16.8	\$ 14.8	\$ 15.0	\$ 13.8
Total reserve against losses on loans to total disbursed loan portfolio	6.6%	7.4%	7.4%	5.5%	6.5%

\*See Management's Discussion and Analysis and Consolidated Financial Statements for details on the calculation of these numbers, available here: [www.ifc.org/AnnualReport](http://www.ifc.org/AnnualReport).**IFC OPERATIONAL HIGHLIGHTS**

Dollars in millions, as of and for the years ended June 30

	2011	2010	2009	2008	2007
<b>New Investment Commitments</b>					
Number of projects	518	528	447	372	299
Number of countries	102	103	103	85	69
For IFC's own account	\$12,186	\$12,664	\$10,547	\$11,399	\$ 8,220
<b>Mobilization</b>					
Syndicated loans <sup>1</sup>	\$ 4,680	\$ 1,986	\$ 1,858	\$ 3,250	\$ 1,775
Structured finance	\$ 0	\$ 797	\$ 169	\$ 1,403	\$ 2,083
IFC initiatives & other	\$ 1,340	\$ 2,358	\$ 1,927	n/a	n/a
Asset Management Company	\$ 454	\$ 236	\$ 8	n/a	n/a
Total mobilization	\$ 6,474	\$ 5,377	\$ 3,962	\$ 4,653	\$ 3,858
<b>Investment Disbursements</b>					
For IFC's own account	\$ 6,715	\$ 6,793	\$ 5,640	\$ 7,539	\$ 5,841
Syndicated loans <sup>2</sup>	\$ 2,029	\$ 2,855	\$ 1,958	\$ 2,382	\$ 1,615
<b>Committed Portfolio</b>					
Number of firms	1,737	1,656	1,579	1,490	1,410
For IFC's own account	\$42,828	\$38,864	\$34,502	\$32,366	\$25,411
Syndicated loans <sup>1</sup>	\$12,387	\$ 9,302	\$ 8,299	\$ 7,525	\$ 5,543
<b>Advisory Services</b>					
Number of projects	642	736	872	862	1,018
Approved value	\$ 820	\$ 859	\$ 941	\$ 919	\$ 846
Advisory Services project expenditures	\$ 207	\$ 188	\$ 183	\$ 152	\$ 118

<sup>1</sup> Includes B-Loans, Parallel Loans, and A-Loan Participations.<sup>2</sup> Includes B-Loans and Agented Parallel Loans.



We invested nearly \$19 billion in more than 500 projects in 102 countries, of which \$12.2 billion was for our own account. In addition, we mobilized nearly \$6.5 billion from other investors. Our Advisory Services project expenditures totaled \$206.7 million.

Half our investment projects—totaling \$4.9 billion in commitments—and about two-thirds of our Advisory Services project expenditures were in the poorest countries, those served by the International Development Association. We committed about \$3 billion for our own account in Latin America and the Caribbean. We also committed about \$2.7 billion in Europe and Central Asia, about \$2.2 billion in Sub-Saharan Africa, \$1.6 billion in the Middle East and North Africa, \$1.9 billion in East Asia and the Pacific, and \$742 million in South Asia.

# \$4.9 BILLION

IN COMMITMENTS AND

# 66%

OF OUR ADVISORY SERVICES  
PROJECT EXPENDITURES WERE  
IN THE POOREST COUNTRIES  
SERVED BY IDA

-  IDA countries
-  Middle-income countries with frontier regions
-  Other client countries
-  Other

This map was produced by the Map Design Unit of The World Bank. The boundaries, colors, denominations and any other information shown on this map do not imply, on the part of The World Bank Group, any judgment on the legal status of any territory, or any endorsement or acceptance of such boundaries.

# \$3 BILLION

LATIN AMERICA AND THE CARIBBEAN

# \$2.7 BILLION

EUROPE AND CENTRAL ASIA

# \$1.9 BILLION

EAST ASIA AND THE PACIFIC

# \$1.6 BILLION

MIDDLE EAST AND NORTH AFRICA

# \$2.2 BILLION

SUB-SAHARAN AFRICA

# \$742 MILLION

SOUTH ASIA

## Key Events

### July 2010

IFC Development Goals launched

### September 2010

Launched IFC Istanbul Operations Center

### October 2010

Hosted first Inclusive Business Leaders conference

### November 2010

Disbursed IFC's first local-currency loan in Rwanda, to support agribusiness

G-20 asked IFC to play leading role in global SME finance initiative

### January 2011

IFC-funded energy plant E-Power began operations in Port-au-Prince, a year after the earthquake

### February 2011

IFC helped South Sudan launch private-sector development program

### March 2011

IFC became first global development bank to sign U.N. Principles for Responsible Investment

Mobilized \$245 million for communications infrastructure development in Iraq

IFC made largest-ever insurance investment, providing \$100 million to Barbados-based Sagcor

### April 2011

IFC and World Bank Group adopted New Strategy for Engagement in the Palm Oil Sector

Announced largest syndication in IFC history—€700 million for Enerjisa Enerji Uretim to build a series of power plants in Turkey

Under the Education for Employment initiative, IFC and Islamic Development Bank announced mobilization plan of up to \$2 billion for vocational training in Arab world

IFC Capitalization Fund invested \$280 million in Ahli United Bank, the largest commitment to date for an AMC-managed fund

### May 2011

Updated IFC Sustainability Framework and introduced new Access to Information Policy

Raised \$135 million in Green Bonds for climate-friendly projects

Operations started on €150 million Carbon Fund to promote climate-friendly investments

### June 2011

Teamed with Russian government and Vnesheconombank to create Russian Bank Opportunity Fund

IFC and World Bank Group announced \$4 billion deal with JPMorgan Chase for agricultural price protection

Held first Global Insurance Conference to promote best practices in the sector

IFC investments, including mobilized funds, reached a record \$18.7 billion for FY11

## FY11 COMMITMENTS

Dollar amounts in millions

Total	\$12,185.69 (100.00%)	
<b>By Industry</b>		
Agribusiness & Forestry	\$512.10 (4.20%)	
Consumer & Social Services	\$445.29 (3.65%)	
Financial Markets	\$3,088.03 (25.34%)	
Funds	\$434.49 (3.57%)	
Infrastructure	\$1,620.87 (13.30%)	
Manufacturing	\$830.20 (6.81%)	
Oil, Gas, & Mining	\$229.27 (1.88%)	
Telecommunications & Information Technology	\$337.21 (2.77%)	
Trade Finance	\$4,653.44 (38.19%)	
Other Sectors	\$34.77 (0.29%)	

Industry sectors have been aligned to the new IFC organization structure implemented in FY11. Prior years reported throughout this Annual Report have also been converted to ensure accurate comparability.

### By Product

Loans <sup>1</sup>	\$4,991.68 (40.96%)	
Equity <sup>2</sup>	\$1,967.59 (16.15%)	
Guarantees	\$5,167.01 (42.40%)	
Risk management products	\$59.40 (0.49%)	

<sup>1</sup> Includes loan-type, quasi-equity products.

<sup>2</sup> Includes equity-type, quasi-equity products.

### By Region

East Asia and the Pacific	\$1,925.92 (15.80%)	
Europe and Central Asia	\$2,682.45 (22.01%)	
Latin America and the Caribbean	\$3,031.13 (24.87%)	
Middle East and North Africa	\$1,603.26 (13.16%)	
South Asia	\$742.45 (6.09%)	
Sub-Saharan Africa	\$2,150.15 (17.64%)	
Global	\$50.32 (0.41%)	

Some amounts include regional shares of investments that are officially classified as global projects.

## COMMITTED PORTFOLIO

For IFC's own account as of June 30, 2011

Total	\$42,828 (100%)	
<b>By Industry</b>		
Agribusiness & Forestry	\$3,095 (7%)	
Consumer & Social Services	\$3,071 (7%)	
Financial Markets	\$14,095 (33%)	
Funds	\$3,137 (7%)	
Infrastructure	\$7,490 (17%)	
Manufacturing	\$5,095 (12%)	
Oil, Gas, & Mining	\$2,169 (5%)	
Telecommunications & Information Technology	\$1,635 (4%)	
Trade Finance	\$2,424 (6%)	
Other	\$615 (1%)	
<b>By Region</b>		
East Asia and the Pacific	\$6,188 (14%)	
Europe and Central Asia	\$11,064 (26%)	
Latin America and the Caribbean	\$10,144 (24%)	
Middle East and North Africa	\$4,750 (11%)	
South Asia	\$4,353 (10%)	
Sub-Saharan Africa	\$5,900 (14%)	
Global	\$429 (1%)	

Some amounts include regional shares of investments that are officially classified as global projects.

## FY11 COMMITMENTS BY ENVIRONMENTAL AND SOCIAL CATEGORY

Category <sup>1</sup>	Commitments (\$ millions)	Number of Projects
A	554	10
B	2,975	133
C	5,445	246
FI	3,212	129
Total	12,186	518

<sup>1</sup> See category descriptions on p. 97.

## FY11 LARGEST COUNTRY EXPOSURES<sup>1</sup>

June 30, 2011 (Based on IFC's Account)

Country (Rank)	Committed Portfolio (\$ millions)	% of Global Portfolio
India (1)	3,766	9%
Brazil (2)	2,697	6%
Russian Federation (3)	2,579	6%
Turkey (4)	2,422	6%
China (5)	2,411	6%
Philippines (6)	1,086	3%
Colombia (7)	1,073	3%
Argentina (8)	1,038	2%
Nigeria (9)	1,008	2%
Mexico (10)	1,003	2%

<sup>1</sup> Excludes individual country shares of regional and global projects.

## FY11 DEVELOPMENT OUTCOME BY INDUSTRY

Oil, Gas, & Mining	23 (\$1,119)	83%
Infrastructure	74 (\$2,798)	77%
Agribusiness & Forestry	64 (\$2,781)	70%
Funds	63 (\$829)	68%
Financial Markets	196 (\$15,123)	66%
Telecommunications & Information Technology	25 (\$692)	64%
Manufacturing	69 (\$2,447)	59%
Consumer & Social Services	68 (\$1,396)	59%
IFC Total	582 (\$27,184)	67%

Numbers at the left end of each bar are the total number of companies rated. Numbers in parentheses represent total IFC investment (\$ millions) in those projects.

## FY11 DEVELOPMENT OUTCOME BY REGION

East Asia and the Pacific	86 (\$4,024)	76%
Latin America and the Caribbean	131 (\$7,975)	74%
South Asia	64 (\$2,118)	72%
Sub-Saharan Africa	92 (\$3,450)	63%
Europe and Central Asia	134 (\$6,582)	60%
Middle East and North Africa	66 (\$2,853)	56%
IFC Total	582 (\$27,184)	67%

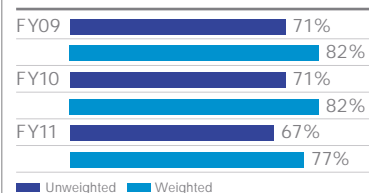
Numbers at the left end of each bar are the total number of companies rated. Numbers in parentheses represent total IFC investment (\$ millions) in those projects.

## FY11 ADVISORY SERVICES PROJECT EXPENDITURES

(dollar amounts in millions)

Total	\$206.66 (100.00%)
<b>By Business Line</b>	
Access to Finance	\$63.27 (31%)
Investment Climate	\$55.87 (27%)
Public Private Partnerships	\$27.75 (13%)
Sustainable Business	\$59.78 (29%)
<b>By Region</b>	
East Asia and the Pacific	\$26.80 (13%)
Europe and Central Asia	\$34.80 (17%)
Latin America and the Caribbean	\$19.33 (9%)
Middle East and North Africa	\$16.29 (8%)
South Asia	\$22.69 (11%)
Sub-Saharan Africa	\$51.12 (25%)
Global	\$35.63 (17%)

## WEIGHTED AND UNWEIGHTED OVERALL DEVELOPMENT OUTCOME







## IFC'S ROLE IN SUPPORTING WOMEN AS DRIVERS OF ECONOMIC GROWTH

*Promoting women in business is at the heart of our work.*

Developing countries can't achieve sustainable growth without the active participation of women. As entrepreneurs, they are critical to economic growth and job creation—and to IFC's strategy.

Women own more than 35 percent of the world's registered small businesses, and small enterprises are responsible for the bulk of employment in developing countries. Even though women entrepreneurs frequently lack access to financial services or other business support, they are often better able to shape their communities than their male counterparts—by reinvesting earnings in health, education, and family.

Our goal is to unleash the untapped economic potential of women entrepreneurs by boosting access to finance and eliminating gender-based barriers to investment. It's good for business, it's good for women, and it's good for development.

This cycle of entrepreneurship and development is what IFC is fostering through our Women in Business Program, which brings gender issues to the heart of our work.

IFC's role is clear. We're working with banks to reach a vital underserved market profitably. We're helping them train women so that they gain the business and financial skills they need. We're supporting



BY 2013

25%

OF THE SMEs  
REACHED THROUGH  
IFC'S INVESTMENTS  
WILL BE OWNED  
BY WOMEN

*Left* Sales are growing at Sharlene DeBuisso's shop in Haiti, thanks to ideas she got from IFC's Business Edge management training.

*Below* The Village Phone Program has created opportunity for thousands of women entrepreneurs, including Marie Fleur Rasoloarivao in Madagascar.

policy reforms that level the playing field for women.

Overall, our Women in Business Program has invested more than \$118 million in commercial banks in developing countries. Through FY11, these banks have disbursed \$86 million to 2,200 women-owned small and medium enterprises, while more than 3,000 entrepreneurs have been trained.

Our work supports employment for women. Data from 615 investment clients across all regions and industry sectors show that they employed more than 630,000 women in 2010, or 31 percent of their workforce. Clients for whom we have three years of data—293 in all—added

nearly 35,000 jobs for women, which represented a net increase of 14 percent in female employment.

We have joined ranks with one of Nigeria's largest banks to offer crucial backing to SMEs owned by women. We provided Access Bank with a \$15 million credit line for lending to women and put our Advisory Services to work in parallel. The results have been impressive: since linking up with Access Bank, more than 550 women-owned SMEs have received nearly \$40 million in loans. At the same time, almost 900 women entrepreneurs have been trained.

This has set an example for many other banks and prompted them to follow Access Bank's lead. In addition, we have decided to expand this model to other parts of the world. For example, we are providing a \$75 million investment—along with advisory services—to Bank Internasional Indonesia. IFC will help the bank identify the financial needs of its female clients and develop products to meet those needs.

Our commitment to promoting women in business is embedded in our work. We've added a gender dimension to the way we measure our development results, a change that will give us fresh insight into the effectiveness of our work and guide future projects. And we've made gender targets a part of the IFC Development Goals—by 2013, 25 percent of the SMEs reached through our investments will be owned by women.

Our efforts aren't limited to giving women better access to finance. IFC is giving governments and the private sector tools to leverage the potential

of women as entrepreneurs, employees, and executives, bolstering economic growth and job creation.

Making it easier for women to thrive in business is especially important in the Middle East and North Africa, where less than 15 percent of registered businesses are owned by women, and women's participation in the labor force is just 26 percent—the lowest in the world.

We support mediation in countries where courts can take years to resolve business disputes, giving women-owned businesses a chance to overcome hurdles to job creation and expansion. IFC Advisory Services is working on Alternative Dispute Resolution projects in Egypt, Morocco, and Pakistan that give businesswomen a better chance for justice.

Our work with the Village Phone Program is another landmark. The program, which recently received the annual IFC CEO Gender Award, provides microloans of about \$200 for the purchase of cell phones and antennas by entrepreneurs in rural areas of Africa. Phone operators then sell calling time to villagers, generating income while providing neighbors with much-needed phone services. Women often make the most successful operators.

Since the program's introduction in 2003, Village Phone has helped bring credit to over 7,500 women entrepreneurs and helped an estimated 18,000 start businesses in Madagascar, Malawi, and Nigeria. In Madagascar alone it's estimated that over 3 million users have benefited from the Village Phone program. The program has now been launched in Chad, and plans include expansion to Burkina Faso.

Through Village Phone and other groundbreaking work, IFC will continue to confront the development challenges of gender inequality. It's an opportunity we can't ignore.





Jingdong Hua  
Vice President,  
Treasury and  
Information  
Technology

Rachel Robbins  
Vice President and  
General Counsel

Thierry Tanoh  
Vice President,  
Sub-Saharan  
Africa, Latin  
America and the  
Caribbean, and  
Western Europe

Rachel Kyte  
Vice President,  
Business Advisory  
Services

Lars H. Thunell  
Executive Vice  
President and Chief  
Executive Officer

Janamitra Devan  
Vice President,  
Financial and  
Private Sector  
Development

Gavin E.R. Wilson  
CEO, IFC Asset  
Management  
Company

Jorge Familiar  
Calderon  
Vice President  
and Corporate  
Secretary  
*Not Pictured*

Dorothy Berry  
Vice President,  
Human Resources,  
Communications,  
and Administration



## OUR MANAGEMENT TEAM

Our accomplished executive team positions IFC to create opportunity for clients. IFC's management team draws from years of experience and distinct cultural backgrounds to maximize development impact and improve the lives of people around the world. The team shapes our strategies and policies, our work ethic, and corporate culture. Our executives embody and promote IFC's mission and vision.

**Rashad Kaldany**  
Vice President,  
Asia, Europe,  
Middle East, and  
North Africa

**Jyrki Koskela**  
Vice President,  
Global Industries

**Saadia Khairi**  
Vice President,  
Risk Management,  
Financial Reporting,  
and Corporate  
Strategy



### ***IFC's Client Leadership Award***

*Energy Development Corporation, Philippines*

Each year, IFC recognizes a corporate client who best represents leadership, innovation, and superb corporate governance. We present the Client Leadership Award to the organization that—through its work and social activities—embodies our values and symbolizes our shared commitment to sustainable development.

This year, we honor the Energy Development Corporation of the Philippines. EDC has been a global pioneer in the field of geothermal energy. Its five steam fields, in combination with its hydropower projects, provide 12 percent of the country's power capacity and serve 12 million households. This reduces the Philippines' reliance on fossil fuels while supplying much-needed energy to an emerging market.

In addition, the company promotes reforestation and biodiversity through "social forestry;" it has reforested 10,000 hectares around its five project sites and has worked closely with indigenous and farmers' groups to cultivate the land and plant endangered trees. We congratulate EDC on its achievements and anticipate continued excellence in both renewable energy development and social responsibility.