



FOCUS, DELIVERY,
RESULTS
2008
IFC and the Issues of Today

Telling Our Story



**International
Finance Corporation**
World Bank Group

Our Road Map

A Strategy for Increased Impact

IFC uses a five-part strategy to drive operations, make the right choices, and maximize impact. Each pillar supports the others, giving IFC a clear road map for increased development impact and client satisfaction.

A Sharper Focus on Frontier Markets

Many countries, regions, and industries still suffer from a lack of private investment.

Increased focus on the needs of these frontier markets is a cornerstone of our strategy. We go where we are needed most, reaching the underserved wherever they are—whether in the poorest countries or in the poorer regions and high-impact sectors of middle-income countries. We do this in part by:

- Emphasizing low-income countries and regions
- Strengthening small and medium enterprises
- Focusing on agribusiness
- Providing innovative solutions in fragile and conflict-affected countries

Long-Term Partnerships with Emerging Players in Developing Countries

IFC builds long-lasting relationships with clients. Our tailored, ever-changing products and services help them grow stronger—in good times and bad. We do this by:

- Financing South-South investment, thus increasing the flow of capital, skills, and technology within the developing world
- Partnering with clients to integrate more small and mid-size local businesses into their supply chains and bring more benefits to local communities
- Advising clients on corporate governance, HIV/AIDS, and other areas

Climate Change and Environmental and Social Sustainability

IFC helps clients identify social and environmental risks and opportunities—a key step in building a sounder future for people and the planet. Then we help them finance the resulting projects in energy efficiency, renewable energy, and other areas. We support the global climate change and sustainability agenda by:

- Developing new business models and financing instruments for clean energy, carbon finance, and environmentally sound technologies
- Providing gender programs that strengthen the role of women entrepreneurs
- Setting standards for the private sector in developing countries, based on sound environmental, social, and governance principles

Private Sector Infrastructure, Health, and Education

IFC helps increase access to these key needs in several ways, including:

- Collaborating with the World Bank in helping governments increase sustainable private participation in infrastructure
- Financing landmark projects in power, water, transport, and information and communication technologies
- Expanding private investment in the health and education sectors

Developing Local Financial Markets

IFC builds strong local financial institutions through a combination of loans, equity, structured finance, and advisory services. Our investments often come integrated with advisory services that help deepen local markets.

The result is increased access to finance, an essential force in raising living standards and reducing poverty. Among our priorities:

- Microfinance
- Small and medium enterprise finance
- Housing finance
- Trade finance
- Local currency financing
- New financing for our clients from international banks and other investors they otherwise could not access



Lars H. Thunell

Answering the Call

Development impact is the core of IFC's business. Creating opportunity for whole communities and individual people is our passion.

The rise in food and energy prices presents a special challenge, and IFC is responding.

Along with today's conditions in global financial markets, climate change concerns, and the human cost of conflict in many countries, the rise in prices is creating an increasingly difficult environment, especially for the 1.4 billion people living in extreme poverty.

IFC has an important role to play in helping address the challenges. We are the largest multilateral financial institution investing in private enterprises in emerging markets, with activities in 130 countries. We help increase the availability of credit, for example assisting in providing 7 million microfinance loans and more than 500,000 housing finance loans in fiscal year 2008. We combine financing that helps local businesses grow quickly and sustainably with advice that helps them innovate, raise standards, mitigate risk, and share knowledge across industries and regions. Our affiliation with the World Bank gives us additional leverage in terms of skills and experience.

There is much we can do. IFC is pursuing a carefully defined strategy, one that concentrates our work in areas where we can make the greatest difference in frontier markets and regions. Committed to delivering results for our clients and shareholders, we customize our investment and advisory services to create opportunity and improve lives.

By working with clients and partners, we put more children in school, help more people obtain affordable, high-quality health care, and improve access to telecommunications,

electricity, and clean water. We help small-scale entrepreneurs gain greater access to the financing and training they need to create jobs. We facilitate trade finance so that entrepreneurs can import machinery and export goods. We also help clients see bottom-line benefits from integrating environmental, social, and governance principles into their daily operations.

We focus on these goals, and we rigorously monitor and evaluate our results in reaching them. We then use what we learn to improve our own performance and share our knowledge with others.

The stories in this collection reflect this approach, showing how we take on some of the most critical issues in business and development today, and what our help means to the people involved. Food producers in Africa, entrepreneurs in Afghanistan, clean technology providers in China and India—these are just some of the many underserved markets we emphasize in our commitment to going where we are needed most.

Lars H. Thunell
Executive Vice President and CEO

IFC Financial Highlights, Fiscal Year 2008

- \$16.2 billion in new investments, a 34 percent increase over the previous year
- \$11.4 billion in commitments for our own account, \$4.8 billion in funding mobilized for clients
- \$1.75 billion pledged to the International Development Association, the World Bank Group's lead agency for assisting the poorest countries

IFC's Reach

Our support enabled clients to:

- Generate power for nearly 147 million customers
- Distribute water to 18 million customers
- Establish 50 million new telecommunications connections

Cover Photo: West Bank and Gaza, one of more than 30 fragile and conflict-affected countries and regions where IFC creates opportunity (see page 12).

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How IFC Measures Results

IFC rigorously measures the results and development impact of investments and advisory projects.

We begin monitoring early, then continue as projects mature and produce more numbers. This careful tracking process goes on until completion, when we compare final results with original objectives and re-apply the lessons learned in designing future projects.

Our development outcomes tracking service (DOTS) covers all active projects in our portfolio, both investments and advisory services. The process starts by setting initial objectives, using standard indicators by industry or business line, and tracking achievements throughout the project cycle until closure.

Complementing these efforts of our own are those of the Independent Evaluation Group. It reviews major themes in IFC's work and shares its findings with staff and others involved in private sector development.

This focus on results is a critical part of the way we carry out our vision: *that people should have the opportunity to escape poverty and improve their lives.*



Until this year, business was slow for Grace Kgomongwe and her colleagues at Little Rock Construction (*above*) in Marikana, South Africa, a rural area with 60 percent unemployment and a high rate of HIV/AIDS. But training received through IFC's partnership with platinum mining company Lonmin Plc has helped Little Rock win \$3.6 million in new contracts to renovate employee housing at Lonmin's local mine—enough to hire 80 people.

Real-time monitoring and evaluation allow IFC to track and refine the training program. It aims to generate \$60 million in new contracts for local small and medium enterprises by 2010, empowering the 350,000 people in the communities surrounding Lonmin's operations by opening up new business opportunities.



Fighting the Food Crisis

Answers in Africa

Rising food prices are a global catastrophe, one that hurts developing countries the most. They may send more than 100 million people back into poverty and push many of the poorest to the brink of survival.

We are doing our part, helping the private sector play a bigger role in the World Bank Group's response to the crisis.

In Africa, where the poor spend up to 80 percent of their incomes on food, IFC's focus includes a vital, often overlooked factor: weak infrastructure and logistics systems that hinder supply. In Mozambique we financed a sophisticated new oceanside grain terminal sponsored

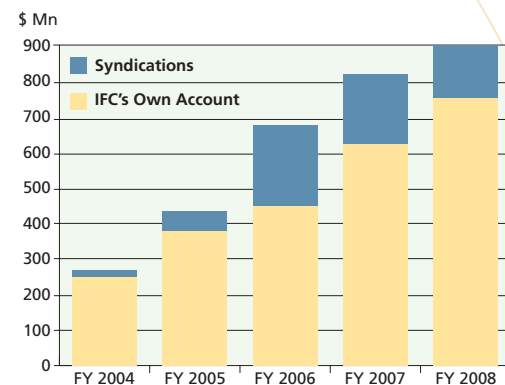
by Tanzania's Bakhresa Group. It will allow imported wheat to travel by rail into Malawi, where it can be milled into flour for bread at lower cost than through the much longer truck routes used today.

We are also financing the \$86 million expansion of a West African commodity trader, Ghana's Finatrade Holdings, that is bringing more rice into Benin, Niger, and other countries.

IFC global agribusiness investment commitments reached \$762 million in fiscal 2008, with another \$136 million mobilized through syndications. We expect that these commitments will support nearly 100,000 jobs and reach more than 18,500 farmers and 13,000 micro, small, and medium enterprises.

IFC will do more in this crucial industry—increasing our agribusiness investment and advisory portfolio to help feed a hungry world. In doing so, we will apply what we have learned.

In agribusiness, IFC's contribution comes from strengthening supply, distribution, and value chains, building market access, and increasing access to finance and our advice is often more valuable when combined with our investments. We bear this in mind in designing today's investment and advisory initiatives in the sector.



IFC's Rising Global Commitments in Agribusiness: A three-fold increase in the last four years.



Africa's Food Supply: Growing stronger, through IFC investments.

Increased Production

Part of the Solution

Today's world needs more food to reach more people, at affordable prices. Increased production is just as critical as improved distribution.

But only a few nations can produce and export considerably more food than they do today. One is Ukraine, a priority country in IFC's global agribusiness strategy. We are helping it become a more significant food supplier, able to ship more grain in ways that support its own development as well.

With excellent growing conditions and some of the world's most fertile undeveloped farmland, Ukraine could produce twice as much grain as it does today, experts tell us. But it needs to grow

stronger in agribusiness—attracting the private capital needed to bring more land into production, finance more farms, and modernize infrastructure for storage, processing, and shipping. We are helping make this happen, building on our past experience in the country.

In 2004, IFC provided \$40 million in financing and advisory support to juice producer Sandora, helping it expand operations and improve corporate governance and food safety certification. Its annual turnover soon doubled, prompting a \$678 million acquisition by PepsiCo in 2007.

Now we are considering a \$100 million investment in another local client, Rise. This will help it increase its acreage in wheat, barley, and other crops by almost a third and strengthen 9,000 client farms with high-quality inputs, machinery, and services. We are also considering a new line of credit to help local farms and agribusiness companies affected by the global credit crunch, developing the agri-insurance market, and planning new leasing projects to help farmers obtain the upgraded machinery they need to become more efficient.

It is the beginning of a far-reaching IFC approach—one that should help this “bread-basket of Europe” become a bigger grain source for the world.



IFC finances Ukraine's agribusiness growth.



Ukraine's Wheat Farms: a rising force in world food supply.

Clean and Green Investing

With Carbon Credits

Like rising food and energy prices, climate change poses significant risks to development—and an important opportunity for IFC to serve its member countries.

We help the private sector reduce emissions with cleaner technology and renewable energy, especially in large countries where the stakes are the highest, such as India.

To date just a few Indian firms have earned significant revenues from Kyoto Protocol-compliant carbon credits, an important financing tool that lets businesses in the developed world offset their own emissions through sustainable investment in emerging markets. We have thus introduced new carbon delivery

guarantees that help clients in India and other countries benefit from this \$64 billion market.

The delivery guarantees product lets IFC act as an intermediary, maximizing the value of clients' credits through innovative “win-win” transactions. It helps clients leverage our AAA credit rating to enter the carbon markets with full price transparency. Buyers in developed countries also benefit, with IFC eliminating their risk of not receiving the promised credits.

Indian industrial firm Rain CII Carbon was an early adopter, receiving an IFC carbon delivery guarantee for credits worth more than \$25 million at current market prices alongside the environmental upgrades at its plant in Andhra Pradesh that produces materials for aluminum smelters. This is our latest form of support to Rain, which has grown from a start-up company in 1996 to become a global leader in its industry with repeated financing from IFC.

A Dutch-funded IFC program also obtained about \$10 million in carbon credits to finance Enercon India's wind power projects in Rajasthan and Karnataka. These are adding 75 megawatts of new generation, creating a model that helps smaller renewable energy projects access commercial carbon finance.



Wind Power: Part of IFC's climate change focus in India.



Carbon Trading in Europe: A center point of the \$64 billion global carbon credit market for environmentally sound projects in developing countries that IFC helps clients access.

New Technologies

For an Earth-Friendly Age

Helping meet China's industrial needs without overburdening the planet is one of today's greatest development challenges. China has become the world's largest source of carbon dioxide emissions, overtaking the United States.

IFC responds in many ways. Among them: partnering with Aloe Private Equity, the first investment group to join the United Nations' corporate social responsibility initiative, the Global Compact. Aloe Environment Fund II helps combat climate change by financing the introduction of proven, sustainability-driven technologies to China and other markets.

"There are very few truly long-term trends in industry, but sustainable investing is one," notes Vivek Tandon, Aloe's co-founder. "It is becoming part and parcel of everyday life, and hopefully will continue for generations to come."

IFC took an early stake that helped the fund raise \$200 million, then raised Aloe's profile by featuring it at an annual investors' conference we host with the Emerging Market Private Equity Association.

One of Aloe's portfolio companies, Allied Technology Group, cleans up China's coal industry with a coal gasification process that also helps produce cleaner power. Another investee, Recupyl, extracts valuable cobalt and lithium from used lithium batteries, ensuring that they do not harm the environment. It then recycles the metals, offering a lower-cost alternative for clients who would otherwise struggle with skyrocketing metal prices.

Complementing this equity approach, IFC also helps clients like Industrial Bank and Bank of Beijing make environmentally friendly loans through the China Utility-Based Energy Efficiency Finance program. Industrial Bank-financed projects have already reduced enough emissions to replace ten 100-megawatt power plants. And we directly finance emerging leaders in the sustainable forestry and wood products industries such as Nature, a company that is one of China's largest flooring manufacturers and committed to sourcing its wood in ways that do not lead to deforestation or contribute to climate change.



IFC-supported cleaner technologies help China meet its industrial needs without harming the environment.

Conflict Countries

Building the Smallest Businesses

They rarely receive recognition for it, but small-scale entrepreneurs are heroes of peacemaking, often driving the economic revival that brings stability to war-torn countries and regions. When given the necessary financing, they will start businesses, create jobs, and build a better future—no matter how difficult the conditions.

IFC helps make it happen. We enter newly pacified countries early, oversee creation of new commercial institutions financing smaller businesses, then help them grow stronger over time.

In early 2002 we were in Kabul, organizing the equity, debt, and advisory services funding that the Aga Khan Foundation for Economic Devel-

opment needed to create the First Microfinance Bank of Afghanistan. Profitable within three years, it is now a “very successful young bank” with more than 36,000 clients, according to a recent independent evaluation by Banyan Global in New York.

This built on work that began in 1996, when we teamed with German consulting firm IPC to build ProCredit Bank Bosnia, which soon became its country’s market leader. It is now a key member of ProCredit Holding, the world’s largest commercial microfinance bank holding company, with \$6.7 billion in assets in 22 countries.

Today IFC has a large network of commercial microfinance partners, and we have led the launch of institutions that fuel business growth in the Democratic Republic of Congo, Pakistan, and other conflict-affected countries. This gives us a proven formula to apply where needed alongside other related initiatives such as IFC Ventures, our new \$100 million pool of risk capital and advisory services for small businesses in Nepal, Sierra Leone, and other challenging markets.



Pakistan: Financing for low-income women.



Afghanistan: IFC’s focus on microfinance provides small loans that help local entrepreneurs create jobs—and hope. IFC investment in microfinance institutions worldwide reached a record \$315 million in fiscal 2008.

Scaling Up Microfinance

Many Partners, One Goal

Hamzalija Hatibovic can never forget the Bosnian war. It took away from him everything he had.

After seeing his home and entire village destroyed, he moved his family to Zenica, a new town where he knew no one. Every day was a struggle to survive. But Hamzalija never lost hope. He began to read books—books about bees—and dreamed of starting a business making honey.

When no bank would finance him, he went to EKI, a new microlender that Christian humanitarian organization World Vision International had opened in 1996, just after the end of the war. Unlike the others, EKI listened, then lent him \$2,500 to buy bees.

Today Hamzalija is one of EKI's best long-term clients. He owns a successful honey and wax products company that gives his family a stable, secure life.

There are countless others like him around the world—creditworthy poor people ready to move ahead when given a chance. To reach them on a large scale, IFC and German development bank KfW have created an innovative investment model, launching a series of re-

gional funds to finance and advise local micro-lenders, targeting transitioning NGO initiatives like EKI as well as commercial institutions.

The first of these, the European Fund for Southeast Europe, opened in 2005. IFC helped it attract \$833 million, mixing funds from several sources in a unique public-private partnership. The fund was the first commercial investor in EKI, which now has more than 35,000 borrowers and ranks high on the U.S. business magazine *Forbes'* list of the world's most successful microfinance institutions.

IFC and KfW have created a similar vehicle that is bringing up to \$1 billion to microfinance in Asia, and are considering one in Africa as well. Through these joint efforts, microfinance will begin to reach much more of its vast potential market.

IFC is one of the world's largest investors in microfinance, holding a portfolio worth more than \$900 million.



Hamzalija Hatibovic, once a Bosnian war victim, is now the proud owner of a honey business built with loans from IFC microfinance client EKI. "I'll never forget EKI," he says. "It helped me when nobody else would."

Corporate Governance

Reform Is Good Business

It was the end of the 1990s. Brazil’s stock market, Bovespa, was in trouble.

Share prices plummeted. Investors lost money. Confidence collapsed. A key reason: the market’s lax standards of corporate governance, tolerating murky accounting, unenforceable regulations, and disregard for minority shareholder rights.

“It was a total mess,” recalls Mike Lubrano, IFC’s corporate governance specialist at the time.

Realizing their problem, Bovespa and its government regulators asked IFC and the World Bank to suggest reforms. This led to bold actions—including creating a separate listing vehicle for local companies with higher governance standards.

Dubbed the Novo Mercado (New Market), it opened in late 2000 with strict terms of transparency, accountability, and fairness, and IFC’s official backing. When local companies proved slow at first to take part, IFC arranged meetings with Calpers, TIAA-CREF, and other institutional investors. They spoke frankly about what kept them from Latin America’s largest market—too little transparency, too much risk.

By 2003 local companies began to sign on, sensing the benefit of better governance. IFC continued to promote the initiative, helping launch a \$207 million private investment fund for companies moving to better governance standards.

It was a start: today, more than 100 companies have listed on the Novo Mercado, raising approximately \$36 billion since 2002. The investment fund Dynamo Puma II has had a 39 percent gross annual return, and conditions once “hazardous for outside investors” are no more, reports *The Economist*.

In recent years the Novo Mercado’s stock index has solidly outperformed that of its parent, Bovespa, proving that good corporate governance is good for business and development. IFC is applying the experience to other governance challenges—for example, our work with Standard & Poor’s and others to create India’s first index of companies that have high environmental, social, and governance standards.

IFC provides corporate governance advice in more than 90 countries.



Brazil’s Special Corporate Governance Stock Index (IGC) for companies listed on its trading segment for well-governed firms, the Novo Mercado, has consistently beat the broader benchmark IBOVESPA index in recent years.

GEMLOC

Building Local Currency Bond Markets

The fallout from the instability in U.S. financial markets runs deep. Just ask Johan Schoeman, a National Treasury official in South Africa.

He saw the resulting global credit crunch prompt a 130 percent increase in his country's foreign borrowing costs—one of the sharpest spikes in all emerging markets, affecting local borrowing as well. He wonders how it could have been avoided.

Participating in the World Bank Group's Global Emerging Markets Local Currency Bond initiative (GEMLOC) gives him the best way to learn: from his peers in other countries.

"We discuss how our borrowing costs are affected by global uncertainty and what measures have been put in place to weather the global storm," Schoeman says. "We all face the same issues but seldom have the opportunity to share experiences."

Malaysia, Mexico, and a few other emerging economies have strong local currency bond markets that offer long-term financing for infrastructure development, corporate growth, and other critical needs. But in most countries these markets are undeveloped and unable to

attract the capital needed to play the same role they do in more mature economies. This poses a major obstacle to private sector development.

GEMLOC responds with:

- **Advice**—The World Bank is assessing countries' needs and designing new programs to strengthen local markets.
- **Benchmarks**—IFC is guiding a new private sector-led local currency bond market index, GEMX. It launched in April 2008, offering investors transparent data on 20 countries, and will soon add more.
- **Investment**—A top fixed-income investment manager, PIMCO, is developing new strategies to promote investment in local currency bonds.

Working on three closely related fronts, giving bond market officials new access to investors and each other, GEMLOC takes a unique, market-based approach that is filling an essential gap in development.



GEMLOC: Bringing bond market officials from several countries together for new dialogue is part of a broader World Bank Group initiative.

Port Concessions An African Upgrade

The world's poorest countries rarely have world-class ports. But they need them—speeding up shipments of imports and exports brings many benefits throughout the economy.

Six years ago Madagascar knew it had to improve its main port, Toamasina. To turn it around, the government decided to create a public-private partnership offering profit incentives to a proven container terminal operator, hiring IFC to help bring this about.

Under a transparent competitive bidding process we supported, in 2005 International Container Terminal Services Inc. of the Philippines won a 20-year concession to manage Toamasina. It has since spent nearly \$55 million upgrading the port, bringing the same high-caliber management and technology it uses in Manila and elsewhere.

Initial results show marked improvement. Toamasina's handling capacity has risen from 60 to 2,500 tons a day. Ships and trucks load and unload at the Indian Ocean facility much faster than before. The gains have increased economic efficiency and lowered trade costs, while spurring competition with ports across the region.

To ensure that all the lessons and results from this transaction were captured and shared, IFC asked independent consultants from Europe's busiest port, Rotterdam, to assess the project 18 months after completion. They suggested other ways to approach similar transactions: for example, making sure at the outset that performance indicators are clearly understood by all parties, as well as getting better at managing government expectations.

Careful monitoring and evaluation of Toamasina have taught IFC useful lessons that would otherwise have gone unnoticed. These will help us guide other clients' container terminal concessions more effectively in the years ahead, bringing bottom-line benefits to local economies.

IFC Advisory Services have attracted \$3.9 billion in anticipated new private infrastructure investment since 2002.



IFC helped create a public-private partnership that improved the capacity and efficiency of Madagascar's most important port.

Airports

Flight Path to the Future

With an investment-grade credit rating and solid per capita income, Tunisia might seem easy ground for privately financed infrastructure projects. Yet as recently as February 2008, one of its top priorities in infrastructure—an approximately \$900 million airports project—was in serious doubt.

Based on a 40-year concession, the project could not be financed solely by commercial banks. Its sponsors turned to IFC, and the deal was completed in less than three months.

Tunisia has built a strong tourism industry around its Mediterranean beaches, ancient historical sites, and other attractions. Tourism is a major job creator, helping this otherwise

resource-poor nation become one of the highest-ranked emerging markets in the World Economic Forum's *Global Competitiveness Report*. But its main tourism gateway, the Monastir International Airport, dates from the 1960s and has reached saturation, limiting the industry's growth potential.

Needing a new approach, in 2007 the government awarded a Turkish firm, TAV Airports, a concession to upgrade Monastir Airport, build another at nearby Enfidha, and manage both. But commercial banks could not provide loans with tenors long enough for a major project with high upfront costs and extended payback periods in Tunisia. When IFC stepped in, lending at substantially longer maturities than commercial banks could, and working with government counterparts to make the concession agreement more bankable, the project's financing moved swiftly to closure. ABN Amro, Société Générale, and Standard Bank worked alongside IFC as lead arrangers and syndication partners.

One of the largest private investments in Tunisia's history, the project will bring benefits to all, providing improved service for tourists, a profitable business opportunity for TAV, and an estimated \$5 billion in tax revenues and concession fees to the government.



Sahara Sunsets: Part of Tunisia's tourist appeal.



Architect's drawing of Tunisia's new Enfidha airport, a boost to the tourism industry being built through an IFC-financed public-private partnership.

Technology Tools

In the Fight against Poverty

More than 3 billion people around the world lack bank accounts. The reason is usually cost—a formidable barrier that today’s technologies are starting to overcome.

A fast-emerging industry connects cell phones, computers, and smart cards, giving poor people new entry points into the financial world. When successful, these technologies can change the lives of those who would never go to a conventional bank, or must travel long hours to get money to a relative, often risking robbery en route. But it is an entirely new market, one where business models are still being tested and regulatory structures must yet take shape. To help chart its course, IFC cosponsored the

world’s first Mobile Money Summit in Cairo in May 2008, bringing together 500 participants from 67 countries.

One of the world’s largest mobile operators, Vodafone, presented its Kenyan mobile payment service, M-Pesa, which lets users deposit, withdraw, or transfer money from a special, cell phone-based account for a small fee. Launched in 2007, it has already more than 2.3 million subscribers. Similarly, IFC is helping build WIZZIT, a South African company whose cell phone-based payment system allows the poor to pay electricity bills by debit card and receive funds by handset even if they lack bank accounts.

The industry’s potential impact extends beyond banking. In India, IFC was a founding shareholder in smart card provider FINO, whose fingerprint recognition technology enables illiterate people to purchase small-scale health insurance. FINO also helps make cashless hospitalization and claims administration possible in rural areas. Most of its 1 million users were completely cut off from financial services in the past. IFC advisors are also helping the firm expand in remote areas and add new health, pension, and remittance applications.



With mobile phones, IFC client WIZZIT can reach poor South Africans who would never use a bank.



By taking illiterate women's fingerprints, then converting them into secure identification on smart cards, IFC client FINO helps India's poor obtain health insurance and other essential financial services.

Student Loans

Higher Education, Higher Incomes

Silvia Baños is a woman of modest means. When she looks at her teenage son, she sees the future.

“The only inheritance that I can leave him is his career,” she says. “That’s why I do all I can for him to finish his professional studies.”

In her country, Mexico, those with university degrees usually earn at least twice as much as those without. But a weak link in the local financial system means that few can afford higher education. Only 2 percent of potential university students in Mexico have access to student loans today, as opposed to 71 percent in the United States. And without this critical

form of financing, most who do enroll cannot afford to complete their studies.

But today, Silvia’s son Guillermo is studying communications at one of the country’s top private universities, Universidad Tecnológica de México S.A. (UNITEC). With 38,000 students in Mexico City, Guadalajara, and Monterrey, it offers respected degree programs in architecture, engineering, medicine, and other fields that give middle-class and low-income youths a pathway to solid careers—and better lives.

Guillermo attends classes on loans he received from Financiera Educativa de México (FINEM), a privately owned student loan institution that opened in 2004. It obtained its early financing from IFC, through a long-term local currency loan for the equivalent of \$15 million. This has allowed FINEM to finance more than 1,400 students, giving them a series of fixed-rate loans that they can use to finance each school term. FINEM’s commercial success is helping establish a tuition financing model that we can apply elsewhere—including in higher-risk environments such as the West Bank and Gaza, where a new joint program with the Bank of Palestine and others will finance about 8,000 students a year.



With IFC-supported student loans, Mexico’s Guillermo Baños (second from left) can afford a university education.



IFC’s partner university in Mexico, UNITEC, prepares students for the workplace.



Awards

Recognizing Achievement

Client Leadership



CPFL Energia's clean power brings Brazil a better future.

Each year IFC presents an award to recognize a highly successful corporate client that, in line with our vision and purpose, has made a significant contribution to sustainable development.

This year's recipient, CPFL Energia, is Brazil's largest private power producer and distributor. Since it became an IFC client in 2003, CPFL has brought electricity to a million new customers and created more than 7,000 jobs while making exemplary efforts to reduce energy losses and mitigate climate change. In 2007, it spent \$30 million on reforestation and other environmental programs. The energy efficiency of CPFL's small hydroelectric plants is allowing it to sell a growing number of carbon credits.

CPFL is a key member of Brazil's Novo Mercado trading segment for companies with excellent corporate governance practices (*see p. 16*). For the second year running, it was recently honored as one of Brazil's top five companies for corporate governance at the Sao Paulo Investor Relations Global Rankings awards ceremony. Judges cited the firm's transparency, accounting standards, and social responsibility.

Its achievements have been accompanied by consistent financial success, with earnings rising more than 20 percent a year. IFC's financing helped CPFL restructure and prepare for an initial public offering in 2004. Its success has helped attract investment to the power sector in Brazil, a country that as recently as 2001 had needed to ration electricity.

Sustainable Banking



Regional honoree Nedbank's exemplary approach to banking bolsters South Africa's economy.

Each year IFC and the *Financial Times* present the FT Sustainable Banking Awards, the leading global honor for financial institutions showing leadership and innovation in integrating social, environmental, and corporate governance considerations into their operations.

The competition has grown in popularity since its launch in 2005, particularly with banks from emerging markets, including Africa. This year's winners were selected from a record 182 entries across 54 countries. Two new categories—Banking at the Bottom of the Pyramid and Sustainable Investor of the Year—were introduced and open to non-banking financial institutions.

In the past, most banks approached sustainability as a way of avoiding exposure to controversy and reducing reputational risks. But today many consider it a source of competitive advantage and opportunities. Renewable energy and energy efficiency, microfinance, low-income housing finance, and women entrepreneurs are just some of the markets where new business models are yielding more clients and profits.

This year's judging panel named Brazil's Banco Real as Sustainable Bank of the Year. It has pioneered sustainable banking in South America, putting social and environmental issues at the center of all its business activities. Among the winners of other awards:

Regional Leadership Prizes

- Asia – YES Bank, India
- Eastern Europe – Industrial Development Bank of Turkey (TSKB)
- Latin America – Banco Real, Brazil
- Middle East & Africa – Nedbank, South Africa

Banking at the Bottom of the Pyramid

- ASA, Bangladesh (microfinance)

Sustainable Investor of the Year

- E+Co., United States (clean energy investment)

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Telling Our Story
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Our shared vision is

- That people should have the opportunity to escape poverty and improve their lives.

Our core values are

- Excellence
- Commitment
- Integrity
- Teamwork

Our purpose is to

- Promote open and competitive markets in developing countries
- Support companies and other private sector partners
- Generate productive jobs and deliver basic services
- Create opportunity for people to escape poverty and improve their lives



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