

IFC DONOR-SUPPORTED TECHNICAL ASSISTANCE PROGRAMS

2005 *Report to the* Donor Community

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About IFC

The mission of IFC (www.ifc.org) is to promote sustainable private sector investment in developing countries, helping to reduce poverty and improve people's lives. IFC finances private sector investments in the developing world, mobilizes capital in the international financial markets, helps clients improve social and environmental sustainability, and provides technical assistance and advice to governments and businesses. From its founding in 1956 through FY05, IFC has committed more than \$49 billion of its own funds and has arranged \$24 billion in syndications and underwriting for 3,319 companies in 140 developing countries. IFC's worldwide committed portfolio as of FY05 was \$19.3 billion for its own account and \$5.3 billion held for participants in loan syndications.

About the Cover

This cover is the eighth in the series featuring flowers. We have used these images to symbolize our thanks to our development partners for their generous support. Previous years have featured cherry blossoms, dogwoods, tulips, edelweiss, roses, white lilies and lily of the valley. This year's cover features the Dendrobium orchid.

Front cover: Courtesy of IE Singapore.



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2121 Pennsylvania Avenue, NW
Washington, DC 20433, USA
www.ifc.org

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Environmentally friendly printing on recycled
paper using vegetable-based ink
September 2005

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Message from the Executive Vice President



It is with great pleasure that I present to you this Donor Report for fiscal year 2005. This report gives you a comprehensive description of the main achievements of the partnerships between IFC and the donors in reducing poverty and in helping our member countries to achieve the Millennium Development Goals.

I offer my most sincere thanks to all of our donors. Their generous support and genuine partnerships are helping developing countries grow. With their support, we increased the level of disbursements for technical assistance and advisory services to about \$108 million, of which donors funded approximately 80 percent. It is absolutely clear to all of us that accomplishing our shared mission of reducing poverty in developing countries requires us to provide significantly more technical assistance and advisory services to facilitate and complement our investment activities and those of other investors.

I am also very pleased to report that during the year we completed a review of our strategy that resulted in developing a clearer approach for each of our geographic regions. We have now firmly positioned our technical assistance operations as a core IFC business. Broadening our donor network and strengthening our partnerships are a necessary part of this strategy.

The review of our strategy reaffirmed the continuing relevance of IFC's five strategic priorities:

- To strengthen our focus on small and medium enterprises in frontier markets, especially in Africa and the Middle East
- To build long-term partnerships with emerging global players from developing countries
- To provide global leadership in promoting sustainable development by supporting environmental and social responsibility and good corporate governance
- To address constraints to private sector participation in infrastructure, health, and education
- To promote the development of local financial markets

I am fully aware that we cannot achieve our strategic goals without the support and collaboration of our donor partners who, through their generous support, make it possible for us to stabilize the long-term funding of existing and new initiatives. Our donor-funded operations have expanded in line with the growth of our technical assistance and advisory services and will increase at a faster pace with the projected quantum jump in our investment program. With this growth, we have recognized the need to streamline our donor coordination. Therefore, we have expanded the role of our Trust Funds Department, making it the focal point for coordinating our partnerships with the donors.

The review of our strategy led to other changes in organization and operations that we implemented during the year.

- We refined our organizational structure and gave our regional department directors responsibility for defining the technical assistance strategy and approving all technical assistance operations for their regions as well as for overseeing project development facilities and private enterprise partnerships. This increased oversight and accountability will help us ensure that we make the right choices in selecting interventions both, in terms of developmental impact and of integration with IFC regional strategies.

As you will read in the regional sections of this report, during FY05 each of our regional departments focused on high-priority technical assistance and advisory activities selectively identified to respond to recognized demand. Each region increased the volume and improved the quality of such services delivered, and expanding the reach and raising the impact of its operations.

- We increased our field presence, reduced retail services and concentrated on fewer sector-wide interventions.
- We became more selective in our interventions to ensure that we respond to demand for services only in areas where we have a clearly acknowledged comparative advantage.
- In order to broaden our impact, we gave higher priority to investment climate work and improving in the business enabling environment.

IFC's mission and that of its donor partners is to stimulate private sector development to facilitate poverty reduction through growth and employment. It requires that we give higher priority to helping our member countries establish competitive investment climates. Our work in this area, which continues to expand, complements

the work of our colleagues in other parts of the World Bank Group. IFC's project development facilities and the private enterprise partnerships focused on implementing specific reforms and other practical measures to improve the investment climate in the areas of privatization, trade policy, business regulations burden and administrative costs, infrastructure, and access to financing and, to a growing extent, on business linkages programs.

- We made progress in the way we measure the results and impact of our technical assistance and advisory activities.

From the beginning of this calendar year, all our technical assistance and advisory projects have been subjected to the same rigorous approval process as our investment projects. We also require each proposal to include very clear and measurable indicators of input, output, expected outcomes, and expected impact. We have invested heavily in converting our fragmented information technology systems to facilitate project information-sharing and data capture on the same platform used for investment projects.

In closing, let me thank you, our partners, for your continuing support during the year, especially those donors with whom we entered into new partnership agreements to govern our relationships and collaboration. I hope we shall conclude similar arrangements with our other donors to cement our partnerships in pursuit of our mission to help developing countries attract private sector investment and build the strong enterprises that will drive growth, create jobs, and free their people from poverty.

Assaad J. Jabre
Acting Executive Vice President

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Strengthening Partnerships with the Donor Community to Deliver Better Technical Assistance



Technical Assistance and Advisory Services – An Integral Part of IFC’s Business

TAAS programs help IFC deliver on its mandate to support sustainable private sector development. When coupled with investments, they improve development impact and distinguish IFC from other financiers.

Most of IFC’s member countries now acknowledge the importance of private sector development in promoting growth and reducing poverty. The increased attention given to the investment climate and the reception given to the *Doing Business* report in many developing countries over the past few years underscore this growing consensus. During recent replenishment discussions for the World Bank’s International Development Association (IDA), donors stressed that stronger growth requires a better climate for private investment in poor countries and urged a redoubling of efforts to support domestic private sector growth. But there is also recognition that the private sector cannot do everything on its own and that success in such areas as infrastructure and small and medium enterprises will entail the use of more effective public-private partnerships.

In FY05, IFC had active TAAS programs in more than 70 countries, with most being delivered in frontier countries. Today, about a third of the Corporation’s staff, or close to 700 people, are engaged in full-time delivery of TAAS operations.

Annually, IFC manages over \$108 million in TAAS program expenditures. Project development facilities and private enterprise partnership programs account for more than 50 percent of TAAS spending, the Technical Assistance Trust Fund program for about 17 percent, and the Foreign Investment Advisory Service and Sustainable Business Advisory programs for another 14 percent. The balance of the spending occurred in other global programs. (See box for a snapshot of IFC’s TAAS work, geographical distribution and beneficiary groups.)

In FY05, TAAS programs focused on the areas and activities described below.

Frontier Countries

Basic issues of investment climate, market size, and the lack of institutional capacity at both the private and public levels continue to challenge frontier countries. In addition, vast regional disparities continue to exist within some of the larger developing and transition countries, from China and India to Brazil and Russia.

In frontier countries, where access to long-term financing remains scarce, IFC plays an important role in providing needed financing to the private sector as well as in addressing countries' broader private sector development issues, such as the investment climate and sectoral constraints to private investment. For IFC, the challenge is to scale up support for SMEs; promote viable partnerships between governments and the private sector; and, in close cooperation with the donors and the World Bank, help build the capacity of both the private and public sectors to ensure long-term success.

Key developments include:

- The Africa Project Development Facility was restructured into a new model, the Private Enterprise Partnership for Africa. Its mandate will broaden the support for the three pillars of IFC's regional strategy in Africa; providing project development assistance, enhancing support to SMEs, providing project development, and improving the investment climate. IFC will use PEP-Africa to tackle broader issues of SME development and constraints to private sector development and to add value to its investments.

A SNAPSHOT OF IFC'S TECHNICAL ASSISTANCE AND ADVISORY SERVICES

Assistance to firms. Includes support to strengthen micro, small, and medium enterprises and to help establish supplier or distributor links between these businesses and larger companies.

Business enabling environment. Includes removing barriers to investment, improving government policies for SME sector, strengthening business service providers, studying specific sectors, advising on corporate governance, and conducting gender initiatives.

Environment and social development. Includes benefits related to biodiversity, energy efficiency, HIV/AIDS, renewable energy resources, workforce health and safety, community development, and indigenous people.

Financial Markets Development. Includes promotion of leasing, factoring, housing finance, insurance, banking, microfinance, and trade finance.

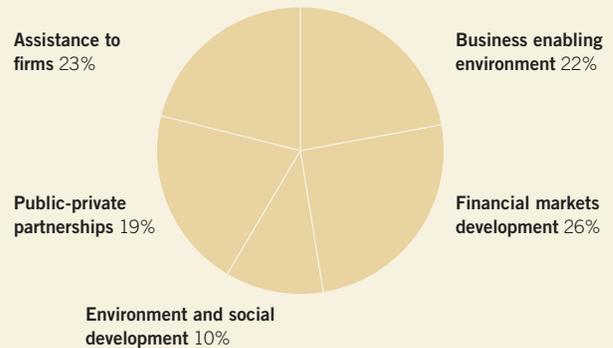
Public-private partnerships. Includes providing advisory assistance (primarily to governments) on privatization and restructuring of state-owned enterprises, and on private sector participation in infrastructure to expand access to public services (such as transportation, health services, and power).

Approved funding for TAAS projects active in FY05 totaled \$276 million.

The data in these graphs were collected using new procedures implemented across IFC during FY05; they have not been audited.



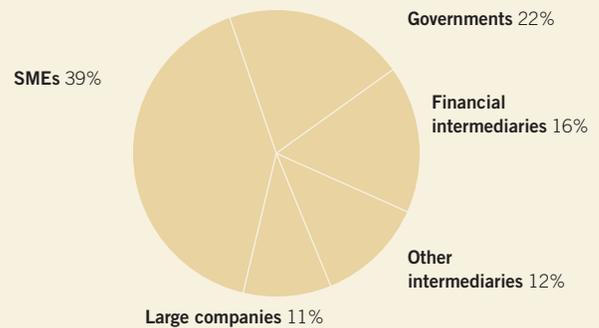
MAJOR AREAS OF TAAS WORK
(percentage of approved funds for active projects, FY05)



GEOGRAPHIC DISTRIBUTION OF OPERATIONS
(percentage of approved funds for active projects, FY05)



GROUPS THAT BENEFIT
(percentage of approved funds for active projects, FY05)



- The Private Enterprise Partnership for the Middle East and North Africa was launched to address some of the main constraints to greater private sector investment in the region, to support SME development, and to assist in the recovery of post-conflict countries.
- Joint IFC and World Bank teams have completed design and begun implementation of the IDA-IFC Micro, Small, and Medium Enterprises programs in Nigeria, Kenya, Uganda, Burkina Faso, and Mali.

Sustainability

IFC has advanced its sustainability agenda by improving policies and processes, bringing sustainability competencies to clients, and developing sustainability strategies in sectors where large environmental, social, and governance impacts are possible. Donors supported many of the initiatives in this agenda.

Examples include:

- Updating the Pollution Prevention and Abatement Handbook, which provides guidelines on pollutant control technologies. The handbook is used widely by companies, governments, financiers, and international financial institutions. Five donors are supporting this effort.
- Small and medium enterprise linkages programs connect SMEs to major IFC investments and bring additional economic benefits to surrounding communities. Programs often focus on value-chain development or income-generating opportunities for local entrepreneurs. To date, about \$20.4 million of technical assistance funding has been mobilized for 14 linkages programs in 10 countries.
- Sustainability competencies have been introduced to promote corporate governance, SME linkages, and AIDS programs.
- Sectoral strategies have been developed to support extractive industries, sustainable energy and industrial efficiency, and financial markets.

Financial Markets

In many IFC client countries, access to financial services is inadequate, especially for SMEs. Therefore, IFC continued to strengthen local capital markets and institutions by providing institution-building assistance to banks, credit bureaus, and securities markets. IFC also continued to help expand local access to innovative products and services in specific priority areas. Donors have funded many projects to assist in this effort.

IFC is also engaging with the financial sector on sustainable lending and investment issues. The Sustainable Financial Markets Facility

is a donor-funded program to provide training and best practice guidance to financial institutions on sustainable banking and finance in partnership with local and regional organizations.

Improved TAAS Management

IFC is engaged in a major effort to strengthen the systems underlying the design, delivery, and monitoring of its technical assistance programs. Several initiatives have been undertaken to ensure consistently high-quality delivery of assistance:

- *Focusing on key lines of business* – IFC is reviewing its experience with different technical assistance (TA) products to identify key lines of business that can be supported and replicated in other markets.
- *Strengthening staff capacity and improving flexibility* – IFC is undertaking several human resources initiatives for its TA staff, including developing a corporate cadre to retain key TA staff along with their extensive knowledge and experience, developing corporate competencies, and improving training.
- *Monitoring and evaluating projects* – IFC has recruited monitoring and evaluation staff in all facilities and has implemented a new project approval system for all TA projects—a system similar to the one used for investment projects. This system includes identification of expected outcomes and impact and the development of standard indicators for measuring development effectiveness.

Funding Mechanism for Technical Assistance and Advisory Services

In FY05, following a Board resolution in June 2004 to establish FMATAAS, IFC designated \$225 million from its FY04 retained earnings for TA expenditures through the new funding mechanism. After careful analysis of past profitability trends, and to ensure reasonable distribution of funds, IFC management decided to limit annual expenditure allocations under FMATAAS to about \$65 million for FY06 and beyond. For FY05, IFC allocated about \$68 million, of which about 75 percent has been designated for existing IFC facilities and other donor-funded operations and the balance to various projects for capacity building and other TA needs.

Future Outlook

In the future, IFC will pay additional attention to improving the synergy between its investment and TA activities and to combining concessional financing with commercial investments to tackle the challenges of infrastructure and SME development in frontier markets. Collaboration between IDA and IFC will become much more significant, especially with a view to catalyzing public-private partnerships.

IFC Donor Breakfast Meeting Washington, D.C. October 4, 2004

IFC held its annual Donor Breakfast Meeting in Washington, D.C., in conjunction with the World Bank Group/IMF annual meetings. Mr. Peter Woicke, Executive Vice President of IFC and Managing Director of the World Bank Group, chaired the meeting, and attendees included donor representatives and IFC management and staff. The primary objectives of the event were to showcase IFC's donor-supported technical assistance initiatives, to highlight recent developments in our technical assistance strategy, and to discuss ways to further develop our partnerships with donors.

Presentations underlined the important role of donor-funded technical assistance in launching the first commercial microfinance institution in Afghanistan and IFC's first public-private partnership project involving water distribution for agricultural use. IFC also explained recent trends in its delivery of technical assistance in Africa.

Mr. Woicke welcomed IFC's newest donor, the Wallonia Region of Belgium, and expressed his appreciation of donor support for the Corporation's technical assistance activities. He summarized the recent changes in IFC's technical assistance strategy:

- Technical assistance has been integrated with the investment work of the regional departments. As of January 2004, these departments have taken full responsibility for integrated technical assistance strategies and for all related activities in their regions. This approach is consistent with the larger role the regional departments are playing in business development. It also reflects the central contribution of technical assistance to IFC's traditional work.
- IFC's Board has approved a funding mechanism that enables IFC to designate a portion of its net income every year for technical assistance and advisory services, provided that net income is above \$150 million. This funding is meant to complement donor support by allowing IFC to make stable and dependable contributions to its technical assistance activities and to improve long-term collaboration with donors.
- IFC is expanding its work on investment climate issues critical to the development of micro and small enterprises in developing countries. Activities are being closely coordinated with the World Bank and benefit from the momentum created by the *Doing Business* report.
- IFC is providing leadership in establishing global benchmarks on environmental and social issues. Since June 2003, 32 financial institutions representing about 80 percent of the world's project finance market have adopted the Equator Principles, which are based on IFC and the World Bank's policies and guidelines.
- IFC is further promoting sustainability through value-added services and funding to its clients in such areas such as corporate governance, supply-chain linkages, and HIV/AIDS.

Donors encouraged IFC to continue its work on investment climate through broader dissemination of information and greater collaboration with the World Bank. They welcomed increased cooperation between donors and IFC in public-private partnerships and urged the Corporation to allocate some of its record net income to support such initiatives. Donors also counseled IFC to help ensure that signatories to the Equator Principles live up to their commitments, and they encouraged IFC to be sensitive to the concerns of nongovernmental organizations with respect to these principles. Donors noted that IFC's project development facilities appeared to be broadening their focus from small and medium to larger enterprises. IFC responded that its linkage programs are helping larger enterprises integrate local SMEs into their supply chains, with substantial benefit to these SMEs. Donors also urged IFC to review trust fund arrangements in order to permit more flexibility in funding innovative technical assistance projects.

World Bank Group-Donor Forum Washington, D.C. April 18-19, 2005

The first joint World Bank Group-Donor Forum on partnerships, programs, and trust funds was held this year at the Bank Group's headquarters in Washington, D.C. It was a response to increasing calls from donors for greater collaboration among the World Bank, IFC, and the Multilateral Investment Guarantee Agency (MIGA). Senior management and staff from all three institutions participated, along with representatives from 27 donor countries and agencies. Attending as observers were the African Development Bank, the European Bank for Reconstruction and Development, the Asian Development Bank, and the International Monetary Fund. Keynote speakers included Mr. Patrus Ananias, Brazil's Minister for Social Action, and Dr. Ngozi Okonjo-Iweala, Nigeria's Minister of Finance. Mr. Geoffrey Lamb, World Bank Vice President for Concessional Finance and Global Partnerships, and Ms. Farida Khambata, IFC Vice President for Portfolio and Risk Management, cochaired the forum.

Mr. Lamb chaired the first day's proceedings, which focused on the World Bank and included discussions on global issues and partnerships, fiduciary aspects of trust fund management, and progress on trust fund reforms. Donors expressed general satisfaction with the Bank's management of the funds entrusted to it and with management's efforts to align trust funds with strategic development objectives. There was broad consensus on the importance of global programs, especially for achieving the Millennium Development Goals, and on the need to link these goals with development priorities at the country level. Donors agreed on the catalytic role that multidonor trust funds can play in addressing issues at the global, regional, and country levels. They endorsed the Bank's efforts to modernize and simplify its trust fund procedures to make them more country- and client-oriented.

The principles underlying the Bank's new policy on expenditure eligibility were generally acceptable to donors. The Bank was urged to

refine further its procedures for the proposed Externally Funded Staff Program, in order to increase diversity and create a level playing field for nationals from different countries. Finally, meeting participants were briefed on the Bank's new investment strategy for trust funds, which is designed to accommodate donors' differences in tolerance for risk.

Mr. Michael Klein, World Bank Group Vice President for Private Sector Development and IFC Chief Economist, chaired the joint session of the World Bank, IFC, and MIGA on private sector development activities. He noted that joint Bank Group and donor support for capacity building and data collection in developing countries is essential for growth, job creation, and poverty reduction. Donors welcomed the Bank Group's collaboration in improving investment climates, developing sustainable extractive industries, and mobilizing foreign direct investment in frontier markets, including postconflict countries. They encouraged the three institutions to continue seeking synergies by working together and cooperating with the donor community. Donors agreed on the importance of governance in the extractive industries, noting that the Bank needed to improve communication about its successes and challenges in this sector. While acknowledging the need for intensified cooperation, Mr. Klein warned against too much harmonization and coordination and emphasized the need for practical and flexible approaches.

Ms. Khambata chaired the IFC session. Donors welcomed IFC's strategy of integrating technical assistance with investment operations, and refining its organizational structure, as this would help the Corporation better leverage its comparative advantage in technical assistance. They cautioned against crowding out, rather than promoting, other private sector interventions in emerging economies. Donors encouraged IFC to deepen its role as a global standard setter in promoting opportunities for environmental and social sustainability in the private sector. They urged the Corporation to provide training support to its clients and partners and to disseminate its know-how and lessons learned more broadly. Donors welcomed IFC's work in enhancing its own capacity for monitoring and evaluating technical assistance, and they encouraged the Corporation to share with the donor community its knowledge and experiences in measuring the development impact of technical assistance. Donors reaffirmed their support for IFC's technical assistance activities in Africa and welcomed the Corporation's new strategy there. Noting the expansion of IFC's work in microfinance, donors acknowledged that upfront subsidies for systems installation or staff training were crucial to long-term viability, and they pledged to continue support for IFC's work in this area. Donors congratulated IFC on its work in renewable energy and urged the Corporation to collaborate on this more closely with the World Bank.

Ms. Khambata explained that technical assistance is no longer an add-on but an integral part of IFC's work. There remains a need for IFC to be more selective, focusing on areas where it has a comparative advantage and leveraging its experience in risk assessment in emerging economies as well as its extensive network of field offices. Going forward, IFC's strategic focus will include investment climate, infrastructure, and microfinance – areas that have developed

dynamically and that need donor support. In addition, Ms. Khambata also explained that IFC is giving greater attention to monitoring and evaluating its TA activities so as to more effectively measure development impact through enhanced systems and procedures.

In response to donors' questions, Ms. Khambata noted that while IFC would prefer untied funds, the Corporation would also be pleased to receive tied funds. On controls and IFC's fiduciary responsibility, she explained that new policies and procedures are being adopted internally to strengthen the Corporation's capacity. She acknowledged the importance of increasing collaboration with the World Bank and agreed with donors on the need for IFC to improve its internal communication and its outreach to the donor community. Ms. Khambata encouraged donors to work with IFC in conceptualizing and implementing new project designs. Ms. Khambata stressed that IFC remains committed to its focus on poverty reduction through private sector development in emerging economies. She concluded by thanking donors for their key support to the goals and work of the Corporation and invited them to consider IFC to be their partner of choice with the assurance of IFC's readiness to work more closely with the donor community.

STEPPING UP COOPERATION WITH THE PHILANTHROPIC COMMUNITY

In the last several years, IFC has worked with foundations and charitable organizations on a variety of projects and initiatives. But opportunities to deepen relationships have often been overlooked. In FY05, IFC began to develop a more strategic approach in this area, focusing on specific sectors.

IFC is now prioritizing partnerships for projects related to environmental sustainability, health and education, rural development, and social entrepreneurship. We are particularly interested in developing opportunities for foundations to use our extensive network of on the ground technical assistance providers to help implement and monitor foundation projects.

Examples of projects in which foundations provided either grants or capital alongside IFC indicate the breadth of opportunities for collaboration:

- IFC, the Ford Foundation, the Skoll Foundation, the Gatsby Charitable Trust, and the Levi Strauss Foundation have each provided capital or technical assistance grants to ShoreCap International and ShoreCap Exchange, both subsidiaries of ShoreBank Corporation. An investment company, ShoreCap International, focuses on microfinance and SME-oriented banks while ShoreCap Exchange provides technical assistance to these investee institutions.
- The Omidyar Network has provided a grant to Hagar, a grassroots business organization with which IFC has had a long relationship.
- Through IFC's Environmental Opportunities Facility, the Acumen Fund has worked alongside IFC to provide grant and equity financing to WaterHealth International, a company that has developed a unique water purification technology. IFC and Acumen have also collaborated in mobilizing additional resources for the company.

2

Regional Reports



SUB-SAHARAN AFRICA

Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Democratic Republic of Congo, Republic of Congo, Côte d'Ivoire, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, Gabon, The Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mozambique, Namibia, Niger, Nigeria, Rwanda, Senegal, Seychelles, Sierra Leone, Somalia, South Africa, Sudan, Swaziland, Tanzania, Togo, Uganda, Zambia, Zimbabwe

EAST ASIA AND THE PACIFIC

Cambodia, China, Fiji, Indonesia, Kiribati, Republic of Korea, Lao People's Democratic Republic, Malaysia, Marshall Islands, Federated States of Micronesia, Mongolia, Myanmar, Palau, Papua New Guinea, Philippines, Solomon Islands, Thailand, Timor-Leste, Tonga, Vanuatu, Vietnam, Western Samoa

SOUTH ASIA

Bangladesh, Bhutan, India, Maldives, Nepal, Sri Lanka

EUROPE AND CENTRAL ASIA

Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Georgia, Hungary, Kazakhstan, Kyrgyz Republic, Latvia, Lithuania, FYR Macedonia, Moldova, Poland, Romania, Russian Federation, Serbia and Montenegro, Slovak Republic, Slovenia, Tajikistan, Turkey, Turkmenistan, Ukraine, Uzbekistan

LATIN AMERICA AND THE CARIBBEAN

Antigua & Barbuda, Argentina, The Bahamas, Barbados, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominica, Dominican Republic, Ecuador, El Salvador, Grenada, Guatemala, Guyana, Haití, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, St. Kitts and Nevis, St. Lucia, Trinidad and Tobago, Uruguay, Venezuela

MIDDLE EAST AND NORTH AFRICA

Afghanistan, Algeria, Arab Republic of Egypt, Islamic Republic of Iran, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Pakistan, Saudi Arabia, Syrian Arab Republic, Tunisia, United Arab Emirates, West Bank and Gaza, Republic of Yemen

Sub-Saharan Africa

IFC's new strategic initiative for Africa, launched in 2004, calls for an increase in technical assistance and advisory activity to achieve three main objectives: expanding the Corporation's program for smaller businesses, which constitute much of the private sector in the region; supporting larger projects in the formative stages of development; and improving the overall investment climate.

The end of the Africa Project Development Facility's five-year cycle in June 2005 gave IFC the opportunity to design a successor program with a broader private sector development mandate, thus leading to increased technical assistance. This new program, the Private Enterprise Partnership for Africa (PEP-Africa), will accelerate implementation of IFC's strategy for Africa: it significantly broadens and deepens IFC's technical and advisory work and intensifies collaboration with donor partners on funding and programming.

IFC has already begun reaping the rewards of this more comprehensive approach to Africa's development. Committed investments were \$455 million for FY05, and for the first time IFC has invested over \$400 million in the region for two consecutive years.

Africa Project Development Facility

APDF's mix of services has evolved as the facility expanded its reach and impact. Since 2000, APDF's deliverables have increased exponentially. The number of firms receiving capacity building or enterprise support services grew from 69 in FY01 to 233 in FY05. During the same period, APDF helped African firms raise more than \$129 million in financing through business advisory services for a total investment of over \$330 million, creating an estimated 18,000 jobs. Costs recovered from recipients of services also increased substantially, from \$700,000 in FY01 to about \$1.5 million in FY04. Over the past five years, more than 13,900 staff of smaller companies, over 1,600 consultants, and over 1,800 staff of financial institutions participated in various management training programs. Overall, APDF provided more than 335,000 person-hours of training during that period.

The main donors that contributed to APDF over the past five years were the *African Development Bank, Denmark, Germany, the Netherlands, Norway, Portugal, Sweden, Switzerland, the United Kingdom, and the U. S. Agency for International Development.*

Future Direction

PEP-Africa was approved by the IFC Board in March 2005 and launched in June 2005 at the APDF Paris donor meeting. It officially started operations on July 1, 2005. For program implementation, PEP-Africa has already mobilized \$9.5 million in donor funding and initiated five new multiyear technical assistance programs.

PEP-Africa will continue to provide the type of SME development support delivered by APDF through the SME Entrepreneurship Development Initiative. This three-year program will be sponsored by IFC and donors contributing to PEP-Africa's pooled funding. Many staff members previously employed by APDF have been re-assigned to PEP-Africa, thereby ensuring continuity in the transition from APDF to the PEP-Africa business model and in the management of the SME Entrepreneurship Development Initiative.

Enhanced Support to SMEs

In FY05, IFC continued to implement its joint Micro, Small, and Medium Enterprise Initiative with the World Bank's International Development Association. Teams completed design and implementation of the programs in Nigeria, Kenya, Uganda, Burkina Faso, and Mali. Programs in Tanzania, Ghana, Madagascar, and Mozambique are now in the final design stage (*Netherlands*). In addition, an SME needs assessment was conducted in the Democratic Republic of Congo to improve the general business environment (*Belgium*).

In Mozambique, IFC established the Mozambique SME Initiative in FY05, following a government request to provide direct financing to smaller companies. Established as an IFC-administered pilot program, the initiative provides an integrated package of risk capital and technical assistance to selected SMEs. Funding will be provided by *Switzerland* and, in the first year, by a grant from IFC.

IFC also funded the Woman Entrepreneur Program, which aims to facilitate the growth of women-owned SMEs through business management training. As part of IFC's Gender Entrepreneurship Markets initiative, the program targets South African black women who are owner-managers of registered SMEs and have shown the potential to grow their businesses despite disadvantaged backgrounds. It reaches out to potential participants through women's business associations (SAWEN) and media campaigns (*IFC TA Fund*).

Upstream Project Development

In Mozambique, IFC recently completed the preparation phase of the South East African Tourism Investment Program, an 18-month initiative to increase investments in tourism. The program will define requirements for developing the tourism sector in order to catalyze donor, government, and private sector engagement (*Netherlands*

and *IFC TA Fund*). IFC has helped design a coordinating mechanism and other components for implementation. A PEP-Africa program will eventually support implementation by mobilizing private sector financing for specific investment projects.

IFC Advisory Services recently assisted the government of Mozambique in selecting a potential investor for the development of the Moatize Coal Mine and associated rail, power, and port infrastructure. Funding was provided by the Infrastructure Development Collaboration Partnership Fund formed by the Private Infrastructure Donor Group, which includes the *United Kingdom's Department for International Development*, the *Swedish International Development Agency*, and the *Netherlands' Ministry of Foreign Affairs*. The winning bidder is a consortium headed by Companhia Vale do Rio Doce of Brazil. In addition to developing large-scale mining operations, the company will explore the potential for adding value in a variety of local downstream industries. It will also consider an SME linkages program, Mozambican participation in shareholding of the mining company, and a wide-ranging community development program. Supported by the same donors, PEP-Africa is now planning to work with key stakeholders to design a program for the different aspects of the concession agreement and to help build capacity within the Mozambican government.

In addition, funding from the Infrastructure Development Collaboration Partnership Fund helped IFC's Advisory Services Department structure a bid to select a private operator for the container terminal at the port of Toamasina in Madagascar. The winning bidder, International Container Terminal Services of the Philippines, will enter into a 20-year concession for the operation, management, financing, rehabilitation, and development of the container terminal on a public-private partnership basis.

The increased focus on power and housing has led IFC to investigate the potential for small-scale power generation and distribution in Nigeria (*Ireland* and *IFC TA Fund*). IFC has also investigated demand and supply in Uganda's housing sector (*Israel*, *Luxembourg*, and *IFC TA Fund*). A similar study was completed in Ghana (*Switzerland*). Both housing projects will be followed by workshops as well as discussions with the governments of the respective countries.

IFC Advisory Services is currently helping the governments of Kenya and Uganda grant concessions for their railway networks to private operators through competitive bidding. The privatization of these railways will entail considerable investment and expansion of railway traffic, creating opportunities for foreign investment in rail operations and for local business. PEP-Africa is developing a program encouraging the winning bidder to use local SME services and suppliers. In partnership with IFC Against AIDS, PEP-Africa also intends to help the operator implement an HIV/AIDS program and develop community linkages for major informal settlements along the railway.

PRIVATE ENTERPRISE PARTNERSHIP FOR AFRICA

PEP-Africa programs are designed to support the three pillars of IFC's strategy in Africa: small and medium enterprise development, proactive identification of investment projects, and investment climate. The initial pipeline of programs also seeks to complement the current donor emphasis on infrastructure and financial markets. PEP-Africa will selectively develop other programs that respond to market needs and donor priorities ensuring a balanced portfolio of technical assistance across English-, French-, and Portuguese-speaking countries and across industry sectors.

IFC will fund PEP-Africa's core management and staff as well as the operating costs for program research, development, monitoring, and reporting. Over a period of five years, IFC will commit \$7.5 million annually from its own resources. In addition, PEP-Africa plans to raise \$22.5 million a year in donor funding or about \$112 million over a five-year period. The aim is to leverage \$3 for every \$1 IFC provides. To this end, PEP-Africa intends to form long-term strategic partnerships with donors to accelerate private sector-driven economic growth.

Donors will fund PEP-Africa's cost for program implementation. This flexible approach gives them the opportunity to select technical assistance programs aligned with their private sector development strategies and their sector and country priorities, while benefiting from IFC's experience in technical assistance and investments as well as from IFC's stakeholder networks. The PEP-Africa funding model will pool private sector development aid for technical assistance projects promoted by multiple donors with similar program objectives. Five program areas have been defined for pooled funding:

- Business environment
- Financial market development
- Public-private infrastructure
- Sector growth and investment programs
- Entrepreneurship development

PEP-Africa programming in these areas gives donors the option to leverage IFC and other donor funds in design and implementation of private sector development programs managed by PEP-Africa.



Investment Climate

PEP-Africa will complement FIAS and other World Bank Group projects. In particular, it will assist governments in project implementation, enhance the public-private sector dialogue, and support private sector advocacy. PEP-Africa will also address business environment and regulatory issues at the sectoral level. *The Doing Business Better in Burkina Faso* program is an example of a PEP-Africa investment climate program (Switzerland). It will be run jointly with FIAS and will complement the analytical and other support initiated under an IDA credit.

FIAS's Sub-Saharan Africa Strategy (FY05-07)

The Foreign Investment Advisory Service aims to help governments in critically impoverished and post-conflict countries tackle key constraints that affect the investment climate. The strategy hinges on implementing reform through deeper engagement in key African countries.

During FY05, FIAS completed 15 advisory projects in Sub-Saharan Africa. The main areas of activity included:

- Diagnostics (Gabon, Rwanda)
- Administrative barriers studies and implementation (Kenya, Democratic Republic of Congo, Sierra Leone, Seychelles)
- Licensing system reform (Kenya)
- Reviews of investment laws and legal framework (Kenya, Zambia, Seychelles)
- Taxation and incentives policy (Guinea-Bissau, Zambia)
- Gender and growth assessment (Uganda)
- Non-fiscal regional incentives (East Africa Community)

Client demand continued to be strong for advisory support on administrative barriers reform, foreign direct investment policies and regulation, and investment promotion. FIAS began systematically integrating issues related to gender, land, business informality, and sector analyses into its projects. Product innovations included a gender and growth study (Uganda), a sectoral study of the effective tax burden (Zambia), and a mini-diagnostic (Rwanda).

FIAS has successfully implemented a programmatic approach involving multi-year, multi-project engagements with donor participation. In Sierra Leone, for example, the first two phases of a three-phase program were completed in FY05. They focused on administrative barriers to investment, capacity building, solution design, and the implementation of a private sector development reform agenda.

FIAS projects in Sub-Saharan Africa continued to involve active donor collaboration, as well as coordination with World Bank country programs. FIAS also cooperated with IFC facilities and MIGA and conducted consultations with the International Monetary Fund. In Kenya, for example, FIAS studies have been used as inputs for the World Bank Economic Recovery Strategy Support Credit (see box).



KENYA: Radical Reform of the Licensing System

Kenya provides a successful case of multidonor collaboration to help generate a reform process and move from diagnosis through solution design to implementation. FIAS has advised the government on an institutional structure and action plan for private sector development reform, in close collaboration with the World Bank. In the implementation phase, PEP-Africa will be involved to build capacity of private sector organizations. In addition, FIAS undertook a review of the investment bill jointly with MIGA.

Another major technical assistance project provided by FIAS, in collaboration with the World Bank's regional private sector development team, aimed at introducing a radical "guillotine" approach to reform business licensing. It advocates a top-down strategy, based on strong political will at higher levels of government rather than on the readiness of each licensing authority. The approach sets new criteria and a deadline for screening all existing licenses. Those that cannot pass the screening are eliminated. The "guillotine" prepares the ground for a disciplined and systematically monitored licensing regime.

Following FIAS's advice, Kenya's government established a working group to conduct an independent review of 600 business licenses and permits. In April 2005, the group had reviewed 86 required licenses and recommended eliminating 20, further investigating or simplifying 32, and keeping 34 of them. By May 2005, the licensing "guillotine" caught public attention through the press, and high-level political consultations intensified. During a budget speech in June 2005, the government announced its decision to eliminate 17 licenses and amend 30 licenses as a first step. In the next phase, the remaining licenses will be reviewed, streamlined, or improved and compiled in a newly created e-registry system.



The Private Enterprise Partnership for Africa significantly broadens and deepens IFC's technical and advisory work.



THE COPPER BELT SME SUPPLIERS DEVELOPMENT PROGRAM

In 2003, APDF launched an SME Suppliers Development Program with Zambia's Konkola Copper Mines and 23 smaller companies selected by the mine. After one year, Konkola Copper Mines' procurement from the participants exceeded \$10 million. For 16 SMEs, turnover was up 50 percent due to a 45 percent increase in procurement contracts from the mine and a 58 percent increase in new client contracts. The SMEs stepped up their investments by \$2.5 million and created 528 new jobs.

PEP-Africa is planning to expand the program to six major mining companies in Zambia and 170 smaller companies. The program aims to spur SME development in the Copper Belt through sustainable procurement linkages and is expected to create opportunities for potential IFC investments in the mining sector. It will also support the mines in addressing the HIV/AIDS problem, in partnership with IFC Against AIDS.



NIGERIAN BOND MARKET

In 2004, IFC launched a program to assist Nigeria in developing its capital market. The intervention helped Nigerian authorities develop a domestic yield curve and attain a long-term cost of capital that would ensure domestic term investments by pension funds and other long-term investors in strategic areas, such as infrastructure. The program also incorporated a comprehensive market survey and involved collaboration with the World Bank.

The success of these interventions prompted IFC to initiate further donor fundraising to implement the findings. An estimated \$1.6 million would be required for a two-year PEP-Africa program that would include training modules for bond traders, regulators, and other key stakeholders as well as the establishment of a bond steering committee. The program would aim to create a functioning domestic term debt market.



East Asia & the Pacific

IFC's technical assistance programs place special emphasis on promoting sustainable business practices across East Asia and the Pacific.

They help local companies achieve international best practices in corporate governance and environmental and social performance. Through these programs, IFC can develop model transactions in all sectors and is working with the region's vibrant private sector in addressing the social and environmental challenges posed by its economic growth.

IFC reaches out to small and medium enterprises through four donor-funded facilities in the region: the China Project Development Facility (CPDF), the Mekong Private Sector Development Facility (MPDF), the Pacific Enterprise Development Facility (PEDF), and the Program for Eastern Indonesia SME Assistance (PENSA). These four facilities work to strengthen business-enabling environments and help smaller businesses incorporate best practices, gain access to finance, and build linkages with IFC's larger investments. IFC will launch an additional facility in the Philippines in FY06. The regional department has increased its efforts to integrate the work of these facilities with other IFC activities.

IFC's technical assistance supported the Corporation's investments, which totaled \$740 million across East Asia and the Pacific and, as in previous years, focused on high-impact sectors, especially financial markets and infrastructure. China continued to represent nearly half the region's commitments, reflecting the country's robust economic growth. IFC also increased its investment commitments in Indonesia to \$157 million, with an emphasis on developing local financial markets.

Integration of Investment and Technical Assistance

In FY 2005, IFC launched the SME Enhanced Lending Framework in Indonesia (see box). This innovative pilot aims to strengthen Indonesian banks' capacity to serve smaller companies. IFC will combine a credit line with a technical assistance package to improve the banks' skills for lending to SMEs. In addition, the banks will receive a performance bonus as an incentive to pursue SME lending (*Japan, Netherlands, Switzerland, and IFC*). Disbursement of the IFC loans for onlending to SME clients will be allowed only after the banks have successfully made required changes in their approach to the SME sector. This program was developed in close collaboration with PENSA and will become a model for integrating TA and investment in other countries.

A highlight in East Asia was the launch of the regional technical assistance program, Strengthening Financial Institutions in East Asia, which focused on corporate governance and institution building in the financial sector (*Netherlands, Japan, and IFC*). The program targets 18 financial institutions in Indonesia, Vietnam, Cambodia, the Philippines, and China, including banks in which IFC has invested. More active boards can strengthen corporate governance practices, ensuring companies' stable growth and enabling them to face global challenges. The institution building part of this program will fund senior resident advisors to provide advice to the banks in such areas as credit analysis and risk management.

In Cambodia, IFC has provided technical assistance to Canadia Bank on various occasions through MPDF. Following a \$5 million loan commitment, IFC launched a comprehensive new TA program aimed at strengthening Canadia's banking operations and developing its housing finance services (*Japan and IFC TA Fund*). This technical assistance has a strong development impact because it improves the quality of housing finance services to a large number of previously underserved Cambodians. No other bank in the country offers housing loans on a scale comparable to that being initiated by Canadia Bank.

Sustainability

IFC is increasing its technical assistance resources to improve the environmental and social sustainability of local companies. For example, in China, IFC invested \$ 21 million in Fenglin Group, a leading wood product company based in Guangxi province. IFC provided a technical assistance program to develop sustainable business practices that meet international standards (*Sweden*).

In China, CPDF aims to introduce an environmental compliance program that will create incentives for SMEs to introduce sustainable environmental practices (*Sweden*). Additional support is being sought to train local enforcement officers at municipal environmental protection bureaus and support local environmental, health, and safety consultants to implement the compliance program in Sichuan province. The program also aims to develop and implement a registration process for these consultants.

Public-Private Partnership

IFC has been engaged by the Philippine government to advise the Build, Operate, and Transfer Center on preparation, design, and implementation of a bankable program to attract private sector interest in the country's water sector. The initial mandate will involve selection of a concessionaire for a treated bulk water supply project in metropolitan Cebu, through a competitive and transparent tender process. The technical assistance will focus on providing a technical and economic review as well as legal expertise (*France*).

Strengthening the Investment Climate

IFC continues to support the Vietnam Business Forum (*Canada and Netherlands*) and the Cambodia Private Sector Forum (*Australia*), and in FY05, MPDF and the government of Lao PDR launched the new Lao Business Forum in Lao PDR (*Luxembourg*). Modeled on IFC's successful programs in Vietnam and Cambodia, the Lao Business Forum is expected to improve the investment climate and stimulate private sector development in Lao PDR by facilitating dialogue between the government and the private sector.

In Timor-Leste, which became an IFC member in 2005, the Corporation is preparing a private sector development strategy with the government and in coordination with the donor community. To this end, IFC has launched a study to assess future investment opportunities for IFC and other potential investors (*Norway*). The World Bank Group expects the private sector to play an important role in the country's sustainable growth.

SME Development

In FY05, CPDF implemented the New Hope Dairy Linkages project to help local milk farmers in Sichuan and Yunnan provinces improve the quality and productivity of the milk supply to the New Hope Dairy (*Netherlands*). This project includes a technology transfer program, training and workshops, the development of demonstration farms, and the establishment of a state-of-the-art dairy facility. The initiative is expected to have a major development impact on the local economy. It could also serve as a model for other future transactions in western China's agriculture sector.

Partnerships within the Donor Community

Partnerships with donors are an important element of technical assistance, and IFC is constantly seeking to broaden cooperation. This year, IFC undertook several activities to improve its collaboration with its donor partners. In Cambodia and Vietnam, MPDF commissioned studies on gaps, overlaps, and conflicts in approaches in donor assistance. The Japan International Cooperation Agency seconded an official to IFC during FY05. The secondment provided IFC a better understanding of Japan's TA operations and will help in the design of future partnership programs.

Providing Advisory Services for Positive Reform and Change

FIAS provides advisory assistance at regional, national, and subnational levels in East Asia and the Pacific. Except for China and Mongolia, this assistance is delivered mainly through an office in Sydney in order to provide efficient and speedy service to one of FIAS's traditionally most active regions.

MPDF'S E-COMMERCE SUCCESS

A unique approach to e-commerce, pioneered by IFC's MPDF, has made Web marketing both accessible and affordable for budget-priced hotels and guest houses. Over the past two years, MPDF has set up and improved pilot Web portals in Cambodia, Lao PDR, and Vietnam that serve some 300 budget hotels and guest houses in 30 cities.

In addition to enabling independent travelers to book a much wider range of accommodations, the sites create local jobs, generate local commissions, and promote budget accommodation providers, whose profits remain in the county. Prior to this initiative, only four- and five-star hotels could afford Web marketing, and the portals serving them were located offshore. The opportunity to market over the Internet has also helped attract new members to the hotel associations that operate the Web portals. Since the MPDF portals were launched beginning in late 2003, they have resulted in more than 3,500 confirmed bookings and nearly \$400,000 in revenue to hotel and guest house owners.

In FY06, to ensure project sustainability, the Internet marketing project will spin off under the name, World-hotel-link.com Limited, thus increasing the number of Web portals in the Mekong region. WHL launched sites in the Czech Republic, Samoa, and Thailand, in FY05. With the support of IFC's facilities in the region, more sites are close to launching or under consideration in the South Pacific, China, and Indonesia.

PEDF: Assistance to National Bank of Samoa

In 1999, four years after its establishment by local business people, the National Bank of Samoa received a \$100,000, five-year subordinated loan from IFC. Together with the investment, IFC launched a capacity building TA program managed by PEDF. During the five-year term, several donor-funded TA projects were initiated (*NZAID*); these have provided staff training and helped develop new products, policies, and procedures as well a new management information system. As the country's only indigenous bank, the institution is now firmly entrenched as an integral part of Samoa's capital markets and provides a wide range of financial services. IFC's loan was repaid, on schedule, earlier this year.



FIAS completed 17 advisory projects in the region during FY05 — 10 in East Asia and 7 in the Pacific. Some of these provided “just-in-time” advisory assistance, for which FIAS is particularly well suited. FIAS contributed to the reviews of investment laws and policies in Cambodia, Indonesia, Lao PDR, the Solomon Islands, Vanuatu, and Vietnam. In the Solomon Islands, FIAS provided the foundation for new legislation that will establish a transparent and automated system for registering and regulating foreign investment. The new Foreign Investment Bill was brought before the country's parliament in July 2005.

Investment promotion was provided in Cambodia, China, Fiji, and at a regional level in the Pacific. Several projects were undertaken collaboratively with other agencies, including with MIGA in Cambodia and China. FIAS also participated in a joint initiative with MIGA, the Commonwealth Secretariat, and the Pacific Islands Forum Secretariat to design and deliver a nine-month capacity building program for investment promotion agencies from all 14 forum member countries.

FIAS's strategy in China is to support the central and local authorities in efforts to improve the investment climate of lagging regions, particularly the western and northeastern parts of the country. In Liaoning province, FIAS conducted a diagnostic study of the FDI environment and

a review of investment procedures. These projects feed into the World Bank's economic development strategy for China's northeast.

In Indonesia, the World Bank's *Doing Business* indicators highlighted the regulatory obstacles that private investors face in establishing a business. FIAS has collaborated with the *Doing Business* team and the World Bank Group to provide recommendations on how to streamline the process for establishing a business.

FIAS has developed an innovative, multiyear program approach to addressing regulatory constraints to business through governmental reform, notably in Fiji, Samoa, and Tonga. To support this process, FIAS and the World Bank have funded implementation specialists to help set reform agendas and monitor progress.

In Cambodia, FIAS introduced a new product with a study of corporate social responsibility in the apparel sector and its impact on other industry sectors in the country. Cofinanced by Agence Française de Développement, the project was carried out in close collaboration with IFC, the World Bank, and the International Labor Organization.

In partnership with CPDF, FIAS also initiated the first advisory program on secure transaction in China. They advised the People's Bank of China and the Legislative Affairs Commission of the National People Congress on the policy and legal framework for using movable assets as collateral.



CPDF

In FY05, CPDF consolidated its operations in four main areas: access to finance, the business enabling environment, sustainable development, and access to business services.

Various World Bank Group investment climate assessments have identified a lack of access to financing as a leading constraint to private sector development in China. CPDF tackles this issue by enhancing the legal and regulatory framework and by providing direct technical assistance to lending institutions.

Legal and regulatory initiatives include the development of a credit reporting system (*Australia*), the reform of a secured transactions framework (jointly with FIAS), and the preparation of a financial leasing law (*Switzerland*).

CPDF has provided a range of TA to local financial institutions in such areas as diagnostic assessment, risk management, skills development, and asset-liability management (*Norway*). This support is extended to specific financial partner institutions and to China's financial sector at large. Partner institutions have measurably increased their volume of SME business. For example, Chengdu Small Enterprises Credit Guarantee Company (*Switzerland* and *United Kingdom*) has grown more than 200 percent annually for the past three years. Creating some 7,000 new jobs, it has supported over 300 small enterprises as well as 600 self-employed workers that had been laid off from restructured state-owned enterprises.

PENSA: Access to Finance Program - More Loans for SMEs

Obtaining finance to run and expand their businesses is a dream for many of Indonesia's micro, small, and medium enterprises. Only 20 percent of small and 50 percent of medium businesses have access to credit. Usually banks offer them only working capital loans and impose strict conditions for collateral. In addition, many SMEs do not know how to apply for credit and lack the necessary business documentation.

To tackle this problem, PENSA's Access to Finance Program and Swisscontact have jointly launched the Promoting Enterprise Access to Credit project, which will increase the financial skills of business development service providers through new commercial training facilities. The aim is to enable business developers to act as effective intermediaries between financial institutions and SMEs in need of credit.

The first training facility, PEAC-Bromo, opened in Surabaya in December 2004, followed by PEAC-Monas in May 2005. Others are planned for central Java, south Sulawesi, east Kalimantan, and Bali. PEAC-Bromo's early results are encouraging. It has built good relations with the local banking community and has already facilitated Rp. 1.4 billion (\$150,000) of loans to SMEs through business development service providers. Loans worth Rp. 15 billion are still being assessed.

The project will also be a component of a planned SME Enhanced Lending Framework. The framework's other two components comprise a credit line for up to five local banks and a technical assistance package and incentive scheme for commercial banks. The framework aims to help local banks become effective financial intermediaries for smaller businesses by improving their credit skills, strengthening their SME lending capacity, and providing them with incentives to lend to small businesses, especially in northern Sumatra, which has been devastated by natural disasters.



PENSA: Agribusiness Linkages Program

Following an analysis of over 30 commodities, IFC's PENSA has made seaweed, cocoa, maize and poultry the core of its Agribusiness Linkages Program. The seaweed project, which has been particularly successful, focuses initially on Sulawesi, with three main objectives:

- Promoting farmer cooperation, introducing best practice techniques to lift productivity and raise farmer incomes;
- Providing market information and crop forecasting to improve communications between farmers and to increase industry transparency; and
- Establishing mini-processing facilities near growing areas.

Informal interviews with farmers suggest income growth of 5 to 20 percent so far, which is significant in an area with widespread poverty. The program works with almost 600 farmers, a number set to increase as agribusiness linkages expand within Sulawesi and into other parts of Indonesia.



South Asia

IFC's program in South Asia combines direct investments in projects that have high development impact with technical assistance to promote long-term, private sector-led growth.

Through its technical assistance work, IFC helps sustain the increasing momentum of the region's economic development.

In 2005, the region recorded growth rates among the highest in the world, mainly due to excellent private sector performance. Annual IFC investment commitments have grown steadily, from \$296 million in 2001 to \$443 million in 2005. IFC's portfolio in South Asia is diversified across investments in manufacturing, infrastructure, finance, agribusiness, information technology, oil and gas, and health care.

Sustainability

IFC continues to provide trust fund support to increase the development impact of its investment work by assisting clients with sustainable business approaches, SME linkages, and community development. IFC's Corporate Citizenship Facility is working with two IFC clients in the Maldives, Villa Shipping and Trading Company and Taj Maldives, to ensure the health of coral reefs, which are vital to the country's tourism sector. The facility is funding research on coral reef conservation and rehabilitation as well as training modules that will help company personnel enhance the health, growth, and coverage of the reefs.

The Corporate Citizenship Facility is also working with Powerlinks Transmission, an IFC client that is building a 1,200-kilometer electric line from Siliguri in West Bengal to the outskirts of New Delhi. The facility is helping the company implement an occupational safety and health program for utility crews servicing the transmission line. In addition, it is working with Cairn Energy, another IFC client, to develop a multistakeholder community development plan that will bring together the local government, nongovernmental organizations, and the company. This plan will complement the company's successful development of oil and gas in the southwestern Indian state of Rajasthan.

In addition, the Corporate Citizenship Facility has recently completed a project supporting tribal women's self-help groups in Jharkhand, one of India's poorest states. The program linked the Self-Employed Women's Association, one of India's most successful models of informal sector enterprise development, with Krishi Gram Vikas Kendra, a community development organization. The project supported capacity building for financial literacy; introduced participants to local business

opportunities, including dairy cooperatives; and promoted access to integrated insurance packages for rural women. The Corporate Citizenship Facility has also approved a project to develop, test, and implement a protocol for conducting environmental audits in lead battery plants, with the pilot testing currently underway in India.

The Environmental Opportunities Facility approved three equity investments in India during FY05, encouraging the development of local engineering skills. Investee companies include India's first electric car manufacturer, a start-up company producing low-cost solar lamps, and a small-scale manufacturer of cogeneration turbines.

In FY05, the IFC-Netherlands Carbon Facility concluded an emissions reduction purchase agreement with Balrampur Chini Mills Limited, one of India's largest sugar producers. With IFC support, the company has developed two cogeneration projects that use bagasse, thereby reducing reliance on fossil fuels.

In October 2004, the Sustainable Financial Markets Facility and SEDF jointly launched a new Competitive Business Advantage Program in Bangladesh. Its curriculum targets financial institutions and makes the business case for environmentally and socially sustainable investment decisions. In Dhaka, 35 participants from local banks took part in a three-day program that illustrated the transformation of environmental and social risks into commercial opportunities.

During FY05, IFC Against AIDS launched a program with IFC's South Asian clients to help them address the impact of HIV/AIDS. Support focuses on three key areas: the workplace, companies' clinical facilities, and the community. Project proposals from two Indian clients, Apollo Tyres and Ambuja Cement, have been approved and processed. These companies are continuing to scale up their HIV/AIDS awareness and prevention programs in the workplace and the community. They are also enhancing their clinics' capacity for treating sexually transmitted diseases and for preventing and detecting HIV among long-distance truckers.

SME Development

In parts of the region where political instability and difficult business environments limit investments, IFC has focused on assistance for smaller companies. Through its SouthAsia Enterprise Development Facility (SEDF), IFC aims to improve the business enabling environment, strengthen providers of business development services, and help financial institutions develop their SME lending capacity. The facility currently operates in Bangladesh, Bhutan, Nepal, and northeast India.

In FY05, IFC approved an SME development program for Sri Lanka and the Maldives as an expansion of SEDF. IFC has provided \$2 million of the \$10 million total funding requirement, with *Netherlands* and *Norway* contributing additional funds for the five-year program. In response to the tsunami disaster, IFC launched a program to support the rehabilitation of smaller companies working in the

tourist sector. The program will focus on financial services, the business enabling environment, and specific sectors such as tourism, construction, and agribusiness. Subject to continued progress on the peace process, the program will expand to support the growth of smaller companies in northeastern Sri Lanka.

In India's West Bengal state, the government has asked IFC to set up an SME development program. IFC is preparing a strategy for extending SEDF's current business lines to a new program for the state. The program will soon be submitted to IFC's development partners for their consideration.

Strengthening the Investment Climate

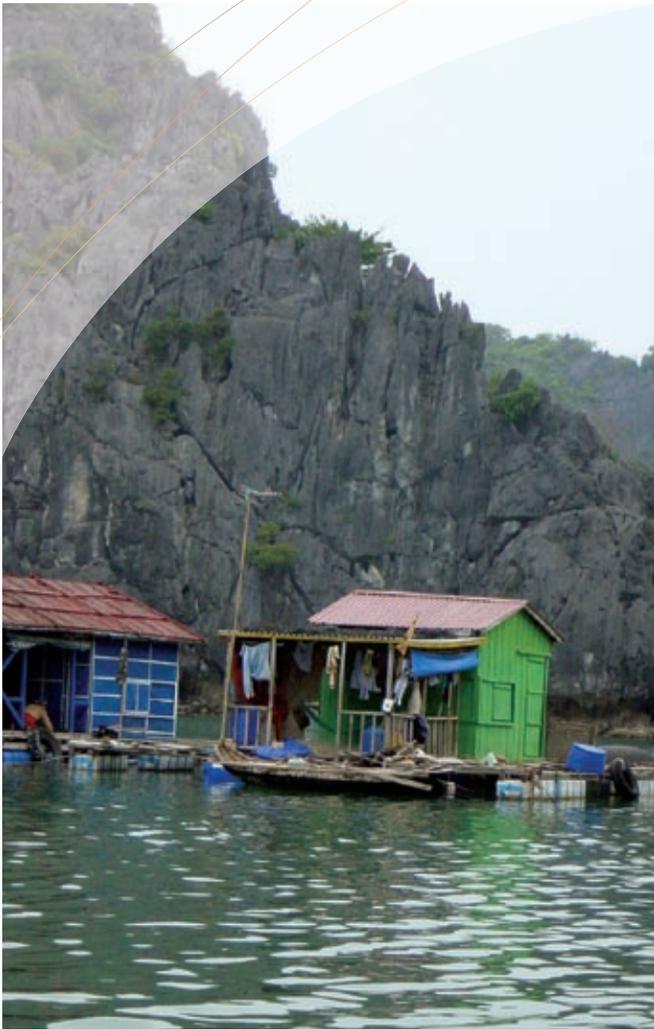
SEDF's investment climate work, which is conducted jointly with FIAS, aims to improve the business environment for foreign and domestic investors. FIAS activities expanded significantly in South Asia during FY05 with the opening of a regional office in Dhaka. As a result, four projects were completed in the region during this period.

In Bangladesh, SEDF and FIAS also helped identify key constraints in the investment climate. In FY05, they jointly reviewed investment incentives and supported two roundtables on free zones and regulatory reform. The events attracted over 100 participants and highlighted best practice in regulatory improvements to promote investment and export growth. Organized jointly by FIAS and the Bangladesh Enterprise Institute, these events received additional support and technical advice from *DFID*, *SEDF*, the Canadian International Development Agency, the *Japan International Cooperation Agency*, and the *European Commission*. The roundtable led to formation of a government and private sector development task force under the prime minister's office. FIAS and SEDF are working with the task force and the Board of Investment to design a series of activities for a proposed multidonor project supporting private sector development. FIAS will ensure effective monitoring and evaluation and has initiated a pilot project to this end.

FIAS continued its assistance to Bhutan in FY05 by preparing drafting guidelines for new foreign direct investment rules and regulations. The foreign direct investment framework that was subsequently developed is awaiting government approval.

Public-Private Partnership

In line with our priority on infrastructure development in the region, IFC Advisory Services has signed an advisory mandate with the Indian city of Bangalore to introduce private participation in its water and wastewater systems. Consultants for this mandate have been funded by DFID and donors from the World Bank's South Asia Water and Sanitation project.



The South Asia Enterprise Development Facility aims to improve the business enabling environment, strengthen providers of business development services, and help financial institutions develop their SME lending capacity.



BANGLADESH: A Consortium Helps Small Businesses Grow

IFC's SEDF is helping service providers in Bangladesh make comprehensive and sustainable assistance available to smaller businesses. In 2003, the facility supported local consultants in the launch of the Consortium for Business Development Services. SEDF has helped the consortium coordinate and integrate its capabilities, enabling it to offer a wide range of fee-based management training and business consulting services to the country's smaller businesses. SEDF will continue to support the evolution of the consortium into a one-stop shop that provides key management development services to smaller enterprises throughout Bangladesh.

BIZMANTRA: An SME Toolkit for Nepal

In November 2004, SEDF collaborated with a Nepalese private sector firm, Elite Networks, to launch BizMantra, a toolkit for smaller companies, which account for over 80 percent of Nepal's businesses. To promote the toolkit, Elite Networks formed a consortium with a bank, a media house, an insurance company, a financial firm, a legal firm, and a marketing and business consultancy.

The consortium is helping SMEs in Nepal improve their management capabilities and competitiveness. BizMantra provides country-specific online information on such issues as business forms, taxes, and export and import procedures. The consortium also benefits from this initiative in providing fee-based training, consultancy, software, financial, and other services to the SMEs. To date, managers from over 200 SMEs have been trained to use the toolkit. BizMantra has also advised the Export Council of Nepal in its negotiations with the government on VAT policy and has helped the Federation of Women Entrepreneurs Association of Nepal prepare a business plan using the SME toolkit.

HELPING THE PRIVATE SECTOR RESPOND TO THE INDIAN OCEAN TSUNAMI

The devastating tsunami of December 2004 affected several countries in East and South Asia. IFC immediately set up a matching grant program, financed by *FMTAAS*, for selected partner companies in Indonesia, the Maldives, Sri Lanka, and Thailand. By matching the costs incurred by these companies in their response to the tsunami, IFC assisted them in stepping up their participation in the relief effort. The program helped remove infrastructure and distribution bottlenecks for relief operations and provided health services, power, communication, and clean water to affected areas. IFC committed \$1.4 million to support 11 projects, ranging from water treatment plants and emergency school facilities in Indonesia to emergency telecommunications in Sri Lanka.

IFC also established a special loan facility to support the recovery of tourism in the Maldives, Sri Lanka, and Thailand. In addition, IFC provided \$150,000 from its corporate contingency funds to a program run by Sri Lanka's National Development Bank Group that repaired or replaced fishing boats and equipment damaged by the tsunami.

The *U.S. Trade and Development Agency*, through IFC, helped Water Health International provide 50 water purification and disinfection systems for tsunami relief and reconstruction efforts in Sri Lanka. The agency's grant for this pilot project was cofunded by \$250,000 in grants from other donors, including the Acumen Fund and Global Giving.



Europe and Central Asia

IFC's technical assistance activity in Europe and Central Asia remains strong, led by the Private Enterprise Partnership in the former Soviet Union and a new facility launched during FY05 to serve Southeast Europe.

Central and Eastern Europe

In Central and Eastern Europe, IFC's technical assistance focuses on regions, sectors, and projects where our developmental role is crucial and private financing remains limited. These efforts emphasize socially and environmentally sensitive sectors.

For the countries of the former Soviet Union, the transformation to market economies will likely remain a major challenge in the next few decades. IFC can make a significant contribution to accelerate this process, and ongoing work is helping to develop financial institutions, improve the business environment for small businesses, strengthen corporate governance practices, and target strategic industries by enhancing supply chains and access to markets. IFC is responding with rigor and speed to the recent stable economic performance in Russia and Ukraine, with a focus on developing efficient capital markets and infrastructure, supporting small businesses through investment and technical assistance, and increasing the financing of locally sponsored businesses.

Our technical assistance program complements dynamically expanding investment activities. Commitments in Central and Eastern Europe reached almost \$1.2 billion with an additional \$245 million in syndications, the highest level ever, reflecting the region's continued growth and increasing investment opportunities. The majority of this investment went to Russia, but the largest increase was seen in Ukraine, where IFC's investment volume nearly quadrupled. Other investment activity was in Georgia, Belarus, and the Baltics.

Southern Europe and Central Asia

The region's cumulative technical assistance portfolio in FY05 was just over \$27 million, and new spending during the year was \$6.5 million. In line with the investment program, the region's technical assistance and advisory activities also focused on the financial sector, which accounted for 60 percent of project work during FY05. In particular, they help banks serve SMEs and to encourage the development of nonbank financial institutions, for example in housing finance.

IFC's new investment commitments in Southern Europe and Central Asia reached \$811 million in FY05. We continued to emphasize support to private local banks, which in turn help improve access to finance for local private companies and small and medium enterprises. IFC also made investments in the manufacturing, infrastructure, and health and education sectors.

The emphasis on technical assistance and advisory work in financial markets helps IFC provide growing companies with greater opportunities for access to capital that is often not readily available from traditional financial institutions. IFC also provided advice to local governments on legislation that will improve the business environment for new leasing companies and microfinance lenders. The Central Asia Leasing Facility is the result of several years' work with local governments in Kazakhstan, the Kyrgyz Republic, Tajikistan, and Uzbekistan, carried out by IFC and the Private Enterprise Partnership (see below). Along with technical assistance, the leasing facility will include investment capital to be provided to selected financial intermediaries.

Local enterprises' access to capital can also be improved through institutional strengthening and capacity building programs for regional banks that are inexperienced in lending to small businesses. Over the past three years, IFC has completed several of these programs, in which a resident advisor from an established bank relocates to the region and oversees training in all areas of the client bank's operations, such as credit review, treasury operations, reporting requirements, and marketing. IFC is currently overseeing a new program for Podgoricka Bank in Montenegro.

IFC also worked with clients in the real sector, where companies often require assistance as they expand or are privatized. To help, IFC supported financial feasibility studies to determine the most viable growth options and business strategies for long-term financial sustainability. As many countries in Southern Europe face the challenges of EU accession in the near future, a key concern for local companies is the ability to compete effectively in a much larger and more diverse environment. IFC has helped design strategies for clients to ensure that they can successfully enter and remain viable in new markets. Technical assistance also supported clients who needed help with technical upgrades and management training on corporate governance and environmental issues to enhance their long-term competitiveness. On the whole, this type of work comprised 15 to 25 percent of the region's technical assistance portfolio.

Facilitating the privatization of key industries is another goal of IFC in the SECA region. In Bulgaria, teams are helping develop a restructuring and privatization strategy for the wholesale power sector. In Serbia and Montenegro, IFC is working with the management of one of the country's largest, state-owned electronics manufacturers to complete a full financial and operational review and to set up a long-term restructuring plan in preparation for eventual sale to a strategic investor.

SEED RESULTS

Over the past five years, the Southeast Europe Enterprise Development facility (SEED) has delivered results on the ground through TA programs that support private sector development. Among its accomplishments, SEED has:

- Supported 73 regulatory changes affecting the business environment. These include new products such as leasing, mediation, environmental recycling, and business association registration, as well as utility pricing mechanisms, inspection procedures, company registrations, and tax code adjustments.
- Provided over 300 consulting interventions that helped SMEs create 1,800 jobs and raise about \$28 million in financing. Evaluations indicated that, among the SMEs that fully implemented SEED recommendations, 73 percent reported improvements and 87 percent would likely seek more consulting services in the future.
- Trained 3,700 SMEs. Evaluations indicate that 45 percent have seen improvements in their business performance. About 95 percent of SMEs indicated that they would likely seek more external training in the future.
- Trained 850 financial institution employees. Evaluations show that 96 percent of participants gained new skills and that 70 percent put those skills into use. SEED's work has led directly to an increase in the SME portfolios of several financial institutions in the region.
- Trained 2,000 business service providers. Evaluations show that 41 percent of these providers introduced new services or products. Across the region, SEED is transforming the local market for the development and provision of training and consulting services.

Technical Assistance Partnerships for Sustainable Economic Growth

In Europe and Central Asia, IFC is providing technical assistance through several programs including the Technical Assistance Trust Funds Program, the Foreign Investment Advisory Service, the Capacity Building Facility, the Sustainable Business Assistance Program, the Private Enterprise Partnership (the Partnership) in the CIS countries and Mongolia, and the Southeast Europe Enterprise Development Facility (SEED) in Albania, Bosnia and Herzegovina, FYR Macedonia, and Serbia and Montenegro. The Partnership and SEED form cornerstones of IFC's technical assistance strategy in the region. Both facilities work with donors and other partners to promote the growth of local businesses, attract private investment, and improve the business enabling environment.

The Southeast Europe Enterprise Development Facility

Effective July 1, 2005, SEED is transitioning into a larger and more strategically focused regional program, the Private Enterprise Partnership for Southeast Europe (PEP-Southeast Europe), which will cover Bulgaria, Croatia, Moldova, and Romania in addition to the countries served by SEED. This will enable IFC and donors to work

TAJIKISTAN: First Microfinance Bank

Tajikistan is one of the poorest countries in the former Soviet Union, and support from IFC is vital to promoting its private sector growth and helping raise living standards. Because investment opportunities are limited, technical assistance is the cornerstone of IFC's strategy to support the private sector. In December 2004, IFC continued its support of pioneering programs that help bring scarce capital to growing small businesses by investing in the First Microfinance Bank of Tajikistan, a joint investment-advisory project with the Aga Khan Development Network and Germany's development bank, KfW. Over the past two years, IFC has played an instrumental role in helping draft legislation allowing for establishment of the new bank. First Microfinance Bank provides credit and savings products to micro and small enterprises and already has over 7,000 clients. To achieve financial sustainability within four years, it will benefit from a broad program of assistance from IFC to overcome such challenges as inadequate infrastructure, the need for technical training, and the need to reach more women customers.



AZERBAIJAN: The ACG/BTC Linkage Program

IFC's technical assistance and advisory strategy in Azerbaijan is focused on creating more opportunities for smaller, local businesses to participate in tenders in the international oil and gas industry. The ACG/BTC SME Linkage Program is a flourishing example of this. Pioneered in 2003 to complement IFC's investment in the ACG Oil fields and the BTC pipeline, the program illustrates IFC's strategy of creating more opportunities for smaller suppliers by providing them with access to financing and training programs. It is funded with about \$2.6 million from IFC's Capacity Building Facility, British Petroleum, Statoil, Unocal, and GTZ. The program delivers most of its support through the Baku Enterprise Centre, an entity that reaches growing small businesses through a variety of approaches and helps local companies in targeted sectors obtain supply contracts with BP and its subcontractors. As of April 2005, 346 local suppliers are receiving direct training and advisory services, and 540 local suppliers have obtained contracts with BP and its subcontractors. The program is also promoting the Energy Bus, which is cofunded by BP and the Organization for Security and Cooperation in Europe. The Energy Bus is a demonstration vehicle that disseminates information on energy-saving and alternative energy technologies to local businesses and the general public. Expected outputs of the program are increased use of energy-saving technologies (e.g., solar power and biogas), production of these technologies, and increased access to microfinance for companies unable to afford efficient and environmentally sound energy systems. As of April 2005, 950 people have attended related trainings and presentations.

SERBIA: Leasing Development

In Serbia, as in other countries throughout the region, limited financing options, insufficient collateral, and conservative lending practices at traditional banks are key reasons why leasing is an important alternative financing solution for businesses seeking to grow. Here SEED helped establish a leasing association, conducted national awareness campaigns targeting 10,000 SMEs, and launched a national training program for SMEs and financial intermediaries. Since SEED began its work in the sector five years ago, the leasing market has grown significantly--to approximately \$420 million at the end of calendar 2004, with 12 new leasing companies established. SEED played a catalytic role in the passage of a landmark leasing law in 2003, by providing guidance on drafting the legislation and by coordinating input from the private sector. IFC plans to replicate this success across Southeast Europe, beginning with Albania, where the parliament adopted a leasing law in 2004.

together more closely to deliver technical assistance effectively while integrating efforts better with investment activities. PEP-Southeast Europe will also include an infrastructure program (previously approved by IFC's Board as the Balkans Infrastructure Development Facility). The infrastructure activities are expected to serve as a catalyst for increased public-private partnerships in infrastructure throughout Southeast Europe.

The Private Enterprise Partnership

Overview. Established in 2000 with a \$4.6 million annual budget through FY06, the Partnership continues the technical assistance programs IFC has been carrying out in the region since 1992. In July 2005, IFC's Board of Directors approved an extension of the partnership through FY11, with an annual budget of \$6.07 million. IFC's contribution covers the Partnership's fixed costs: program management, accounting, human resources, impact assessment, information technology support, and overhead. Donors, who have contributed \$73 million since 2000, fund the technical assistance. These donor partners are the governments of *Austria, Bavaria, Canada, Denmark, Finland, Iceland, Japan, the Netherlands, Norway, Saxony, Sweden, Switzerland, the United Kingdom, the United States, and the EU.*

The Partnership operates in Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyz Republic, Mongolia, Russia, Tajikistan, Ukraine, and Uzbekistan. All of its 270 staff are based in eight capital cities and 23 regional offices throughout the region, and its management team is based in Moscow.

The Partnership delivers broad programs that promote private sector investment; support the creation and growth of the private sector, especially small businesses; and improve the business enabling environment. Since 2000, the partnership's projects have:

- Enabled \$493 million in foreign and local investments, including \$100 million by IFC
- Reached 15,000 farmers and small and large companies with assistance and advice on a wide range of sustainable business practices
- Provided in-depth consultations to 440 clients over a significant period of time
- Contributed to passage of 105 new laws or amendments to existing legislation that improved the business climate in the region



The Partnership in FY05. In FY05, the Partnership implemented 35 projects in ten countries with a total of \$45 million in donor funding over the life of the projects. Nine of these projects were completed and 16 launched during this fiscal year.

Most of the on-going projects represent the Partnership's core programs in developing the financial sector, particularly leasing services; strengthening corporate governance practices; developing communities and supply chains around large companies and projects; and improving the regulatory environment for small businesses. These core programs reflect the key aspects of IFC's strategy—to develop projects that are in demand by client countries where IFC has core competence and that have the potential to be replicated across countries and sectors. The Partnership develops innovative programs, tests and improves the implementation models during the pilot stage, builds staff expertise, and replicates the programs. This approach has allowed the Partnership to optimize the use of donor contributions and to improve results.

New Projects. Although the Partnership focused on delivering its core programs, it has enjoyed a year of innovation as well. It developed and launched new projects in energy efficiency and mortgage finance in Russia and applied its vast corporate governance expertise and experience to design corporate governance programs for the banking sector in Russia and Ukraine. If successful, these programs could become the core products to be replicated across the region.

The demand for energy-efficient technologies in Russia is strong, however, little capital is available to adopt them. Financing such projects, a new area for Russian financial institutions, is perceived to be risky and complex. Moreover, potential clients have limited

experience in preparing project proposals that would meet banks' requirements. To stimulate investment in energy efficiency, IFC and the Global Environmental Facility will provide select Russian banks with credit lines and partial credit portfolio guarantees for energy-efficient projects. The Partnership will provide assistance in building energy-efficiency funding expertise in the financial sector and among potential clients. It will also disseminate information on model deals and potential opportunities to improve the understanding of market opportunities among the market participants (*Denmark, Finland, Global Environmental Facility, and Sustainable Financial Markets Facility*).

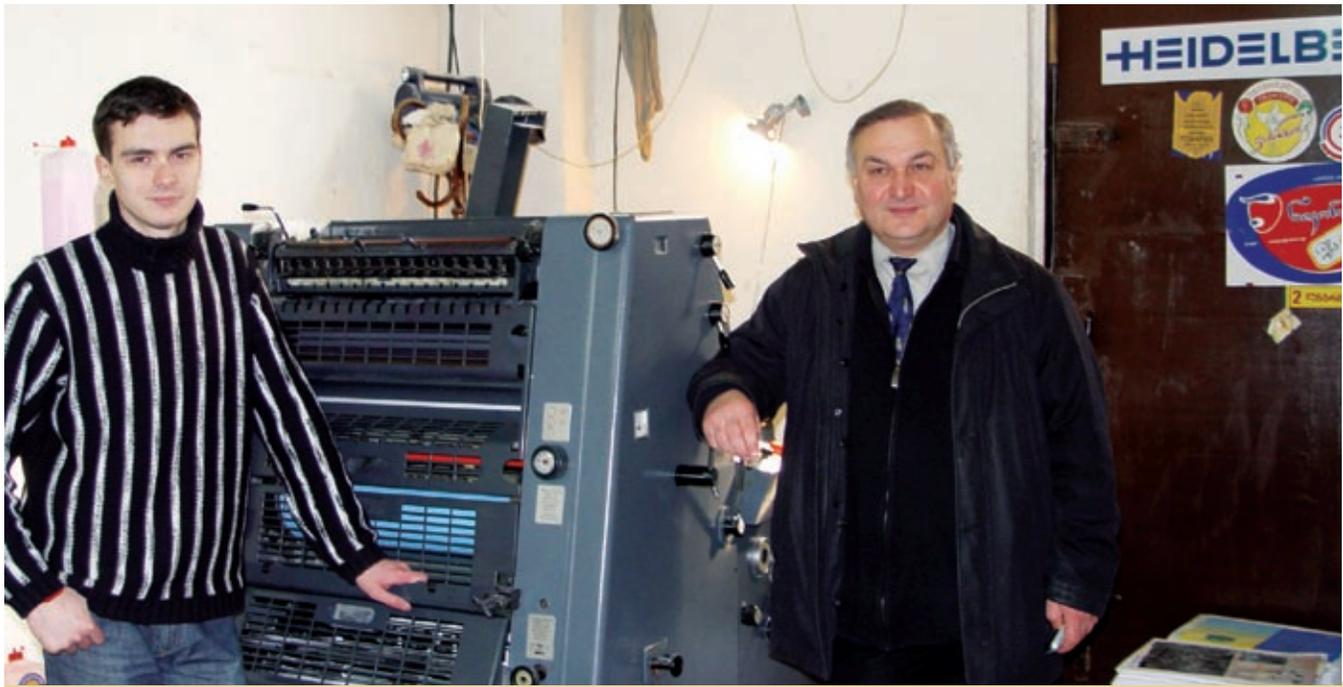
Raising the standard of living of millions of Russians and helping them realize a fundamental aspiration to own a home will require a developed mortgage market. Over the past several years, IFC has become the largest financier of housing funding in Russia. Drawing on IFC's investment expertise and knowledge of the market, the Partnership launched a three-year technical assistance project to facilitate the creation of appropriate conditions for developing the primary mortgage market in Russia. The project will work individually with up to five Russian banks to help them develop and implement world-class practices in mortgage origination, underwriting, and servicing. It will then follow up with credit lines. The Partnership will train staff of several banks and other providers of mortgage-related services on modern practices in housing finance. IFC will also advise the Russian government agencies on the adoption of best industry practices and standards to stimulate the growth of the mortgage market (*Netherlands, Switzerland, and IFC*).

The corporate governance projects for the banking sector in Russia and Ukraine will have broad implications beyond the banking sector itself. In addition to working with local banks to help them improve

ROMANIA: SUSTAINABILITY TRAINING FOR BCR BANK

Romania suffers from some of Eastern Europe's worst environmental problems, and IFC is providing crucial advisory support in this area through its Sustainable Financial Markets Facility and Corporate Citizenship Facility. Currently IFC is implementing a training program for the country's largest bank, Banca Comerciala Romana, to improve its corporate governance and to provide management and staff with the knowledge and tools necessary to conduct environmental and social risk assessments on BCR investments. The training and tools were customized to the unique demands of doing business in Romania and to the specific needs of BCR. To date, 400 credit officers have been trained and, as a consequence of the program, BCR received an upgraded credit rating from international credit agencies Standard & Poor's and Fitch. IFC intends to expand this model to other financial institutions throughout the region.





IFC HELPS A LEASING COMPANY OBTAIN FINANCING AND EXPAND MARKETS

The leasing sector in Georgia has great potential. The first survey of the sector in the country, conducted by IFC, estimated a potential market for leasing between \$15.3 million and \$22.6 million. The survey results provided detailed information on potential clients by sector, company size, and equipment needed. Such information could help Georgian leasing companies take advantage of emerging business opportunities.

Georgian Leasing Company saw great potential for expanding its operations across a number of sectors. However, the company found it difficult to obtain the financing it needed to meet client demand. It turned to IFC for help to improve its operations and attract additional investment.

Georgian Leasing, which mainly serves small businesses, was the first leasing company to be established in Georgia. It was founded in 2001 with the support of Tbiluniversal Bank. Although the bank enjoyed a good reputation and a stable position on the market, it could not afford to finance a capital increase in the leasing company.

The Georgia Business Development Project helped the company develop a business plan to attract other investors. IFC's leasing team consulted with and trained the company's staff in lease accounting and legal issues to help improve its internal operations and financial performance. IFC also facilitated communication between the company and the U.S. Overseas Private Investment Corporation, which was considering investments in Georgia's leasing sector at that time. Based on the company's strong business plan and improved operations, OPIC provided a \$1 million loan to the company.

The project's leasing team is currently drafting changes to the leasing law to further encourage the growth of the country's leasing sector. The development of leasing will increase access to financing for local enterprises for capital investments that will bolster Georgia's economic development (*Canada*).

A Broader View

The Partnership is implementing leasing development projects in nine countries: Azerbaijan, Georgia, Kazakhstan, the Kyrgyz Republic, Mongolia, Russia, Tajikistan, Ukraine, and Uzbekistan. Some of the results of the Partnership's leasing programs include the following:

- In Kazakhstan, from 2002 (base year) to 2004, the number of active leasing market participants has more than tripled, the number of leasing deals has quadrupled, and the value of leasing financing has increased six-fold.
- In Uzbekistan, from 2001 (base year) to 2004, the number of active leasing market participants has more than doubled, the number of leasing deals has increased by 27 percent, and the value of leasing financing has grown by 139 percent.
- Legislative improvements advocated by the Partnership in Central Asia have led to the creation of an IFC-funded \$30-million Central Asia leasing investment facility, for which the Partnership will provide further TA.



CORPORATE GOVERNANCE REFORMS HELP REGIONAL BANK ATTRACT CAPITAL

Three years ago, Bank Center-Invest was searching for outside capital to finance its ambitious growth strategy. Today, after strong corporate governance improvements with the help of IFC's Russia Corporate Governance Project, the bank has attracted \$22.3 million in new capital and can now provide affordable financing to small businesses across southwest Russia.

Bank Center-Invest, the largest privately owned bank in Russia's southern city of Rostov-on-Don, was founded in 1992 and has played a leading role in the region's development by providing loans to small businesses and offering secure deposits to individuals. The bank's ambitions, however, went beyond local leadership in Rostov-on-Don. Its declared strategy was to become a principal source of affordable financing across Russia's southwest region. Bank Center-Invest realized that it needed to approach international banks to finance their expansion strategy.

Staff from the bank attended 12 corporate training events, received 16 consultations, and underwent a full-scale corporate governance assessment and improvement plan, all conducted by IFC experts.

This work was based on internationally recognized best practices, tailored to the local context, and led to concrete and demonstrable results. Bank Center-Invest has adopted its own corporate governance and ethics codes, amended its charter and internal documents to improve the bank's dividend policy and information disclosure practices, and strengthened mechanisms to protect shareholder rights. Perhaps most importantly, the bank has transformed its supervisory board into an effective and efficient source for managerial oversight and strategic decision making; it has streamlined board procedures, improved remuneration practices, and brought on board Ernst Welteke, a former president of the German Bundesbank, as an independent director.

These changes did not go unnoticed. In 2004, Bank Center-Invest attracted \$10 million in IFC debt financing. The European Bank for Reconstruction and Development also took a 25.2 percent stake, worth \$7.3 million, and helped the bank open a \$5 million credit facility for a five-year term. Both investments occurred in follow-up to IFC's corporate governance assessment and improvement program (*Netherlands, Norway, and Switzerland*).

A Broader View

The Partnership is implementing corporate governance projects in Azerbaijan, Georgia, Russia, and Ukraine. To promote better corporate governance practices in the region, it:

- Provided advice to the governments on over 50 pieces of legislation or regulations affecting corporate governance on topics ranging from issuing additional shares to information disclosure and reporting
- Provided over 10,000 consultations and 200 seminars on corporate governance to over 4,000 companies and banks in Armenia, Azerbaijan, Georgia, Russia, and Ukraine
- Trained professors and introduced corporate governance topics to the curricula of over 75 universities in the region to ensure that future managers and lawyers have essential skills
- Provided targeted, in-depth assistance on corporate governance to over 100 enterprises

Currently IFC is negotiating over \$300 million of investments in companies in Russia and Ukraine that received IFC's technical assistance on corporate governance.



*In Central and Eastern Europe,
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their own corporate governance practices, the Partnership will help them develop and introduce policies on corporate governance in their credit assessment practices. Thus, practicing sound corporate governance will become increasingly important for companies seeking funding (*Switzerland*).

Partnerships with New Donors. This year, the Partnership signed agreements with three new donors— *the EU, Iceland, and the Free State of Saxony*. The *European Commission* funds the continuation of the Ukraine SME policy project, which works to improve the business enabling environment for small businesses in Ukraine with a focus on streamlining the system of permit issuance for business start-up.

Iceland provided funding to carry out a survey of the fish industry in Russia. Drawing on Iceland's expertise as a world leader in this industry, IFC hopes to provide a comprehensive overview of the sector in Russia to help identify potential business and investment opportunities.

The *Free State of Saxony* has partnered with IFC to enhance the traditional ties between this eastern German state and Russia. The first project with *Saxony* will complement IFC's energy efficiency investment and technical assistance program in Russia and will promote investments in energy-efficiency technologies in the Russian Volga region.

Improving the Environment for Foreign Direct Investment

Europe and Central Asia remain high on FIAS's agenda, particularly regarding the removal of administrative barriers to investment. In FY05, 11 projects were completed in the region; six related to administrative barriers in Albania, Armenia, Bosnia and Herzegovina, Poland, Romania, and Russia.

FIAS launched several pilots, including projects on corporate social responsibility and the land market in Russia and on competition policy in Turkey. The project in Turkey involved joint work with the government and the private sector in setting up an International Investment Council. The council has recommended a number of priority reforms, all of which have been implemented. In Russia, FIAS is designing solutions to improve land privatization for businesses; this includes a monitoring system measuring the impact of reform. The project is cofinanced by the EU and involves close collaboration with World Bank projects.



FIAS continued to work in partnership with donors, IFC's SEED and Private Enterprise Partnership, and other World Bank Group units. In Tajikistan, FIAS and MIGA are starting a joint two-year program to improve the investment environment as well as the design and capacity of the relevant institutions. In Bosnia and Herzegovina, FIAS and SEED helped the municipality of Gradiska remove administrative barriers; FIAS has initiated similar projects in several other municipalities. In the Russian Federation, FIAS conducted an administrative barriers project in the city of Magadan City in collaboration with the Partnership, with FIAS focusing on the regional and federal level and the Partnership facilitating a government-business dialogue. In Armenia and Georgia, FIAS findings were integrated into country Poverty Reduction Support Credits. In FYI Macedonia, FIAS is helping institutionalize business environment reform and is introducing regulatory review practices that are consistent with EU norms; this activity will feed into a similar World Bank project. FIAS is also collaborating with SEED and the U.S. Agency for International Development to develop a robust public-private dialogue on the business environment.

UZBEK ENTREPRENEURS GAIN LEGAL AWARENESS AND FIGHT CORRUPTION

Komiljon Khaydarov owns a small café in Uzbekistan's Ferghana Valley. For many years, his business suffered from unauthorized inspections by various government agencies. According to Mr. Khaydarov, such inspections paralyzed his business and affected his business partners and clients negatively. To avoid problems with the inspection authorities, Mr. Khaydarov, like thousands of other Uzbek entrepreneurs, chose to make unofficial payments.

An IFC survey of such small businesses uncovered the issue of unauthorized inspections and low awareness of rights among entrepreneurs. We have been conducting annual surveys of this sector in Uzbekistan since 2001 with support from the *Swiss State Secretariat for Economic Affairs*. These surveys help IFC and the Uzbekistan government identify key issues of focus so as to remove constraints to SME growth and to monitor progress over time.

Today, at the request of the government, the Partnership's Uzbekistan SME policy project focuses on the improvement of the inspections regime. The project works closely with the Ministry of Justice and its Department for Protection of Entrepreneurs' Rights on developing policies to curb unplanned inspections, fight abuse of power by the regulatory authorities, and raise overall legal awareness across the country.

The recently published brochure, *What One Needs to Know about Inspections*, has proved to be an effective instrument to increase SMEs' understanding of their rights and responsibilities. The brochure, produced by the partnership's SME policy project in cooperation with the Uzbekistan Ministry of Justice, is an easy-to-read, step-by-step handbook that explains what entrepreneurs should know about inspections.

To date, over 32,000 copies of the brochure, including reprints in local newspapers, have been distributed in Uzbekistan and Russia through local business associations and government agencies. To satisfy the growing demand in the business community for the vital information the brochure contains, IFC's SME policy project gave local administrations permission to reprint the brochure.

Having read the brochure, Mr. Khaydarov now has more confidence in facing future inspections. He says that from now on every inspector will face a serious test on proper inspection procedures before entering his café.

IFC's recent poll showed that 84 percent of Uzbek entrepreneurs value the content of the brochure and 49 percent actually referred to it in the course of inspections (*Switzerland*).

The Partnership is implementing similar policy projects in Belarus, Tajikistan, and Ukraine.



COMMERCIAL LOANS FOR RENEWABLE ENERGY

IFC has an environmental finance program that acts as a catalyst for new private lending for energy efficiency and renewable energy projects. In Central and Eastern Europe, for example, IFC helps local banks learn to finance energy efficiency upgrades profitably through a combination of technical assistance and risk-sharing facilities. In Hungary alone, this program has mobilized \$120 million in new loans to date through our guarantees (*Austria*). This model is now being replicated in the Baltics, the Czech Republic, and Slovakia, where we have already acted as a catalyst for \$40 million in local lending.



Latin America and the Caribbean

In FY05, IFC continued to integrate its noninvestment work into investment activities across the region.

Through our investments, technical assistance, and advisory services, we promoted social and economic inclusion and were able to reach underserved segments of the economy, especially the low- and middle-income housing sectors; micro, small and medium enterprises; and indigenous groups. To help clients cope with the challenges of globalization, IFC also provided assistance with deepening local capital markets, improving corporate governance, strengthening global competitiveness, and addressing environmental issues. With a view to helping promote broad-based growth, IFC put special emphasis on high-growth industries.

Technical assistance continued to develop into a key component of IFC's activity in the region. The increase in demand for such assistance is being met largely through donor support. Resources contributed by the donor community have been used to intervene effectively in such diverse areas as the investment climate, the financial sector, small business capacity building, and renewable energy. With this support, IFC has reinforced its delivery capability by establishing the LAC Technical Assistance Facility, a multidonor-funded regional facility, approved by the Board in 2003. The facility began programs in Bolivia, Honduras, Nicaragua, and Peru in FY04, and it has become a central vehicle for providing IFC's technical assistance.

IFC's technical assistance and investment strategies reflect macroeconomic developments. In FY05, the economy of Latin America and the Caribbean rebounded from years of crisis. Growth was 5.5 percent during 2004—up from 2 percent the previous year—and remained strong into 2005. This growth reflected an upswing in exports of commodities to China, a growing U.S. economy, and effective fiscal and debt management that has lowered country risks. But the region continues to compare unfavorably with other emerging markets in investment climate, domestic financial sectors, and infrastructure. Social tensions from growing inequality have hampered the development of a broad-based private sector and the benefits of growth have yet to reach poorer segments of the population.

LAC TA Facility

In the past year, the efforts of the LAC TA Facility centered on improving the business enabling environment, enhancing local benefits from IFC investments, and strengthening the competitiveness of small businesses.

Improving the Business Enabling Environment

To improve the business enabling environment, the facility's program focused on two issues: municipal business simplification and leasing development. Local governments are often the first point of interaction for businesses. According to many studies, they impose particularly high administrative burden on the private sector. Consequently, the facility has focused on projects that simplify regulatory procedures, especially business registration at the municipal level. Working at the local level enables the facility to tailor its assistance to the specific needs of the client.

Based on the success of a municipal business simplification pilot project in Bolivia (see box), the program has been scaled up there and elsewhere in the region, using shared methodology, resources, and expertise. Municipal business simplification projects were replicated in seven cities in Honduras, Nicaragua, and Peru during FY05; national simplification plans based on the Bolivian model also have been prepared for Nicaragua and Peru. In Colombia, a national online guide based on the Bolivian model is under development. With the aim of moving from individual project development

BOLIVIA: Simplifying Business Regulations

In FY04, the LAC TA Facility embarked on its first municipal business simplification pilot project in La Paz, Bolivia. The project has yielded several important results and laid the groundwork for the facility's municipal business simplification program. Among the most important outputs were streamlined procedures for registering a new business and an innovative public administration information technology platform (www.ci-lapaz.gov.bo) that allows citizens to track their registration online. In addition to a significant reduction in the number of steps and the time required to register a business, the pilot has led to an increase in registered businesses and associated municipal revenues. It has also increased transparency, improved public relations for the municipality (as evidenced in part by the mayor's reelection), and brought micro, small, and medium businesses into the formal economy.

The effort produced a national administrative simplification plan that can be replicated throughout the country, with lead municipalities in each of the provinces completing simplification programs by the end of calendar year 2005. Another remarkable output is a national online guide to administrative procedures which has catalogued over 150 procedures from 30 government ministries (www.tramitesbolivia.gov.bo).

implementation to a more wholesale approach, the facility has also launched a municipal toolkit for simplifying business regulations. This toolkit will allow self-implementation for simplification projects in small and medium municipalities. The toolkit was disseminated to approximately 30 Bolivian municipalities in FY05.

In the finance sector, the facility has focused on improving the business environment through leasing development. Based on a pilot initiative in Bolivia, projects have been developed in Central America. Primary operations have included sectoral diagnostics in Bolivia, Honduras, and Nicaragua; formation of the first public-private sector joint leasing working group in Bolivia; and the first comprehensive leasing seminar in Bolivia, which drew over 80 key stakeholders. As a result of the work in Bolivia, a political agreement was reached to introduce a new leasing law, which was sent to Congress in June 2005.

Enhancing Local Benefits

The second key focus for the facility during FY05 was enhancing local benefits. Consistent with IFC's sustainability agenda, the work in this area helps private investment add value to local stakeholders, such as neighboring communities. In addition, it strengthens the investment by making it more sustainable. The facility carried out pilot projects in Bolivia, Colombia, and Peru. In Peru, Minera Yanacocha, one of the world's largest and most productive gold mines, benefited from this approach. A growth engine for the region, the mine is expected to generate public resources of up to \$100 million within the next few years. However, there is criticism that local benefits from the mine have not been proportional to its success. To address this issue and reduce conflicts between nearby residents and the mine, IFC has undertaken several technical assistance initiatives to improve the project's sustainability (see box). Orient Express Hotels (and its subsidiary PeruRail), an IFC client in the tourism industry, is another example where the facility enhanced the benefits of IFC's investment for the local community. The facility helped include local enterprises in the hotel's supply chains through food production and entertainment contracts, and it evaluated the hotel's demand and farmers' supply capacity for specific agricultural products. In Bolivia, the facility has been exploring a linkages project with Transierra, a gas pipeline. Here, in FY05, IFC invested funds and mobilized financing from others to support participatory economic and social development at the local level.

In addition, the facility has been working to promote corporate social responsibility activities among the private sector firms in Colombia and Peru as a way to increase local benefits from private sector investments. In FY05, a corporate social responsibility mapping study was completed to identify best practices, and strategic alliances were formed with key private and public organizations to increase awareness of corporate social responsibility and support strategy implementation.

PERU: Broader Benefits from Mining

IFC is helping companies in the mining sector upgrade their social and environmental performance so that more local people benefit from their operations. In addition to financing, it is providing training and technical assistance that build stronger ties among these companies, the surrounding communities, and the smaller businesses that can serve as suppliers of goods and services. These actions are aimed at promoting sustainable economic development around the mining projects. In Peru, for example, IFC is undertaking a pilot program to help local municipalities in the Cajamarca region strengthen their capacity to manage funds available from the mining companies to increase transparency and accountability. The effort is being undertaken in coordination with the World Bank. It has also assisted local small businesses in improving their business skills and increasing their sales through local NGOs and service providers. The SME linkage program supports small suppliers in construction and agriculture and facilitates access to financing and business training. Minera Yanacocha has set up a foundation that is undertaking programs in community development in health care, education, agriculture, agroforestry, and microfinance.

Strengthening the Competitiveness of Smaller Businesses

The third key focus of the LAC TA Facility is strengthening the competitiveness of small businesses to promote value-added exports from these businesses. Designing projects based on the specific SME needs in a given country, the facility built on prior initiatives. It made significant progress on important programs in indigenous enterprise development and on strengthening small businesses in the wood sector.

The indigenous enterprise development program in Bolivia successfully expanded its pilot project, which aimed to open market opportunities for indigenous handicraft producers by linking them to international retailers (see box).

In Bolivia and Nicaragua, the facility emphasized the wood sector because of its high potential for growth. In Bolivia, the facility used results from a diagnostic study it had undertaken to assist three enterprises with internal reorganization and systems upgrades and business plans to raise working capital, including from a local venture capital fund. One participant raised over \$300,000 upon program completion. For an SME alliance with the World Wildlife Fund, the facility also initiated an international forestry certification process to strengthen linkages between suppliers of wood and small businesses that produce wood products. In Nicaragua, the facility's assistance included upgrades to financial management and accounting systems and development of marketing tools (including an online catalog) for a group of smaller businesses called Exchange. The facility also provided audit preparation support to facilitate four small businesses' exports; helped launch a Web portal for a national wood sector platform (www.maderas-nicaragua.com); and supported a trade fair that promoted small businesses at local and international markets. A partnership has been established with World Wildlife Fund Central America to develop further sector-strengthening projects.

Other support to improve competitiveness included producing and disseminating the Spanish version of IFC's SME Toolkit (www.smetoolkit.org)¹ and conducting a workshop for over 60 small textile companies in Arequipa, Peru, to improve their operational management and production capacity.

Other Technical Assistance

In FY05, IFC continued promoting the availability of housing financing in the region, an effort that combines investments and technical assistance. In addition to investing in the housing sectors of El Salvador, Colombia, Mexico, and Peru, IFC is expanding its technical assistance. Building on previous analyses, the Corporation is conducting a feasibility study, with trust fund support, to analyze the potential for improving access to housing and social services. The results of the feasibility study will support implementation of the Global Home Township project, which is expected to facilitate capital expenditures in excess of \$27 million. The project will help improve access to housing and social services through an integrated community approach in El Salvador, where people continue to face increased urbanization and high rates of unemployment (*IFC TA Fund*).

BOLIVIA: Linking Indigenous Producers to International Retailers

The LAC TA Facility assisted eight small businesses in placing their products in the catalogs and online store of an international retailer. Two of them doubled their annual export sales as a result of these orders. The facility also helped one business place its products in a feature article of Benetton's *Colors* magazine, organized a design workshop to improve design quality and innovation for indigenous producers, and delivered capacity building projects to boost the exports of the businesses that participated in the project.

¹ A web-based business source for information, software applications, and online training IFC has developed and customized in different languages over the last few years. In LAC, IFC developed a Caribbean-customized SME Toolkit with trust fund support in FY03 (*Japan and Switzerland*).

In line with IFC's sustainability agenda, IFC also supported environmentally and socially responsible projects in Brazil and Venezuela. In Brazil, IFC is studying the power sector, where supply depends heavily on hydropower. This effort includes a preliminary feasibility study of privately held wind-power projects under the Proinfa program, an incentive program for developing alternative energy sources, including wind, biomass, and small hydro projects that is sponsored by the country's Ministry of Energy and Mines. IFC is also reviewing power purchase agreements and assessing risks and regulatory issues related to the Proinfa program. The Corporation is supporting development of renewable energy projects in Brazil and has financed wind-power projects in other countries. Studying the power sector will help IFC understand the overall structure under development and identify next steps. During the first phase, it is anticipated that the Proinfa program, which should be operational by December 2006, will generate 1,100 MW of power from wind, biomass, and small hydro sources and attract approximately \$2.5 billion in investments (*IFC TA Fund*).

To promote sustainability, IFC is assisting Vinncler Oil and Gas, a Venezuelan company engaged in oil and gas exploration and production, with environmental and social management and providing \$36 million in financing (see box).

Improving the Investment Climate

FIAS completed eight advisory projects in the LAC region during FY05, with a strong focus on the Caribbean and Central America. Technical assistance covered a wide range of areas that constrain private investment. This included the diagnosis of the investment climate and support for governments to prepare new investment laws and set up business forums. In Antigua and Barbuda, FIAS assisted in establishing an investment promotion agency and amending the investment code. FIAS also helped the government of Nicaragua design and implement a reform of administrative barriers following a joint assessment with the World Bank. In addition, FIAS also helped Nicaragua introduce a legal and institutional framework for competition policy and helped both Nicaragua and Honduras reform their labor-skills training programs.

In the past year, the efforts of the LAC TA Facility centered on improving the business enabling environment, enhancing local benefits from IFC investments, and strengthening the competitiveness of small businesses.

VENEZUELA: Upgrading Social and Environmental Management

IFC helped Venezuela's Vinncler Oil and Gas develop a suitable environmental and social management framework to support the company's anticipated expansion (*Spain*). The technical assistance project assessed the procedures, practices, and policies the company used to manage environmental policies, health and safety issues, worker relations, and internal and external communications. Based on this analysis, IFC assisted Vinncler in developing an environmental and social management system. It will improve procedures in a number of important areas, including accident prevention, transportation and disposal of hazardous products, contracts with part-time labor and subcontractors, project-related compensations or resettlements, and social development work with local communities.



Middle East and North Africa

In addition to long-term capital, IFC now widely uses its technical assistance to introduce best practices across the Middle East and North Africa.

The integration of such assistance with investments forms a key part of IFC's regional strategy, which focuses on ways to move countries toward greater development and more open economies through support to the private sector.

The MENA region spans a diverse set of countries, from Morocco in the west to Pakistan in the east. These countries vary in wealth, stages of development, and openness to private sector development. But most of them have a greater public-sector orientation and a less-developed private sector than developing countries in other regions. Pressing problems of unemployment, especially for the growing young population, pose serious challenges throughout the region.

To address that challenge, countries in the region need to open their economies to competition and expand the private sector. An improved investment climate and privatization of state-owned enterprises should help attract more FDI and further mobilize the real sector of the economy. Other needs that can benefit from technical assistance include financial sector development, improvements in infrastructure, services and financing for smaller businesses, and greater access to health and education.

Technical assistance is especially urgent in frontier economies such as Afghanistan, Iraq, the West Bank and Gaza, and Yemen. Training and capacity building in the private sector, updating and upgrading of the regulatory environment for business, and public-private partnerships to facilitate privatization of state-owned enterprises are among the areas where donor-funded initiatives can make a real difference.

IFC's technical assistance complements a committed investment portfolio of roughly \$1.2 billion in 15 countries in the region, with the largest concentration of investments in Pakistan and Egypt. IFC has recently added three new countries to this regional portfolio: Afghanistan, Iran, and Iraq.

Private Enterprise Partnership - Middle East and North Africa

In October 2004, IFC launched a new technical assistance facility, the Private Enterprise Partnership for the Middle East and North Africa, which consolidated two existing facilities, the North Africa Enterprise

Development (NAED) and the Private Enterprise Partnership Middle East, and expanded its services to all countries in the region.

Since its establishment, PEP-MENA has designed innovative programs aimed at four focus areas:

- Financial sector strengthening
- SME development
- Business enabling and regulatory environment
- Privatizing of state-owned enterprises and public-private partnerships

PEP-MENA has extended or launched seven technical assistance programs with signed initiatives in 13 countries in line with its focus areas.

Regional Scope and Funding

Through PEP-MENA, IFC is increasing delivery capabilities and broadening the range of services to support an expanded group of 19 countries in the region. The facility, with its planned three-year duration, has a target budget of \$100 million. In addition to IFC's contribution of \$20 million, PEP-MENA has obtained commitments of a further \$44.5 million (see box), of which a total of \$22 million are firm commitments from *Japan* (\$10 million), the *Netherlands* (\$2 million) and the *United States* (\$10 million). PEP-MENA is currently finalizing grant commitments with the other donors, including with the *United States* for an additional \$5 million.

The facility has headquarters in the IFC regional hub office in Cairo and staff on the ground in Algiers, Algeria; Rabat, Morocco; Sana'a, Republic of Yemen; Amman, Jordan; Islamabad, Pakistan; and Dubai, United Arab Emirates.¹

Program

PEP-MENA's program is tailored to the specific needs of the private sector. It finds creative and practical solutions to strengthen the business

sector's ability to create jobs, increase investment in the region, and accelerate economic growth, through its focus on the financial sector, small businesses, the business environment, and privatization.

Financial Sector Strengthening

PEP-MENA helps strengthen existing financial institutions in corporate governance, risk management, credit assessment, and marketing. It also supports the creation of new specialized financial institutions and instruments, mainly to deepen the financial sector and increase access to financing for smaller businesses. Specific financial instruments will vary according to the market sophistication of individual countries but will include housing finance, leasing, microfinance, venture capital, and credit bureaus.

Through both technical assistance and investments, PEP-MENA is working to improve the business enabling environments and to build the capacity of local financial institutions. In the SME Bank Advisory Program, both the Commercial International Bank (Egypt) and the BIAT bank (Tunisia) advisory projects are linked to IFC's investments. In Jordan, IFC is carrying out business development activities in the leasing sector, while PEP-MENA's leasing program is working with the Jordanian government on improving the legal and regulatory framework.

To avoid duplication of efforts and waste resources, coordination and strong collaboration within the World Bank Group and with other donors are essential in technical assistance. PEP-MENA has been working in collaboration with IFC's Global Financial Markets Department to launch housing finance and credit bureau technical assistance programs. PEP-MENA is also working with the World Bank's Consultative Group to Assist the Poorest to develop a microfinance or downscaling program in the MENA region.

The PEP-MENA SME Bank Advisory Program builds on NAED's success in helping banks that serve the corporate market in Egypt and Morocco scale down to the small business market. PEP-MENA

PEP-MENA DONOR COMMITMENTS	
June 2005	(US\$Millions)
Canada	2.5
France	2.6
Islamic Development Bank	5.0
Japan	10.0
Kuwait	2.0
Netherlands	2.0
United Kingdom	5.4
United States	15.0
IFC	20.0
Total	64.5



is currently implementing its Bank Advisory Program in the region, with new mandates in Algeria, Egypt, Saudi Arabia, and Tunisia. Mandates range from advice in risk management and developing a small business lending strategy to adapting corporate lending to small business and micro lending.

The MENA Leasing Development Program recently concluded an agreement to build the capacity of Afghanistan Finance Company, a USAID-sponsored leasing company in Afghanistan. Specifically, the facility will help standardize underwriting procedures and practices and strengthen internal controls. The company's staff will subsequently receive training in Pakistan, at Orix Leasing Pakistan, a long-time IFC technical partner in the region. In Yemen, PEP-MENA and the Central Bank of Yemen jointly organized a national conference on leasing. In Jordan, IFC is currently in discussions with the government on providing advisory services to improve the existing Jordanian temporary leasing law.

The recently launched Corporate Governance Program aims to strengthen corporate governance in the region through a series of country-based projects. This aim is supported by four objectives:

- To improve the governance practices of banks and corporations
- To help develop an effective corporate governance framework
- To increase the training capacity of educational and corporate governance institutions
- To conduct a campaign to educate the businesses community about the importance of corporate governance

SME Development

In the MENA region, small and medium enterprises represent over 90 percent of private sector business and are the main generators of employment. Thus, promoting small business development in the region has a strong impact on job creation and poverty reduction. Activities in this area support these businesses mainly through intermediaries, such as business development service providers and business membership organizations, and by increasing the availability of management training.

IFC's SME management development program, Business Edge, is rolling out training in Jordan, the West Bank and Gaza, Yemen, Saudi Arabia, and Oman. The program will support local training organizations in meeting management training needs by providing IFC's Business Edge products and tools. The suite of products consists of 36 management workbooks, workshops, and trainer manuals in five topic areas: marketing, human resources, finance and accounting, productivity skills, and operations and quality management. As of the end of the fiscal year, IFC had signed 20 agreements with training firms in the region and had trained over 100 trainers on Business Edge methodology. In turn, the training partners had trained 1,500 small business owners and managers.

EGYPT: Developing Small Business Finance

Most commercial banks in Egypt are eager to develop their retail and small business operations because corporate banking is extremely competitive. To support this effort, PEP-MENA has been working with the Commercial International Bank to help it define its small business strategy and improve its underwriting procedures. Six training sessions on risk management, Basel II compliance, and credit rating tools were delivered to 120 credit officers. A comprehensive review of the retail and small business lending and collections processes was carried out, and the PEP-MENA team is now monitoring implementation of the operational recommendations.

PEP-MENA is also approaching businesses through sector-specific business membership organizations. It is negotiating a partnership with the Pakistan Association of Auto Parts and Accessories Manufacturers and is exploring potential support for an information technology organization to enhance its members' managerial skills, upgrade their technology, and to improve their competitiveness. A large business membership organization program is also being implemented in Algeria and Morocco. Preliminary output and impact measurement for this initiative mainly reveals that real leverage can be obtained by working with these organizations on issues affecting the business enabling environment.

In Afghanistan, PEP-MENA is designing a pilot project to support processing operations for dried fruits and nuts, a key sector for the country. This work involved consultation with a wide range of stakeholders, including the government, private sectors and donors.

PEP-MENA, in line with IFC's focus on women's economic development as a fundamental pillar of its activities, has established its Gender Entrepreneurship Market program for the MENA region.

Business Enabling and Regulatory Environment

IFC seeks to improve the business climate for the private sector by identifying and removing key constraints that private foreign direct investors face. Activities include removing administrative barriers to entry; reducing regulatory burdens; and improving laws, regulations, investment codes, and commercial codes. PEP-MENA has been working in collaboration with various World Bank Group units to avoid duplication of effort.

- PEP-MENA has been cooperating with FIAS and World Bank staff to conduct a study on administrative barriers to investment at the request of the Egyptian minister of investment. The World Bank nominated the project as a good practice model. The study will serve as the basis for additional technical assistance initiatives in Egypt.
- In Pakistan, a scoping mission on alternative dispute resolution through mediation has been conducted, a project strongly

EGYPT: Expanding Microfinance

IFC helped Banque Misr, Egypt's second-largest state-run bank with 400 branches, successfully enter a market estimated to have 1.8 million microenterprises. IFC designed a pilot project to ease the bank's entrance into this market in a safe and commercially viable manner. At the end of the pilot phase, Banque Misr had disbursed more than 6,400 micro and small loans in seven months for a total of about \$3 million with near-perfect repayment rates. The average loan size was \$470.

The bank is now committed to expanding these operations. With women clients already representing 24 percent of the microfinance portfolio, this project is helping Egypt reach another of the Millennium Development Goals: promoting gender equality and empowering women.

supported by the government, judiciary, law professionals, and private sector. PEP-MENA plans to launch a pilot project in Pakistan to implement this type of mediation for commercial dispute resolution. The main components include training for judges and lawyers on mediation, certification of mediators, establishment of a pilot mediation center to resolve cases, and a public awareness campaign. It is expected that the pilot will eventually be replicated.

- Programs originated by NAED are still being implemented to promote foreign direct investment in the Tangier region of Morocco and to support the nonoil export environment in Algeria.

Privatizing of State-owned Enterprises and Public-Private Partnerships

Many countries in the MENA region have an economy dominated by state-owned enterprises. Large parts of the public sector are plagued by inefficiencies, red tape, and monopolies.

PEP-MENA's aim is to help governments privatize state-owned enterprises to increase efficiency and effectiveness. One recent

example is the privatization of a government-owned Lebanese bank where PEP-MENA is providing valuation advice to the Lebanese Central Bank. PEP-MENA also supports public-private partnerships in infrastructure to allow the efficient flow of resources, with a particular focus on power, telecommunications, transportation, and water. In this activity, PEP-MENA cooperates closely with the World Bank and IFC's Advisory Services Department.

Improving the Investment Climate and FDI Environment

In the Middle East, FIAS stepped up its activities in the region and completed three projects in FY05. During the year, FIAS projects in the region included a study to streamline administrative barriers to investment in Egypt. The study, a component of the investment climate assessment led by the MENA region of the World Bank, was conducted jointly with PEP-MENA and brought together FIAS's global experience with investment climate reforms and PEP-MENA's local presence. FIAS is also conducting a diagnostic of the foreign direct investment environment in Syria to identify reform priorities and promote economic diversification. In addition, it is also participating in the OECD-led initiative on mobilizing investment for growth in MENA.

FIAS reengaged in Pakistan after a five-year gap and completed three projects during FY05. It provided assistance in reviewing administrative barriers to investment, based on findings drawn from focus group interviews, a survey of 700 firms, and the first ever *Doing Business*-FIAS collaborative Business Intermediary Survey. For the first time, FIAS initiated a value-chain analysis of six key sectors, a project jointly managed by FIAS and the World Bank's South Asia Private Sector Development group. The project also benefited from involvement of other units in the World Bank Group: the Investment Climate unit, Poverty Reduction and Economic Management, Rural Development unit, and PEP-MENA. Finally, a service sector scoping project was conducted that highlighted the key issues and suggested preliminary areas for reform in tourism, retail, and housing construction.

CORPORATE GOVERNANCE PROGRAM IN THE MENA REGION

The Corporate Governance Program currently features two projects in Lebanon. The first is a survey on corporate governance practices of Lebanese banks, as well as a legal review of Lebanon's corporate governance framework in the banking sector. Building on the concrete results from the first project, the second IFC project comprises a full corporate governance assessment of a leading Lebanese bank, including a set of recommendations and an implementation plan.

The Corporate Governance Program is also in the process of launching two large-scale projects in Pakistan and Egypt and a series of targeted interventions in other MENA countries, for example, a workshop in the West Bank and Gaza; drafting a voluntary corporate governance charter for banks in Jordan; organizing a high-level corporate conference for the financial sector in the UAE, together with a corporate governance survey and handbook; and supporting the OECD's efforts to raise awareness of corporate governance and provide policy advice to the public sector across the entire MENA region.

YEMEN: Providing Management Training to Entrepreneurs

For the first time in Yemen, PEP-MENA delivered a three-day training workshop in Arabic, “How to Market and Promote Training to SMEs.” Fourteen representatives of training firms attended the workshop. Mini three-hour lectures on the same topic were then delivered at the Chamber of Commerce in Taiz and at the Social Fund for Development in Sana’a to over 50 participants. This new product is supporting training firms by building their capacity to market programs to small businesses.

ALGERIA: Improving the Environment for Small Businesses

IFC has been working closely with the 100-member National Association of Exporters in Algeria to promote the development of nonoil exports. Activities include two national export strategy workshops, an information-sharing conference that reached 300 participants, three specific export manuals, and written recommendations to authorities to improve the enabling environment.

IFC has been building the capacity of the Club of the Contractors and Industrialists of Mitidja, a 500-member small business association located southeast of Algiers. This effort included establishing an information and communication unit and conducting five regional management training sessions based on the SME toolkit that attracted 73 attendees. With the support of IFC, the club introduced fees for training for the first time.

With CARE, a leading think-tank, IFC held the first conference on family business issues and challenges in Algeria, which raised awareness on the need for a more qualification-oriented employment system.

IFC is building the capacity of Conseil National Consultatif pour la promotion de la Petite et Moyenne Entreprise, the highest council for small business development in Algeria. The capacity building includes the establishment of a project management unit within the organization to coordinate all donor-funded small business programs in Algeria.



3

Global Programs and Technical Assistance Initiatives



Technical Assistance Trust Funds Program

The TATF program provides funding mainly for one-time technical assistance projects that help promote private sector development in IFC client countries.

Primarily designed to facilitate and complement IFC investments, these projects allow us to offer integrated solutions combining commercial engagements and technical assistance. TATF projects also serve as catalysts for long-term TA activities such as IFC's Sustainable Business Assistance Program.

A key element of IFC's TA since 1988, TATF projects range from company-specific interventions, including feasibility studies and capacity building training programs, to advisory services for the governments of client countries. Requests for funding are normally initiated by IFC's operational staff in regional, industry, and specialist departments as well as in field-based facilities. Wide demand from IFC's various operational departments is reflected in the program's broad sector coverage.

Most TATF funding pays for international and local consultants that provide services in client countries for up to 12 months. While some of the trust funds are tied to hiring experts only from donor countries, the majority allow the limited engagement of local specialists.

In FY05, the TATF program funded 104 technical assistance projects in 62 countries with a total value of \$15.6million. During the same year, donors, including IFC, contributed \$15.5 million. Currently, the program has 41 active funding agreements from 24 donor countries or agencies.

With the expected dynamic growth of IFC's investment over the next three years, the TATF program is likely to expand given the Corporation's advanced integration of TA and operational business. Against this background, it is important for IFC to have sufficient and diverse sources of funding, giving us access to a broad range of experienced consultants. To ensure the high quality of the TATF Program, IFC is in discussion with new donor countries while replenishing contributions from existing partners.

Trust Funds Department

The TATF program is managed by IFC's Trust Funds Department, which also coordinates IFC's relationships with donors and collaboration with foundations and the philanthropic community. The department is also in charge of the Corporation's Funding Mechanism for Technical Assistance and Advisory Services and provides operational support to donor-funded operations at headquarters and in the field.

Trends

Approvals for technical assistance projects have decreased this year due to a shift to other longer term TA arrangements and the creation of stand-alone projects managed by other donor-funded operations. The increase in donor contributions in FY05 followed two consecutive years of less extensive replenishments and high values of TA approvals.

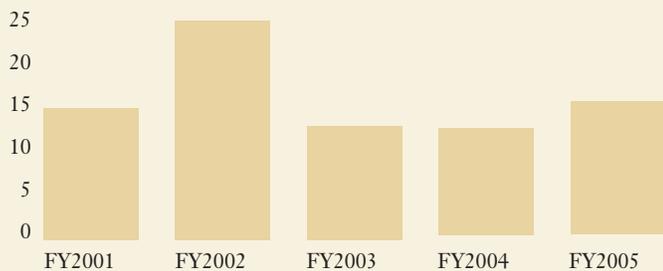
Fiscal Year	01	02	03	04	05
TA projects approved	128	137	132	135	104
Value of approvals	15.6	14.9	17.6	23.3	15.6
Average TA project value (\$ m)	0.122	0.109	0.133	0.173	0.150
Number of large approvals*	23	17	26	17	23
Annual contributions (\$ m)	14	22.9	11.3	9.7	15.5
Annual disbursements (\$ m)	11.8	12.2	11.9	13.6	13.4
Number of main trust funds	37	40	46	44	41

* Large approvals are those in excess of US\$200,000

TATF TA Approved FY01 - FY05



TATF Annual Contributions FY01 - FY05 (US \$ millions)

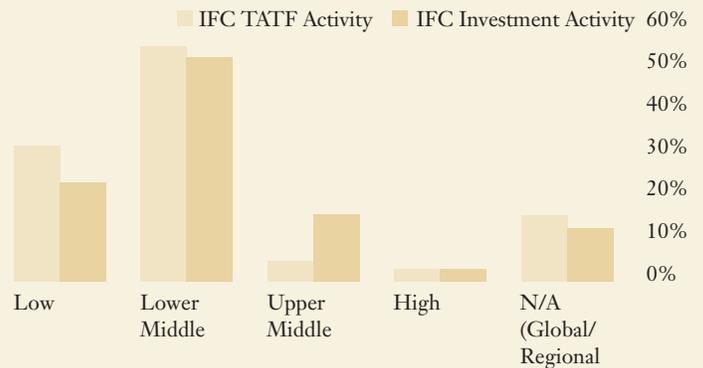


Strong Focus on Lower Income and High-risk Countries

Under the TATF program, projects were carried out in 62 countries. Of the 104 TA projects, 86 (85 percent) targeted low and lower middle-income-countries, and 62 (59 percent) countries with very high-risk ratings.

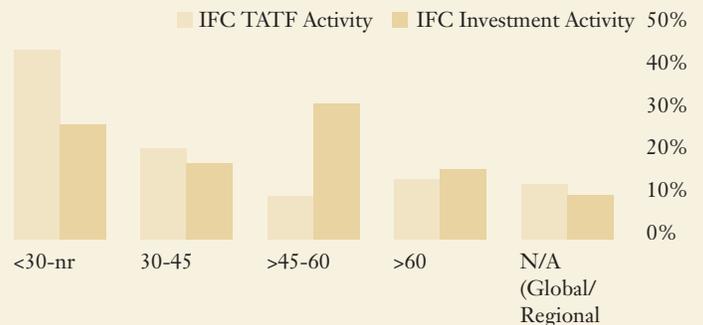
Country Income	TATF Activity	IFC Investment Activity
Low Income	32 (31%)	56 (23%)
Lower Middle Income	56 (54%)	129 (53%)
Upper Middle Income	2 (2%)	34 (14%)
High Income	0 (0%)	1 (0%)
N/A (Global/Regional)	14 (13%)	24 (10%)

TATF vs IFC Investment (Based on Number of Activities)



Country Risk Rating	TATF Activity	IFC Investment Activity
<30-Not Rated	42 (40%)	64 (26%)
30-45	20 (19%)	41 (17%)
>45-60	13 (13%)	76 (31%)
>60	15 (14%)	39 (16%)
N/A (Global/Regional)	14 (13%)	24 (10%)

TATF vs IFC Investment (Based on Number of Activities)



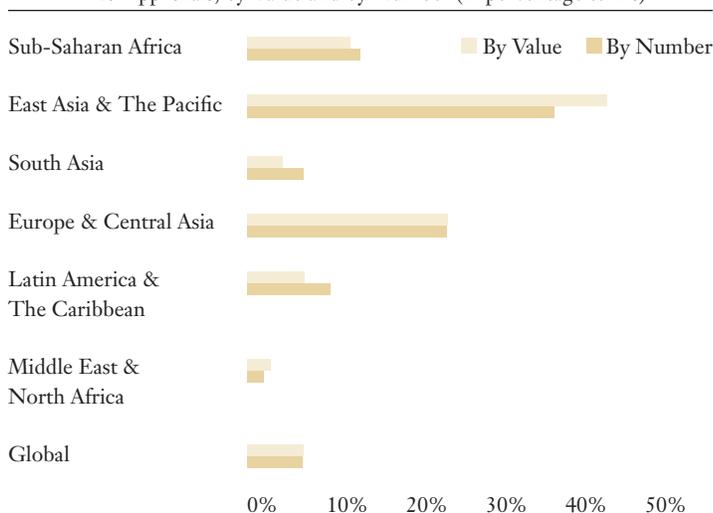
Asia Leads the Regions

Together, East Asia and the Pacific and South Asia received nearly half of the funding and ranked first in the number of TA projects funded through the TATF program. Demand was particularly strong in China, the Philippines, Vietnam, and Cambodia. Europe and Central Asia ranked second, because of extensive work in Serbia and Montenegro, Ukraine, Kazakhstan, and Russia.

TATF FY05 Technical Assistance Approvals (\$'000s), by Donor Country and Region

Donor	Sub-Saharan Africa	East Asia & The Pacific	South Asia	Europe & Central Asia	Latin America & The Caribbean	Middle East & North Africa	Global	Total
Australia	-	66	-	-	-	-	-	66
Austria	-	-	-	196	-	-	-	196
Belgium	128	-	-	-	-	-	-	128
Denmark	-	45	-	150	-	-	-	195
Finland	-	309	-	150	-	-	-	459
France	-	430	-	-	-	-	-	430
Greece	-	-	-	100	-	-	-	100
Germany	-	235	-	90	230	-	-	555
IFC TA Fund	1,152	663	174	580	310	-	100	2,979
Ireland	54	-	-	-	-	-	-	54
Israel	30	100	-	-	-	-	-	130
Italy	-	-	-	544	-	-	-	544
Japan	-	1,500	-	500	-	-	454	2,454
Luxembourg	50	100	-	-	-	-	-	150
Netherlands	531	1,540	136	585	136	-	-	2,928
New Zealand	-	76	-	-	-	-	-	76
Norway	-	321	-	-	-	-	-	321
Spain	-	602	-	91	344	276	-	1,313
Sweden	-	566	59	326	-	-	129	1,080
Switzerland	192	570	-	70	50	-	100	982
United Kingdom	-	-	-	200	-	-	-	200
USA	-	-	250	-	-	-	-	250
TOTAL								
(\$ thousands)	2,137	7,123	619	3,582	1,070	276	783	15,590
Percent	14%	45%	4%	23%	7%	2%	5%	100%
Number of Approvals	17	40	7	24	10	1	5	104
Percent	16%	38%	7%	23%	10%	1%	5%	100%

TATF FY05 Approvals, by Value and by Number (in percentage terms)



TATF FY05 Recipients of Most TA, by Country

Country	Approval Amount (US\$):	No. of Approvals
China	2,016,384	14
Philippines	1,441,000	7
Serbia and Montenegro	1,057,390	10
Vietnam	660,000	3
Congo Republic	628,000	2
Cambodia	611,000	3
Ukraine	515,000	4
Kazakhstan	500,000	1
Russian Federation	400,000	3
India	316,000	5

Financial Sector Continues to be Important

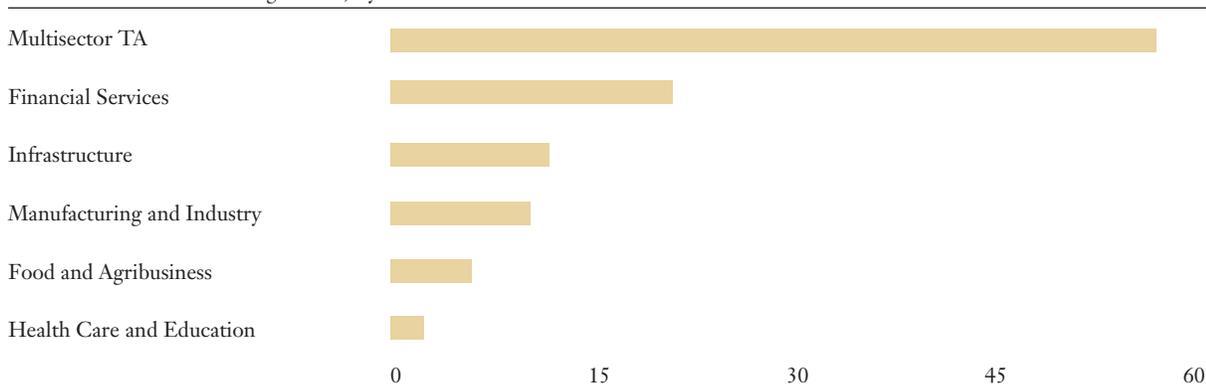
Today, fewer than 25 percent of the people living in developing countries have access to formal financial services, compared to up to 90 percent in developed markets. Financial sector development is a primary motor of economic growth and benefits especially the poor. IFC has therefore continued to emphasize strengthening of domestic capital markets in developing countries, resulting in a large number of TA projects in financial services.

The extension of financial services to previously underserved segments of the economy, including micro, small, and medium businesses remains a major objective of IFC's global financial markets technical assistance work. To date, approximately 100 projects worth \$76 million are under way globally. IFC and our donor partners support this work, which provides local financial institutions with specialized expertise to build their capacity in key areas, including microfinance, banking and SME financing, housing financing, leasing, environmental financing, insurance, credit bureaus, and securities markets.

TATF FY05 Number of Assignments and Approval Amounts, By Sector

Sector Name	Number	Amount (\$)
Multisector TA	54	7,475,080
Financial Services	23	4,083,006
Infrastructure	11	1,531,975
Manufacturing & Industry	10	1,850,991
Food & Agribusiness	4	385,950
Health Care & Education	2	263,000
Total	104	15,590,002

TATF FY05 Number of Assignments, By Sector



Today, fewer than 25 percent of the people living in developing countries have access to formal financial services, compared to up to 90 percent in developed markets.

Many TA Projects are Related to IFC Investments

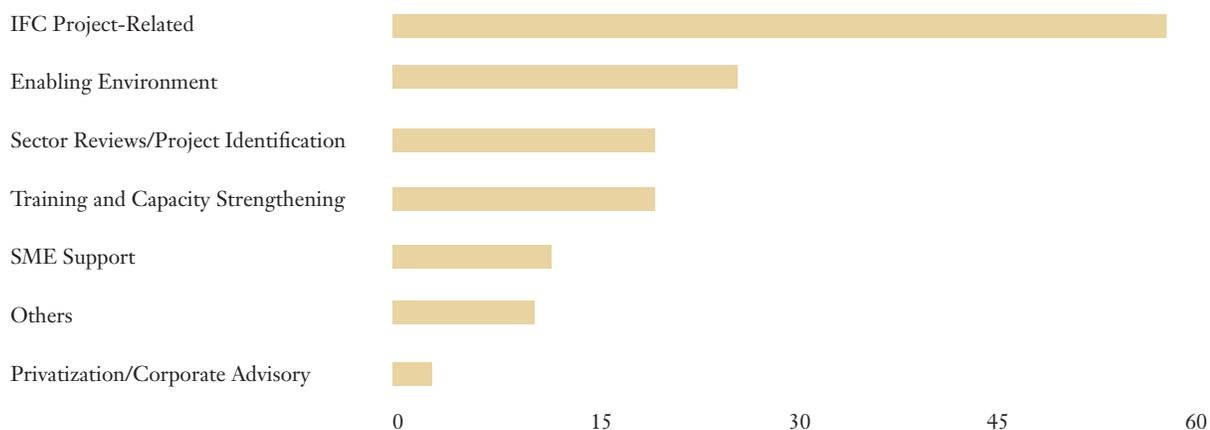
IFC's regional departments are increasingly recognizing TA business as an integral part of their operations and placing more emphasis on linking technical assistance with investments. More than half the 104 technical assistance projects approved this year supported IFC's investments through such activities as project identification, feasibility studies, and training programs. IFC also provided extensive technical assistance to regulatory agencies directly through projects on investment climate and business enabling environment.

Number of Assignments, by TA Type	Number of Assignments
IFC Project-Related	56
Business Enabling Environment	21
Sector Reviews/Project Identification	19
Training and Capacity Strengthening	19
SME Support	13
Others	10
Privatization/Corporate Advisory Services	3

** These categories are not mutually exclusive*



TATF FY05 Number of Assignments, By TA Type



Foreign Investment Advisory Service

FIAS is a joint operation of IFC and the World Bank that advises developing country governments on how to attract and retain foreign direct investment (FDI) and maximize its impact on poverty reduction.

Since its founding in 1985, FIAS has advised more than 130 countries on more than 600 projects. FIAS focuses its work in six core areas: investment climate diagnostics, FDI policies and regulations, administrative barriers reform, investment promotion, sector-focused solutions, and corporate social responsibility.

In FY05, FIAS completed 74 projects, including 16 knowledge management projects. The largest number were carried out in East Asia and Pacific (17), followed by Sub-Saharan Africa (15), Europe and Central Asia (11), Latin America and the Caribbean (8), South Asia (4) and the Middle East and North Africa (3).

FIAS completed 43 advisory projects (74 percent) in high-risk or low-income countries. New pilot products included access to finance, corporate social responsibility, contract enforcement, industry sector-focused solutions, and land markets.

Promising Patterns in FDI and Implications for Developing Countries

Low-income countries experienced a 50 percent increase in FDI inflows between 2000 and 2004, with India's service sector and the oil and gas sectors in Africa accounting for most of the rise. In 2004, inflows increased for all regions except the Middle East and North Africa.

The sources of such investment are increasingly varied, and "south-to-south" flows have expanded, from 17 percent of total FDI to developing countries in 1995 to 30 percent in 2001. New providers of FDI tend to be better equipped to invest in difficult and remote markets and to tailor products and services to developing country consumers. FDI has also expanded into such economic sectors as banking, retail, construction, tourism, and offshore services. This means that more countries can develop comparative advantages in more sectors. To win FDI in this increasingly competitive market, developing countries need to lift the remaining restrictions to investment and resolve microeconomic problems.

FIAS's Strategy

FIAS's three-year strategy, covering FY05 to FY07, emphasizes a multiyear and multiproduct approach to working with committed client countries, so that initial diagnostic studies are followed by solution design and eventually the implementation of priority recommendations. This approach ensures a greater emphasis on outcomes and sustainability of the reform process; it moves FIAS from a focus on diagnostics to providing more support for solution design and implementation of reforms. It pays special attention to broader stakeholder engagement, the sequencing of specific recommendations for implementation, the choice of institutions, and the skills and incentives that determine the behavior of the authorities involved. This approach is being used successfully in countries as varied as Fiji, Kenya, Sierra Leone, and Turkey.

During the first year of implementing the strategy, FIAS received strong backing from donors. In March 2005, IFC's Board endorsed a proposal to increase contributions from IFC and other donors by 50 percent in order to support the growth envisaged for the program.

Strengthening Partnerships for Better Outcomes

Leveraging its activities with other parts of the World Bank Group, as well as with multilateral and bilateral donors, is key to FIAS's success. To enhance the implementation of its projects, FIAS is collaborating in about 20 projects with IFC's regional facilities. There are also about 12 joint projects with MIGA, in countries including Armenia, Azerbaijan, Bhutan, Cambodia, China, Kenya, Tajikistan, and Vietnam. Leveraging from and feeding into the World Bank's private sector programs is also critical to FIAS's efforts to support the design and implementation stages of reform. With a few exceptions, FIAS's projects have some connection with at least one World Bank program in a given region.

FIAS also developed and cosponsored the global Private Sector Development Learning Program, a series of comprehensive knowledge development workshops on key investment climate issues that aim to help practitioners sharpen skills in diagnosing, designing, and implementing reforms. To allow maximum participation of Bank Group regional offices, workshops were carried out in South Africa, Thailand, and Turkey, as well as in Washington. The learning materials were also used in training workshops with the governments of Bangladesh and Senegal.

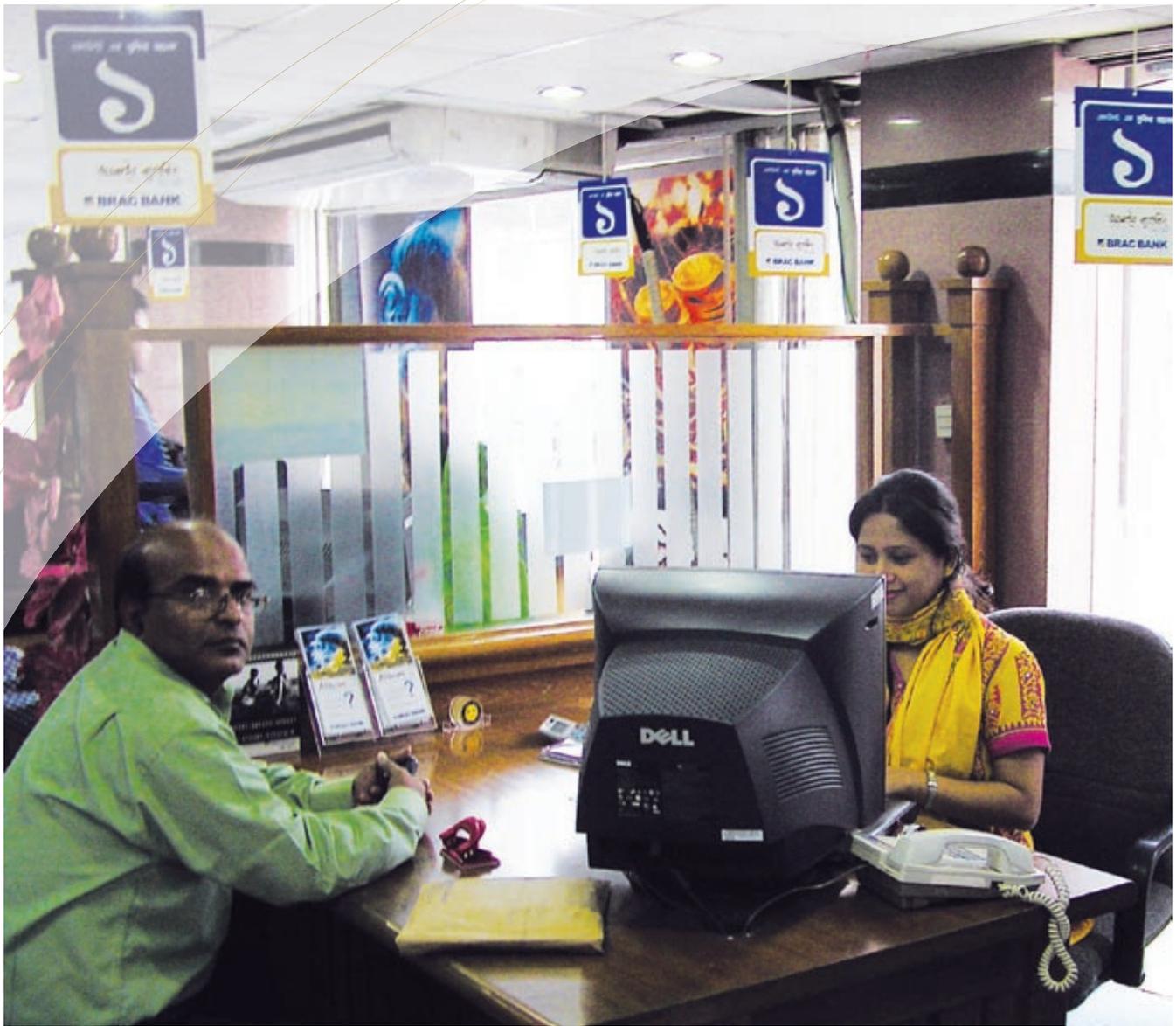
Monitoring and Evaluation

FIAS evaluates its performance, the extent to which interventions achieve their objectives, and ways future impact can be improved. To a great extent, the success of any project depends on its design. To improve design, the project brief, which forms the basis of each project proposal, has been upgraded to incorporate stakeholder analysis, risk assessment, and monitoring and evaluation mechanisms.

FIAS's technical assistance program was the first to be included in IFC's client surveys. In the 2004 survey, 73 percent of clients rated the performance of FIAS projects as "very good" or "excellent" in terms of long-term development impact in the client country. To gather client feedback on FIAS performance as soon as projects have been completed, FIAS has also developed a project assessment survey, which has been piloted in Albania, Cambodia, and Fiji. To obtain donors' feedback, FIAS is also developing a donor assessment survey, which is being piloted by its Asia-Pacific regional office.

FIAS monitors the implementation status of key project recommendations over a period of three years after the completion of a project. In FY05, FIAS started to upgrade its monitoring system by establishing consistent classification and identification of project outcome and impact indicators for all its products. FIAS also started pilot benchmarking projects in Sierra Leone and Bangladesh. In addition, a case study on the impact of projects in Latvia and two videos on the impact of FIAS work in Russia and Latvia have been prepared. A video project documenting a program in Sierra Leone has been initiated. FIAS was the subject of three independent evaluations over the last two years: an evaluation of the Asia-Pacific regional program, a review of the Administrative Barriers product, and an evaluation by IFC's Operations Evaluation Group of its investment climate activities. Results were positive in all of these evaluations. FIAS has decided to undertake independent external evaluation of its work on a regular basis.





FIAS OPERATING FRAMEWORK

Project Inputs, Activities, & Outputs

Outcomes

Impact



Identification of recommendations for policy/regulatory changes

Policy/regulatory changes implemented

Improvement in investment climate and pro-poor investment climate

Increased domestic and foreign direct investment flows

Growth and poverty reduction

Sustainable Business Assistance Program

SBAP is part of IFC's guidance and leadership in shaping sustainable private sector activities in emerging markets.

Launched in July 2002, it responds to a steady increase in demand among clients for our assistance in managing the risks and opportunities presented by the social and environmental performance of their products and operations.

The program comprises three donor-funded facilities: the Corporate Citizenship Facility (CCF), the Sustainable Financial Markets Facility (SFMF), and the Environmental Opportunities Facility (EOF). These facilities enable IFC to promote corporate social responsibility in IFC client companies, enhance the environmental and social impact of financial intermediaries, and finance innovative projects that promote local environmental benefits. All three emphasize innovation, engagement, replication, and leadership as key themes in choosing initiatives that will help reduce poverty and improve governance.

The SBAP facilities are multiyear, donor-funded operations managed by IFC's Environment and Social Development Department. *Delivering on Promises*, a report published by IFC in October 2004, highlights the positive impact the program is having on the Corporation's investment projects in developing countries.

Corporate Citizenship Facility

CCF helps IFC clients respond to rapidly changing expectations about the environmental and social performance of their businesses. These expectations now affect all sectors and scales of business activity in emerging markets and are having direct and immediate effects on business competitiveness, markets and market access, and brand identity. CCF support is available to clients who wish to implement social and environmental best practices and see them as business opportunities. CCF provides technical assistance that acts as a catalyst and that leverages cost-sharing with sponsors. The facility's support focuses on labor practices, communities and other stakeholders, and environmental stewardship. CCF is now phasing in an evaluation program of this work. The results of which will be disseminated to the private sector in emerging markets.

Examples of projects approved in FY05 include

- *Socioeconomic study for the Marlin mine, Guatemala*: CCF is funding this study so that the impacts of the mine and related technical assistance programs can be monitored. CCF also worked with the company's foundation to establish community-run tree nurseries. IFC's LAC TA Facility is pursuing other community development projects.



- *Small farmer bamboo agroforestry, Vietnam:* CCF is helping IFC's MPDF and the global manufacturer, IKEA, implement a program to build a sustainable supply chain for the country's bamboo-based wood products industry. Bamboo will be made into wooden flooring for sale by IKEA.
- *Pro-poor tourism, South Africa:* CCF is supporting a pro-poor tourism consortium in developing guidelines for building partnerships with communities, including boosting local input in the tourism supply chain, stimulating local tourism products and SMEs, and addressing pro-poor issues within a company.
- *Human Rights Impact Assessment Guide:* CCF is supporting the Prince of Wales International Business Leaders Forum in developing a human rights impact assessment guide for the private sector in developing markets.

Sustainable Financial Markets Facility

IFC's investments in the financial sector now represent about 35 percent of its portfolio, and financial intermediary projects present a unique opportunity for broader development impact. SFMF works with the financial sector in developing countries to enhance the environmental and social impact of IFC's intermediaries and the broader market. IFC helps the sector use sustainability to build better and more competitive businesses and to increase environmentally and socially responsible investment in developing countries.

Highlights of FY05 include

- *Competitive Business Advantage Program:* This program trains emerging market financial institutions to manage environmental and social opportunities and risks. In cooperation with regional

partners it was delivered in 10 locations around the world. SFMF also began building a network of regional service providers to provide financial intermediary training at a local level and share best practices and lessons learned.

- *Sustainability index for the Sao Paulo stock exchange:* The index, being developed with SFMF's help, will list Brazilian companies that meet high standards of corporate governance, environmental, and social performance.
- *Banca Comerciala Romana's sustainable investment program:* Support for Romania's largest commercial bank, an IFC client, included reviewing environmental management procedures and the investment pipeline and portfolio to prioritize environmental risk management measures. An institution-wide training plan was designed to provide staff with tools to conduct environmental and social risk assessments.
- *Socially responsible investment in Asia:* Market research was conducted to examine the social, environmental, and ethical risks for the main sectors in seven Asian countries. By raising international and domestic awareness of Asian opportunities for SRI, the project contributes to an improved investment climate.

Environmental Opportunities Facility

The EOF acts as a catalyst by providing project preparation grants and flexible investment financing for innovative private sector projects, primarily to address local environmental issues. Target sectors include environmental infrastructure services, pollution abatement, and improvements in the sustainable use of resources. The facility aims to overcome the barriers to investment in these sectors and to move projects toward commercial viability. EOF helps IFC push the market toward adopting new business models and technologies that address the most immediate environmental problems of developing countries. Eligible projects can either produce goods or services with significant environmental benefits or increase the sustainability of resource use through improvements in eco-efficiency.

FY05 highlights include

- *New projects:* EOF has approved an equity investment of up to \$1 million in REVA, a U.S.-Indian joint venture in Bangalore, to help increase its manufacture of electric cars. EOF is making a \$1.2 million equity investment in MBA Polymers, U.S. start-up, to allow it to construct the first commercial recycling plant for high grade plastics in China.
- *Cleaner Production Initiative:* Drawing on lessons learned from grants made to promote cleaner production initiatives among IFC's clients, EOF embarked on a larger initiative to identify cleaner production opportunities in IFC's portfolio. One goal of the grants program is to assess whether it will be viable for commercial banks to support cleaner production finance as a new product line.

DOING MORE WITH YOUR MONEY - Leveraging Private Sector Investment for Sustainable Development

By leveraging a combination of donor funds and commercial investment, IFC is helping local banks in Central and Eastern Europe, Russia, and China establish profitable businesses lending for sustainable energy projects, including energy efficiency and renewable energy. These are sectors that, to date, have achieved only a small fraction of their potential in the global market. As IFC's recent successes have shown, working through local financial intermediaries can yield substantial impacts in establishing self-sustaining markets for sustainable energy finance.

Meeting the demand for smaller-scale investment in sustainable energy

Recognizing the need for innovation in environmental finance, IFC created the Environmental Finance Group in 1995, bringing together market specialists with expertise in carbon finance, energy efficiency, renewable energy, and biodiversity to craft new models for commercial finance of environmentally beneficial investment projects. Using support from the Global Environment Facility to overcome market barriers, IFC has been able to test new investment models that otherwise would not be viable.

Working closely with the Corporation's investment departments and employing donor funds, this group has established a business model to support substantial levels of commercial lending by partner banks for sustainable energy projects.

Going beyond grants— enabling lending for sustainable business

IFC provides client banks and leasing companies with credit lines and credit enhancement packages, including loan guarantees. In parallel, clients receive technical assistance to help them structure and market financial products that match the commercial opportunity. Examples range from loans for gas or biomass cogeneration, to housing renovations and small run-of-the-river hydro and wind generation projects. The lending banks focus on building a lending pipeline of strong credits and selling their financial products to the client group they are targeting. IFC's support enables them to see these projects as regular business that fits their strategic focus, rather than as specialized sustainable energy deals.

The model was first piloted in Hungary using Global Environment Facility funding for technical assistance and guarantees. IFC subsequently invested in the guarantee facility, leveraging donor support from the *Netherlands* and *Austria* to establish a substantial lending market for sustainable energy in Hungary. IFC followed this pilot with a region-wide program across Central Europe, and further innovations and adaptations of the model are underway in China, Egypt, and Russia.

Enabling lending for sustainable business has become a key feature of IFC's current business plan, and it is expected to contribute significantly to the Corporation's bottom line. It also demonstrates IFC's policy of stimulating private sector development to achieve sustainable economic development. A recent reorganization within IFC has created an institutional focal point for replicating this approach on a large scale, while continuing to innovate with new products and approaches. This will enable ever-larger levels of commercial investment across a range of sectors, with a high potential for sustainability and development impact.

The EOF acts as a catalyst by providing project preparation grants and flexible investment financing for innovative private sector projects, primarily to address local environmental issues.



• *Emerging impacts:*

- An earlier grant to Water Health International to conduct feasibility studies for entering the potable water market in targeted emerging market countries led to a \$1.2 million equity investment to fund expansions in Ghana, India, and the Philippines. It was matched by funding from socially responsible venture firms. Through this expansion and an emergency tsunami response in Sri Lanka, the company is estimated to reach 150,000 people through EOF's financing and support.
- In Mexico, a grant to a lime producer, Grupo Calidra, to apply an innovative water vapor recovery technology has resulted in an 89 percent water recovery rate in the pilot plant. The company plans to replicate this technology at 10 other plants in arid areas.
- In Pakistan, a grant to Gul Ahmed Textiles helped the firm move towards green labeling standards in its wastewater treatment. Costs of the firm's expansion project have been cut significantly as a result of IFC's technical assistance.
- In Brazil, a grant to a sustainable forestry company, Precious Woods, to explore incremental nontimber revenue streams has propelled its entry into the market for carbon credit sales.
- In Tanzania, an EOF grant has been instrumental in introducing a local bank to a small irrigation foot-pump manufacturer.

SFMF PROMOTES SUSTAINABLE ENERGY FINANCING TO EAST ASIAN BANKS

In May 2005, SFMF introduced banking sector representatives from Cambodia, Lao PDR, Indonesia, Mongolia, the Philippines, and Vietnam to the financial and environmental opportunities offered by financing sustainable, small-scale, decentralized energy solutions.

Run jointly with the East Asia Energy Unit of the World Bank, a workshop demonstrated the profitability and viability of well-structured and well-executed investments in sustainable energy. It formed part of a regional conference on energy poverty, and participants included high-level government officials, bankers, entrepreneurs, and NGOs from the six countries.

The event focused on the importance of energy in achieving the Millennium Development Goals in education, health, and poverty reduction. It also highlighted the role of East Asian countries in contributing to the objectives of the Global Village Energy Partnership, which aims to provide 58,000 communities and 400 million individuals with access to modern energy services.



Capacity Building Facility

Through its Capacity Building Facility, IFC provides grants for innovative projects and pilots that support the development of small and medium enterprises.

Since its launch in 2000, the CBF has approved \$26.7 million in grant funding for 137 projects. In FY05, CBF approved nine new projects, finishing the year with an active portfolio of 57 projects. In addition to supporting smaller enterprises directly, CBF-funded projects allow IFC to test various models for SME development and to share lessons learned. The facility also helps IFC form partnerships with other organizations to help ensure best practice in the Corporation's SME-focused technical assistance.

To be eligible for CBF funding, a project must

- Allow for replication or expansion by IFC or external organizations
- Offer sustainable products or services, with a focus on improving revenue generation for direct service providers
- Receive cofunding, with the CBF typically covering up to 40 percent of the budget
- Provide a strategic fit with an IFC or World Bank initiative

Focus Areas for CBF Projects

Increasing Access to Finance

CBF-funded technical assistance projects involve work with banks, leasing companies, and microfinance institutions to complement IFC's investments in the financial sector. The facility focuses on strengthening financial institutions by improving processes and systems that encourage SME lending. The CBF assists microfinance institutions in reaching commercial sustainability. It helps improve credit scoring and develop new products for micro, small, and medium enterprises. These activities enable financial institutions to serve small business clients more effectively. Nearly a third of CBF projects aim to improve SMEs' access to finance.

IMPROVING ACCESS TO FINANCE

The CBF recently completed a project aimed at improving SME access to finance with Bank South Pacific in Papua New Guinea.

Bank South Pacific is the only nationally incorporated and locally owned commercial bank in the country. By acquiring the government-owned PNG Banking Corporation in 2002, Bank South Pacific became the country's largest bank, with more than half the market. The acquisition allowed the bank to extend its services throughout Papua New Guinea.

The bank's small loans business was hampered by difficulties in analyzing and processing loan applications. In addition, processing systems were not cost-effective, and they limited the growth of small business financing. At the same time, licensed and unlicensed lenders were achieving significant growth in their loan portfolios. In response, IFC's Pacific Enterprise Development Facility conducted a full credit-processing assessment funded entirely by the bank.

Based on the findings, the bank introduced a credit scoring system to improve small loan processing across its 40 branches. The project was implemented by PEDF with nearly \$100,000 in CBF funding.

The project significantly increased the bank's small loan portfolio and broadened its geographic coverage.

- The new system changed the bank's image dramatically and has made loans more accessible to prospective rural borrowers. In August 2004, the bank had approved 234 loans amounting to 13.2 million kina (\$4.3 million). In February 2005, numbers had risen to 2,475 loans and 40.4 million kina (\$13.1 million). During the same period the bank also increased its lending staff from 8 to 22.
- Capacity to reach more rural borrowers was enhanced substantially. Under the new system, loan origination from provincial centers increased from 26 to 70 percent.
- Reduced processing costs enabled the bank to extend its client base by cutting its minimum loan size from 1,000 kina (\$324) to 500 kina (\$162).
- Nonperforming loans originating under the new system remained under \$30,000, indicating a potential for further risk taking.



Linking Local Firms to IFC Investments

IFC's linkage programs give small businesses unique opportunities to benefit from large investment projects, particularly those with IFC participation. Linkage projects accomplish this goal by strengthening local suppliers, facilitating access to finance, strengthening supply and distribution chains, and supporting community development projects. This work expands the impact of FDI. In addition to giving local communities and businesses a stake in the investment projects, the programs help project sponsors reduce their dependence on imported products and services. Linkage projects comprise nearly 22 percent of the facility's portfolio.

Strengthening Local Business and Management Skills

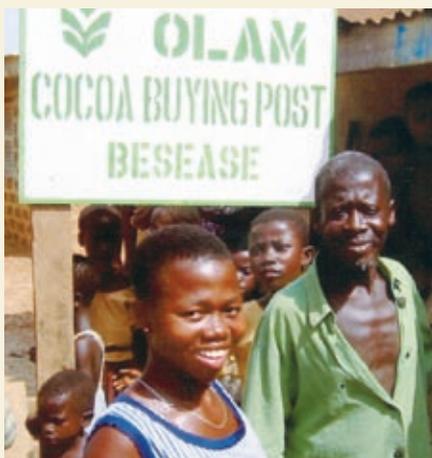
The CBF promotes development of an efficient business services infrastructure that can provide management training, small business consulting, market information, and entrepreneurship development programs to local firms. These programs often partner with nonprofit organizations that help local businesses access international markets. CBF programs also train local consultants and design service products for local business service providers. These capacity building programs account for 35 percent of the facility's portfolio.

Information Technology

The CBF has funded innovative projects that harness the Internet or use other new technologies to further the development of smaller companies. For example, the facility has supported Web-based portals that connect small-scale producers to information and markets. Funding has also been provided for the rollout of the SME Toolkit, a global Web-based tool that helps smaller businesses improve management practices, build capacity, and access capital and buyers worldwide.

Improving the Business Environment

The CBF aims to strengthen business associations, enabling them to improve the quality of services to their members and their ability to advocate reform.



In addition to supporting smaller enterprises directly, CBF-funded projects allow IFC to test various models for SME development and to share lessons learned.

Strengthening Grassroots Business Initiative

SGBI seeks to strengthen and scale up enterprises that create opportunities for the poorest people, empowering and engaging them as entrepreneurs, consumers, employees, and suppliers.

These enterprises, referred to as grassroots business organizations, do business with a social mission, creating sustainable income and extending essential products and services such as water and medicines to those who need it most.

While these often small scale enterprises fulfill important roles in their local economies, their potential tends to be constrained by a lack of business expertise, inadequate access to affordable and appropriate financing, and limited market access and information. In collaboration with its partners, the SGBI provides these enterprises with a comprehensive package of services, including technical assistance and financing through patient capital and grants.

The initiative's emphasis will shift increasingly from providing support on the retail level toward building sustainable local institutional capacity to provide financing and toward scaling up services to a much larger number of enterprises. Lessons from SGBI's work on the retail level will then be fed into the creation and strengthening of wholesale activities.

Crucial to this transition is a rigorous, cost-effective, and participatory monitoring and evaluation system that the initiative has set up to track business performance and socioeconomic impact on a continuous basis. This system is used as a learning tool for the grassroots business organizations, and to guide the SGBI's program activities and communicate results to donors.

Launched in May 2004, SGBI currently works in Africa, East and South Asia, and Latin America.

Funding

In FY04 and FY05, IFC and the World Bank jointly funded the SGBI's core budget. For the next three years, IFC will provide core funding, with cofinancing from Canada and the Netherlands. The initiative is discussing a further increase and diversification of its funding with several donor agencies, foundations, and corporations.

Role within the World Bank Group

In the past, most grassroots business organizations were too small and unconventional in their structure and business model to be eligible for direct funding from the World Bank Group. This situation began to change several years ago with small grants from the World Bank's Development Marketplace and IFC's Capacity Building Facility. Indeed, these interactions led to the creation of the SGBI, and several of the initiative's ongoing projects are former Development Marketplace winners or projects funded by the CBF. The initiative is now helping these enterprises scale up and institutionalize the projects.

Thus, SGBI yields practical and direct benefits and fills a valuable niche in the World Bank Group by providing a service that complements existing development programs for smaller companies, microfinance, and the private sector. In many ways, SGBI's role is analogous to the World Bank Group's support for the microfinance sector through investments and institutions such as the Consultative Group to Assist the Poor. SGBI's experience with and evaluation of retail and wholesale projects helps generate an institutional infrastructure to support the creation, scaling up, and replication of grassroots business organizations in the longer term.

For more information on SGBI, please see: <http://www.ifc.org/gbo>.

SGBI LESSONS LEARNED

- Most grassroots business organizations lack strategic focus and management capacity. They require a combination of financial and technical assistance that IFC is in a good position to provide.
- More innovative, patient, yet commercially-minded funding sources are needed to support the long-term development of grassroots business organizations. The structure of such investments and expectations of return need to be suited to the nature of these enterprises.
- It is crucial to have a hands-on, business-savvy, in-country presence to assist grassroots business organizations, and this presence needs to be sustained over a relatively long period to build local capacity successfully.
- Grassroots business organizations transitioning from NGOs to commercial enterprises may find it challenging to move away from a subsidy approach. It is key that these organizations' leaders have a long-term perspective and willingness to build a more effective and sustainable business.
- Local ownership by grassroots business organizations and partner organizations is critical to success.

The initiative's emphasis will shift increasingly from providing support on the retail level toward building sustainable local institutional capacity to provide financing and toward scaling up services to a much larger number of enterprises.



Other Technical Assistance Initiatives and Programs

IFC supports private sector development in areas such as sustainability and infrastructure through a number of other technical assistance activities.

Infrastructure Development Collaboration Partnership Fund

Created in 2003, DevCo aims to increase private sector involvement in the infrastructure services of developing countries. It supports the work of IFC's Advisory Services Department on infrastructure transactions, and is a multidonor facility supported by the *Netherlands*, the *Swedish International Development Cooperation Agency*, the *UK Department for International Development*, and *IFC*. DevCo provided technical assistance funding for 12 IFC advisory mandates in FY05, including port, airport, and power projects in Madagascar; coal mining in Mozambique; water projects in India and Pakistan; railways in Kenya and Uganda; power, water, and urban transport projects in the Philippines; airports in Nigeria; and an airline in Samoa. In addition, nine potential mandates were identified. With Moatize Coal Mine (Mozambique) and Tamatave Port (Madagascar), two advisory mandates were successfully completed in FY05.

IFC Against AIDS

The IFC Against AIDS program was created because many companies in developing countries felt the need to address the effects of the AIDS crisis on their workers and their communities. In many parts of the world, HIV/AIDS is as much a business issue as it is a health and humanitarian concern. IFC Against AIDS works with client companies to develop tools and advice tailored to address workforce and community-related concerns stemming from the disease. In addition to Africa, where IFC Against AIDS has extensive experience, the program has worked in the Caribbean. It is now collaborating with clients in South Asia and Russia to develop proactive strategies against AIDS.

Gender Entrepreneurship Markets

Women's participation in the formal labor force is now close to 40 percent, and almost a third of all registered businesses around the world are owned by women. Yet, despite women's potential contribution to economic growth and poverty reduction, in the emerging markets women remain more likely than men to be trapped in the informal sector. To better leverage the untapped potential of women as well as men throughout its operations, IFC has established Gender Entrepreneurship Markets, a cross-cutting gender initiative. Launched in December 2004, the program seeks to unleash hidden value in business opportunities and add important capacity to IFC's development mission. Women are an underserved market and a big opportunity for business cooperation, and their empowerment is a development imperative. Africa—where women run a large percentage of smaller companies but own less than five percent of property in their own right—will be the primary focus of the program for the first two years. This initiative is providing these women with advice on markets and best practice and is assisting financial institutions and business development firms in delivering profitable services and support to them.



Global Business School Network

IFC's Global Business School Network is creating a public-private partnership to strengthen the skills of managers in emerging markets by expanding and enhancing opportunities for management education and training. In partnering with business schools around the world, the network enhances the institutional capacity of business schools in emerging markets, enabling them to provide a stronger pool of management talent to local, regional, and multinational firms and organizations. Supporting the development of business education helps rejuvenate the private sector; supports development of self-sustaining, innovative economies; and enhances the international competitiveness of local firms.

By improving future leaders' access to high-quality management education, the network contributes to poverty reduction in developing countries. Several projects began in FY05 in Africa and Asia with support from a variety of donor trust funds.



Supporting the development of business education helps rejuvenate the private sector; supports development of self-sustaining, innovative economies; and enhances the international competitiveness of local firms.

4

Annexes, Directory, and Glossary



ANNEXES

Technical Assistance and Advisory Services Projects	IFC Donor-Supported Technical Assistance Programs: Locations and Purpose/Strategy	Cumulative Financial Commitments	Directory	Glossary
66	91	94	98	100

Technical Assistance and Advisory Services Projects

CBF	Capacity Building Facility	PEDF	Pacific Enterprise Development Facility
CCF	Corporate Citizenship Facility	PENSA	Program for Eastern Indonesia SME Assistance
CPDF	China Project Development Facility	PEP	Private Enterprise Partnership
EOF	Environmental Opportunities Facility	PEP-Africa	Private Enterprise Partnership for Africa
FIAS	Foreign Investment Advisory Service	PEP-MENA	Private Enterprise Partnership for Middle East and North Africa
FMTAAS	Funding Mechanism for Technical Assistance and Advisory Services	PEP-SE	Private Enterprise Partnership – Southeast Europe
GBSN	Global Business School Network	SEDF	SouthAsia Enterprise Development Facility
LACP	Latin America and the Caribbean Technical Assistance Facility	SFMF	Sustainable Financial Markets Facility
Linkages	IFC's program to link its larger investments with local small businesses	SGBI	Strengthening Grassroots Business Initiative
MPDF	Mekong Private Sector Development Facility	TATF	Technical Assistance Trust Funds Program

PROJECT	PROJECT DESCRIPTION	DONOR	PROGRAM
Sub-Saharan Africa			
Regional			
Business Development Services	To design services to increase small firms' productivity in specific industries in Kenya and Madagascar.	Netherlands	TATF
Chad-Cameroon Capacity Building	To provide local entrepreneurs with training and contracting opportunities, to build capacity of the Petroleum Revenues Oversight and Control Committee, and to provide institutional support to Chad's Ministry of Petroleum.	IFC	FMTAAS
Cleaner Production Technical Assistance for chromium smelter	To implement technical changes and reduce local air pollution.	Netherlands	EOF
East Africa Credit Scoring Tool	To develop an SME credit scoring tool in partnership with the Tanzania, Kenya, and Uganda Bankers' Institute.	IFC	CBF
FDI Solutions	To review non-fiscal incentives for investment, in parallel with an IMF review of fiscal incentives, in the EAC countries, in order to provide recommendations on how and to what extent harmonization of investment incentives should be implemented.	Core Funds	FIAS
Honey Care	To use an innovative payment system to increase the income of small-scale honey farmers in Kenya and Tanzania.	IFC	SGBI
Lusophone Business School Networks	To identify and propose a program of institutional capacity building for management training institutions in Angola, Cape Verde, Guinea-Bissau, Mozambique, and Sao Tome and Principe.	Switzerland	GBSN
Promoting Sustainable Agribusiness Commodities	To develop and test timber certification protocols and provide training in sustainable forest management practices.	Norway	CCF PEP-Africa
Railway Privatization and SMEs	To incorporate outsourcing and spin-off opportunities for SMEs in the privatization of a railway in Kenya and Uganda	IFC	Linkages
Roundabout Playpumps	To operate over 500 playpumps (children's merry-go-rounds that serve as pumps for clean drinking water) in South Africa, Mozambique, Swaziland, and Uganda.	IFC	SGBI
SME Entrepreneurship Development Initiative	To provide business development services for SMEs and to support creation of a more enabling business environment.	IFC Netherlands	PEP-Africa

PROJECT	PROJECT DESCRIPTION	DONOR	PROGRAM
Support and Training Entrepreneurship Program (STEP)	To help micro and small enterprises in Chad, Mali, and Nigeria grow and integrate into the mainstream economy.	Netherlands	TATF
Cameroon Indigenous Peoples Community Development	To support the Foundation for Environment and Development in formulating a long-term development plan for pygmy communities affected by the Chad-Cameroon oil pipeline.	Norway	CCF
Chad Chad SME Program	To accelerate growth by providing local entrepreneurs with training, access to finance, and contract opportunities with oil companies and their subcontractors.	IFC Netherlands	Linkages CBF FMTAAS
FINADEV Tchad Access to Finance	To help FINADEV Tchad develop management information, IT, and accounting systems.	IFC	FMTAAS
Democratic Republic of Congo ProCredit Bank Technical Assistance	To facilitate the founding of ProCredit Bank and contribute to its long-term vitality.	IFC	TATF
Democratic Republic of Congo SME Needs Assessment	To contribute to improving the general business environment and access to finance, information, and consultancy services for the country's SMEs.	Belgium	TATF
Democratic Republic of Congo Administrative Barrier Solutions	To conduct a two-phase administrative barriers study.	Core Funds	FIAS
ProCredit Bank Technical Assistance	To facilitate the founding of ProCredit Bank and contribute to its long-term vitality.	IFC	TATF
SME Needs Assessment	To contribute to improving the general business environment and access to finance, information, and consultancy services for the country's SMEs.	Belgium	TATF
Gabon FDI Solutions	To conduct a diagnostic study to identify main obstacles that prevent foreign investment in the nonoil sectors of the economy in Gabon.	Core Funds	FIAS
Ghana Africap - Kumasi Iron Workers	To study environmental health and safety risks to workers and find ways to optimize production processes.	Netherlands	SFMF
Agribusiness Value Chain Analysis	To analyze inefficiencies along the value chain and recommend interventions to improve competitiveness.	Netherlands	TATF
Cooperative Credit Unions Association Project	To help credit unions improve their financial management and improve staff skills.	Core Funds	PEP-Africa
Housing Market Study	To foster mortgage origination and construction financing for high-quality, affordable housing.	Switzerland	TATF
Promoting Private Sector Microfinance	To improve the capacity of microfinance institutions through training and exposure to best practices.	United States/UNDP	PEP-Africa
Schools Financing Facility	To strengthen the environment in which private schools operate.	Core Funds	PEP-Africa
Subcontracting and Partnership Exchange	To promote sourcing and exchange of contracts for goods and services, as well as transfer best practices.	FMO/UNDP	PEP-Africa

PROJECT	PROJECT DESCRIPTION	DONOR	PROGRAM
Guinea Bissau FDI Solutions	To help the Government of Guinea Bissau develop an action plan for Tax/Incentive Reform.	Core Funds	FIAS
Kenya Administrative Barrier Solutions	To assist the Kenyan Government in implementing a radical licensing system reform aimed at substantially reducing the sector/activity license requirements and improving the quality of the remaining requirements.	Core Funds	FIAS
Aureos Safepak	To study the technical and economic feasibility of Safepak's proposal to create a plastics recycling facility.	Netherlands	SFMF
Cinearts Afrika	To provide grant funding to CineArts Afrika's production of a feature film on gender issues.	IFC	TATF
Coca-Cola SABCO Linkages	To assess the distribution system for Coca-Cola products in Nairobi and recommend improvements.	Core Funds	PEP-Africa
FDI Solutions	To review the Kenya Investment Promotion Act of 2004.	Core Funds	FIAS
Reform Process Solutions	To assist the Kenyan Government in establishing a PSD reform implementation institutional framework and in preparing an action plan.	Core Funds	FIAS
Madagascar Factoring Industry Study	To evaluate the environment for the factoring industry and its feasibility to increase access to finance for MSMEs.	Ireland	TATF
Mali Business Development Services	To support business development services for smaller enterprises.	IFC	CBF
Trickle Up	To strengthen a program using community-based revolving funds and training to help extremely poor people in northern Mali start and expand microenterprises.	IFC	CBF SGBI
Mauritania Consumer and Small Business Banking	To help Banque pour le Commerce et L'Industrie develop a viable small business finance operation.	Netherlands	TATF
Mozambique Mozal Linkages	To improve the competitiveness of local SMEs by diversifying markets, increasing opportunities to participate in the smelter's supply chain, improving access to working capital; and to assist the company's community development initiatives.	IFC Core Funds	Linkages PEP-Africa
South East Africa Tourism Investment Program	To implement a new policy and strategy for sustainable tourism and conservation.	IFC	TATF
Nigeria Cluster Development Program	To help clusters of smaller businesses in the garment, leather, and light engineering sectors develop skills and improve links to larger corporate buyers.	UNIDO World Bank	PEP-Africa
MTN Village Phones	To help MTN Nigeria develop a sustainable village phone business model.	Netherlands	Linkages

PROJECT	PROJECT DESCRIPTION	DONOR	PROGRAM
Small-Scale Power Generation and Distribution	To complete replicable development of two small-scale power plants.	IFC	TATF
Rwanda Reform Process Solutions	To perform a mini-diagnostic of Rwanda's investment climate.	Core Funds	FIAS
Seychelles Administrative Barrier Solutions	To perform an administrative barriers study for the Seychelles.	Core Funds	FIAS
FDI Solutions	To create a draft Investment code advisory and organized a workshop for a diagnostics action plan.	Core Funds	FIAS
Sierra Leone Administrative Barrier Solutions	To perform a traditional (phase 1) and an institutional analysis on administrative barriers (phase 2).	Core Funds	FIAS
Somalia Private Sector Survey	To identify interventions that would assist the growth of the country's private sector.	Ireland	TATF
South Africa Competitive Business Advantage	To conduct a Competitive Business Advantage workshop in Johannesburg.	Norway	SFMI
Sustainable Mining for the Extractive Sector	To provide an executive development course on Corporate Social Responsibility and competitiveness for extractive sector clients and to support a consortium in developing local tourism.	Norway Italy	CCF
Women Entrepreneurship Program	To improve access to finance, business networks, and markets for women-owned small and medium enterprises.	IFC Core Funds	TATF PEP-Africa
Swaziland Gone Rural	To help women who manufacture goods from lutindzi grass in supply chain development, sales, marketing strategy, gender issues, and HIV/AIDS prevention.	IFC	SGBI
Tanzania Kilombero Business Linkages	To improve the capacity of small-scale sugar cane outgrowers and farmers associations and identify SMEs that could provide goods and services to a sugar mill.	Core Funds	PEP-Africa
Leasing Program	To develop leasing as an alternative source of finance to SMEs.	Switzerland	PEP-Africa
Micro, Small, and Medium Enterprises Study	To evaluate MSMEs' demand for finance and the capacity of financial institutions to meet this demand.	Netherlands	TATF
Uganda Housing Sector Study	To analyze the housing sector, including the rental market, and to collect housing indicators and compare them to international benchmarks.	Luxembourg Israel IFC	TATF
Reform Process Solutions	To perform a gender and growth assessment for Uganda.	Core Funds	FIAS

PROJECT	PROJECT DESCRIPTION	DONOR	PROGRAM
Zambia Industry Solutions	To performed a study of the effective tax burden in the five sectors designated by the recently adopted private sector development plan as the priority areas for growth and to determine whether the current tax/incentive scheme is conducive to growth goals.	Core Funds	FIAS
Konkola Copper Mine SME Supplier Development	To help local smaller business build capacity to provide goods and services to the mining sector.	Core Funds	PEP-Africa
Reform Process Solutions	To review the legal framework surrounding the investment climate.	Core Funds	FIAS
East Asia and the Pacific			
Regional Administrative Barrier Solutions	To manage the website content development consultant contracted by the Commonwealth Secretariat and advise investment promotion agencies (IPAs) on content development issues and provided content development training.	Core Funds	FIAS
Corporate Governance / Strengthening Financial Institutions	To strengthen the corporate governance and capacity of financial institutions serving the SME sector.	IFC Netherlands	FMTAAS TATF
Digital Divide Data	To provide a patient capital investment to a company seeking to expand operations and improve its corporate governance in Cambodia and Laos.	IFC	SGBI
Enterprise and Investment Legislation	To help improve private sector legislation in partnership with the governments of Cambodia, Lao PDR, and Vietnam.	Australia Core Funds	MPDF
Pacific Islands Financial Institutions Training	To help Pacific island countries develop a training center for the region's financial institutions.	Australia	TATF
Research Studies	To conduct business environment research for Cambodia, Lao PDR, and Vietnam, and publish summaries of donors' initiatives on MPDF's Web site.	Core Funds	MPDF
Socially Responsible Investment Sector Study	To provide information to the investment community about sustainable and responsible investment.	Netherlands	SFMF
Tsunami Matching Grant	To provide immediate financial support to corporates that are positioned to respond rapidly to emergencies.	IFC	FMTAAS
Cambodia Canadia Bank Capacity Building	To help the bank operate in a market environment through improvements in management, marketing, and delivery of services.	Japan	TATF
Corporate Citizenship Awards	To promote good corporate citizenship in collaboration with the country's ministry of commerce, by highlighting good practices and IFC's global leadership role in this area.	IFC	CCF TATF
FDI Solutions	To assist the Royal Government of Cambodia in the amendments to the Sub-Decrees on the new Law on Investment with a particular emphasis on establishing a predictable and transparent investment registration process.	Core Funds	FIAS

PROJECT	PROJECT DESCRIPTION	DONOR	PROGRAM
FDI Solutions	To support the Cambodia Investment Board in the development of their investment promotion strategy including details on the overall direction, budget and implementation plan.	Core Funds	FIAS
Hagar	To provide Hagar Design, Hagar Soya, and Hagar Catering with support to strengthen management capabilities, improve management controls and information systems, and improve product design and marketing.	IFC	SGBI
Industry Solutions	To assist the Ministry of Commerce and the garment industry to move away from current dependence on a quota-focused market strategy towards a more market-led strategy, with improved corporate social responsibility.	Core Funds	FIAS
WTO Business Guide	To provide a resource guide for the country's business owners on issues related to WTO membership.	Core Funds	MPDF
China			
Administrative Barrier Solutions	To conduct a review of the administrative barriers to investment for Liaoning Province, with the aim of identifying problems in the regulatory procedures that deter investment and searching for ways to remove these barriers	Core Funds	FIAS
Administrative Barrier Solutions	To provide advice and recommendations for the development of a modern regime for secured transactions (collateral) that will allow for efficient taking and enforcing security over movable assets.	Core Funds	FIAS
Auchan SME Suppliers	To help small business suppliers to the Auchan hyper-market chain improve hygiene and food safety.	Core Funds	CPDF
Business Edge Management Training	To increase the skills and competitiveness of smaller enterprises through business management training.	Core Funds	CPDF
Cement Sector Analysis	To improve the availability of market data supporting development and modernization of the cement sector.	Norway	TATF
Chengdu City Commercial Bank Capacity Building	To build the bank's capacity in asset-liability management and conduct a full financial statement audit based on international standards.	Norway Core Funds	CPDF
Chengdu Rural Credit Cooperatives Training	To improve the credit analysis skills of the cooperatives' staff.	Core Funds	CPDF
Chengdu Small Enterprises Credit Guarantee Company	To enhance skills of the company's staff and strengthen the relationship with partner lending institutions.	Switzerland	CPDF
Consulting Development	To develop the local consulting industry to accelerate development of the private sector.	Core Funds	CPDF
Corporate Governance	To provide corporate governance training and reviews to raise awareness and improve standards; to develop a related toolkit for local business associations, regulators, and consulting firms.	Core Funds Canada	CPDF
Credit Analysis	To formalize a workbook for credit analysis on corporate borrowers.	Core Funds	CPDF
Credit Cooperative Unions	To undertake a diagnostic review of the Zhejiang and Hangzhou Credit Cooperative Unions.	Netherlands	TATF

PROJECT	PROJECT DESCRIPTION	DONOR	PROGRAM
Creditor Rights Protection	To raise awareness and recommend reforms related to secured transactions.	Core Funds	CPDF
Environment and Corporate Governance Support	To help China Green, an independent power producer, improve management and corporate governance and strengthen systems for the environmental, social, and employee safety aspects of its business.	Spain	TATF
FDI Solutions	To diagnose the policy, legal, & institutional frameworks needed to attract more FDI to China's Liaoning province.	Core Funds	FIAS
FDI Solutions	To perform a joint FIAS-MIGA review of the draft national investment promotion policy prepared by the Ministry of Commerce, including discussion in a workshop held in Beijing in July 2004.	Core Funds	FIAS
Fenglin International Limited	To help Fenglin develop sustainable business practices that meet international standards.	Sweden	TATF
Information and Communications Technology Analysis	To develop an assessment of the country's digital divide and related investment needs.	Spain	TATF
Leasing Law	To help the national legislature prepare and pass a leasing law in line with international best practice.	Core Funds Switzerland	CPDF
Leshan City Commercial Bank Institutional Strengthening	To help the bank develop staff skills and implement systems for credit management and human resources.	Core Funds	CPDF
Minshan Natural Reserve Community Development	To help minority communities in natural reserve areas supply products to a large retailer on a sustainable basis.	Core Funds	CPDF
New Hope Dairy Linkages	To help local dairies enhance farm management practices and upgrade the raw milk supply.	Core Funds Netherlands	CPDF TATF
North Andre Supply Chain Linkages	To develop food traceability for apple growers and improve farm management.	IFC	Linkages TATF
Plastics Recycling	To finance a recycling start-up company in Guangzhou.	IFC Denmark Italy	EOF
Privatization of State-Owned Enterprises	To publish a study of the country's privatization process.	IFC	TATF
Pulp and Paper Industry Development	To prepare a master plan for development of the pulp and paper industry, including training on new technologies and management approaches.	Finland	TATF
Secured Transaction Work	To help Chinese authorities and market players develop a credit reporting system.	Core Funds	CPDF
Sichuan Environmental Compliance Project	To help establish a program of incentives for smaller businesses to implement sustainable environmental practices.	Sweden/IFC	CPDF
Sichuan Hog Sector Study	To examine the hog sector and create related assistance for smaller businesses and financial institutions.	Core Funds	CPDF
Sichuan Investment Promotion Bureau	To raise the investment promotion skills of the bureau's staff and conduct investment climate benchmarking.	Core Funds MIGA	CPDF
SME Mapping	To identify constraints to growth of smaller businesses, particularly in interior provinces.	Core Funds Canada	CPDF

PROJECT	PROJECT DESCRIPTION	DONOR	PROGRAM
SME Partnering Project	To help local small businesses form trading and investment partnerships with foreign firms.	Core Funds	CPDF
Xi'an City Commercial Bank Credit Risk Management	To help Xi'an City Commercial Bank strengthen its credit risk management.	Switzerland	TATF
Yunnan Hydropower	To study the market for hydropower in Yunnan province and southern China and to assess hydrology risks related to three proposed plants.	Spain Switzerland	TATF
Fiji FDI Solutions	To help implement key changes to the investment promotion activities and the foreign investment registration process of the Fiji Trade and Investment Board following amendments to the foreign investment legislation.	Core Funds	FIAS
Fiji Development Bank	To help the bank implement changes in management and reorganize its operations.	Australia	PEDF TATF
Nature's Way Cooperative	To increase the volume and quality of the country's exports of fresh breadfruit.	New Zealand	PEDF TATF
Tourism Investment Workshop	To conduct a workshop for investors, banks, developers, resort managers, international development and government agencies, and industry specialists seeking to promote investment in the country's tourism industry.	Core Funds	PEDF
Indonesia Administrative Barrier Solutions	To prepare and present, in collaboration with the Doing Business team, a paper examining ways of reducing Indonesia's lengthy business start-up procedures.	Core Funds	FIAS
Business Association Development	To build capacity for associations serving SMEs in the cocoa and handicraft sectors.	Core Funds	PENSA
Cocoa Industry Investment	To help the cocoa sector attract investment from large commercial players and international financial institutions and to improve productivity and marketing in the supply chain.	Core Funds	PENSA
Furniture Industry	To help producers across the furniture supply chain access finance and improve competitiveness.	Core Funds	PENSA
Handicraft Market Linkages and Capacity Building	To help handicraft producers link with foreign markets and trade promotion programs.	Core Funds	PENSA
Health Care Sector Study	To provide an overview of the country's private health care sector and identify investment opportunities for IFC.	Israel	TATF
Maize Farming	To improve the profitability of maize production by helping farmer groups organize, improve yields, and integrate into the supply chain.	Core Funds	PENSA
Microfinance and Alternative Channels	To help microfinance institutions improve access to finance for micro, small, and medium enterprises.	Core Funds	PENSA
Oil, Gas, and Mining Linkages and Stakeholder Relations	To link oil, gas, and mining companies with local suppliers and contractors and to provide a clearinghouse for best practices in stakeholder relations.	Core Funds	PENSA
Poultry Industry	To encourage investment by large and experienced poultry companies in grain drying, feed milling, poultry production, and processing and to improve the productivity of SME poultry farmers and poultry processing plants.	Core Funds	PENSA

PROJECT	PROJECT DESCRIPTION	DONOR	PROGRAM
Provision of Enterprise Access to Credit	To enhance business development service providers' capacity, so that they can help SMEs improve access to credit.	Core Funds Switzerland	PENSA
Regional Banks Sector Study	To study the country's regional and provincial banks, including challenges from sector reorganization and potential to serve SMEs.	Netherlands	TATF
Seaweed Farmer Cooperation	To identify best practices in seaweed farming and promote their use.	Core Funds	PENSA
Seaweed Processing and Market Access	To increase the value of seaweed sales by bringing processing closer to farmers and to link farmers and buyers online.	Core Funds	PENSA
SME Business Directory	To help SMEs access overseas markets and find less costly alternatives for promoting products.	Australia Astra Foundation	PENSA
SME Credit Line	To strengthen banks' capacity to serve the SME market by improving their credit skills and assisting in their institutional development.	IFC	FMTAAS
Subnational Deregulation	To help governments streamline business registration.	The Asia Foundation	PENSA
Sustainable Forestry	To provide guidelines on improving the enabling environment to increase the supply of certified and community timber.	Nature Conservancy	PENSA
Sustainable Wood	To develop a demonstration model of a single trade chain from source to store that uses sustainable wood.	World Wildlife Fund	PENSA
Voices of the Private Sector	To provide input to stakeholders on the concerns of SMEs and large-scale companies.	IFC	PENSA
Women Entrepreneurs' Credit Risk	To study the creditworthiness of women entrepreneurs as compared to their male counterparts.	Core Funds	PENSA
Lao People's Democratic Republic FDI Solutions	To conduct workshop with government officials to discuss and increase awareness of key policy issues to be addressed in the new Foreign Investment Law.	Core Funds	FIAS
Lao Business Forum	To initiate a mechanism for ongoing dialogue between government, the private sector, and potential investors.	Luxembourg IFC	TATF
Mongolia Mongolia Meat Quality Assurance Program	To train local slaughterhouses in best international practices.	Denmark	Linkages
Mobicom Capacity Building	To strengthen Mobicom's capacity in financial management, marketing, and sales.	Norway	TATF
Palau National Development Bank of Palau	To help the bank assess the feasibility of establishing a microfinance unit.	Core Funds	PEDF
Papua New Guinea Bank South Pacific	To help implement an efficient credit scoring system to improve the handling of credit applications.	Core Funds	PEDF CBF

PROJECT	PROJECT DESCRIPTION	DONOR	PROGRAM
Commercial Orchid Growers' Association	To help members attend a floriculture train-the-trainer course in Fiji.	Core Funds	PEDF
Lihona Butterfly Farm	To examine the commercial viability of reopening a butterfly farm for the benefit of surrounding villages.	Core Funds	PEDF
National Fisheries College	To join the college in conducting training for women in skills necessary to turn subsistence fishing activities into viable commercial enterprises.	New Zealand	PEDF CCF
PNG Divers Association (PNGDA)	To assess the association's potential for generating income through e-commerce.	Core Funds	PEDF
Porgera Joint Venture Linkages Partnership	To advise local authorities on the commercial viability and operation of a small hydroelectric scheme that would replace supplies from a mining project.	Core Funds	PEDF
Microfinance Institution Building	To conduct a diagnostic study and develop a business plan for a new microfinance institution.	Netherlands	TATF
Philippines			
Banco de Oro Capacity Building	To strengthen the bank's corporate governance and institutional capacity.	Japan	TATF
Boracay Island Private Sector Investment	To assess tourism infrastructure and other private sector investment opportunities on the island of Boracay.	Bavaria IFC	TATF
Health Care Industry Assessment	To study the country's private health care industry and identify investment opportunities for IFC.	Sweden	TATF
Industry Solutions	To examine linkages between multinational and domestic firms in the electronics, agri-business and IT-enabled services sectors and assessed the subsequent flow-on impacts, as well as policy constraints, to such linkages.	Core Funds	FIAS
New Port City Sustainability Assessment	To assess sustainability issues related to Megaworld Corporation's New Port City development.	Spain	TATF
Water Sector and Private Sector Participation	To advise on ways to attract private sector interest in the country's water sector.	France IFC	TATF
Samoa			
National Bank of Samoa	To help implement training to update the bank's credit procedures and policies.	New Zealand	PEDF TATF
Samoa Hotel Association	To help implement an e-booking system by training personnel, installing hardware and software, and developing Web content.	Core Funds	PEDF
Samoa Venture Capital Fund	To establish a venture capital investment vehicle for local businesses that cannot access financing from existing financial institutions.	Core Funds	PEDF
Solomon Islands			
Central Bank of Solomon Islands	To analyze credit unions, savings clubs, and the Solomon Islands Credit Union League and recommend changes to ensure sustainability of the sector.	Australia Core Funds	PEDF TATF
FDI Solutions	To advise on and prepared drafting guidelines for the new Foreign Investment Bill. Also helped prepare a new investment policy statement and facilitated public consultation on the proposed policy and legislative changes.	Core Funds	FIAS

PROJECT	PROJECT DESCRIPTION	DONOR	PROGRAM
Thailand Bond Market Development	To organize the marketplace for trading bonds, improving price transparency and market surveillance.	IFC	TATF
Timor-Leste Private Sector Investment	To identify private sector investment opportunities in agri-business, fisheries, forestry, oil and gas, infrastructure, tourism, and the financial sector.	Norway	TATF
Vanuatu FDI Solutions	To assist Vanuatu Investment Promotion Authority in developing a national investment policy statement, which clarified government policy regarding investment as well as its intended policy changes on investment.	Core Funds	FIAS
FDI Solutions	To developed a capacity building workshop to help Vanuatu's six provincial authorities comply with the new national investment policy statement (NIPS) and guide them in their preparation of good practice provincial investment policies.	Core Funds	FIAS
Melanesian Cooperative Savings and Loan Society	To help the institution develop a strategic business plan while maintaining its emphasis on indigenous access to finance.	Australia	PEDF TATF
Vietnam Administrative Barrier Solutions	To develop a methodology to undertake a comprehensive study of the impact of the Land Law 2003 on private sector development in response to a request from the Ministry of Natural Resources and Environment.	Core Funds	FIAS
Asia Commerical Bank Management Information System	To strengthen the bank's retail, SME finance operations, corporate governance, and institutional capacity through an upgrade of its management information system.	IFC Japan	TATF
BTC Vietnam	To improve the level of environmental and social commitment through capacity building for financial institutions.	Luxembourg	SFMF
FDI Solutions	To provide policy advice to the government on moving to a transparent, predictable and simplified system of performance-based corporate income tax and import duty incentives.	Core Funds	FIAS
Sacombank	To strengthen the corporate governance and institutional capacity of Sacombank.	Japan	TATF
Thanh Hoa Bamboo Growers Support	To increase the income of farmers in Thanh Hoa province through bamboo cultivation and improvement in the supply chain.	Luxembourg Netherlands	CCF
South Asia Regional Administrative Barrier Solutions	To host a high level roundtable to discuss how international best practice in regulatory reform can be most appropriately tailored to local conditions, needs and priorities in countries of the South Asia Region.	Core Funds	FIAS
Banker Training	To train bankers in Bhutan and northeast India; topics include introducing new financial products and tools and techniques for human resources.	Core Funds	SEDF

PROJECT	PROJECT DESCRIPTION	DONOR	PROGRAM
FDI Roundtable on Regulatory Reform	To examine how regulatory reform can improve the environment for foreign direct investment.	Core Funds	SEDF
Gender Entrepreneurship Markets	To develop a program based on a diagnostic study of women in SMEs and a regional forum.	Core Funds	SEDF
Knowledge Centers and SME Toolkit	To localize the SME Toolkit and work with chambers of commerce in Dhaka, Chittagong, and Bhutan to disseminate business information and provide training.	Core Funds	SEDF
Promoting Trade between Bangladesh and Northeast India	To promote advocacy, dialogue, and research to remove nontariff barriers and promote trade between Bangladesh and northeast India.	Core Funds	SEDF
SME Bank Diagnostic Tool	To develop a diagnostic tool for evaluating SEDF's partner banks.	IFC	CBF SEDF
Solar Lighting	To develop low-cost solar lamps to market to poor people in rural areas.	Netherlands	EOF
Tsunami Matching Grant	To provide immediate financial support to corporations that are positioned to respond rapidly to emergency needs.	IFC	FMTAAS
Bangladesh			
Administrative Barriers Review	To review administrative barriers to inform design of a multidonor private sector development project.	Core Funds	SEDF FIAS
Bangladesh Women Chamber of Commerce and Industry	To develop the capacity and improve the financial sustainability of the Bangladesh Women Chamber of Commerce and Industry.	Core Funds	SEDF
Bank Competency Group Training	To train inspectors in auditing risk-based systems in various areas of banking.	Core Funds	SEDF
Bank Corporate Governance and Credit Risk Management	To train the central bank and commercial bankers on corporate governance and on credit risk management related to SME finance.	Core Funds	SEDF
CBA Dhaka	To provide training on environmental management for financial intermediaries and SMEs.	Netherlands	SFMM
Chittagong Woman Entrepreneurs	To develop the capacity and improve the financial sustainability of the Chittagong Woman Entrepreneurs, a business association.	Core Funds	SEDF
Credit Scoring Modules	To develop training modules on credit scoring.	Core Funds	SEDF
Dhaka Chamber of Commerce and Industries Diagnostic Review	To conduct an in-depth diagnostic review of DCCI and develop a strategic framework for the organization.	Core Funds	SEDF
FDI Solutions	To provide advice regarding the context of investment strategy and assessing effective tax rates at the request of the BOI Executive Chairman.	Core Funds	FIAS
Global Bank Diagnostic Instrument	To prepare a global diagnostic instrument that verifies readiness of a financial institution to serve SMEs, in collaboration with several other IFC regional facilities.	IFC/Core Funds	CBF SEDF
Improving Registration Procedures	To disseminate information on business registration procedures.	Core Funds	SEDF
Institutionalizing Reforms for Private Sector Development	To build capacity of the civil service and strengthen the government's ability to support private sector growth.	Core Funds	SEDF

PROJECT	PROJECT DESCRIPTION	DONOR	PROGRAM
Investment Incentive Review	To review existing fiscal measures for investment in Bangladesh and develop appropriate recommendations.	Core Funds	SEDF
Knitwear Sector	To improve the competitiveness of the knitwear sector through export promotion and clustering.	Core Funds	SEDF
Reform Process Solutions	To create roundtables on Free Zones and Regulatory Reform in Bangladesh in order to assess key special economic zones and regulatory reform needs in Bangladesh.	Core Funds	FIAS
Registrar of Businesses	To automate the functions of the Registrar of Joint Stock Companies and Firms to improve the country's environment for business entry registration.	Core Funds Australia	SEDF
Roundtable on Free Zones for Investment Promotion and Export Competitiveness	To disseminate principles, international best practices, and experiences in improving the business environment to key stakeholders.	Core Funds	SEDF
SME Market Financial Survey	To conduct a survey of the SME market from a banker's perspective.	Core Funds	SEDF
SME Panel Survey and Report	To track performance of SMEs through a series of panel surveys and identify key constraints.	Core Funds	SEDF
SME Units at Banks	To help set up separate units within banks to focus on serving SMEs.	Core Funds	SEDF
Trade Policy and Apparel Exports	To examine the potential economic impact of SAARC Cumulation and General System of Preferences on the country's apparel export sectors.	Core Funds	SEDF
Bhutan FDI Solutions	To amend the FDI Rules and Regulations of Bhutan.	Core Funds	FIAS
Information Technology Park Feasibility Study	To study the feasibility of establishing a combined information technology park and distance learning center.	Core Funds	SEDF
Women's Entrepreneurship and Poverty Alleviation	To improve entrepreneurial capacity of rural women in producing and marketing medicinal herb products.	Core Funds	SEDF
India Bharatiya Yuva Shakti Trust Developing Young Entrepreneurs	To develop an innovative, sustainable financing solution for local entrepreneurs to fill a gap in the Indian financial market.	Netherlands IFC	TATF
BILT Farm Forestry Program	To support an outreach program that helps poor farmers in tribal villages grow trees on marginal lands for pulp and paper production.	IFC	Linkages CBF
Cairn Community and Economic Development	To help an IFC oil and gas client establish a community development program in remote rural areas of Rajasthan and support development of local supply-chain and income-generating activities for communities nearby.	IFC Netherlands	Linkages CCF
Cogeneration Turbine Manufacturing	To introduce cogeneration to local industries by beta-testing gas turbines and producing steam turbines.	Netherlands	EOF
Electric Car Manufacturing	To support the country's first electric car manufacturer.	IFC Netherlands	EOF
Environmental and Social Issues in Sugar Supply Chains	To work with a potential IFC investee and its outgrowers to address environmental, social, and labor issues in production practices.	Italy	CCF

PROJECT	PROJECT DESCRIPTION	DONOR	PROGRAM
Food Safety Management System	To help an IFC client manage food production safety and quality and become eligible for HACCP certification.	Sweden	TATF
HIV/AIDS Capacity Building for IFC Clients	To build the capacity of corporations to address HIV/AIDS in the workplace, in-house clinics, and surrounding communities.	Netherlands	CCF
Information Technology for Rural Farmers	To provide rural farming communities in Tamil Nadu with access to IT services through communications kiosks.	IFC	CCF
Lead Battery Certification	To develop a certification program for lead battery manufacturing.	Netherlands	CCF
Northeast India Brand Summit	To promote the area's industrial products and build brands for better market access.	Core Funds	SEDF
Powerlinks Occupational Health and Safety Training	To increase awareness among contractors and employees of workplace health and safety issues and good practice.	Netherlands	CCF
Private Health Care Sector Development	To help expand the health care sector in northeast India.	Core Funds	SEDF
Self-Employed Women's Association	To administer existing portfolio projects: SEWA Trade Facilitation Centre and SEWA Barefoot Managers' School.	Japan Netherlands IFC	SGBI
SME Training: Applying Global Best Practice	To develop best practice SME training methods appropriate to meet the country's needs.	Netherlands IFC	TATF
Maldives Coral Reef Rehabilitation and Protection	To work with resort hotels that are IFC clients and with local NGOs and tour operators to test methods of rehabilitating coral reefs affected by human activity.	Netherlands	CCF
Nepal SME Toolkit Bizmantra	To localize the SME Toolkit and increase access to business information and management training.	Core Funds	SEDF
Sri Lanka Road Safety Training Institute Feasibility Study	To determine the viability of establishing a road safety training institute.	Sweden	TATF
Water Disinfection and Purification	To build a permanent water purification and disinfection system as part of the post-tsunami reconstruction.	United States	TATF
Europe and Central Asia			
Regional ACG/BTC Pipeline	To increase opportunities for local SMEs to become part of the supply chain for the ACG/BTC Pipeline.	IFC	Linkages CBF
Alternative Dispute Resolution	To help introduce mediation into the formal court system and increase awareness of its potential.	Core Funds	PEP-SE
Balkans Infrastructure Development	To help the public sector in Southeast Europe increase private participation and investment in infrastructure, especially the energy, transport, and water and sanitation sectors.	Netherlands	TATF

PROJECT	PROJECT DESCRIPTION	DONOR	PROGRAM
Central Asia Housing Finance Gaps Analysis	To identify the legal and regulatory gaps in the housing finance systems in Azerbaijan, Kazakhstan, the Kyrgyz Republic, Tajikistan, and Uzbekistan.	Switzerland	PEP TATF
Competitive Business Advantage	To hold Competitive Business Advantage workshops in Sarajevo, Belgrade, Skopje, and Tirana.	Netherlands IFC	SFMF PEP-SE
Herbal Development Initiative	To strengthen private development of the herbal sector by building the capacity of business associations in Bosnia and Herzegovina and in Serbia and Montenegro.	Core Funds	PEP-SE
Leasing	To build local capacity and knowledge through training on leasing legislation and conduct an awareness campaign to highlight financial benefits of leasing.	Core Funds	PEP
Albania Administrative Barrier Solutions	To assist the government in updating the 1999 Admin Barriers Study based on the self-assessment method, including a regulations and administrative barriers survey, and help develop an action plan for implementation.	Core Funds	FIAS
Albania National Commercial Bank	To train bank staff, conduct sector studies, and offer consulting services to individual companies to help them access finance.	Core Funds	PEP-SE
Albanian Construction Association	To strengthen the construction association's sustainability and capacity to serve its members.	Core Funds	PEP-SE
Export Promotion Agency	To help the agency with critical organizational and technical issues to improve its services to exporters and Albania's competitiveness in regional and EU markets.	Core Funds	PEP-SE
Telecommunication Regulatory Authority HR Needs Assessment	To prepare a capacity building program for the authority's management and staff.	Spain	TATF
Azerbaijan FDI Solutions	To help, jointly with MIGA/IMS, develop the strategy and structure of the IPA and translate the recommendations included in the diagnostic study into action with the best institutional framework strategy to carry them.	Core Funds	FIAS
FDI Solutions	To provide technical assistance to government officials and Parliament on the development of the Draft Investment Law in line with the best practices in FDI laws, clarified the commentary and guidelines.	Core Funds	FIAS
Belarus Business Enabling Environment	To reduce the regulatory burden on SMEs by conducting surveys, identifying barriers to growth, discussing problems with decision-makers and the business community, and providing the government with policy advice.	Sweden	PEP
Strengthening Belgazprombank's Capacity	To help the bank develop a viable consumer and small business finance operation.	Sweden	TATF
Bosnia and Herzegovina Administrative Barrier Solutions	To provide assistance in the design and implementation of local review of the administrative processes that affect the operation of companies for the Municipality of Gradiska in Bosnia & Herzegovina.	Core Funds	FIAS

PROJECT	PROJECT DESCRIPTION	DONOR	PROGRAM
Auto Cluster	To align the performance of car parts suppliers with international manufacturing standards, raising their attractiveness to foreign investors.	Core Funds	PEP-SE
Construction Sector Development	To increase competitiveness and readiness of local companies for large infrastructure projects through training and links to sources of financing.	Core Funds	PEP-SE
Corporate Governance	To improve corporate governance and operational performance of newly privatized SMEs through consulting to firms and training of managers and board members.	Core Funds	PEP-SE
KLAS Company	To develop a business model for the company's retail division and support involvement of SMEs as suppliers in the company's value chain.	Core Funds	PEP-SE
Wood Sector Development	To assist SME development in the wood sector through consulting and training to enhance competitiveness.	Core Funds	PEP-SE
Bulgaria Bulgarian Electricity Generation Advisory	To design a transparent and competitive wholesale market that encourages participation of private investors in the country's power sector.	IFC	TATF
FYR Macedonia Financial Institutions Capacity Building	To build capacity of financial institutions and regulatory bodies and increase access to capital for SMEs.	Core Funds	PEP-SE
Makstil Company	To improve the competitiveness and profitability of the company's supply chain, including scrap metal operators and collectors, and support development of the recycling industry.	Core Funds	PEP-SE
SME Agency Strengthening	To increase the capacity of the agency and local business service providers to address EU accession issues and introduce HACCP in the country's food companies.	Core Funds	PEP-SE
Union of Chambers of Commerce	To strengthen the management capacity of the business association and expand its members' access to products and services.	Core Funds	PEP-SE
Kazakhstan Corporate Governance	To increase knowledge of good corporate governance practices at local companies and banks.	IFC	PEP FMTAAS
Ispat Karmet	To help smaller businesses maintain links with Ispat Karmet and aid them in expanding and modernizing their businesses through the SME Resource, a special purpose funding vehicle.	IFC	Linkages CBF
SME Supplier Development in Oil and Gas Projects	To support the development of SME suppliers to international oil and gas projects.	Japan	TATF
Kyrgyz Republic Kumtor Snow Leopard Conservation and Biodiversity	To preserve the area's biodiversity, including endangered snow leopards.	Italy	CCF
Poland Administrative Barrier Solutions	To assist the Government of Poland in carrying out a self-assessment of administrative barriers to investment.	Core Funds	FIAS

PROJECT	PROJECT DESCRIPTION	DONOR	PROGRAM
Romania			
Administrative Barrier Solutions	To assist the Government of Romania in conducting a monitoring & evaluation project to strengthen implementation and impact of reforms.	Core Funds	FIAS
Banca Comerciala Romana	To help the bank strengthen its corporate governance, internal auditing, and environmental policy and management systems.	IFC Italy	FMTAAS SFMF
Industrial Competitiveness	To help fund a study of the country's competitiveness.	IFC	FMTAAS
Russian Federation			
A Chance To Work	To provide disadvantaged youth with an opportunity to improve their lives and to promote corporate social responsibility, by providing orphans with training and internship opportunities at major Moscow-based companies.	IFC	TATF
Administrative Barrier Solutions	To assess removal of administrative barriers, including business survey, baseline for monitoring, facilitation of dialog between public and private sectors, and specialized expertise.	Core Funds	FIAS
Commercial Energy Efficiency Finance	To support the Commercializing Energy Efficiency Finance program in Russia.	Switzerland	SFMF
Competitive Business Advantage	To train financial institutions on how to manage environmental and social issues associated with their lending and investment operations.	Switzerland	SFMF
Fishing Industry Survey	To identify key issues and constraints of the country's fishing industry.	Iceland	PEP
Komi Republic SME Development	To help the SUAL Group maximize local sourcing opportunities from the Russian Federation's Komi Republic.	IFC	PEP CBF
Northwest Russia Forest Investment	To improve the investment environment in northwest Russia's forest industry and encourage the use of sustainable forestry practices.	Finland Private donors	PEP
Primary Mortgage Market Development	To spur the development of the primary and residential mortgage market, particularly among local banks in regions beyond Moscow.	Canada Netherlands Switzerland IFC	PEP
Reform Process Solutions	To provide an analysis and recommendations on the draft law, with a view to improve the framework for SEZ development that both converges toward international best practices in free zone policies and operations and, at the same time, ensures sufficient regulation by the Government.	Core Funds	FIAS
Securitization	To advise government entities on new regulations to create an environment for securitization and provide education to regulators and market players on the benefits and mechanics of securitization.	Austria	TATF
Steel Sector Assessment	To analyze the demand characteristics for various steel products, review the main players in the industry, and identify efficient producers who are suitable for modernization of their facilities.	United Kingdom	TATF

PROJECT	PROJECT DESCRIPTION	DONOR	PROGRAM
Sustainable Energy Finance	To promote investments in energy efficient technologies.	Denmark Finland IFC The World Bank	PEP
Volga Automotive	To improve quality and production efficiency at a large automobile factory.	Austria	PEP
Serbia and Montenegro Belgrade Municipal Solid Waste	To improve efficiency and management in Belgrade's municipal solid waste operations in preparation for private sector participation.	Denmark IFC	TATF
Business Associations Capacity Building	To enhance private sector development in the municipality of Vrsac through assistance to the Association of Small and Medium Enterprises and Entrepreneurship.	Core Funds	PEP-SE
CPOT Pipeline Strategy	To prepare for development of the Constanza-Pancevo-Omisalj-Trieste oil pipeline.	Austria	TATF
MAXI Company	To enhance MAXI's value chain by helping it adopt best practices and improve customer service and quality of products.	Core Funds	PEP-SE
Podgoricka Banka Restructuring and Privatization	To support the bank's restructuring and upgrading by providing financial advisory services.	Austria Greece IFC	TATF
Privatization Agency of Serbia	To assist the agency's Capital Market Center and assess the portfolio of companies held by the State Share Fund of Serbia.	Italy	TATF
Tigar Finance and Accounting Departments	To help Tigar AD establish an effective treasury, finance, and control department and train staff, including its chief financial officer.	Italy	TATF
Tajikistan PamirEnergy Tariffs	To help PamirEnergy develop a revised tariff collection strategy and demand side management program to reduce consumers' energy consumption and make energy bills more affordable.	Switzerland	TATF
Rural Finance Replication	To establish a private company owned by farmers and to finance inputs, arrange for processing, and provide marketing services.	Canada	PEP
Turkey Assessment of waste recycling sector	To assess business opportunities for recycling.	IFC	EOF
Cultural and Historic Tourism	To examine tourism possibilities for the port of Kushadesi based on its cultural heritage.	Norway	CCF
Industry Solutions	To assist the Government of Turkey in conducting a competition policy study on how to attract FDI and strengthen the competitiveness of private sector as the primary engine for sustainable private sector led economic growth.	Core Funds	FIAS
Reform Process Solutions	To provide follow-up assistance to the Government of Turkey for the second meeting of the Investment Advisory Council to help strengthen the Government's ongoing investment climate reforms more effectively.	Core Funds	FIAS

PROJECT	PROJECT DESCRIPTION	DONOR	PROGRAM
Ukraine			
Commerical Mediation and Dispute Resolution	To investigate commercial mediation and alternative dispute resolution in Ukraine.	Sweden	PEP TATF
HACCP Food Safety	To expedite Sandora's efforts to fully implement a Hazard Analysis and Critical Control Point food safety program.	Germany	TATF
Pulp and Paper Industry	To identify key issues and constraints of the country's pulp and paper industry.	Finland UKRPAPIR IFC	PEP TATF
SME Policy	To help improve the legal framework for business permits and to assist permit agencies in simplifying their issuance procedures.	European Commission	PEP
Southern Ukraine Vegetable Supply Chain	To develop agribusiness skills to improve access to finance and markets, improve farm productivity by introducing husbandry, and demonstrate a more productive use of assets.	Sweden	PEP
Vinnitsa Dairy Supply Chain	To develop business skills among dairy farmers, promote milk safety awareness, and improve farm productivity and milk quality.	Sweden	PEP
Vinnitsa Fruit Supply Chain	To develop agribusiness management skills among fruit farmers, improve sustainability by demonstrating a more productive use of assets, and introduce modern techniques and technologies.	Austria	PEP
Latin America and the Caribbean			
Regional			
Competitive Business Advantage	To help financial institutions understand how to manage environmental and social issues associated with their lending and investment operations.	Switzerland	SFMF
Credit Bureau Program	To foster the development of private credit bureaus, facilitating the extension of credit to underserved segments of the population.	IFC	TATF
Indigenous Peoples and Impact Assessment	To assemble indigenous perspectives on a range of topics related to the work of the Organization of American States and to the themes of an OAS summit.	IFC	CCF
Leasing Maps	To assess the national regulatory and legal framework for the leasing industry in Honduras and Nicaragua.	Canada Switzerland	LACP
Municipal Scorecard	To establish a benchmarking tool for municipalities' regulation of the private sector.	Switzerland	LACP
Simplification of Business Regulations at the Subnational Level: Toolkit for Reform Implementation	To provide a toolkit for reforms that simplify business regulations at the municipal level.	Norway	LACP
SME Toolkit	To modify IFC's SME Toolkit to meet specific needs of smaller enterprises in Bolivia and Peru.	Switzerland	TATF
Southern Cone Development Marketplace	To help strengthen civic values among poor and vulnerable youth in Argentina, Chile, Paraguay, and Uruguay.	IFC	TATF

PROJECT	PROJECT DESCRIPTION	DONOR	PROGRAM
Antigua & Barbuda FDI Solutions	To help the Government of Antigua & Barbuda establish an Investment Promotion Agency and diagnose the investment environment.	Core Funds	FIAS
Argentina Banco Hipotecario Argentina	To create a strategy for fully privatizing Banco Hipotecario Argentina.	Spain	TATF
Bolivia AXS Bolivia	To develop an Internet cafe franchise.	IFC	Linkages LACP
Community Development and Rural Electrification	To develop pilots to deliver rural electrification to isolated communities using renewable energy, including wind, biomass, solar photovoltaics, and micro-hydropower.	Bavaria	TATF
Indigenous Enterprise Development	To study the opportunities for indigenous people in business and help indigenous artisan groups gain market access for their products.	Netherlands	LACP TATF
Irupana	To provide Irupana with a patient capital loan to optimize its production capacity and packing facilities, helping it increase exports and implement a management information and monitoring system.	IFC	SGBI
Leasing Development	To expand leasing operations and draft new laws.	Switzerland	LACP
National Guide of Business Procedures	To set up a Web portal to host a national online guide to procedures of the Central Public Administration, as part of a larger effort to simplify administrative procedures and increase transparency.	Netherlands	LACP
Simplifying Procedures at the Municipal Level	To simplify business procedures in the municipalities of Montero, Tarija, and Trinidad.	Norway	LACP
Wood Sector Supply Chain	To strengthen the supply chain for wood products by promoting access to finance and improving the availability of certified wood.	IFC	LACP CBF
Brazil Competitive Business Advantage	To conduct a Competitiveness Business Advantage course.	IFC	SFMF
Forestry Certification	To strengthen the country's forest certification program and align it with international standards.	Italy	CCF
Odebrecht Supplier Finance	To provide training for supplier and subcontractor development, supporting IFC's loan to the company for financing of SME suppliers.	IFC	Linkages CBF
Soy Stakeholder Dialogue	To support consultation between an IFC client and NGOs on soy production in the Cerrado.	IFC	CCF
Wind Power Viability Assessment	To review the feasibility of IFC engagement with privately held wind power projects that are in development under a Brazilian government program.	IFC	TATF
Colombia Supply-chain Best Practice	To map local initiatives of large companies that work with SMEs as suppliers and distributors.	Canada	LACP
Wastewater Systems for Sugar Mills	To review the wastewater system and identify cost-effective design improvements for two sugar mills.	Norway	EOF

PROJECT	PROJECT DESCRIPTION	DONOR	PROGRAM
Dominican Republic Wind Power Feasibility Study	To review wind data, technical bids, and selection of turbines and to estimate the amount of electricity to be generated.	Sweden	TATF
Ecuador Labor Relations	To facilitate discussions between a trade union and management on the possibility of establishing unions on plantations.	IFC	CCF
Organic Waste Fermentation and Biogas	To define the most beneficial and cost-effective methodology for converting organic solid wastes from livestock rearing, animal and food processing, and wastewater management into biogas and marketable fertilizer-like solids.	Bavaria	TATF
El Salvador Global Home Township Feasibility Study	To analyze the potential for the GlobalHome Township program in El Salvador.	IFC	TATF
Metrocentro	To provide local SME retailers with tailored training and consulting.	Italy	Linkages CCF
Guatemala Gold Mining and Community Development	To work with the company's foundation to establish community-run tree nurseries for mine reforestation.	Norway	CCF
Haiti Grupo M Mediation	To initiate negotiations between management and workers at an apparel manufacturing plant, helping resolve a labor dispute.	IFC	TATF
Honduras Industry Solutions	To help implement skills reforms to strengthen the competitiveness of the Honduran private sector.	Core Funds	FIAS
Nicaragua Administrative Barrier Solutions	To assist the Government of Nicaragua in setting up and supervise the implementation of a comprehensive administrative reform program.	Core Funds	FIAS
Industry Solutions	To reform labor skills training to strengthen the competitiveness of the private sector in Nicaragua.	Core Funds	FIAS
Industry Solutions	To review of the draft law and implementing regulations for competition policy.	Core Funds	FIAS
Simplification of Business Procedures	To help the municipalities of Granada, Leon, and Masaya reduce administrative barriers in the business environment.	Switzerland	LACP
Wood Sector: Export Promotion for SMEs	To strengthen smaller businesses' access to competitive markets using environmental management certification as a marketing tool.	Netherlands	LACP
Peru Corporate Social Responsibility	To identify interactions between large and small enterprises and analyze practices that contribute to the sustainability of their businesses.	Canada	LACP
Edyficar	To help a microfinance institution improve its efficiency.	IFC	Linkages CBF

PROJECT	PROJECT DESCRIPTION	DONOR	PROGRAM
Minera Yanacocha	To improve the competitiveness of local SMEs by diversifying their markets and participating in a mine's supply chain.	IFC Netherlands	Linkages CBF
Institutional Capacity Building and Transparency	To help local governments in Cajamarca contribute to more equal distribution of benefits generated by a mining project.	IFC	LACP
Municipal Business Procedures Map	To map current practice and design a national plan to simplify municipal procedures.	Canada	LACP
Orient Express Linkages	To help link small-scale producers and service providers in the Cuzco region to contracting opportunities with Orient Express Hotels and rail operations in the region.	IFC	LACP CBF Linkages
Simplification of Business Regulations	To simplify procedures for obtaining operating and construction licenses in metropolitan Lima.	Switzerland	LACP
SME Toolkit Adaptation	To provide a management tool to help lenders improve their performance when advising small and medium enterprises.	Switzerland	LACP
Textile Sector	To strengthen the textile sector in Arequipa.	Netherlands	LACP
Venezuela Vinncler Oil and Gas	To develop an environmental and social management framework, helping support the company's expansion.	Spain	TATF
Middle East and North Africa			
Regional Bank Training of Trainers	To introduce specific training modules to the MENA region SME banking sector to train the regional trainers to ensure a sustainable offer in the market.	Core Funds	FIAS
Afghanistan Afghanistan Finance Company	To help a new private sector leasing company set up best practice credit analysis, marketing, and equipment leasing functions.	Core Funds	PEP-MENA
Agribusiness Sector	To assist processing operations for dried fruit and nuts, a key sector for the country.	Core Funds	FIAS
Insurance	To contribute to the development of the insurance sector, by assessing the insurance market and identifying steps required to stimulate the industry.	Core Funds	FIAS
Algeria Arab Leasing Corporation	To improve the company's operating processes and guidelines, train staff in credit analysis and marketing, and provide coaching to management.	Core Funds	PEP-MENA
CARE	To develop CARE's capacity to organize advocacy events, including national debates and a conference on family businesses.	Core Funds	PEP-MENA
Conseil National Consultatif	To build the capacity of the national council of business associations, including by establishing a unit to coordinate donor-funded programs.	Core Funds	PEP-MENA

PROJECT	PROJECT DESCRIPTION	DONOR	PROGRAM
Crédit Populaire d'Algérie	To help the bank establish best practice risk management procedures and systems.	Core Funds	PEP-MENA
Egypt Administrative Barrier Solutions	To assist the Government of Egypt in its effort to facilitate private investment in the country and to improve transparency and effectiveness of Government operations.	Core Funds	FIAS
Alexandria Business Association Credit Scoring	To review the association's risk management processes and procedures and develop a credit-scoring model.	Core Funds	PEP-MENA
Banque Misr	To help the bank assess the microfinance performance of its branches, develop a business plan, install an IT system, and review procedures, systems, and training.	Core Funds	PEP-MENA
Business Edge	To support local organizations that provide management training to SMEs by providing them with IFC's Business Edge products and tools.	Core Funds	PEP-MENA
Export Development Bank of Egypt	To analyze the bank's profitability and customer segmentation and help it establish an SME operation.	Core Funds	PEP-MENA
Islamic Republic of Iran Saman Bank and Karafarin Bank	To support two new private sector commercial banks by strengthening their organization, operational procedures, credit analyses, and risk management functions.	Spain	TATF
Iraq Iraqi Bank Training	To train Iraqi bank managers on modern banking practices, including credit risk management, asset/liability management, strategic business planning, foreign currency risk and bank marketing.	Core Funds	FIAS
Jordan Arab Bank Academy for Banking and Financial Services	To help develop training modules to serve the needs of banks targeting the region's SMEs.	Core Funds	PEP-MENA
Lebanon Banking Sector Corporate Governance	To survey corporate governance in the country's banking sector generally and assess the corporate governance of a leading local commercial bank.	Core Funds	PEP-MENA
Morocco AZIT Business Organization	To build the capacity of AZIT, a business member organization in the industrial zone of Tangiers.	IFC	PEP-MENA
Banque Centrale Populaire	To promote the bank's services to SME clients and conduct a benchmarking study of its risk management function.	Core Funds	PEP-MENA
Business Associations Training	To facilitate business associations' access to training by a local service provider, Confédération Générale des Entreprises du Maroc.	IFC	PEP-MENA
IZDIHAR Business Association	To help a business association design and implement a marketing plan for new and existing services.	IFC	PEP-MENA
Regional Investment Promotion Agency	To establish an investment promotion agency aiming at increasing FDI inflows to the country's northern regions.	Core Funds	PEP-MENA
Pakistan Administrative Barrier Solutions	To identify key issues constraining the growth of the housing, construction, retail, and tourism industries and develop blueprint for land market reform.	Core Funds	FIAS

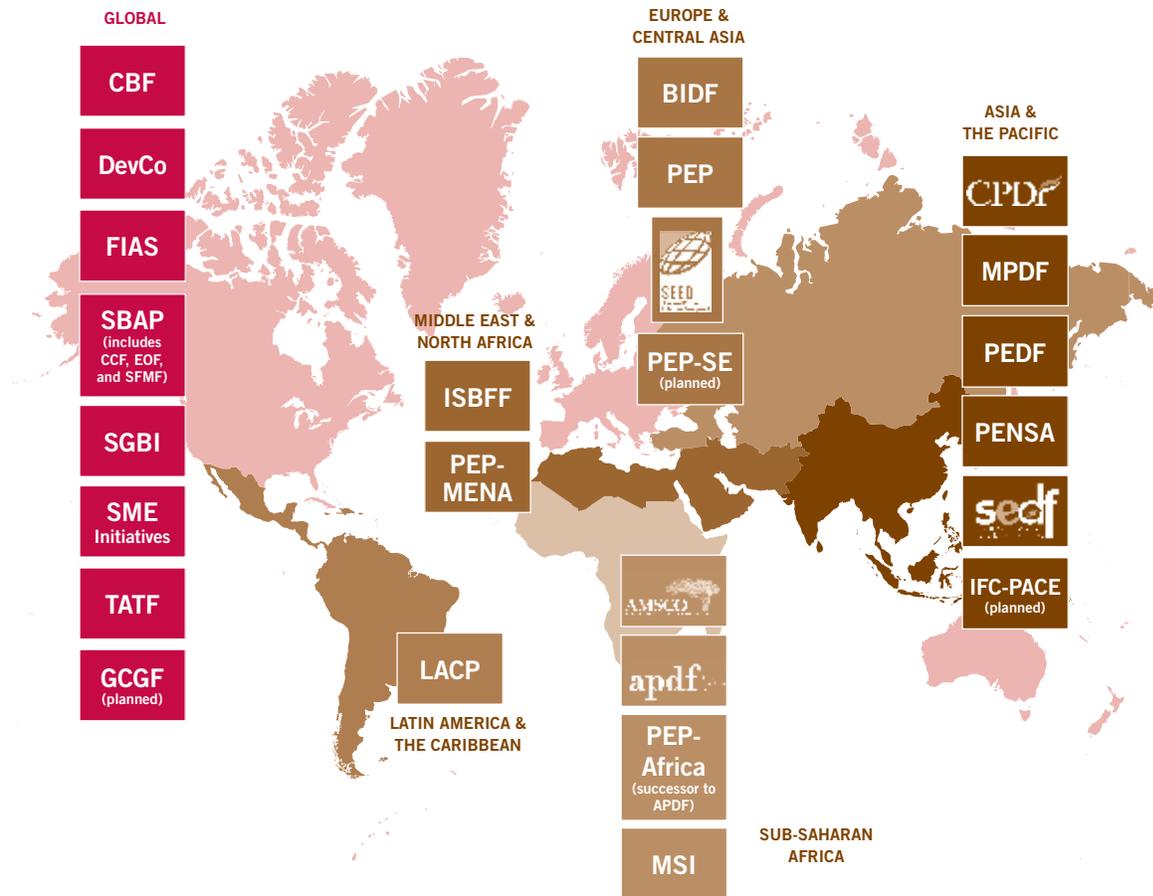
PROJECT	PROJECT DESCRIPTION	DONOR	PROGRAM
Reform Process Solutions	To provide the Government of Pakistan with a registration and licensing regime in light of the costs it imposes on potential investors.	Core Funds	FIAS
Tunisia Banker Sustainability Training	To collaborate with the World Bank Mediterranean Environmental Technical Assistance Program in training bankers on topics related to sustainability.	Netherlands	SFMF
BIAT Banking Operations	To develop and promote Banque Internationale Arabe de Tunisie's SME banking operations.	Core Funds	PEP-MENA
Global			
ACCION Microfinance Facility	To use ACCION International's expertise to help banks set up new microfinance business units.	IFC	FMTAAS
Animal Welfare Good Practice Note	To provide guidance on animal welfare for IFC livestock clients and other agribusiness companies.	Netherlands Norway IFC	CCF
Corporate Social Responsibility and National Competitiveness	To develop a national competitiveness strategy that will promote corporate social responsibility and encourage sustainable private sector in FIAS client countries.	Sweden	TATF FIAS
Gender Entrepreneurship Markets	To incorporate gender issues into IFC's work, assist women entrepreneurs, and advise financial institutions on financial services and business support to women.	IFC	FMTAAS
Global Business School Network	To enhance the institutional capacity of business schools in developing countries so they can provide a stronger pool of management talent to local, regional, and multi-national firms and organizations.	IFC	FMTAAS
Grassroots Business Organizations	To help grassroots business organizations improve their operations, develop better systems, and establish access to markets and financing.	Switzerland	TATF
Human Rights Impact Assessment	To develop a guide to human rights impact assessment for use across sectors by companies in the field.	IFC	CCF
IFC Against AIDS	To develop tailored tools and advice to address workforce and community-related concerns stemming from HIV/AIDS.	IFC	FMTAAS
Indigenous Business Summit	To provide a technical forum on indigenous business for leaders of indigenous peoples, practitioners of impact assessment, private companies, and other stakeholders.	IFC	CCF
Sustainable Investment in Emerging Markets	To stimulate more sustainable investment in emerging market listed equities by addressing gaps in local research infrastructure.	Netherlands	SFMF
Sustainability Regional Service Providers	To develop a network of regional service providers to deliver sustainability-related products and services.	Netherlands	SFMF
Linkage Toolkit	To train staff and develop sector-specific networks for coordinating linkage activities.	IFC	CBF Linkages
Monitoring and Evaluation of IFC's Technical Assistance	To devise a standard and shared approach to methodology employed in monitoring and evaluating the impact of technical assistance on projects in the various donor-funded facilities managed by IFC.	IFC	CBF

PROJECT	PROJECT DESCRIPTION	DONOR	PROGRAM
Olam Sustainable Forestry Management	To help Olam address sustainability and fair trade opportunities.	Netherlands Norway IFC	CCF
Tourism Workbook	To develop a handbook for practitioners on managing the socioeconomic impact of hotel and tourism development.	Netherlands Norway IFC	CCF
Traditional Medicine Market Study	To conduct a survey of the traditional medicine market in China and India.	Switzerland	TATF
Youth Entrepreneurship	To enhance existing youth enterprise development initiatives in Kenya and India and appraise their potential for replication.	IFC	CBF



IFC Donor-Supported Technical Assistance Programs: Locations

GLOBAL AND REGIONAL DONOR FUNDED OPERATIONS



IFC Donor-Supported Technical Assistance Programs: Purpose/Strategy

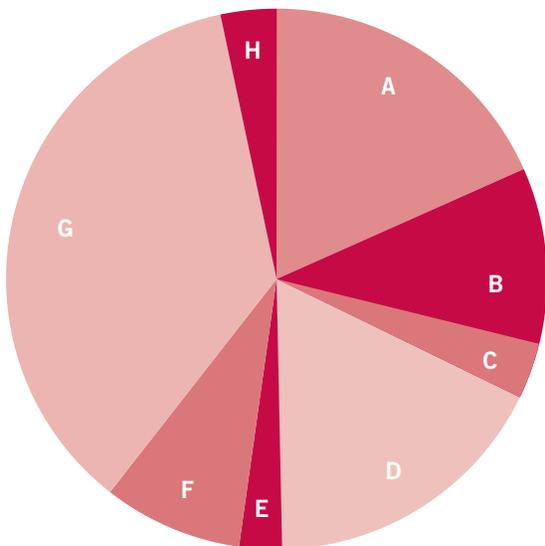
ACTIVITY DFO	PURPOSE STRATEGY	INCEPTION DATE FY
FIAS	To provide advisory services on improving the FDI environment in emerging markets.	1985
APDF	To respond to the need for project preparation and assistance for African entrepreneurs.	1986 (succeeded by PEP-Africa, in FY05)
TATF	To develop TA projects to help strengthen the business environment in all IFC client countries, focusing on TAs to promote private sector growth.	1988
AMSCO	To assist those SMEs that have substantial African ownership to become more sustainable and competitive in national and international markets.	1989
PEDF	To assist in and accelerate the development of productive, self-sustaining SMEs in Pacific Island countries.	1990
MPDF	To foster growth in the number and size of domestic private firms in the Mekong region.	1996
PEP	To provide focused TA, with the goal of helping build successful private businesses in the former Soviet Union region.	In operation since 1997. The Partnership was formally created in May 2000.
CPDF	To support the development of private SMEs in the interior of China, with an initial focus on Sichuan province.	2000
SEED	To help support the development of the private sector in Albania, Bosnia, Macedonia, Kosovo, and the Former Republic of Yugoslavia.	2000 (to be succeeded by PEP-SE, in FY06)
CCF	To demonstrate the business case for progressive approaches to corporate citizenship and to leverage the potential of IFC investments to act as a catalyst for improved environmental and social performance.	2002
EOF	To provide catalytic project development funding and flexible investment financing for innovative projects that primarily address local environmental issues.	2002
SEDF	To increase the number and growth rates of SMEs in Bangladesh, Bhutan, Nepal, and northeast India.	2002
SFMF	To enhance the environmental and social impact of financial intermediaries operating in developing markets and to have a strategic impact on the sustainability agenda of the broader financial community.	2002
CBF	To fund partnerships and programs that support the four core pillars of the WBG SME strategy	2002
SME- Initiatives	To support various SME initiatives such as (i) addressing broader SME development issues (access to financing, business enabling environment, local economic development, and capacity building); (ii) funding pilot and partnerships projects; and, (iii) building local capacity for SME lending in target markets.	2002

ACTIVITY DFO	PURPOSE STRATEGY	INCEPTION DATE FY
PENSA	To support the increased flow of capital to SMEs by strengthening SME banks, creating new SME financial products, and identifying and preparing projects for follow-on IFC investment; to support linkage programs related to IFC investments and to work with IBRD on improvements in the business enabling environment.	2003
LACP	To promote private sector development through SMEs in selected countries in Latin America (e.g., target countries of Peru, Bolivia, Honduras, and Nicaragua) with the aim of fostering job creation and reducing poverty in the host countries.	2003
DevCo	To put in place sustainable contractual agreements in which infrastructure services are privately provided, with an emphasis on the provision of services to those that currently do not enjoy access	2003
ISBFF	To support the development of micro and small business in Iraq through financial intermediaries	2003
PEP-MENA	To provide TA to support private sector development in all countries in the MENA region.	2004 (assumed the activities of PEP-ME and NAED facilities)
BIDF	To assist the public sector in southeast Europe to increase private participation and investment in infrastructures that contribute to economic development.	2005 (to merge with PEP-SE during FY2005)
SGBI	To strengthen and expand support for Grassroots Business Organizations by the World Bank Group and others.	2005
SLDF	To expand SEDF's South Asia SME Development Program from Bangladesh to Sri-Lanka and Maldives.	2005
GCGF	To promote global, regional, and local initiatives to improve the institutional framework and practices of corporate governance in developing countries.	2005
MSI	To finance SMEs on a commercial basis and provide TA to investee companies and outside service providers in Mozambique.	2005
PEP-Africa	To enhance support to SMEs, support IFC direct investment through project development, and engage in improving the investment climate.	2005 (a successor program to APDF)
PLANNED		
IFC-PACE	To improve the business environment for SMEs to contribute to a broader-based economic growth and to sustainable poverty reduction in Philippines.	2006
PEP-SE	To develop targeted and innovative projects to support private sector development.	2006 (formerly known as SEED)

IFC Donor-Supported Technical Assistance Programs:

Cumulative Financial Commitments (unaudited) in \$ millions equivalent up to June 30, 2005

DONOR	TATF	FIAS	SBAP	CBF	SGBI	DevCo	SME INITIATIVES ²	REGIONAL FACILITIES ³	TOTAL
IFC Donor Community									
African Development Bank	-	-	-	-	-	-	-	12.06	12.06
ADB	-	-	-	-	-	-	-	2.50	2.50
EBRD	-	-	-	-	-	-	-	1.22	1.22
European Community	3.50	-	-	-	-	-	-	13.45	16.95
Inter-American Devt Bank	-	-	-	-	-	-	-	3.40	3.40
UNDP	1.14	8.43	-	-	-	-	-	15.69	25.26
Other Donors									
Australia	4.74	5.45	-	-	-	-	-	13.63	23.82
Austria	1.05	-	1.20	-	-	-	-	4.91	7.16
Belgium	1.20	0.17	-	-	-	-	-	3.11	4.48
Canada	9.94	1.65	-	-	0.82	-	-	45.79	58.20
Denmark	7.02	-	0.78	-	-	-	-	16.02	23.82
Finland	6.97	0.47	-	-	-	-	-	13.44	20.88
France	1.88	0.79	-	-	-	-	-	7.16	9.83
Germany	3.62	-	-	-	-	-	-	7.98	11.60
Greece	1.85	-	-	-	-	-	-	0.25	2.10
India #	-	-	-	-	-	-	-	-	-
Iceland	-	-	-	-	-	-	-	0.10	0.10
Ireland	3.00	0.72	-	-	-	-	-	1.52	5.24
Israel	0.90	-	-	-	-	-	-	-	0.90
Italy	17.22	0.57	1.50	-	-	-	-	6.04	25.33
Japan	34.63	3.56	-	-	1.19	-	-	35.42	74.80
Luxembourg	0.62	1.02	0.39	-	-	-	-	-	2.03
Mexico	-	-	-	-	-	-	-	0.50	0.50
Netherlands	26.22	3.08	8.67	-	-	1.27	7.73	49.31	96.28
New Zealand	1.49	1.61	0.20	-	-	-	-	2.57	5.87
Norway	7.92	0.79	1.50	-	-	-	0.90	24.74	35.85
Poland	-	-	-	-	-	-	-	0.50	0.50
Portugal	-	0.25	-	-	-	-	-	4.84	5.09
Slovenia	-	-	-	-	-	-	-	0.20	0.20
South Africa	0.80	-	-	-	-	-	-	-	0.80
Spain	4.85	0.30	-	-	-	-	-	5.00	10.15
Sweden	14.06	3.81	-	-	-	3.00	0.56	27.00	48.43
Switzerland	14.77	4.43	1.50	-	-	-	-	58.05	78.75
United Kingdom	7.40	3.72	-	-	-	12.84	-	74.67	98.63
United States	7.50	3.74	-	-	-	-	-	79.92	91.16
Other Organizations									
ICDS	-	-	-	-	-	-	-	2.65	2.65
Caribbean Devt Bank	-	-	-	-	-	-	-	0.10	0.10
Others	0.65	-	-	-	-	0.39	-	3.13	4.17
	184.94	44.56	15.74	-	2.01	17.50	9.19	536.87	810.81
World Bank Group*									
IBRD	-	14.50	-	-	2.54	-	-	5.85	22.89
IFC	17.86	32.30	12.00	35.41	3.56	0.75	14.90	157.32	274.10
MIGA	-	2.91	-	-	-	-	-	-	2.91
	17.86	49.71	12.00	35.41	6.10	0.75	14.90	163.17	299.90
GRAND TOTAL	202.80	94.27	27.74	35.41	8.11	18.25	24.09	700.04	1,110.71

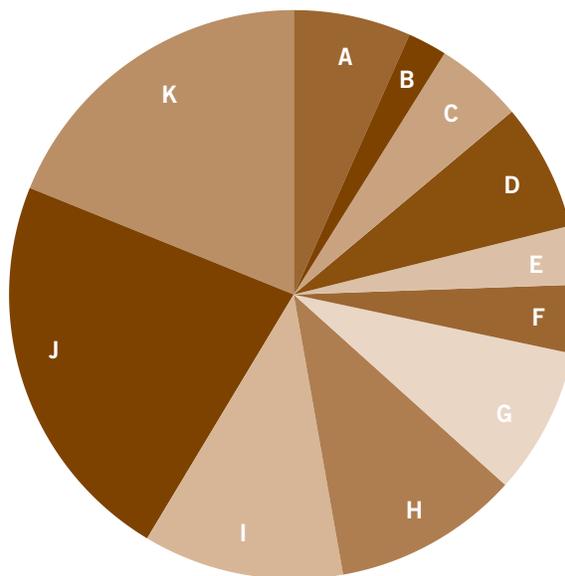


CUMULATIVE FINANCIAL SUPPORT BY REGION

A = Sub-Saharan Africa	18%
B = East Asia & the Pacific	10%
C = South Asia	4%
C = Europe & Central Asia	18%
D = Latin America & the Caribbean	2%
E = Middle East & North Africa	8%
F = Global	37%
G = Closed Facilities	3%

CUMULATIVE FINANCIAL SUPPORT BY DONOR

A = Canada	5%
B = Italy	2%
C = Japan	7%
D = Netherlands	9%
E = Norway	3%
F = Sweden	4%
G = Switzerland	7%
H = United Kingdom	9%
I = United States	8%
J = IFC	25%
K = Others	21%



Note 1: TATF includes one-time funding for specific projects (excluding EC/IFC equity line of ECU 5 million). FIAS is a joint service supported by IFC and the World Bank. SBAP comprises CCF, EOF, and SFMF. CBF refers to the SME Capacity Building Facility to fund pilots, partnerships, and programs that support the WBG SME strategy. SGBI is a joint initiative supported by IFC and the World Bank. DevCo Advisory supports privatization transactions in infrastructure in least developed and low income countries. SME Initiatives comprise various initiatives.

Note 2: This comprises SME Initiatives, and stand-alone global projects.

Note 3: See next page for further details.

Indicates in-kind contribution from EximBank, India

* Includes in-kind contribution from IBRD, IFC, and MIGA

Regional Facilities: IFC Donor-Supported Technical Assistance

Cumulative Financial Commitments (unaudited) in \$ millions equivalent up to June 30, 2005

DONOR	SUB-SAHARAN AFRICA				EAST ASIA & THE PACIFIC					SOUTH ASIA
	APDF/PEP-Africa ^{1,2}	AMSCO	MSI ²	Stand-alone projects ³	CPDF	MPDF	PEDF	PENSA	Stand-alone projects ³	SEDF ⁴
IFC Donor Community										
African Development Bank	8.06	4.00	-	-	-	-	-	-	-	-
ADB	-	-	-	-	-	1.05	-	0.70	-	0.75
EBRD	-	-	-	-	-	-	-	-	-	-
European Community	-	-	-	-	-	-	-	-	-	11.90
Inter-American Devt Bank	-	-	-	-	-	-	-	-	-	-
UNDP	10.00	4.69	-	-	-	-	-	-	-	-
Australia	-	-	-	-	1.48	3.44	5.04	3.05	0.62	-
Austria	-	-	-	-	-	-	-	-	-	-
Belgium	2.20	0.31	-	-	-	-	-	-	-	-
Canada	2.50	-	-	-	-	4.91	0.77	4.05	0.23	7.69
Denmark	9.50	5.64	-	-	-	-	-	-	-	-
Finland	2.20	2.62	0.52	-	-	4.57	-	-	-	-
France	5.50	1.66	-	-	-	-	-	-	-	-
Germany	3.16	1.02	-	-	-	-	-	-	-	-
Greece	-	-	-	-	-	-	-	-	-	-
India #	-	-	-	-	-	-	-	-	-	-
Iceland	-	-	-	-	-	-	-	-	-	-
Ireland	-	1.50	-	-	-	-	-	-	-	-
Israel	-	-	-	-	-	-	-	-	-	-
Italy	1.00	1.00	-	-	-	-	-	-	-	-
Japan	4.00	-	-	-	-	2.53	6.64	1.00	-	-
Luxembourg	-	-	-	-	-	-	-	-	-	-
Mexico	-	-	-	-	-	-	-	-	-	-
Netherlands	10.79	7.79	-	-	1.07	1.37	-	2.99	-	2.41
New Zealand	-	-	-	-	-	0.76	1.81	-	-	-
Norway	6.77	0.85	-	-	-	5.17	-	-	-	7.38
Poland	-	-	-	-	-	-	-	-	-	-
Portugal	1.90	2.94	-	-	-	-	-	-	-	-
Slovenia	-	-	-	-	-	-	-	-	-	-
South Africa	-	-	-	-	-	-	-	-	-	-
Spain	-	-	-	-	-	-	-	-	-	-
Sweden	5.37	3.66	-	-	-	4.61	-	-	-	-
Switzerland	8.21	3.27	3.50	-	2.48	6.87	-	3.84	-	-
United Kingdom	3.78	3.26	-	-	3.36	4.97	-	-	-	6.03
United States	11.50	2.70	-	-	-	-	-	-	-	-
ICDS	-	2.65	-	-	-	-	-	-	-	-
Caribbean Devt Bank	-	-	-	-	-	-	-	-	-	-
Others	0.23	0.62	-	-	0.09	-	0.88	-	-	-
	96.67	50.18	4.02	-	8.48	40.25	15.14	15.63	0.85	36.16
World Bank Group*										
IBRD	-	5.85	-	-	-	-	-	-	-	-
IFC	28.60	9.27	3.00	3.10	5.00	9.00	4.41	5.00	6.60	7.00
MIGA	-	-	-	-	-	-	-	-	-	-
	28.60	15.12	3.00	3.10	5.00	9.00	4.41	5.00	6.60	7.00
GRAND TOTAL	125.27	65.30	7.02	3.10	13.48	49.25	19.55	20.63	7.45	43.16

Programs

EUROPE & CENTRAL ASIA				LAC	MENA		Closed Facilities ⁵	TOTAL
PEP	BIDF ²	SEED	Stand-alone projects ³	LACP	PEP-MENA ²	ISBFF		
-	-	-	-	-	-	-	-	12.06
-	-	-	-	-	-	-	-	2.50
-	-	-	-	-	-	-	1.22	1.22
0.65	-	-	-	-	-	-	0.90	13.45
-	-	-	-	-	-	-	3.40	3.40
-	-	-	-	-	-	-	1.00	15.69
-	-	-	-	-	-	-	-	13.63
1.61	1.03	2.27	-	-	-	-	-	4.91
-	-	-	-	-	0.60	-	-	3.11
19.11	-	1.36	-	-	-	-	5.17	45.79
0.50	-	-	-	-	-	-	0.38	16.02
3.53	-	-	-	-	-	-	-	13.44
-	-	-	-	-	-	-	-	7.16
1.20	-	-	-	-	-	-	2.60	7.98
-	-	0.25	-	-	-	-	-	0.25
-	-	-	-	-	-	-	-	-
0.10	-	-	-	-	-	-	-	0.10
-	-	-	-	-	-	-	0.02	1.52
-	-	-	-	-	-	-	-	-
-	1.50	-	-	-	1.76	-	0.78	6.04
-	-	-	-	-	10.00	10.00	1.25	35.42
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	0.50	0.50
12.94	-	5.00	-	0.97	2.00	-	1.98	49.31
-	-	-	-	-	-	-	-	2.57
0.27	1.00	3.20	-	-	-	-	0.10	24.74
-	-	-	-	-	-	-	0.50	0.50
-	-	-	-	-	-	-	-	4.84
-	-	0.20	-	-	-	-	-	0.20
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	5.00	-	5.00
7.16	-	2.21	-	2.96	-	-	1.03	27.00
20.62	1.50	4.00	-	-	3.46	-	0.30	58.05
36.67	-	0.90	-	-	-	15.00	0.70	74.67
39.92	-	-	-	-	10.00	10.00	5.80	79.92
-	-	-	-	-	-	-	-	2.65
-	-	-	-	-	-	-	0.10	0.10
-	-	-	-	-	-	-	1.31	3.13
144.28	5.03	19.39	-	3.93	27.82	40.00	29.04	536.87
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	5.85
18.14	1.50	6.00	0.90	20.00	22.00	-	7.80	157.32
-	-	-	-	-	-	-	-	-
18.14	1.50	6.00	0.90	20.00	22.00	-	7.80	163.17
162.42	6.53	25.39	0.90	23.93	49.82	40.00	36.84	700.04

Note 1: PEP-Africa is a successor program to APDF (ended in June 2005). The successor program was designed in FY05 (includes \$0.9m from the Secretariat for Economic Affairs of Switzerland, and an initial allocation from IFC of \$1.5 m.)

Note 2: New donor-funded programs include PEP-Africa, MSI, BIDF, and PEP-MENA.

Note 3: Stand-alone projects include regional projects funded by donors and by IFC via FMTAAS.

Note 4: SEDF includes South Asia SME Development Program - Sri Lanka and Maldives, which was approved in FY05 as an expansion of SEDF.

Note 5: Closed PDFs comprise BAS, established in 1981 and closed during FY97; PBAS, established in 1991 and closed during June 1996; and ESSA, established in 1994 and closed in January 2002.

Indicates in-kind contribution from EximBank, India

* Includes in-kind contribution from IBRD, IFC, and MIGA

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Glossary

ACG/BTC	Azeri-Chirag-Deepwater Gunashli Oilfield/Baku-Tbilisi-Ceyhan	MSME	micro, small, and medium enterprises
ADB	Asian Development Bank	NGO	nongovernmental organization
AMSCO	African Management Services Company	NIPS	National Investment Policy Statement
APDF	Africa Project Development Facility	NZAID	New Zealand Agency for International Development
BAS	Business Advisory Service for the Caribbean and Central America	OAS	Organization of America States
BCR	Banca Comerciara Romana	OECD	Organization for Economic Cooperation and Development
BIDF	Balkans Infrastructure Development Facility	OPIC	Overseas Private Investment Corporation
BP	British Petroleum	PBAS	Polish Business Advisory Service
CARE	Cercle d'Action et de Reflexion autour de l'Entreprise	PDF	project development facility
CBF	Capacity Building Facility	PDR	People's Democratic Republic
CCF	Corporate Citizenship Facility	PEAC	Promoting Enterprise Access to Credit
CPDF	China Project Development Facility	PEDF	Pacific Enterprises Development Facility
DCCI	Dhaka Chamber of Commerce and Industries	PENSA	Program for Eastern Indonesia SME Assistance
DEVCO	Infrastructure Development Collaboration Partnership Fund	PEP	Private Enterprise Partnership
DFID	UK Department for International Development	PEP-Africa	Private Enterprise Partnership for Africa
DFO	Donor-funded operations	PEP-MENA	Private Enterprise Partnership for Middle East and North Africa
EC	European Community	PEP-SE	Private Enterprise Partnership – Southeast Europe
EOF	Environmental Opportunities Facility	PNG	Papua New Guinea
ESSA	Enterprise Support Service for Africa	PNGDA	Papua New Guinea Divers Association
EU	European Union	PSD	private sector development
EXIM	Export-Import Bank of India	SAARC	SouthAsian Association for Regional Cooperation
FDI	foreign direct investment	SAWEN	South African Women Network
FIAS	Foreign Investment Advisory Service	SBAP	Sustainable Business Assistance Program
FMTAAS	Funding Mechanism for Technical Assistance & Advisory Services	SECA	Southern Europe and Central Asia
FY	fiscal year	seco	State Secretariat for Economic Affairs of Switzerland
FYR	former Yugoslav Republic	SEDF	SouthAsia Enterprise Development Facility
HACCP	Hazard Analysis of Critical Control Points	SEED	Southeast Europe Enterprise Development
IBRD	International Bank for Reconstruction and Development	SEWA	Self-Employed Women's Association
IT	information technology	SFMF	Sustainable Financial Markets Facility
IDA	International Development Association	SGBI	Strengthening Grassroots Business Initiative
IFC	International Finance Corporation	SME	small and medium enterprise
IFC-PACE	Program of Assistance and Cooperation for Enterprises in the Philippines	TA	technical assistance
IMF	International Monetary Fund	TAAS	technical assistance and advisory services
ISBFF	Iraq Small Business Financing Facility	TATF	Technical Assistance Trust Funds
LAC	Latin America and the Caribbean	TF	trust fund
MENA	Middle East and North Africa	UAE	United Arab Emirates
MIGA	Multilateral Investment Guarantee Agency	UNDP	United Nations Development Programme
MPDF	Mekong Private Sector Development Facility	UNIDO	United Nations Industrial Development Organization
MSI	Mozambique SME Initiative	USAID	United States Agency for International Development
		WTO	World Trade Organization
		\$	US\$
		€	EURO
		Rp.	Indonesian Rupiah

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