

IFC and MIGA Operations

Introduction

1994 was an active year in the Europe and Central Asia Region for the IFC, as three more of the former Soviet Republics joined the Corporation: Estonia, Latvia and Ukraine. The former Yugoslav Republic of Macedonia also fulfilled the requirements for membership bringing the number of member countries in the region eligible for IFC investments to 17 - 16 of the 22 former centrally planned economies, in addition to Turkey.

In Europe and Central Asia, the IFC concentrates on suitable projects that are deemed to be profitable while contributing to the development of the private sector. The IFC has continued to be active in the privatization of public enterprises in the former Soviet Union. It has also participated in several investments in the telecommunications, manufacturing, agribusiness sectors.

The expansion of small and medium enterprise has been identified as essential to the continued development in the emerging economies of Europe. The lack of available capital is now widely recognized as a bottleneck holding back private sector growth. Accordingly, capital market development has been given a high priority for the IFC. The most significant of the capital market development programs saw the creation of markets and financial institutions in Russia, that became necessary following the voucher-based privatization of large enterprises.

The IFC has continued to foster the development of small business in Poland through the Polish Business Advisory Service (PAS), which provides advice to entrepreneurs. The IFC also provides technical assistance to many private firms and government agencies in the region. The IFC was particularly active in several key areas: helping governments to design and implement pilot privatization, helping privatized companies to identify strategic partners and attract capital, and developing capital markets.

Cooperation between the World Bank and the IFC continues in a number of areas, notably in a private sector assessment begun for Hungary and a survey of private firms carried out in Belarus.