OUR PEOPLE & PRACTICES

IFC's commitment to alleviating poverty and creating opportunity for the developing world's most vulnerable people is reflected in our corporate culture.

THE IFC WAY

A strong corporate culture is central to any organization's ability to succeed and adapt to new challenges. The IFC Way is a way of being, defining, and solidifying IFC's culture and brand, and a process that engages staff at all levels and in all regions to inform management decision making. It includes our vision, our core corporate values, our purpose, and the way we work.

OUR VISION

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

OUR VALUES

Excellence, Commitment, Integrity, Teamwork, and Diversity

OUR PURPOSE

To create opportunity for people to escape poverty and improve their lives by catalyzing the means for inclusive and sustainable growth, through:

- Mobilizing other sources of finance for private enterprise development
- Promoting open and competitive markets in developing countries
- Supporting companies and other private sector partners where there is a gap
- Helping generate productive jobs and deliver essential services to the poor and vulnerable

To achieve our purpose, IFC offers development-impact solutions through firm-level interventions (direct investments, advisory services, and the IFC Asset Management Company); through global collective action, through governance and standard-setting; and through work to improve the business-enabling environment.

THE WAY WE WORK

- We help our clients succeed in a changing world
- Good business is sustainable, and sustainability is good business
- Diversity creates value
- Creating opportunity requires partnership
- Global knowledge, local know-how
- Innovation is worth the risk
- We learn from experience
- Work smart and have fun
- No frontier is too far or too difficult

HOW WE MEASURE DEVELOPMENT RESULTS

Measuring the results of our work—by effectively tracking progress and assessing its impact—is critical to understanding how well our strategy is working and whether IFC is reaching and making a difference for the people and markets that most need our help.

In FY14, the World Bank Group adopted a unified strategy for achieving its goals of ending poverty and boosting shared prosperity. IFC's strongest contributions to the goals will come from promoting sustainable private enterprise—with the primary objective of creating and providing good jobs and accelerating inclusive economic growth. In this context, job creation and economic growth are useful indicators of IFC's development impact.

Because IFC's operational focus has shifted, in line with the new Bank Group strategy and organizational structure, our results-measurement system is changing as well. In FY14, we focused on updating and improving our results-measurement framework to meet emerging needs. The improvements, which have been approved for implementation in FY15, are designed to:

1. *Enhance our ability to assess the impact of IFC's work on jobs and economic growth*
2. *Increase attention to IFC's results at the country and sector levels*
3. *Integrate IFC's results-measurement system with the Bank Group's system*

The changes to the system build on, and are informed by, our experience over the years, and what we have learned from working with others.

IMPROVING IFC'S RESULTS-MEASUREMENT SYSTEM

IFC's results-measurement system currently features three mutually reinforcing components: the IFC Development Goals, a monitoring system to measure development results, and systematic self-evaluations of the impact of our investment and advisory work.

The updated system will help ensure that operational teams receive critical and timely information and data about whether projects are on track to achieve their development goals or whether a course correction is required. The updates also will help ensure that future project and program design and implementation reflect the lessons of experience. In addition, they will reinforce IFC's ability to demonstrate—through evidence—how we are creating opportunity and improving lives in developing countries.

THE MONITORING AND TRACKING SYSTEM

We are streamlining and simplifying the way we monitor and track development results—not only to address IFC's emerging business needs but also to provide increased benefits to our clients in the future. These changes will reduce "process burden" on IFC operations teams while ensuring greater accuracy and precision in the data we gather.

IFC uses the Development Outcome Tracking System, or DOTS, to monitor the development results of our investment and advisory work. For investment services, DOTS covers—after certain exclusions—1,828 companies under supervision. Reach indicators measure the number of people reached by IFC clients or the dollar benefit to particular stakeholders, regardless of IFC's investment size. For our advisory work, DOTS scores are based on a review of all projects completed in a calendar year. The FY14 ratings are defined as a review of 177 completion reports filed in 2013, of which 144 could be assessed. We continue to report on development results for our entire portfolio and have them assured by an external firm.

Our initial focus is on DOTS for investments, including these changes:

- Adopting a simpler, more targeted set of monitoring indicators for tracking

development results. This includes using the harmonized definitions for indicators agreed to by 25 development finance institutions and a common set of core monitoring indicators for joint investment and advisory activities.
- Rationalizing the process, with an emphasis on customizing the process for projects in fragile and conflict-affected areas, and for transformational engagements.
- Making better use of technology to increase efficiency and quality of reporting
- Sharing with our clients data and analysis that may be useful for their corporate-social-responsibility or market-intelligence needs.

THE IFC DEVELOPMENT GOALS

The IFC Development Goals are targets for reach, access, or other tangible development outcomes that projects signed or committed by IFC are expected to deliver during their lifetime.

Three goals are fully integrated into IFC's corporate scorecard for management and staff. We also continue to test two additional goals—for infrastructure and climate change, which will be implemented in FY15. We have learned from experience that large projects can cause significant fluctuations in our results for any given year. So this year we introduced three-year targets (see page 78) to account for such effects.

Lessons IFC has learned from implementing the IDGs have proved useful in efforts to develop an overarching Corporate Scorecard for the World Bank Group, particularly around setting intermediate targets for reaching the Bank Group goals on poverty and prosperity.

IFC'S EVALUATIONS

To ensure that we learn from our experience—and make course corrections when they are needed—we conduct regular evaluations of IFC's projects. As part of the improvements to our results measurement framework, we are also moving toward more systematic and strategic evaluations at both the project and programmatic level. This will deepen our understanding of impact—especially with respect to jobs and economic growth.

To improve our understanding of how our projects produce macroeconomic multiplier effects, we evaluated a maritime port expansion and estimated the impacts on jobs and income. Our evaluation of the expansion of the Muelles El Bosque Port in Cartagena, Colombia, showed that the project helped triple terminal capacity, increase direct employment by more than 50 percent, and increase worker productivity by more than 30 percent. Between 2008 and 2012, the port expansion created economic impacts estimated at up to $52 million and raised income by up to $20 million. We intend to replicate this study in other markets and sectors to improve IFC's ability to quantify the benefits of improved infrastructure.

We also evaluated our work to promote small and medium enterprises under our SME Ventures program, which set up venture capital funds in the Democratic Republic of Congo, Liberia, Sierra Leone, Central African Republic, Bangladesh, and Nepal. We found that the funds achieved important demonstration effects. They helped establish role-model companies—such as a medical clinic in Congo that built a new facility. In each viable market, private equity funds also have either raised or announced plans to raise funds targeting that economy. This reflects IFC's role in reducing investor risk in these countries and highlighting their appeal as investment destinations—not only for profit-seeking enterprises, but also for social-impact investors and development finance institutions.

INVESTMENT RESULTS

In recent years, IFC has increasingly ventured into some of the world's most challenging areas—such as those affected by conflict and instability. Our projects in these areas hold great potential for development impact—but the impact takes time to materialize. In FY14, we had a greater number of such projects in our portfolio, which marginally lowered IFC's overall DOTS score.

In all, 64 percent of our investment operations were rated high, slightly below our target of 65 percent. The number of clients rated in FY14 climbed 16 percent over the previous year to 833. The performance of newer projects was weaker, consistent with the challenging business environment in which many of them were implemented and the higher risk associated with equity projects—which increased last year.

The DOTS score measures the development effectiveness of our investment operations, without regard to the projects' risk. In general, larger projects are less risky than smaller projects. When the ratings are weighted for investment volume, for example, 73 percent of our projects were rated high in FY14.

By region, our investments in Latin America and the Caribbean had the strongest development results, with 67 percent of companies rated high. This was achieved despite a seven-point drop from last year because of weaker client performance across most sectors, especially in infrastructure and in telecommunications and information technology.

South Asia recorded the largest improvement, with 66 percent of clients rated high—a six-point increase that reflected improved performance of clients in the manufacturing sector in India.

In East Asia and the Pacific, 61 percent of our clients were rated high—a drop of nine points that partly reflected new early-stage projects in infrastructure. It also reflected declining results in agribusiness and forestry, financial markets and telecommunications and information technology.

Results for Sub-Saharan Africa, Middle East and North Africa, and Europe and Central Asia were largely in line with last year's performance.

At the industry level, our ratings improved the most in the manufacturing and oil, gas, and mining sectors. They were nearly stable in consumer and social services and financial markets, and declined in other sectors.

Funds constituted our best-performing sector, with 72 percent of clients rated high. That marked a decline of seven points over the previous year. But performance of new entrants to our rating cohort was strong, particularly in Sub-Saharan Africa and in East Asia and the Pacific.

In oil, gas and mining, 69 percent of clients were rated high, an increase of five points from FY13 that mainly reflected high-performing new projects in Latin America and the Caribbean and in the Middle East and North Africa.

Ratings of clients in the infrastructure sector dropped 7 points to 66 percent mainly because of weaker performance among greenfield projects. The weaker performance also reflected low-performing new investments in East Asia and the Pacific. Existing clients in Sub-Saharan Africa and in Middle East and North Africa registered stronger performance.

In the agribusiness and forestry sector, ratings declined seven points to 61 percent amid deteriorating market conditions, especially in East Asia and the Pacific and in Sub-Saharan Africa.

In the manufacturing sector, 55 percent of our clients were rated high—an increase of six points. Performance improved across most regions, with the largest increases in South Asia and in the Middle East and North Africa.

In the telecommunications and information technology sector, 42 percent of clients were rated high—a decline of 13 points that reflected the riskier nature of smaller venture-capital-type investments. When the scores were weighted to reflect project size, 65 percent of projects in the sector were rated high.

The reach of IFC's investment clients is reflected in detail in the table on page 79. Below are a few highlights:

- With our assistance, IFC clients improved opportunities for more than 1 million farmers in Sub-Saharan Africa, and about 565,000 in South Asia.
- Our clients treated nearly 3.8 million patients in the Middle East and North Africa, and an additional 2.7 million in Europe and Central Asia. They also educated 1.1 million students in Latin America and the Caribbean.
- In East Asia and the Pacific, our clients provided 6.4 million loans totaling $106 billion to micro, small, and medium enterprises.
- In the infrastructure sector, our clients generated and distributed power to nearly 34 million customers in East Asia and the Pacific, and more than 17 million in Latin America and the Caribbean. They also provided phone connections to nearly 131 million customers in South Asia and distributed water to more than 10 million customers in East Asia and the Pacific.

ADVISORY RESULTS

Seventy-six percent of IFC advisory projects that closed during the year and could be assessed for development effectiveness were rated high—matching the record set in FY13. Ratings for operations in IDA countries also were 76 percent. In addition, a record 91 percent of clients reported satisfaction with IFC's advisory work.

Below are selected highlights from 2013:

- We helped governments sign 10 public-private partnership contracts. Six of these were in IDA countries, including three in fragile and conflict-affected areas. These partnerships are expected to improve access to infrastructure and health services for over 1.6 million people (915,000 of them in fragile and conflict-affected areas), and mobilize over $306 million in private investment.
- We helped companies provide affordable off-grid lighting solutions for 8.5 million people.
- We helped governments in 53 countries adopt over 100 investment-climate reforms to foster growth and business creation. This included 38 IDA countries, which adopted 73 reforms, and 14 fragile and conflict-affected areas, which adopted 24 reforms.
- We helped governments enact industry and investment-promotion reforms that helped attract $20 million in new investments.

- We helped firms adopt new practices and technologies that attracted additional financing in excess of $700 million, of which more than $600 million was from investors other than IFC. Corporate-governance reforms helped attract $390 million in financing for our clients; food-safety reforms helped attract $90 million in investment, and clean energy and resource-efficient technologies led to investments of $230 million.
- Working in partnership with IFC Investment Services, we engaged with 146 financial intermediaries that provided about 17 million microfinance and SME loans totaling more than $124 billion. We also worked with 18 financial intermediaries that provided close to 74,000 housing-finance loans totaling $2.3 billion.
- We helped improve financial markets infrastructure by working with collateral registries that facilitated a total of $11.7 billion in financing. The beneficiaries included 70,000 SMEs. In addition, we helped create or strengthen four credit-bureau operators.
- We worked with partners in digital financial services to help facilitate almost 4.2 million noncash retail transactions.

THE IFC DEVELOPMENT GOALS

Goal	FY14 IDG Target	*FY14–FY16 Targets	FY14 IDG Commitments	Percent of FY14 Target Achieved	Percent of FY14–FY16 Target Achieved
Increase or improve sustainable farming opportunities	Benefit 1.23 million people	Benefit 4.64 million people	1.21 million people	99%	26%
Improve health and education services	Benefit 3.14 million people	Benefit 14.80 million people	8.19 million people	260%	55%
Increase access to financial services for microfinance clients	Benefit 27.18 million people	Benefit 83.59 million people	36.35 million people	134%	43%
Increase access to financial services for SME clients	Benefit 1.42 million people	Benefit 4.61 million people	1.10 million people	78%	24%
Increase or improve infrastructure services	Benefit 23.09 million people	Benefit 75.36 million people	22.17 million people	96%	29%
Reduce greenhouse-gas emissions	Reduce by 5.44 million metric tons of CO_2 equivalent per year	Reduce by 18.42 million metric tons of CO_2 equivalent per year	5.52 million metric tons	101%	30%

* Cumulative total over three years (FY14–FY16).

DEVELOPMENT REACH BY IFC'S INVESTMENT CLIENTS

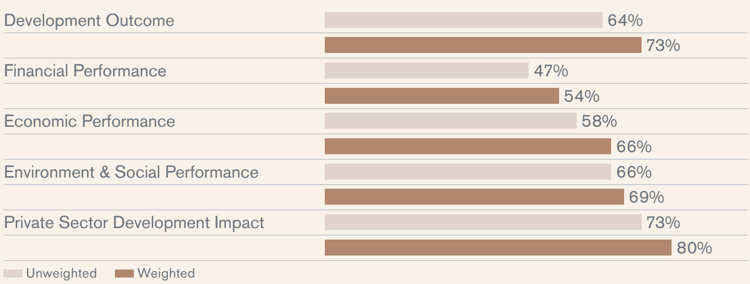
	Portfolio CY12	Portfolio CY13
Investments		
Employment (millions of jobs)[1]	2.7	2.6
Microfinance loans[2]		
Number (millions)	22.9	29.1
Amount ($ billions)	25.13	28.01
SME loans[2]		
Number (millions)	5.8	5.4
Amount ($ billions)	243.79	273.60
Trade Finance[3]		
Number of transactions (millions)	N/A	2.0
Amount ($ billions)	N/A	310
Customers reached with services		
Power generation (millions of customers)	52.2	51.3
Power distribution (millions of customers)[4]	46.5	24.3
Water distribution (millions of customers)	42.1	30.3
Gas distribution (millions of customers)[5]	33.8	39.8
Phone connections (millions of customers)[6]	192.0	180.9
Patients reached (millions)	17.2	27.1
Students reached (millions)	1.0	2.5
Farmers reached (millions)	3.1	2.9
Payments to suppliers and governments		
Domestic purchases of goods and services ($ billions)	46.19	34.26
Contribution to government revenues or savings ($ billions)[7]	26.20	18.63

These figures represent the reach of IFC clients as of end of CY12 and CY13. CY12 and CY13 portfolio data are not strictly comparable, because they are based on a changed portfolio of IFC clients. For microfinance and SME loans, results reflect also contributions from Advisory Services.

1. Portfolio figures for employment include jobs provided by Funds.
2. Portfolio reach figures represent SME and microfinance outstanding loan portfolio of IFC clients as of end of CY12 and CY13, for MSME-oriented financial institutions/projects. For clients that did not report numbers, data were extrapolated. This year, for the first time, the data include AS-only clients, so CY12 data were recalculated on a comparable basis.
3. Estimate of the number and dollar volume of trade transactions financed by the Global Trade Finance Program's network of emerging-market banks, based on actual data from 82% of the network's 247 banks and extrapolation of the rest. Numbers reflect transactions directly guaranteed by IFC as well as those executed by the network banks that have been supported by the program.
4. CY12 total Power Distribution customers revised due to the restatement of one client value in Middle East and North Africa.
5. One client in East Asia and the Pacific accounted for 37.1 million gas-distribution customers in CY13.
6. One client in South Asia accounted for 121.6 million phone-connection customers in CY13.
7. CY12 total Taxes and Other Payments revised due to the restatement of one client value in Sub-Saharan Africa.

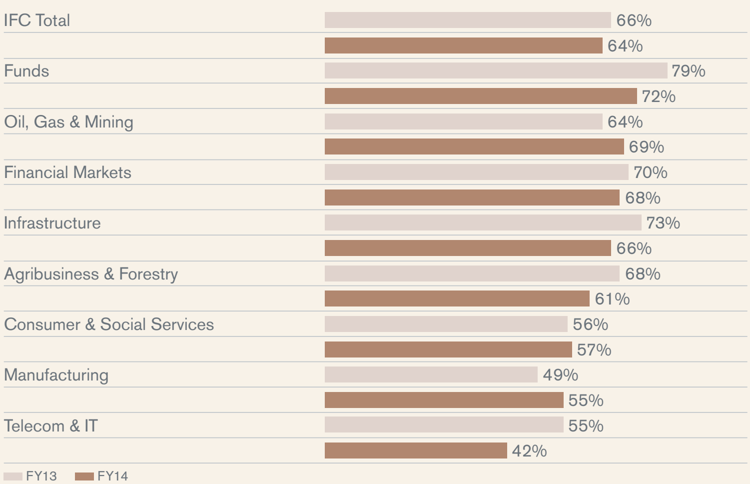
INVESTMENT SERVICES DOTS SCORE BY PERFORMANCE AREA, FY14

% Rated High



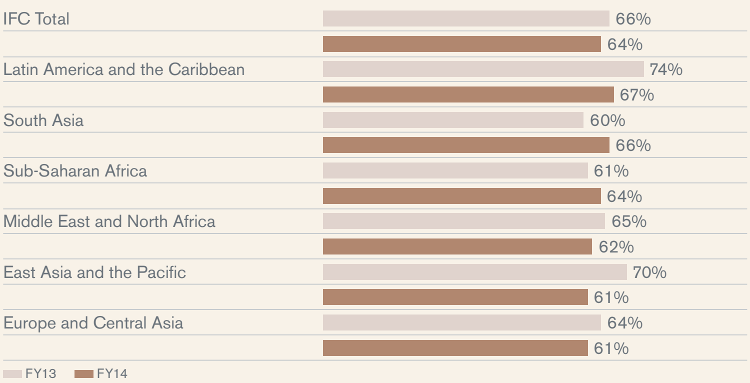
INVESTMENT SERVICES DOTS SCORE BY INDUSTRY, FY13 VS. FY14

% Rated High



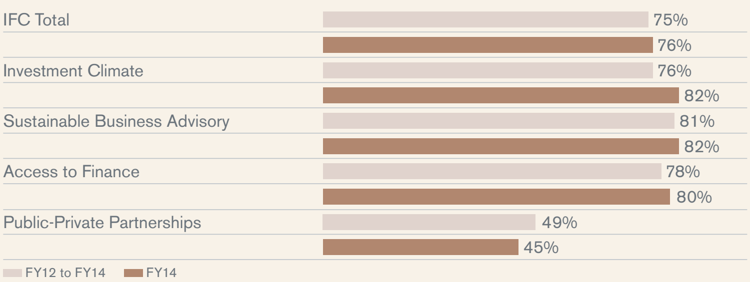
INVESTMENT SERVICES DOTS SCORE BY REGION, FY13 VS. FY14

% Rated High



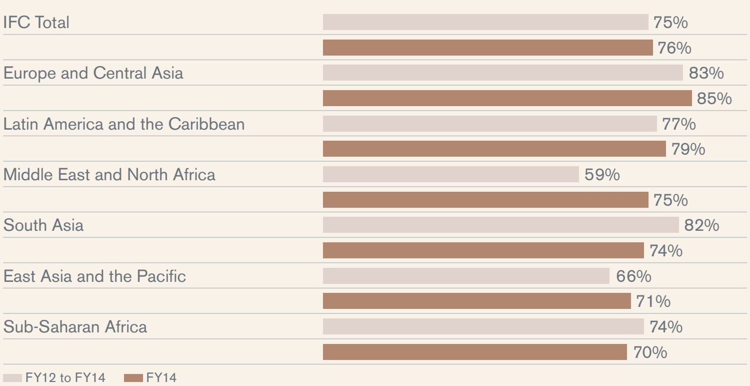
ADVISORY SERVICES DOTS SCORE BY BUSINESS LINE

% Rated High



ADVISORY SERVICES DOTS SCORE BY REGION

% Rated High



OUR STAFF

IFC's employees are diverse. They are our most important asset. Representing more than 140 countries, our staff brings innovative solutions and global best practices to local clients.

Our offices are in 108 cities in 98 countries. More than half of us—59 percent—are based in offices outside the United States, an increasing percentage that reflects our commitment to decentralization. Most IFC staff, 63 percent in all, hail from countries that are not IDA donors—a diversity that enriches our perspective and underscores our focus on areas where private sector development can have the biggest impact.

WHERE WE WORK

Location	FY09	FY14
United States	1,579 (46%)	1,582 (41%)
Other Countries	1,836 (54%)	2,297 (59%)
Total IFC Staff	3,415	3,879

NATIONAL ORIGIN – ALL FULL-TIME STAFF

National Origin	FY09	FY14
IDA Donor Countries[1]	1,263 (37%)	1,448 (37%)
Other Countries	2,152 (63%)	2,431 (63%)
Total	3,415	3,879

NATIONAL ORIGIN – STAFF GRADED AT OFFICER LEVEL AND HIGHER

National Origin	FY09	FY14
IDA Donor Countries[1]	923 (46%)	1,131 (44%)
Other Countries	1,072 (54%)	1,433 (56%)
Total	1,995	2,564

1. Based on self-declaration of countries at the time of their IDA membership.

GENDER – ALL FULL-TIME STAFF

Gender	FY09	FY14
Female Staff	1,822 (53%)	2,068 (53%)
Male Staff	1,593 (47%)	1,811 (47%)
Total	3,415	3,879

GENDER – STAFF AT OFFICER LEVEL AND HIGHER

Gender	FY09	FY14
Female Staff	784 (39%)	1,105 (43%)
Male Staff	1,211 (61%)	1,459 (57%)
Total	1,995	2,564

OUR OFFICES ARE IN

108

CITIES IN

98

COUNTRIES

IFC'S EMPLOYEES REPRESENT MORE THAN

140

COUNTRIES

NEARLY

60%

OF IFC STAFF ARE BASED IN FIELD OFFICES

COMPENSATION

IFC's compensation guidelines are part of the World Bank Group's framework. The international competitiveness of compensation is essential to our capacity to attract and retain highly qualified, diverse staff. The salary structure for staff recruited in Washington, D.C. is based on the U.S. market, which historically has been globally competitive. Salaries for staff hired outside the United States are based on local competitiveness, determined by independent local market surveys. Based on the World Bank Group's status as a multilateral organization, staff salaries are determined on a net-of-tax basis.

VARIABLE PAY PROGRAMS

IFC's variable pay programs consist of several components, including recognition, annual, and long-term performance awards that support IFC's high-performance culture. These awards are designed to encourage teamwork, reward top performance, and support IFC's strategic priorities, such as projects in fragile and conflict-affected states.

BENEFITS PROGRAMS

IFC provides a competitive package of benefits, including medical, life, disability insurance and a retirement plan. Medical insurance costs are shared—75 percent is paid by IFC and 25 percent by the insured.

IFC's pension is part of the World Bank Group plan, based on two benefit components: first, a defined-benefit component fully funded by IFC based on years of service, salary, and retirement age; second, a cash-balance component—a mandatory contribution of 5 percent of salary, to which IFC adds 10 percent annually. The Bank Group also sponsors an optional U.S.-style 401(k) plan for Washington-based staff and an optional savings plan for country-office staff.

STAFF SALARY STRUCTURE (WASHINGTON, D.C.)

During the period July 1, 2013 to June 30, 2014, the salary structure (net of tax) and average net salaries/benefits for World Bank Group staff was as follows:

Grades	Representative Job Titles	Minimum ($)	Market Reference ($)	Maximum ($)	Staff at Grade Level (%)	Average Salary/ Grade	Average Benefits[a]
GA	Office Assistant	25,600	33,300	43,200	0.03%	41,678	25,211
GB	Team Assistant, Information Technician	32,300	42,000	58,900	0.7%	43,379	26,240
GC	Program Assistant, Information Assistant	39,900	51,900	72,700	8.8%	54,889	33,202
GD	Senior Program Assistant, Information Specialist, Budget Assistant	47,100	61,300	85,900	7.2%	68,072	41,177
GE	Analyst	63,300	82,300	115,300	9.1%	78,653	47,577
GF	Professional	84,200	109,400	153,200	20.3%	101,806	61,583
GG	Senior Professional	113,500	147,600	206,600	32.2%	139,957	84,660
GH	Manager, Lead Professional	154,700	201,100	260,000	18.6%	193,786	117,221
GI	Director, Senior Advisor	206,200	269,800	309,400	2.6%	255,823	154,748
GJ	Vice President	280,000	313,700	351,300	0.4%	317,025	191,768
GK	Managing Director, Executive Vice President	307,600	348,800	383,600	0.1%	364,315	221,237

Note: Because World Bank Group (WBG) staff, other than U.S. citizens, usually are not required to pay income taxes on their WBG compensation, the salaries are set on a net-of-tax basis, which is generally equivalent to the after-tax take-home pay of the employees of the comparator organizations and firms from which WBG salaries are derived. Only a relative small minority of staff will reach the upper third of the salary range.

a. Includes medical, life and disability insurance; accrued termination benefits; and other nonsalary benefits.

OUR GOVERNANCE

OUR PLACE IN THE WORLD BANK GROUP

The World Bank Group is a vital source of financial and technical assistance to developing countries. Established in 1944, its mission is to fight poverty with passion and professionalism, for lasting results.

IFC is one of five members of the Bank Group, though it is a separate legal entity with separate Articles of Agreement, share capital, financial structure, management, and staff. Membership in IFC is open only to member countries of the World Bank. As of June 30, 2014, IFC's paid-in capital of about $2.5 billion was held by 184 member countries. These countries guide IFC's programs and activities.

IFC works with the private sector to create opportunity where it's needed most. Since our founding in 1956, we have committed more than $162 billion of our own funds for private sector investments in developing countries, and we have mobilized billions more from others.

In working to end extreme poverty and boost shared prosperity, we collaborate closely with other members of the Bank Group.

OUR BOARD

Each of our member countries appoints one governor and one alternate. Corporate powers are vested in the Board of Governors, which delegates most powers to a board of 25 directors. Voting power on issues brought before them is weighted according to the share capital each director represents.

The directors meet regularly at World Bank Group headquarters in Washington, D.C., where they review and decide on investments and provide overall strategic guidance to IFC management. The President of the World Bank Group is also President of IFC.

Left to right: **Arnaud Delaunay** (alternate) France • **Jörg Frieden** Switzerland • **Gwen Hines** United Kingdom • **Merza Hasan** (Dean) Kuwait • **Denny H. Kalyalya** Zambia • **Satu Santala** Finland • **Piero Cipollone** Italy • **Wilhelm Rissmann** (alternate) Germany

Standing (Left to Right): **Frank Heemskerk** Netherlands • **Omar Bougara** Algeria • **Vadim Grishin** Russian Federation • **Roberto B. Tan** Philippines • **Ibrahim M. Alturki** (alternate) Saudi Arabia • **Boonchai Charassangsomboon** (alternate) Thailand • **Alister Smith** Canada • **Gulsum Yazganarikan** (alternate) Turkey • **Agapito Mendes Dias** São Tomé and Príncipe • **Hideaki Suzuki** Japan • **Shixin Chen** China • **Mansur Muhtar** Nigeria • **Mohammad Tareque** (alternate) Bangladesh • **Juan José Bravo** Mexico • **Michael Willcock** Australia • **Sara Aviel** (alternate) United States

Not pictured: **César Guido Forcieri** Argentina

EXECUTIVE COMPENSATION

The salary of the President of the World Bank Group is determined by the Board of Directors. The salary structure for IFC's Executive Vice President and CEO is determined by positioning a midpoint between the salary structure of staff at the highest level, as determined annually by independent U.S. compensation market surveys, and the salary of the World Bank Group President. The compensation of our executive leadership is transparent. IFC's Executive Vice President and CEO, Jin-Yong Cai, received a salary of $382,643, net of taxes. There are no executive incentive compensation packages.

OUR MEMBER COUNTRIES – STRONG SHAREHOLDER SUPPORT

GRAND TOTAL	100%
UNITED STATES	22.75%
JAPAN	6.49%
GERMANY	5.15%
FRANCE	4.84%
UNITED KINGDOM	4.84%
INDIA	4.11%
RUSSIAN FEDERATION	4.11%
CANADA	3.25%
ITALY	3.25%
CHINA	2.46%
174 OTHER COUNTRIES	38.75%

ACCOUNTABILITY

INDEPENDENT EVALUATION GROUP

The Independent Evaluation Group contributes lessons from its evaluations to IFC's learning agenda. IEG is independent of IFC management and reports directly to the World Bank Group's Boards of Directors. Its mission is to strengthen the performance of the Bank Group institutions and inform their strategies and future work.

IEG evaluates eligible IFC investment and advisory projects. These ratings are shared with IFC and aggregated into IEG's annual evaluation of World Bank Group results and performance. IEG's most recent annual report, for 2013, found that development-outcome ratings for IFC investments have declined from historically high levels. The decline was concentrated in IDA-eligible countries, infrastructure projects, and financial-markets operations. The report also highlighted the need for IFC to examine the implications of the shift in its product mix toward support to financial intermediaries.

IEG's report on targeted support to small and medium-size enterprises, or SMEs, examined whether IFC's activities helped build a sustainable supply of finance and other services for SMEs. IEG found that clients value IFC, but that investment projects often lack features that would enhance their impact, including clear strategies connecting interventions to intended outcomes and solid measurement systems. Overall, IFC's SME advisory services performed well and, where paired with investment projects, improved development outcomes.

IEG's evaluation report, *World Bank Group Assistance to Low-Income Fragile and Conflict-Affected States,* concluded that IFC needs to adapt its business model, risk tolerance, product mix, procedures, and processes to achieve its goal of increasing engagement in these countries and to be more responsive to their special needs.

IEG reports are disclosed on its website: http://ieg.worldbankgroup.org.

OFFICE OF THE COMPLIANCE ADVISOR OMBUDSMAN

The Office of the Compliance Advisor Ombudsman is the independent accountability mechanism for IFC and the Multilateral Investment Guarantee Agency. CAO's mandate is to address complaints from people affected by IFC and MIGA projects and enhance environmental and social project outcomes. CAO reports to the World Bank Group President.

CAO facilitates dispute resolution between communities and IFC clients, conducts compliance investigations of IFC, and provides independent advice to the President and management.

In FY14, CAO addressed 54 cases in 21 countries related to IFC projects in agribusiness, education, extractives, infrastructure, manufacturing, and power sectors, including projects through Advisory Services and Financial Markets.

In its compliance work, CAO closed four cases at appraisal and seven investigations are ongoing. CAO is monitoring IFC's response to its investigation findings related to power sector privatization in Kosovo, the Tata Ultra Mega power project in India, IFC's global financial intermediary portfolio, and Dinant, an agribusiness project in Honduras. One case was closed after monitoring: an investigation of IFC related to the Mozal aluminum smelter in Mozambique.

Through dispute resolution, CAO is working with communities and IFC clients in 16 countries. Projects in dispute resolution include the Chad-Cameroon Oil Pipeline, Oyu Tolgoi mine in Mongolia, Yanacocha mine in Peru, and Bujagali hydropower project in Uganda. CAO is monitoring settlements related to agribusiness projects in Nicaragua and Uganda, an Advisory Services project in Papua New Guinea, and an airport infrastructure project in Cambodia.

In Uganda, CAO concluded mediations between two local communities and an IFC client regarding land and livelihood impacts of a timber plantation. Both mediation processes led to the establishment of community cooperatives that are being supported by IFC's client, land for resettlement of affected community members, and joint implementation of community development programs.

In its advisory role, CAO is developing a more systematic method for feeding lessons from its work to IFC, and has conducted staff workshops on grievance mechanisms and learning from major transformational projects. For more information, please visit www.cao-ombudsman.org.

PARTNERSHIPS

IFC works with governments, corporations, foundations, and other multilateral organizations and development institutions to foster innovative partnerships that create prosperity and eradicate poverty. Our collaborative approach emphasizes the power of sustained partnerships, focuses on results measurement and efficiency, and leverages the contributions of our development partners to maximize impact on the lives of the poor.

WORKING WITH DEVELOPMENT PARTNERS

IFC maintains long-term relationships with its development partners, with whom we work to promote private sector development across the globe. Our development partners strongly support the work of IFC Advisory Services, to which they committed a record $339 million in FY14.

FY14 was a year of landmark agreements between IFC and our development partners. IFC forged new partnerships with global institutions, including 3GI, Goldman Sachs, the Financial Sector Deepening Trust, the Ford Foundation, the Export-Import Bank of Hungary, and the Dingyi Group. FY14 also saw significant contributions from longstanding development partners to new IFC advisory programs. For example, the European Union made its first commitment to an IFC program in Latin America and the Caribbean—specifically our food-export program in Jamaica. In addition, Canada provided funds to support IFC's agribusiness activities in Africa.

Through development-partner trust funds, IFC continues to provide flexible financing, thought leadership, and knowledge sharing to maximize development impact in areas of strategic priority for us and for development partner organizations. The following initiatives showcase the work of IFC, born of strong partnerships, to foster the kind of private sector development that will eradicate extreme poverty and increase shared prosperity.

HUNGARY EXIM BANK

Hungary partnered with IFC for the first time in 2014 to tackle some of the world's most pressing development challenges. Hungary's Export-Import Bank pledged $20 million to IFC to help support projects in agribusiness, health, and water management. This partnership will support projects in Europe and Central Asia, South Asia, the Middle East and North Africa, and East Asia and the Pacific. It also opens the door for further collaboration with the World Bank Group.

JAPAN

Japan's Ministry of Finance and IFC have set up a new partnership for the African continent as part of the Tokyo International Conference on African Development (TICAD V). The $30 million partnership provides a valuable opportunity to strengthen the partnership between Japan and IFC, particularly to support small and medium enterprises. These businesses are the bedrock of Africa's private sector and employ the vast majority of its working population. Under the proposed new partnership, contributions from Japan would be used to promote strong regulatory environments, develop nascent markets, provide job training, and improve access to finance, with special attention given to fragile and conflict-affected areas.

INCLUSIVE GREEN GROWTH PLATFORM

Denmark was the first country to contribute $4.5 million in 2013 toward the Green Growth platform—a unique funding mechanism that offers flexible funding for environmentally friendly projects around the world. In contrast to the practice of funding projects individually, this arrangement allows IFC and a partner to support broad strategic themes, which increases efficiency and reduces transaction costs and allows the partnership to achieve a greater development impact.

FINANCIAL COMMITMENTS TO IFC ADVISORY SERVICES

(US$ Million Equivalent)*

Summary	FY13	FY14
Governments	239.61	272.51
"Institutional/Multilateral Partners"	1.66	46.66
Corporations, Foundations, and NGOs	12.35	19.38
Total	253.62	338.56

*Unaudited figures

Governments	FY13	FY14
Australia	21.87	7.01
Austria	12.70	11.24
Canada	47.83	48.12
Denmark	3.61	4.47
France	2.65	0.00
Germany	1.15	0.99
Hungary	0.00	20.00
Ireland	1.12	2.65
Italy	0.00	4.72
Japan	7.22	36.71
Korea	0.00	3.00
Luxembourg	6.79	0.00
The Netherlands	18.59	55.00
New Zealand	4.00	0.00
Norway	2.01	3.27
South Africa	0.67	0.00
Sweden	5.32	2.76
Switzerland	63.51	47.72
United Kingdom	34.79	16.60
United States	5.78	8.26
Total	239.61	272.51

Institutional/Multilateral Partners	FY13	FY14
Climate Investment Funds	0.50	16.62
European Commission	0.00	19.68
Financial Sector Deepening Trust	0.00	0.60
Global Green Growth Institute (3GI)*	0.00	0.60
Islamic Development Bank	0.00	0.31
Livelihoods and Food Security Trust Fund	1.11	3.62
MENA Transition Fund	0.00	5.24
UN Agencies	0.05	0.00
Total	1.66	46.66

Corporations, Foundations, and NGOs	FY13	FY14
Bill & Melinda Gates Foundation	2.87	2.00
Blue Moon Fund Inc.	0.25	0.00
BP Exploration (Caspian Sea) Limited	0.00	0.40
Dingyi Venture Capital (HK) Limited	0.00	3.00
Ford Foundation	0.00	0.15
Goldman Sachs Foundation	0.00	11.33
Marie Stopes International	3.87	0.00
Nestlé SA*	1.00	0.00
Omidyar Network Fund, Inc.	0.07	0.00
PepsiCo Foundation*	2.00	0.00
SABMiller PLC*	0.25	0.25
The Coca-Cola Company*	2.00	2.25
The MasterCard Foundation	0.03	0.00
Total	12.35	19.38

* Contributor to the 2030 - Water Resource Group

MANAGING RISKS

PORTFOLIO MANAGEMENT

Portfolio management is an intrinsic part of managing IFC's business to ensure strong financial and development results of our projects.

IFC's management reviews our entire portfolio globally on a quarterly basis and reports on the portfolio performance to the Board annually. Our portfolio teams, largely based in field offices, complement global reviews with asset-by-asset quarterly reviews.

On the corporate level, IFC combines the analysis of our $51.7 billion portfolio performance with projections of global macroeconomic and market trends to inform decisions about future investments. IFC also regularly tests the performance of the portfolio against possible macroeconomic developments to identify and proactively address risks.

On the project level, IFC actively monitors compliance with investment agreements, visits sites to evaluate project status, and helps identify solutions to address potential problems. We systematically track environmental and social performance, and measure financial and development results.

For projects in financial distress, our Special Operations Department determines the appropriate remedial actions. It seeks to negotiate agreements with creditors and shareholders to share the burden of restructuring so problems can be worked out while the project continues to operate.

Investors and other partners participating in IFC's operations are kept regularly informed on project developments. IFC consults or seeks their consent as appropriate.

TREASURY SERVICES

IFC raises funds in the international capital markets for private sector lending and to ensure sufficient liquidity to safeguard IFC's triple-A credit ratings.

Issuances include benchmark bonds in core currencies such as U.S. dollars, thematic issuances to support strategic priorities such as climate change, and issuances in emerging-market currencies to support capital-market development. Most of IFC's lending is denominated in U.S. dollars, but we borrow in many currencies to diversify access to funding, reduce borrowing costs, and support local capital markets.

Over the years, IFC's funding program has grown to keep pace with our lending—in FY14, new borrowings totaled the equivalent of $16 billion.

FY14 BORROWING IN INTERNATIONAL MARKETS

Currency	Amount ($ equivalent)	Percent
U.S. dollar	7,045,478,231.10	52.5%
Australian dollar	1,385,509,704.00	10.3%
Indian rupee	1,010,559,335.74	7.5%
British pound	788,885,000.00	5.9%
Japanese yen	627,325,000.00	4.7%
Brazilian real	608,911,921.74	4.5%
Euro	554,600,000.00	4.1%

LIQUIDITY MANAGEMENT

Liquid assets on IFC's balance sheet totaled $33.7 billion as of June 30, 2014, compared with $31.2 billion a year earlier. Most liquid assets are held in U.S. dollars. The exposure arising from assets denominated in currencies other than U.S. dollars are hedged into U.S. dollars or matched by liabilities in the same currency to eliminate overall currency risk. The level of these assets is determined with a view to ensure sufficient resources to meet commitments even during times of market stress.

CAPITAL ADEQUACY AND FINANCIAL CAPACITY

Sound risk management plays a crucial role in ensuring IFC's ability to fulfill our development mandate. The very nature of IFC's business, as a long-term investor in dynamic yet volatile emerging markets, exposes us to financial and operational risks.

Prudent risk management and a solid capital position enable us to preserve our financial strength and play a countercyclical role during times of economic and financial turmoil. In addition, IFC's financial strength results in low borrowing costs, allowing us to provide affordable financing to our clients.

The soundness and quality of IFC's risk management and financial position can be seen in our triple-A credit rating, which has been maintained since coverage began in 1989.

We assess IFC's minimum capital requirement in accordance with our economic capital framework, which is aligned with the Basel framework and leading industry practice. Economic capital acts as a common currency of risk, allowing us to model and aggregate the risk of losses from a range of different investment products as well as other risks.

IFC's total resources available consist of paid-in capital, retained earnings net of designations and certain unrealized gains, and total loan-loss reserves. The excess available capital, beyond what is required to support existing business, allows for future growth of our portfolio while also providing a buffer against unexpected external shocks. As of June 2014, total resources available reached $21.6 billion, while the minimum capital requirement totaled $18 billion.

WORKING RESPONSIBLY

IFC'S APPROACH TO SUSTAINABILITY

In a time of climate change, resource scarcities, and rising social pressures, businesses face a growing need for a stronger approach to environmental, social, and governance issues.

IFC believes that doing business sustainably drives positive development outcomes. Our Sustainability Framework and advice help clients find opportunities for growth and innovation while promoting sound environmental and social practices, broadening our development impact, and encouraging transparency and accountability.

This framework articulates IFC's strategic commitment to sustainable development and is an integral part of our approach to risk management. It enables us to manage a diverse client base that includes both advisory and investment clients—many of which are financial intermediaries.

THE IFC PERFORMANCE STANDARDS

At the core of our Sustainability Framework are eight IFC Performance Standards that are designed to help clients avoid, mitigate, and manage risk as a way of doing business sustainably. They help clients devise solutions that are good for business, good for investors, and good for the environment and communities.

This can include reducing costs through improved energy efficiency, increasing revenue and market share through environmentally and socially sound products and services, or forging better stakeholder relations. In situations where the Performance Standards cannot be applied appropriately, IFC has developed risk-screening tools to achieve the objectives of the Sustainability Framework.

The IFC Performance Standards have become globally recognized as a leading benchmark for environmental and social risk management in the private sector. They are reflected in the Equator Principles, now used by 78 financial institutions around the world. In addition, other financial institutions also reference IFC's Performance Standards in their policies—including 15 European development finance institutions and 32 export credit agencies.

IFC clients continue to indicate that our expertise is an important factor in their decision to work with us. Nearly 90 percent of the clients that received support from us on environmental and social matters found our assistance to be helpful in improving relationships with stakeholders, strengthening brand value and recognition, and establishing sound risk-management practices.

When a project is proposed for financing, IFC conducts a social and environmental review as part of our due diligence. This review takes into account the client's assessment of the project's impact and the client's commitment and capacity to manage it. It also assesses whether the project adheres to the IFC Performance Standards. Where there are gaps, we and the client agree on a plan to ensure that the standards are met over time. We supervise our projects throughout the life of our investment.

SUSTAINABILITY IN PRACTICE

In our activities across the globe, we consider four dimensions of sustainability—financial, economic, environmental, and social. Being financially sustainable enables IFC and our clients to make a long-term contribution to development. Making our projects economically sustainable ensures that they contribute to the host economies.

Ensuring environmental sustainability in our clients' operations and supply chains helps protect and conserve natural resources, mitigate environmental degradation, and address the global challenge of climate change.

IFC is the first international finance institution to comprehensively incorporate the concept of "ecosystem services." These services benefit people and businesses—providing, among other things, food, freshwater, and medicinal plants—and underscore the economic and societal benefits of maintaining a healthy environment.

We support social sustainability by working to improve living and working standards, strengthen communities, consult with indigenous peoples, and respect issues relevant to human rights.

CORPORATE GOVERNANCE

Improving corporate governance is a priority for IFC. We provide investment support and advice on good practices for improving board effectiveness, strengthening shareholder rights, and enhancing the governance of risk management, internal controls, and corporate disclosure.

We work in close collaboration with the World Bank to ensure that regulation in emerging markets is developed using IFC's frontline experience as an investor. As such, we also advise regulators, stock markets' administrators, and others with an interest in improving corporate governance.

Our experience allows IFC to apply global principles to the realities of the private sector in developing countries. As a result, development banks and other investors working in emerging markets now look to IFC for leadership on corporate governance.

We do this in a variety of ways—including through the IFC Corporate Governance Methodology, a system for evaluating corporate governance risks and opportunities that is recognized as the most advanced of its kind among development finance institutions. This methodology is the basis for a coordinated approach to corporate governance now implemented by more than 30 development finance institutions.

IFC also helps strengthen local partners who will continue to provide corporate governance services over the long-term. This includes training materials and institution-building tools in the areas of corporate governance associations, codes and scorecards, board leadership training, dispute resolution, the training of business reporters, and implementation of good governance practices in firms.

Strong corporate governance depends on diversity in board leadership. We strive to increase the number of women who serve as nominee directors on the boards of our clients. Nearly 24 percent of IFC nominee directors are women. We are committed to increasing that share to 30 percent by 2015.

OUR FOOTPRINT COMMITMENT

IFC's Footprint Commitment is to make sustainability an integral part of our culture and way of doing business. By continually improving our environmental and social performance, we commit to the same standards to which we ask our clients to adhere.

Our global approach to our Footprint continued in FY14. Four of our largest country offices—Istanbul, Johannesburg, New Delhi, and Lima—undertook third-party energy efficiency assessments. These reviews identified 10 potential improvement opportunities that could yield annual savings of $90,000. The cost of implementing these solutions would be recovered within three-and-a-half years.

Our global Paper Challenge campaign encouraged all staff and offices to reduce paper use in FY14. The campaign was launched in response to EVP and CEO Jin-Yong Cai's 15 percent global paper reduction challenge.

Our headquarters achieved a 37 percent reduction in paper purchases—over 5 million sheets of paper—and a 26 percent reduction in toner purchases from FY13, mostly from behavior changes. In FY15, significant changes will be made to our headquarters' print infrastructure through a Bank-Group-wide Managed Print Service to achieve more aggressive savings.

While IFC offices around the world participated in the Paper Challenge through activities such as "paper-free" days, the campaign demonstrated the need for more robust paper-use data from our country offices. IFC is investigating software tools to increase the accuracy of our country office data collection.

In FY14, carbon emissions from IFC's global internal business operations totaled about 51,400 metric tons of carbon dioxide equivalent. To offset our carbon footprint, IFC purchased carbon credits from the Paradigm Healthy Cookstove and Water Treatment Project in Kenya.

FY13 CARBON EMISSIONS INVENTORY FOR IFC'S GLOBAL BUSINESS OPERATIONS

Metric Tons of Carbon Dioxide Equivalent

Business Travel	36,742.00	72%
HQ Office Electricity	7,277.80	14%
Country Office Electricity	4,191.48	8%
Other	3,160.53	6%
TOTAL EMISSIONS	51,371.80	100%

INDEPENDENT ASSURANCE REPORT ON A SELECTION OF SUSTAINABLE DEVELOPMENT INFORMATION

In response to a request made by IFC, we performed a review on a selection of sustainable development information in the Annual Report for the financial year ending June 30, 2014, including quantitative indicators ("the Indicators") and qualitative statements ("the Statements"). We selected statements that were deemed to be of particular stakeholder interest, and involved a potential reputation risk for IFC, together with statements on corporate responsibility management and performance. The Indicators and the Statements are related to the following material areas:

Material Areas	Statements	Indicators
IFC Policy	"Our Strategic Focus Areas" (p.60) "Our Governance" (pp. 84–85) "Our Staff" (pp. 82–83) "Portfolio Management" (p. 90) "The IFC Development Goals" (p. 75)	
Development effectiveness of investments and advisory services	"How We Measure Development Results" (pp. 74–76) "Investment Results" (pp. 76–77) "Advisory Results" (pp. 77–78)	Investment projects Rated High: 64% (p. 76); overall investment DOTS scores detailed by industry (p. 80), by region (p. 80), and by performance area (p. 80); and weighted and unweighted DOTS scores (p. 29) Advisory Projects Rated High: 76% (p. 77); and advisory program expenditures detailed by business line (p. 81) and by region (p. 81)
Reach of IFC's clients	"Local Capital Markets—Promoting Economic Resilience" (p. 40) "Health and Education—Building Human Capital" (p. 37)	Employment (millions): 2.6 (p. 47) Patients reached (millions): 27.1 (p. 36) Students reached (millions): 2.5 (p. 37) Farmers reached (millions): 2.9 (p. 38) Gas distribution (millions of persons reached): 39.8 (p. 33) Power distribution (millions of persons reached): 24.3 (p. 33) Water distribution (millions of persons reached): 30.3 (p. 33) Number and amounts of microfinance loans and SME loans for CY13 (p. 79)
Environmental and social ratings	"The IFC Performance Standards" (p. 92) "Employment—Creating Jobs—the Cornerstone of Development" (p. 46)	IFC commitments by Environmental and social category (p. 28)

Type of loans	Number of loans (millions)	Amount ($ billions)
Microloans	29.1	28.01
Small and medium loans	5.4	273.60

Category	Commitments ($ millions)	Number of projects
A	1,668	23
B	4,328	160
C	7,162	268
FI	201	12
FI-1	682	13
FI-2	2,049	85
FI-3	1,171	38
Total	17,261	599

Material Areas	Statements	Indicators
Sustainable business	"Climate Change—Turning Risks into Opportunity" (p. 48) "Gender—The Transformative Power of Women" (pp. 50–51) "IFC Advisory Services" (pp. 67–68) "Our Footprint Commitment" (p. 94)	Commitments in Climate-related investments for FY14 (p. 48): $2,479 million Carbon Emissions (p. 94): 51,400 tCO_2 equivalent in financial year 2014
Influence on Private Sector Development	"Agribusiness—Strengthening Food Security" (pp. 38–39) "Middle-Income Countries—Building Broad-Based Prosperity" (p. 56) "Infrastructure—Establishing a Robust Foundation for Prosperity" (p. 32) "Public-Private Partnerships—Improving Basic Services through PPPs" (p. 42) "Access to Finance—Raising Incomes and Creating Wealth" (pp. 34–35)	
Engagement in the poorest and fragile countries	"IDA and Conflict-Affected Areas—Creating Opportunity in Challenging Environments" (p. 53) "Africa, South Asia, and the Middle East—Alleviating Poverty Wherever the Need is Greatest" (p. 54)	
Working with others	"Mobilization—Leveraging the Resources of Other Investors" (pp. 44–45) "Partnerships" (p. 88)	
Asset management	"IFC Asset Management Company" (p. 68)	
IFC Accountability	"Independent Evaluation Group" (p. 86)	

Our review aimed to provide limited assurance[1] that:

1. the Indicators were prepared in accordance with the reporting criteria applicable during fiscal year 2014 (the "Reporting Criteria"), consisting in IFC instructions, procedures and guidelines specific to each indicator, a summary of which is provided in the Annual Report, for the indicators related to Commitments by Environmental and Social Category (p. 28) and Development effectiveness of investments and advisory services (Monitoring and tracking results, pp. 74–75) and on IFC's website for the others.
2. the Statements have been presented in accordance with "IFC's Access to Information Policy", which is available on IFC's website[2] and the principles of relevance, completeness, neutrality, clarity and reliability as defined by international standards[3].

It is the responsibility of IFC to prepare the Indicators and Statements, to provide information on the Reporting Criteria and to compile the Annual Report.

It is our responsibility to express a conclusion on the Indicators and the Statements based on our review. Our review was conducted in accordance with the ISAE 3000, International Standard on Assurance Engagements from IFAC[4]. Our independence is defined by IFAC professional code of ethics.

NATURE AND SCOPE OF OUR REVIEW

We performed the following review to be able to express a conclusion:

- We assessed the Reporting Criteria, policies and principles, with respect to their relevance, their completeness, their neutrality and their reliability.
- We reviewed the content of the Annual Report to identify key statements regarding the sustainability and development areas listed above.
- At the corporate level, we conducted interviews with more than 25 persons responsible for reporting to assess the application of the Reporting Criteria or to substantiate the Statements.
- At the corporate level, we implemented analytical procedures and verified, on a test basis, the calculations and the consolidation of the Indicators.
- We collected supporting documents for the Indicators or Statements, such as reports to the board of directors or other meetings, loan agreement, internal and external presentations and reports, or survey results.
- We reviewed the presentation of the Statements and the Indicators in the Annual Report and the associated notes on methodology.

1. A higher level of assurance would have required more extensive work.
2. http://www.ifc.org/ifcext/disclosure.nsf/content/disclosure_policy
3. ISAE 3000 from IFAC, Global Reporting Initiative (GRI), or AA1000 Accountability Standard.
4. ISAE 3000: "Assurance Engagement other than reviews of historical data", International Federation of Accountants, International Audit and Assurance Board, December 2003.

LIMITATIONS OF OUR REVIEW

Our review was limited to the Statements and Indicators identified in the table above and did not cover other disclosures in the Annual Report.

Our tests were limited to document reviews and interviews at IFC's headquarters in Washington, D.C. Within the scope of work covered by this statement, we did not participate in any activities with external stakeholders or clients, nor did we conduct testing or interviews aimed at verifying the validity of information related to individual projects.

INFORMATION ABOUT THE REPORTING CRITERIA AND THE STATEMENT PREPARATION PROCESS

With regards to the Reporting Criteria and the Statement preparation policies and principles, we wish to make the following comments:

Relevance
IFC presents sustainability information on its own impact and on environmental and social risks, impacts and outcomes of projects it financed directly or through financial intermediaries. The development results of IFC Investment and Advisory Services are assessed through its Development Outcome Tracking System (DOTS), the implementation of its evaluation strategy and of IFC Development Goals.

In the Environmental and Social (E&S) DOTS performance area, we note that IFC would benefit from further improving the relevance and number of indicators, beyond the E&S management system indicator, in order to better measure how clients are improving their own E&S performance.

Also, the scope of indicators to assess the Private Sector Development performance area of DOTS should be broadened to better reflect the impact on final beneficiaries over the life cycle of the projects.

IFC is committed to enhancing the relevance of its development results and Reach related procedures on a continuous basis. There is indeed work in progress on several issues, including the link between E&S DOTS performance area and Performance Standards implementation and the harmonization of the Private Sector Development (PSD) indicators amongst IFIs. This work should enable IFC to cover the related issues in the coming years.

Completeness
The Indicators' reporting perimeter covers the most relevant IFC activities. The scope covered by each indicator has been indicated in the comments next to the data in the Annual Report. In particular, while the DOTS results of IFC's Trade Finance investments are not yet formally audited, a first set of Reach data has been consolidated this year to reflect the impact of the Global Trade Finance Program. The related figures have been submitted to controls internally and are presented in the Reach data table (p. 79).

Neutrality and clarity
IFC provides information on the methodologies used to establish the Indicators in the comments next to the published data or in the related sections. Further information is available on the IFC website.

We think that the link between Reach indicators and IFC Development Goals (IDGs) should be strengthened to enable IFC to further articulate its strategy and development results. While the Reach Indicators capture the contribution of IFC Clients overall, IFC captures its contribution to development results via the IDGs. Reporting achievement against the IDGs would help to improve IFC's reporting regarding its contribution and development results.

Reliability

IFC has further strengthened internal controls on "micro loans" and "small & medium loans" (MSME Reach indicators). Regarding the other Reach indicators, in addition to the controls performed at the corporate and project level, IFC should implement further checks at the source or client-level used to track Reach indicators. As this data often comes directly from external sources, and can sometimes be based on estimates rather than clients' audited financial statements, it is essential to ensure that data reported are consistent with IFC's own definitions and calculation methodologies. Additional tests on a few major contributors of the Reach data should be performed to increase data reliability.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that:

- the Indicators were not established, in all material aspects, in accordance with the Reporting Criteria;
- the Statements were not presented, in all material aspects, in accordance with "IFC's Policy on Disclosure of Information" and the principles of relevance, completeness, neutrality, clarity and reliability as defined by international standards.

Paris-La Défense, France, August 4, 2014

The independent auditors
ERNST & YOUNG et Associés

EY
Building a better
working world

Eric Duvaud
Partner, Cleantech and Sustainability