

IFC Comments on the Multilateral Aid Review: Assessment of International Finance Corporation

IFC welcomes the UK Multilateral Aid Review exercise and appreciates the discussion and analysis in the report, as well as the constructive engagement with DFID in exchanging information.

We appreciate the many positive findings in this report with respect to *Contribution to UK Development Objectives*, such as IFC's central global role in private sector development, significant coordination role at the international level, key role in investment climate and growing role in climate change, strong measurement systems and good delivery against results. We also welcome the positive comments on *Organizational Strengths*, such as the comments on IFC's strong strategic and performance management.

We also take heed of the report's comments in areas where we could do better.

To provide additional context to some topics covered in the report, we would like to note the following:

- *Fragile Contexts (2a)*. We welcome the recognition of our commitment to increasing our impact in fragile contexts, but we also recognize there is a lot more we can do in this area. IFC's investment and advisory work in fragile and conflict affected countries has been growing in recent years and included 58 new investment projects and 18% of advisory expenditures in FY2010. Countries in which IFC was active included the Democratic Republic of the Congo, Solomon Islands, Haiti, Yemen, West Bank and Gaza, Republic of Kosovo, Nepal and Bosnia and Herzegovina. Especially in light of the recent World Development Report 2011 on "Conflict, Security and Development," IFC will be redoubling efforts to increase development impact in fragile and conflict affected states.
- *Gender (2b)*. We appreciate the recognition of IFC's new initiatives to promote gender equality, and would like to highlight some recent progress. In 2008, the Canadian International Development Agency (CIDA) conducted a Gender Equity Institutional Assessment of IFC and awarded IFC a "3" from a 4-star rating, the highest score among the IFIs. IFC's Women in Business (WIN) program aims to mainstream gender issues into IFC's work by increasing access to finance for women entrepreneurs and reducing gender barriers in the business environment. *Gender* has been mainstreamed in IFC's flagship SME Banking product. As of FY2010, 14 of the 16 SME Banking Advisory projects in Sub-Saharan Africa now include a gender component. Under IFC's new development goals, IFC plans to support work over the next three years that will increase reach to over 50 million micro clients, with at least 50% being women, and over 3 million SMEs with at least 25% being women-owned.
- *Focus on Poor Countries (3)*. IFC, as a multilateral development institution, has a more varied portfolio in terms of country focus than many of the other institutions included in this study. Indeed, as the only global development institution focused entirely on private sector development, our strategy necessarily involves engagement with both low-income and middle-income countries (where most of the world's poor live). Nevertheless, we agree that a very substantial proportion of our activities should be focused on poorer countries. In FY2010, we committed 255, or about half of our investment projects, totaling \$4.9 billion in IDA countries, including 104 projects in low-income countries for \$1.3 billion. This represents a substantial increase from five years ago and over time our portfolio will increasingly reflect the changing mix of our new investments. Our advisory work also has a significant contribution to poor countries, and over 60% of FY2010 advisory expenditures were in IDA countries, including 35% in low-income countries.
- *Partnership Behaviour (8)*. We welcome the recognition of IFC's work in forming active global partnerships with other development finance institutions and in supporting client engagement with affected communities. As a private sector-focused institution, we regularly partner with the private sector, industries, governments, NGOs, other multilaterals and traditional donors. Our Advisory Services business is a partnership business and our sizable contributions to IDA

represent strong support for a significant partnership. We often collaborate closely with a broad range of donors and other partners at the country level, particularly in IDA countries and fragile situations. We also coordinate with donors and other investors in developing and implementing country private sector strategies. We have taken a leadership role in organizing periodic meetings of senior management of development institutions that have a focus on the private sector, and lead many of the related working groups that share information and help coordinate to improve results. IFC has significantly strengthened its partnerships with donor governments, foundations, and NGOs and will continue to do so moving forward.

We look forward to continuing our strong collaboration with DFID and congratulate them on the initiative to conduct this extensive review.