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.

A REFOCUSED IFC

To meet the growing challenges of development, IFC adopted in 2014 a nimbler and more focused organizational structure. Our initiative, *A Refocused IFC*, was aimed at strengthening collaboration with other members of the World Bank Group, sharpening our focus on clients, offering comprehensive solutions, and boosting the efficiency of our services.

We believe boosting our partnership with other members of the World Bank Group will allow us to streamline processes, share best practices more effectively, and identify new areas for collaboration—generating benefits for our clients, partners, and staff. We believe these changes will position us better as we prepare to execute the Bank Group's strategy to end extreme poverty and boost shared prosperity by 2030.

Under the revamped IFC leadership structure, we set up a new Global Client Services Vice Presidency, leveraging managers with broad experience across the World Bank Group. The new unit will provide a single platform for investment, advice, and client relationships, with the aim of strengthening our client engagement while expanding our client base.

We also established a Corporate Risk & Sustainability Vice Presidency to unify IFC's transaction-enabling services. This group will help strengthen IFC's risk judgments and simplify the approval process for transactions; boost our approach to risk management; and address compliance, legal practices, and potential conflict-of-interest matters.

These improvements position IFC to maximize our development impact and financial sustainability. They also position IFC to work on the most pressing challenges of development while leveraging the power of the private sector in Bank Group solutions. We expect these changes to help reduce administrative burdens on our staff and provide greater scope for professional advancement.

IFC continues to develop new metrics for monitoring and measuring success that reflect client focus and financial sustainability, as well as an improved framework to understand our development impact. The final metrics are expected to comprehensively cover IFC's results and performance—including growth, development outcomes, client feedback, and financial sustainability.

> These improvements position IFC to maximize our development impact and financial sustainability.

UNDERSTANDING OUR DEVELOPMENT IMPACT

The private sector plays an indispensable role in spurring growth and creating opportunities for people to improve their lives. But it's imperative to know precisely what types of private sector activity will have the greatest impact on development.

At IFC, we measure our results and those of our clients to assess whether we are contributing effectively to the World Bank Group's twin goals of ending extreme poverty and boosting shared prosperity—and whether our work is making a difference to the people and markets that most need our help.

IFC's results-measurement and evidence systems continue to evolve to better reflect our business needs as we unify our organizational structure and shift operational focus to achieve our goals. We are also seeking to better understand the breadth of our contributions to sustainable private sector development—going beyond the impact of just individual transactions.

The improvements we are making to results measurement will help highlight our efforts in creating jobs and fueling economic growth through our investment and advisory work. We will also be better positioned to assess the results at the country, sector, and program levels and make it easier for clients and operational teams to monitor the results of individual transactions.

These changes build on the existing IFC results-measurement system—retaining what has worked well in the past, leveraging partnerships, and maintaining IFC's leadership among development finance institutions.

IFC'S RESULTS-MEASUREMENT SYSTEM

Our results-measurement system features three mutually reinforcing components: the IFC Development Goals, a monitoring system to measure development results at the transaction level that could then be aggregated at portfolio levels, and systematic evaluations of the impact of our work.

> Our results-measurement system is evolving to better reflect our business needs.

THE MONITORING AND TRACKING SYSTEM

IFC uses the Development Outcome Tracking System, or DOTS, to monitor the development results of our investment and advisory services.

For our investment work, DOTS covers—after certain exclusions—1,900 companies under supervision. Reach indicators measure the number of people reached by IFC's clients or the dollar benefit to particular stakeholders, regardless of IFC's investment size. Overall development outcome scores are assessed for 820 out of 918 investments approved between 2006 and 2011, which are mature enough to be rated and recent enough to be relevant. The overall DOTS score is a synthesis of four performance areas (financial; economic; environmental and social; and broader private sector development impacts).

We streamlined the set of DOTS indicators for investment operations and simplified the related monitoring process to achieve two goals: (i) enhance relevance of the indicators to operations and clients; and (ii) improve effectiveness and efficiency.

For environmental and social performance, for example, we introduced a set of core indicators based on detailed client assessments conducted by environment and social performance specialists. These indicators measure the progress of our clients in implementing the IFC Performance Standards. In addition to process improvements, we continue to leverage technology solutions to enhance the ease, efficiency, and quality of data collection and reporting on results.

For our advisory work, FY15 DOTS scores are based on a review of 106 completion reports filed in 2014, of which 100 could be assessed for development effectiveness. Projects that could not be assessed were those that met certain exclusion criteria—such as those involving sector or market studies, knowledge-sharing conferences, or efforts to create internal knowledge tools for IFC.

IFC DEVELOPMENT GOALS

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.

The five goals—strengthening infrastructure, improving livelihood of farmers, expanding access to financial services, boosting health and education, and reducing greenhouse emissions—are aligned with the Bank Group Scorecard and are also fully integrated into IFC's corporate scorecard. We are currently in the second year of monitoring the progress of our commitments to these goals toward their three-year targets. More detail is provided in the table on page 77.

IFC'S EVALUATIONS

We conduct self-evaluations to assess the achievements of our projects and identify lessons that can be used to improve our operations. Working with the Independent Evaluation Group, we improved how operational teams evaluate their own projects once they are completed or have reached operational maturity. In addition, IFC also conducts in-depth evaluations to generate greater evidence of development impact of key projects and programs. Under that framework, we completed 35 evaluations in FY15. We also adopted disclosure policies that enable us to disseminate these evaluation findings beyond the Bank Group and have published the evaluation summaries on the IFC external website.

ENHANCEMENTS TO THE RESULTS-MEASUREMENT SYSTEM

IFC's improved results-measurement system provides a better picture of the impact of IFC's interventions at the country, sector, and program levels through evaluation and collaboration with the Bank Group on joint frameworks.

STRENGTHENING LINKS TO IMPACT

Evaluations are integral to IFC's results-measurement framework: they help us to learn from our experience, inform strategy, and help us assess and report on development impact more comprehensively. This year we moved to a systematic evaluation strategy that increasingly examines IFC's contribution to growth, jobs, and access in key sectors such as finance, tourism, poultry, power, and small and medium enterprises, or SMEs.

For example, in the power sector, we ramped up the use of evaluation and research as a source of insight for IFC's operational teams. As part of this, we developed an Excel-based, user-friendly tool that uses econometric input-output methodology at the country level to estimate Gross Domestic Product and employment impact from construction, operation and maintenance activities, and increased power supply. The tool covers 20 developing countries and estimates of different types of effects—direct, indirect, induced, and second-order growth effects—for jobs and GDP. Similarly, we developed a methodology to profile SME beneficiaries of our financial-intermediary clients.

In the coming year, we are taking a systems approach to deepen our understanding of the links between our investment activities and the World Bank Group's twin goals of ending extreme poverty and boosting shared prosperity.

FOCUS ON COUNTRY- AND PROGRAM-LEVEL RESULTS

We worked more closely with the World Bank and MIGA to design results frameworks to monitor IFC's contributions to country-level development objectives under the World Bank Group's Country Partnership Frameworks. This year we helped design two such frameworks—for Panama and Myanmar—which were then discussed by the Board of Directors. We will design such joint frameworks for 15 more countries next year. Our work to improve the results frameworks will help us to better articulate IFC's development outcomes in the context of the broader World Bank Group support to the country.

We are also designing results frameworks for our strategic engagements that involve a common objective but multiple investment and advisory activities. These frameworks are built at the program level by identifying a few indicators that are then monitored at the project level. We also design and execute evaluations at the program level. In FY15, we developed frameworks for our work in the power and agriculture sectors.

LEVERAGING PARTNERSHIPS

IFC plays a key role in harmonizing indicators to monitor private sector operations across institutions. In 2013, IFC worked with 25 other development financial institutions, or DFIs, to harmonize 27 quantitative indicators across sectors. This year, IFC has begun implementing these indicators and the DFI group established a more formal governance mechanism, including a six-member steering committee to manage implementation of the harmonized indicators. The committee will also explore opportunities for joint work in areas outside these indicators. The initiative is now branded as the Harmonized Indicators for Private Sector Operations with its own website, hipso.net. Building on this experience, IFC partnered with the Donor Committee for Economic Development, a forum of 22 donors involved in private sector development, to harmonize indicators to monitor and report on advisory achievements.

DEVELOPMENT OUTCOMES

Macroeconomic and financial-markets conditions have deteriorated considerably in recent years. Despite that, IFC's overall development outcome score for our investment operations remained essentially stable, with 63 percent of our clients rated high (slightly below our target of 65 percent). In general, larger projects are less risky than smaller projects. When weighted for investment volume, 72 percent of our clients were rated high.

At the industry level, our financial sector investment clients performed the best, with 74 percent rated high. This was an increase of six percentage points and reflected improved performance by new and existing clients in all regions, especially in East Asia and the Pacific and in the Middle East and North Africa. Microfinance and SME finance projects, which account for 60 percent of the sector-rated portfolio, registered the strongest scores, particularly in private sector development and financial performance.

Amid a slowdown in emerging-market growth and a decrease in commodity prices, our projects in the real sector—particularly in infrastructure and oil, gas, and mining—registered lower outcome scores. In infrastructure, ratings of IFC clients declined as weaker financial and economic conditions hampered implementation in some cases. In oil, gas, and mining, the outcome score declined—largely because of new projects in the portfolio, primarily smaller early-stage investments. When the scores are weighted for project size, 82 percent of the clients were rated high.

The regional performance of our investment operations remained broadly stable, with the exception of the South Asia and the East Asia and the Pacific regions, which saw downward and upward swings of nearly five percentage points, respectively. In East Asia, the improved rating of 65 percent came from stronger performance in most sectors, including financial markets; agribusiness and forestry; consumer and social services; and telecom, media, and technology. In South Asia, 61 percent of clients were rated high on development outcomes—reflecting weaker performance of new projects, particularly in the Indian infrastructure sector.

For our advisory work, 73 percent of IFC projects that closed during the year and could be assessed for development effectiveness were rated high. Advisory development outcome scores have been above our target of 65 percent for the past five years. In addition, 91 percent of clients said they were satisfied with IFC's advisory work.

The Middle East and North Africa region was the strongest performer, with 90 percent of projects that closed during the year rated high on development effectiveness. The region also registered the largest improvement over the three-year average—a gain of 14 points in its performance score. These projects focused mainly on the financial sector or on developing public-private partnerships. Europe and Central Asia recorded a decline in advisory projects rated high. The drop reflected a relatively small pool of rated projects in the region—several of which were affected by changes in government priorities during the implementation of public-private partnerships.

Development outcomes for our advisory work by business area is provided in the table on page 79. Because of IFC's organizational changes (see page 72), previous-year comparison is available only at the aggregate and regional levels.

DEVELOPMENT REACH AND RESULTS

Across the globe, IFC investment and advisory services clients were able to reach many people and record some remarkable achievements (see page 78). Here are a few highlights:

EXPANDING FINANCE

› We worked with 331 financial intermediaries focused on lending to micro, small, and medium enterprises. These institutions provided 44 million micro and 4 million small and medium loans totaling $270 billion. Our clients also provided over 965,000 housing finance loans, totaling $22 billion.

- We also helped our partners in digital financial services to facilitate 70 million noncash retail transactions, totaling over $160 billion.
- We helped strengthen financial markets by working with collateral registries and credit bureaus that facilitated a total of $1.2 billion in financing. About 294,000 SMEs and microenterprises were also able to receive loans secured with movable property. In addition, we helped create or improve credit bureaus in Jamaica, Samoa, Uzbekistan, and Tajikistan.

PROVIDING SOLUTIONS AND SERVICES

- Our clients generated and distributed power to 99 million customers—a 30 percent increase over the previous year. More than a third of these customers were in Sub-Saharan Africa.
- Our clients also provided phone connections to 237 million customers—a 31 percent increase over the previous year, with most in South Asia.
- We helped businesses reach 26.4 million people with affordable off-grid lighting solutions.
- We helped governments sign 18 public-private-partnership contracts that are expected to improve access to infrastructure and health services for almost 16 million people and mobilize over $5.8 billion in private investment.
- We helped firms adopt new practices and technologies that attracted additional financing of $929 million—nearly all of which came from sources other than IFC. Corporate governance reforms helped attract $535 million in financing for our clients, and clean energy and resource-efficient technologies led to investments of $384 million.

IMPROVING THE BUSINESS ENVIRONMENT

- We helped governments in 47 countries adopt 94 investment-climate reforms to foster growth and business creation. Seventy-eight of these reforms were in IDA countries, including 25 in fragile and conflict-affected situations.
- We helped national and local governments with reform and investment-promotion support that contributed to an estimated $743 million in new investments.

THE IFC DEVELOPMENT GOALS

GOAL	FY15 IDG TARGET	FY14–16 TARGETS*	FY15 IDG COMMITMENTS	PERCENT OF FY15 TARGET ACHIEVED	PERCENT OF FY14–FY16 TARGET ACHIEVED
Increase or improve sustainable farming opportunities	Benefit 1.48 million people	Benefit 4.64 million people	1.29 million people	87%	54%
Improve health and education services	Benefit 5.74 million people	Benefit 14.80 million people	12.92 million people	225%	143%
Increase access to financial services for microfinance clients	Benefit 27.75 million people	Benefit 83.59 million people	52.25 million people	188%	106%
Increase access to financial services for SME clients	Benefit 1.52 million people	Benefit 4.61 million people	1.46 million people	96%	55%
Increase or improve infrastructure services	Benefit 25.76 million people	Benefit 75.36 million people	93.54 million people	363%	154%
Reduce greenhouse-gas emissions	Reduce by 6.08 million metric tons of CO_2 equivalent per year	Reduce by 18.42 million metric tons of CO_2 equivalent per year	9.69 million metric tons	159%	83%

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

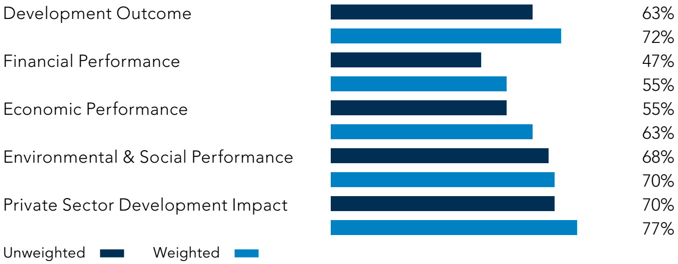
DEVELOPMENT REACH BY IFC'S INVESTMENT CLIENTS	PORTFOLIO CY13	PORTFOLIO CY14
INVESTMENTS		
Employment (millions of jobs)[1]	2.6	2.5
MICROFINANCE LOANS		
Number (millions)[2]	29.0	43.6
Amount ($ billions)[2]	27.9	35.3
SME LOANS		
Number (millions)[2]	5.3	4.3
Amount ($ billions)[2]	275.7	234.4
TRADE FINANCE		
Number (millions)[3]	2.0	1.8
Amount ($ billions)[3]	310.0	266.0
CUSTOMERS REACHED WITH SERVICES		
Power generation (millions of customers)	51.3	55.8
Power distribution (millions of customers)[4]	25.2	43.6
Water distribution (millions of customers)[5]	28.4	23.4
Gas distribution (millions of customers)[6]	39.8	35.0
Phone connections (millions of customers)[7]	180.9	237.2
Patients served (millions)	27.1	17.3
Students reached (millions)	2.5	3.5
Farmers reached (millions)	2.9	3.4
PAYMENTS TO SUPPLIERS AND GOVERNMENTS		
Domestic purchases of goods and services ($ billions)	34.3	51.9
Contribution to government revenues or savings ($ billions)[8]	19.1	19.5

These figures represent the total reach of IFC clients as of end of CY13 and CY14. CY13 and CY14 portfolio data are not strictly comparable, because they are based on a changed portfolio of IFC clients. For microfinance and SME loans, results also reflect contributions from Advisory Services. While numerous controls are performed on the data provided by clients, they are sometimes based on estimates and the understanding of the indicator definitions may vary slightly between clients.

1. Portfolio figures for employment include jobs provided by Funds.
2. Portfolio reach figures represent the micro, small, and medium outstanding loan portfolio of IFC clients as of end CY13 and CY14, for MSME-oriented financial institutions/projects. 93% of the 331 clients required to report in CY14 did so. The missing data were extrapolated. Data for the number and amount of loans for CY13 revised due to restated values from several clients.
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 over 90% of the network's active banks and extrapolation for the rest. CY13 and CY14 figures are not strictly comparable due to changes in methodology applied for CY14. Numbers reflect transactions directly guaranteed by IFC as well as those executed by network banks that have been supported by the program.
4. CY13 total power distribution revised due to the restatement of one client value in Latin America and the Caribbean.
5. CY13 water distribution revised due to the restatement of two client values in Latin America and the Caribbean.
6. One client in East Asia and the Pacific contributed 31.8 million of gas distribution customers in CY14.
7. One client in South Asia contributed 135.8 million of phone connection customers in CY14.
8. CY13 total payments to governments revised due to the restatement of two client values in Latin America and the Caribbean.

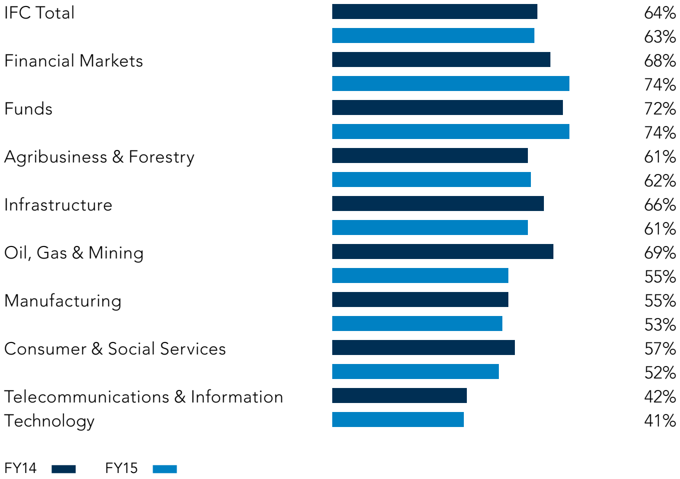
INVESTMENT SERVICES DOTS SCORE BY PERFORMANCE AREA, FY15

% Rated High



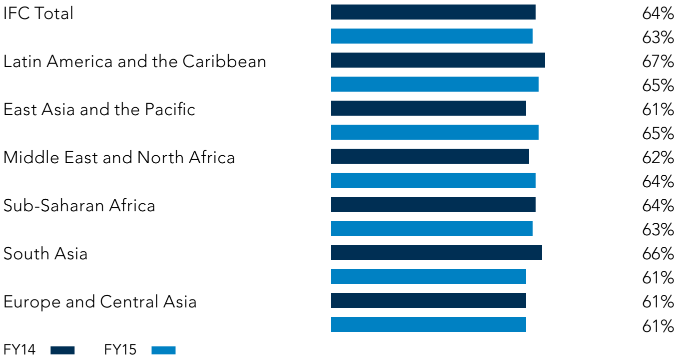
INVESTMENT SERVICES DOTS SCORE BY INDUSTRY, FY14 VS. FY15

% Rated High



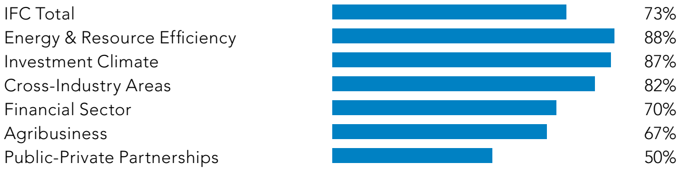
INVESTMENT SERVICES DOTS SCORE BY REGION, FY14 VS. FY15

% Rated High



ADVISORY SERVICES DOTS SCORE BY BUSINESS AREA, FY15

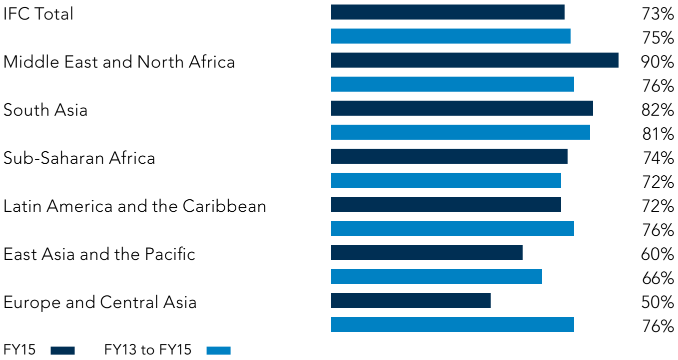
% Rated High



"Financial Sector" also includes projects undertaken by the integrated World Bank Group team in the Finance & Markets Global Practice.

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 staff members work in 100 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 employees, 62 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.

OUR STAFF MEMBERS WORK IN

100

COUNTRIES

IFC'S EMPLOYEES REPRESENT MORE THAN

140

COUNTRIES

NEARLY

60%

of IFC staff members are based in offices outside the United States

WHERE WE WORK	FY10	FY15
LOCATION		
United States	1,542 (46%)	1,525 (41%)
Other Countries	1,816 (54%)	2,162 (59%)
Total IFC Staff	3,358	3,687

NATIONAL ORIGIN – ALL FULL-TIME STAFF	FY10	FY15
NATIONAL ORIGIN		
IDA Donor Countries[1]	1,270 (38%)	1,393 (38%)
Other Countries	2,088 (62%)	2,294 (62%)
Total	3,358	3,687

NATIONAL ORIGIN – STAFF GRADED AT OFFICER LEVEL AND HIGHER	FY10	FY15
NATIONAL ORIGIN		
IDA Donor Countries[1]	947 (46%)	1,100 (44%)
Other Countries	1,110 (54%)	1,392 (56%)
Total	2,057	2,492

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

GENDER – ALL FULL-TIME STAFF	FY10	FY15
GENDER		
Female Staff	1,785 (53%)	1,977 (54%)
Male Staff	1,573 (47%)	1,710 (46%)
Total	3,358	3,687

GENDER – STAFF AT OFFICER LEVEL AND HIGHER	FY10	FY15
GENDER		
Female Staff	825 (40%)	1,085 (44%)
Male Staff	1,232 (60%)	1,407 (56%)
Total	2,057	2,492

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 programs and performance awards (which include annual and long-term components) 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 plus an optional staff contribution of 6 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.)

As of June 30, 2015, the salary structure (net of tax) and annual average net salaries/benefits for World Bank Group staff were as follows:

GRADES	REPRESENTATIVE JOB TITLES	MINIMUM ($)	MARKET REFERENCE ($)	MAXIMUM ($)	STAFF AT GRADE LEVEL (%)	AVERAGE SALARY/GRADE ($)	AVERAGE BENEFITS[a] ($)
GA	Office Assistant	23,900	34,100	44,300	0.02%	42,233	24,702
GB	Team Assistant, Information Technician	30,100	43,000	55,900	0.5%	44,269	25,893
GC	Program Assistant, Information Assistant	37,200	53,100	69,000	9.5%	55,934	32,716
GD	Senior Program Assistant, Information Specialist, Budget Assistant	43,900	62,700	81,500	7.6%	69,346	40,560
GE	Analyst	58,900	84,200	109,500	10.0%	79,845	46,701
GF	Professional	78,300	111,900	145,500	22.4%	103,520	60,549
GG	Senior Professional	105,700	151,000	196,300	31.0%	142,515	83,357
GH	Manager, Lead Professional	144,000	205,700	267,400	16.1%	200,468	117,254
GI	Director, Senior Advisor	220,800	276,000	331,200	2.4%	264,534	154,726
GJ	Vice President	272,500	320,600	368,700	0.4%	327,814	191,738
GK	Managing Director, Executive Vice President	303,000	356,500	410,000	0.1%	382,207	220,614

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 relatively 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. Excludes tax allowances.

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. 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, 2015, IFC's paid-in capital of about $2.56 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 nearly $180 billion of our own funds for private sector investments in developing countries, and we have mobilized more than $40 billion 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.

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 $399,400, net of taxes. There are no executive incentive compensation packages.

Seated (left to right): **Hervé de Villeroché**, France ▪ **Patrizio Pagano**, Italy ▪ **Subhash Chandra Garg**, India ▪ **Merza Hasan (Dean)**, Kuwait ▪ **Rionald Silaban**, Indonesia ▪ **Masahiro Kan**, Japan ▪ **Gwen Hines**, United Kingdom ▪ **Nasir Mahmood Khosa**, Pakistan

Standing (left to right): **Jose A. Rojas R.**, Venezuela, RB ▪ **Frank Heemskerk**, Netherlands ▪ **Ursula Müller**, Germany ▪ **Jörg Frieden**, Switzerland ▪ **Louis Rene Peter Larose**, Seychelles ▪ **Franciscus Godts**, Belgium ▪ **Shixin Chen**, China ▪ **Alister Smith**, Canada ▪ **Satu Santala**, Finland ▪ **Ana Dias Lourenco**, Angola ▪ **Khalid Alkhudairy**, Saudi Arabia ▪ **Sung-Soo Eun**, Korea, Rep. ▪ **Alex Foxley**, Chile ▪ **Antonio Silveira**, Brazil ▪ **Mohamed Sikieh Kayad**, Djibouti ▪ **Andrei Lushin**, Russian Federation

Not pictured: **Matthew McGuire**, United States

OUR MEMBER COUNTRIES – STRONG SHAREHOLDER SUPPORT

GRAND TOTAL	100%
UNITED STATES	20.99%
JAPAN	6.01%
GERMANY	4.77%
FRANCE	4.48%
UNITED KINGDOM	4.48%
INDIA	3.82%
RUSSIAN FEDERATION	3.82%
CANADA	3.02%
ITALY	3.02%
CHINA	2.30%
174 OTHER COUNTRIES	43.29%

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 Board of Directors. Its mission is to strengthen the development effectiveness of Bank Group institutions through excellence in evaluations that inform strategies and future work.

IEG evaluates IFC's eligible investment and advisory projects. Evaluation ratings are reported in IEG's annual evaluation of Bank Group results and performance. The most recent report for 2014 showed a decline in overall development effectiveness of investment projects compared with the previous period. The decline was driven largely by the effects of the global financial crisis and project-specific factors. IFC's advisory services showed a significant improvement in their development effectiveness, particularly in Latin America and the Caribbean and in East Asia and the Pacific, and in the Public-Private Partnerships business line.

IEG's recent evaluation of IFC's business model for delivering advisory services on investment-climate reform found a number of strengths to the standardized, focused, short-term delivery model. IEG recommended that, as services are folded into a new global practice, the Bank Group could take advantage of the respective strengths of both World Bank and IFC models.

In the infrastructure sector, IEG evaluations demonstrated that IFC can contribute to successful development outcomes in tough regulatory environments and frontier regions. In the manufacturing sector, successful projects benefited from innovation and cost efficiencies, thus contributing to private sector development results. IEG's major reports are disclosed on its website: http://ieg.worldbankgroup.org.

OFFICE OF THE COMPLIANCE ADVISOR OMBUDSMAN

The Office of the Compliance Advisor Ombudsman, or CAO, is the independent accountability mechanism for IFC and MIGA. CAO addresses complaints from people affected by IFC and MIGA projects with the goal of enhancing environmental and social outcomes. CAO is led by Osvaldo Gratacós, who was appointed in July 2014 after an independent selection process. He reports to the World Bank Group President.

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

In FY15, CAO managed 63 cases in 25 countries related to IFC agribusiness, education, extractives, manufacturing, infrastructure, financial intermediary, and advisory services projects. Of these, 16 were new complaints regarding IFC projects. At fiscal year end, CAO had closed 20 cases, with nine in assessment, 14 in dispute resolution, and 20 in ongoing compliance review.

Through dispute resolution, CAO worked with communities and companies to address concerns regarding significant IFC projects, including the Chad-Cameroon Oil Pipeline, the Oyu Tolgoi mine in Mongolia, and the Bujagali hydropower project in Uganda. CAO concluded long-term mediations after monitoring settlements between local stakeholders related to resettlement around the Sihanoukville airport expansion in Cambodia, and a chronic health issue affecting sugar workers in Nicaragua. In Uganda, CAO is monitoring settlements between two communities and a client of the IFC-supported Agri-Vie Fund regarding impacts of commercial forestry plantations and land displacement.

In its compliance function, CAO closed eight appraisals of IFC's performance related to 16 complaints with no further action, and three appraisals are in process. CAO is conducting seven investigations of IFC's performance related to projects in the advisory services, agribusiness, financial-intermediary, hydropower, mining, and infrastructure sectors. CAO is monitoring IFC actions in response to six compliance investigations regarding the Tata Ultra Mega power project in India; Dinant and Ficohsa cases related to agribusiness and financial-intermediary investments in Honduras, respectively; Quellaveco, a mining investment in Peru; Avianca, an investment in a Colombian airline; and IFC's global financial-intermediary portfolio. After monitoring IFC, CAO closed one investigation related to advisory services for the power sector in Kosovo.

IFC engaged with CAO's advisory function for a workshop on lessons learned from financial-intermediary investments in May 2015, and on guidance being developed by CAO for IFC and its clients on project-level grievance mechanisms. For more information, 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 collaborates and builds long-term relationships with development partners across the globe while pursuing our shared goals of ending poverty and increasing shared prosperity. Our development partners strongly support the work of IFC, to which they committed nearly $263 million in FY15.

IFC builds on partnerships and improves collaboration by deepening our dialogue with partners and seeking new avenues to improve efficiencies and create impact. We and the World Bank hold joint consultations with a variety of partners to deepen our engagement—including the Netherlands, Norway, Switzerland, and the U.K. in FY15. IFC has also played a key role in shaping the narrative for the future financing framework for sustainable development by showcasing the importance of private sector involvement in development. In May, the Bank Group organized the Development Finance Forum in Rotterdam. The forum provided an ideal platform for strategists, policymakers, and advisors in the public and private sector to meet and reflect on critical initiatives that can contribute to sustainable development.

Through development-partner trust funds, IFC continues to provide financing and knowledge on private sector development. The following initiatives highlight the concerted effort we have made to collaborate in innovative ways with our partners:

THE ROCKEFELLER FOUNDATION

The Rockefeller Foundation partnered with IFC in FY15 to unlock private sector investment for infrastructure projects across emerging markets. The foundation committed $10 million to launch a project-development facility, which will provide grants to support legal, technical, and financial advice to governments working with IFC. These projects will help cities build resilience and support poor and vulnerable communities. The facility will also help accelerate the development of projects and increase the number of projects that obtain financing. The foundation and IFC aim to jointly raise an additional $40 million to $90 million from other partners, which could support the development of up to 80 medium-to-large-scale projects globally.

DEPARTMENT FOR INTERNATIONAL DEVELOPMENT

The United Kingdom's Department for International Development and the Bank Group formed a new partnership that will focus on the use of technological innovations to deliver financial services to some of the world's poorest and most excluded people, particularly women and people living in fragile and conflict-affected areas. The Harnessing Innovation for Financial Inclusion program is supported by a contribution of more than 16 million British pounds from the U.K. The program will also provide expertise to help developing countries implement a strategic framework to modernize government, retail, and remittance payment systems.

THE EUROPEAN UNION

The European Union pledged €9 million in December 2014 to promote sustainable urban development in five Indian cities. The Eco-Cities Program in India, which is designed to address the challenges of rapid urbanization in India, is aligned with the Indian government's *Smart Cities* agenda, which seeks to create 100 new cities with modern infrastructure.

FINANCIAL COMMITMENTS TO IFC ADVISORY SERVICES

(US$ Millions Equivalent) Unaudited figures

SUMMARY	FY14	FY15
Governments	272.51	199.85
Institutional/Multilateral Partners	46.66	24.69
Corporations, Foundations, and NGOs	19.38	38.01
Total	338.56	262.55

GOVERNMENTS	FY14	FY15
Australia	7.01	34.38
Austria	11.24	7.43
Canada	48.12	4.25
Denmark	4.47	9.22
France	0.00	2.49
Germany	0.99	0.00
Hungary	20.00	0.00
Ireland	2.65	0.00
Italy	4.72	0.00
Japan	36.71	5.96
Korea	3.00	0.13
Netherlands	55.00	0.63
New Zealand	0.00	1.41
Norway	3.27	18.13
Sweden	2.76	3.63
Switzerland	47.72	33.31
United Kingdom	16.60	56.13
United States	8.26	22.73
Total	272.51	199.85

INSTITUTIONAL/MULTILATERAL PARTNERS	FY14	FY15
Climate Investment Funds	16.62	8.36
European Commission	19.68	11.43
Financial Sector Deepening Trust	0.60	0.00
Global Green Growth Institute (3GI)*	0.60	0.00
Islamic Development Bank	0.31	0.00
Livelihoods and Food Security Trust Fund	3.62	0.00
MENA Transition Fund	5.24	3.65
Trade and Markets East Africa (TradeMark East Africa – TMEA)	0.00	1.25
Total	46.66	24.69

CORPORATIONS, FOUNDATIONS, AND NGOs	FY14	FY15
Bill & Melinda Gates Foundation	2.00	20.51
BP Exploration (Caspian Sea) Limited	0.40	0.00
Dingyi Venture Capital (HK) Limited	3.00	0.00
eBay Foundation Corporate Advised Fund of Silicon Valley Community Foundation (SVCF)	0.00	0.10
Ford Foundation	0.15	0.20
Goldman Sachs Foundation	11.33	0.00
Marie Stopes International	0.00	3.95
Nestlé SA*	0.00	1.50
PepsiCo Foundation*	0.00	1.50
Rockefeller Foundation	0.00	10.00
SABMiller PLC*	0.25	0.25
The Coca-Cola Company*	2.25	0.00
Total	19.38	38.01

*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 $50.4 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 FY15, new borrowings totaled the equivalent of $15.6 billion.

FY15 BORROWING IN INTERNATIONAL MARKETS

CURRENCY	AMOUNT ($ EQUIVALENT)	PERCENT
U.S. dollar	8,621,527,000.00	54.5%
Australian dollar	2,381,909,500.00	15.1%
Brazilian real	1,247,752,840.45	7.9%
Japanese yen	690,844,961.00	4.4%
Indian rupee	646,237,823.36	4.1%
Chinese renminbi	611,959,012.97	3.9%
Euro	340,150,000.00	2.2%
Other	1,278,496,063.62	8.1%
Total	15,818,877,201.40	100.0%

LIQUIDITY MANAGEMENT

Liquid assets on IFC's balance sheet totaled $39.5 billion as of June 30, 2015, compared with $33.7 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 is 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 30, 2015, total resources available reached $22.6 billion, while the minimum capital requirement totaled $19.2 billion.

PROMOTING SUSTAINABILITY

IFC'S SUSTAINABILITY FRAMEWORK

Sustainability is critical to companies' business success. It's critical, too, for their customers, surrounding communities, and broader stakeholder groups.

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. It takes an integrated approach to address the challenges of sustainability—one that manages financial risks and nonfinancial risks in a unified way while embedding sustainability into the way companies do business.

IFC's Sustainability Framework reflects this approach. It is designed to help our clients improve their business performance, enhance transparency, engage with the people affected by the projects we finance, protect the environment, and achieve greater development impact. In doing so, it enables us to fulfill our strategic commitment to environmental social sustainability and good corporate governance while contributing to private sector growth and job creation.

SUSTAINABILITY IN PRACTICE

IFC works to ensure sustainability in four key dimensions—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.

In all of our investment decisions, IFC gives the same weight and attention to environmental, social, and governance risks as we do to credit and financial risks. In more challenging markets, we work with clients whose potential high-reward business investments and sustainable inclusive growth face a growing array of complex environmental, social, and governance risks.

These challenges require best-in-class environmental, social, and governance risk-management and flexible solutions. Our work includes helping clients address risks that are beyond their ability or responsibility to solve alone, to leverage the capabilities of the World Bank Group to find durable solutions, and to work with other stakeholders to help unlock investment when it is constrained by significant sustainability risks.

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.

IFC PERFORMANCE STANDARDS

At the core of our Sustainability Framework are the IFC Performance Standards that help our 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.

Our Performance Standards have become a global benchmark of sustainability practices. The Equator Principles, which reflect these standards, have been adopted by more than 80 financial institutions worldwide, including 25 from emerging markets. In addition, other financial institutions also reference IFC's Performance Standards in their policies—including 15 European development finance institutions and 34 export credit agencies.

Managing environmental, social, and governance risks in our portfolio and promoting sustainable practices are an integral part of IFC's business and risk-management approach. 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 and Corporate Governance Methodology. 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.

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 risk-management governance, 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. We also advise regulators, stock-market administrators, and others with an interest in implementing good corporate governance practices.

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 that 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. Twenty-eight percent of IFC nominee directors are women.

OUR FOOTPRINT COMMITMENT

IFC's Footprint Commitment is to make sustainability an integral part of our internal business operations—holding ourselves accountable to the same environmental and social standards we ask of our clients.

Using natural resources efficiently is an important part of that commitment. Electricity use accounts for about 25 percent of carbon emissions generated by IFC's internal operations worldwide. Between 2007 and 2015, we sought to reduce electricity consumption by 15 percent per workstation in our headquarters offices. We achieved a 25 percent reduction during that time.

In 2016, we will set a more ambitious target—one that includes some of our country offices. Reducing paper waste is a priority. A new centrally managed World Bank Group print system is being rolled out to modernize our print technology, while eliminating waste and reducing costs by an estimated $2 million within a year for Washington offices of the Bank Group. At IFC headquarters, the new system reduced the printer-to-staff ratio to 1:12 from 1:2. Today, less than 0.5 percent of headquarters staff have a personal printer. The system avoids abandoned print jobs and reduces toner waste.

IFC continues to be carbon-neutral for global business operations. In FY15, carbon emissions from our global business operations totaled about 47,400 metric tons of carbon dioxide equivalent. We purchased carbon credits from a portfolio of five projects—including energy-efficiency, cook stove, and renewable-energy projects in India and Uganda. IFC chose projects that bring tangible development benefits to the communities in which they take place.

FY14 CARBON EMISSIONS INVENTORY FOR IFC'S GLOBAL OPERATIONS

Metric tons of carbon dioxide equivalent

Business Travel	32,609.00	69%
HQ Office Electricity	7,244.37	15%
Country Office Electricity	4,391.77	9%
Other	3,173.77	7%
Total Emissions	47,418.92	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, 2015, 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 Staff” (p. 80) “Managing Risks” (p. 88)	
Development effectiveness of investments and advisory services	“Enhancements to the Results-Measurement System” (p. 75) “IFC’s Results-Measurement System” (pp. 73–74) “Development Reach and Results” (pp. 76–77)	Investment projects Rated High: 63% (p. 79); overall investment DOTS scores detailed by industry (p. 79), by region (p. 79), and by performance area (p. 79); and weighted and unweighted DOTS scores (p. 27) Advisory Projects Rated High: 73% (p. 79); and detailed values by business area (p. 79) and by region (p. 79)
Reach of IFC’s clients	“Local Capital Markets—Building Efficient Capital Markets” (pp. 42–43) “Health and Education—Strengthening Human Capital” (pp. 54–55) “Employment—Taking a Comprehensive Approach to Job Creation” (pp. 48–49) “Technology—Using Digital Technology to Empower the Poor” (pp. 38–39)	Employment (millions): 2.5 (p. 78) Patients served (millions): 17.3 (p. 78) Students reached (millions): 3.5 (p. 78) Farmers reached (millions): 3.4 (p. 78) Gas distribution (millions of persons reached): 35.0 (p. 78) Power distribution (millions of persons reached): 43.6 (p. 78) Water distribution (millions of persons reached): 23.4 (p. 78) Trade Finance—Number of transactions (millions): 1.8 (p. 78) Trade Finance—Amount ($ billions): 266 (p. 78)

NUMBER AND AMOUNTS OF MICROFINANCE LOANS AND SME LOANS FOR CY14 (p. 78)

Type of loans	Number of loans (millions)	Amount ($ billions)
Microloans	43.6	35.3
Small and medium loans	4.3	234.4

<table>
<tr><th>MATERIAL AREAS</th><th>STATEMENTS</th><th>INDICATORS</th></tr>
<tr><td>Environmental and social ratings</td><td>“IFC Performance Standards” (p. 90)</td><td>IFC COMMITMENTS BY ENVIRONMENTAL AND SOCIAL CATEGORY (p. 26)
<table>
<tr><th>Category</th><th>Commitments ($ millions)</th><th>Number of projects</th></tr>
<tr><td>A</td><td>1,508</td><td>25</td></tr>
<tr><td>B</td><td>3,244</td><td>157</td></tr>
<tr><td>C</td><td>215</td><td>57</td></tr>
<tr><td>FI</td><td>256</td><td>15</td></tr>
<tr><td>FI-1</td><td>1,311</td><td>17</td></tr>
<tr><td>FI-2</td><td>2,937</td><td>100</td></tr>
<tr><td>FI-3</td><td>1,067</td><td>35</td></tr>
<tr><td>Total</td><td>10,539</td><td>406</td></tr>
</table></td></tr>
<tr><td>Sustainable business</td><td>“Climate Change—Helping Contain a Global Threat” (pp. 44–45)
“Gender—Expanding Economic Opportunities for Women” (pp. 50–51)
“Advice” (pp. 65–66)
“Our Footprint Commitment” (p. 91)</td><td>Commitments in Climate-related investments for FY15 (p. 59): $2,349 million
Carbon Emissions (p. 91): 47,419 tCO_2 equivalent in FY14</td></tr>
<tr><td>Influence on private sector development</td><td>“Agribusiness—Feeding the World Sustainably” (pp. 46–47)
“SMEs—Accelerating Local Entrepreneurship” (pp. 34–35)
“Infrastructure—Creating a Strong Foundation for Development” (pp. 30–31)
“Urbanization—Reinforcing Cities and Urban Centers” (pp. 40–41)
“Access to Finance—Opening Up New Pathways to Prosperity” (pp. 32–33)</td><td></td></tr>
<tr><td>Engagement in the poorest and fragile countries</td><td>“IDA and Conflict-Affected Areas—Creating Opportunity in Strife-Torn Environments” (pp. 52–53)</td><td></td></tr>
<tr><td>Working with others</td><td>“Cross-Border Investment—Mobilizing Capital for Development” (pp. 36–37)</td><td></td></tr>
<tr><td>IFC accountability</td><td>“Office of the Compliance Advisor Ombudsman” (pp. 84–85)</td><td></td></tr>
</table>

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

1. the Indicators were prepared in accordance with the reporting criteria applicable during fiscal year 2015 (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. 26) and Development effectiveness of investments and advisory services (Monitoring and tracking results, p. 74) 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 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.

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[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 and only conducted limited testing aimed at verifying the validity of information on a sample of 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) and the implementation of its evaluation strategy.

In the Environmental and Social (E&S) DOTS performance area, IFC has implemented for its direct investments a new set of core indicators that assess the progress of IFC's clients in implementing the Performance Standards. These indicators introduce a new assessment approach from a results-oriented rating to a performance approach, which measures how clients are improving their own E&S performance.

Also, the scope of indicators to assess the Private Sector Development (PSD) performance area of DOTS should be broadened to better reflect the impact on final beneficiaries over the life cycle of the projects, and rationales to support the DOTS PSD rating should be strengthened. 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 the harmonization of the PSD indicators among IFIs.

Finally, while the Reach indicators capture the contribution of IFC Clients overall, IFC's reporting regarding its contribution and development results could be enhanced by disclosing incremental data—i.e., additional beneficiaries after IFC's investment—and by applying a contribution factor—such as the share of IFC's investment in overall investment.

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, in line with IFC's new practice of reporting short-term finance (STF) business separately from long-term finance (LTF) business, a specific set of Reach indicators has been implemented since last year to reflect the impact of the Global Trade Finance Program. The related figures have been reviewed and are presented in the Reach data table (p. 78).

It also appears that, FY15 being the first year that DOTS E&S performance is rated under a new set of E&S indicators, completion rate on the indicators for this performance area is lower compared to FY14.

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.

RELIABILITY

IFC has strengthened internal controls on major contributors of the Reach indicators at project level, in addition to the controls performed at the corporate level. As these indicators are directly collected from clients that can sometimes be based on estimates rather than their audited financial statements, the internal controls in place are essential to ensure that data reported are consistent with IFC's own definitions and calculation methodologies.

However, these controls should be further enhanced: at project level, by ensuring that the controls are consistently applied across industries and regions; at corporate level, by reviewing the quality of the checks performed and the traceability of the data source used.

In addition, IFC should consider limiting the use of extrapolation for Reach indicators where data from clients is not available.

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, August 7, 2015

The independent auditors
ERNST & YOUNG et Associés

EY
Building a better
working world

Eric Duvaud
Partner, Cleantech and Sustainability