

**MOPAN Assessment Report
International Finance Corporation (IFC), 2024
IFC Management Response**

1. **Management welcomes the Multilateral Organisation Performance Assessment Network's (MOPAN) first Assessment Report of the International Finance Corporation.** We thank MOPAN for the collaborative engagement throughout the assessment process. This is the first assessment of IFC and the first to use a customized methodology that reflects private sector operations. We appreciate MOPAN's active engagement with IFC to adapt the methodology and ensure its relevance to private-sector oriented institutions.

The assessment covers the period 2017-2022, which is particularly relevant as IFC introduced a renewed strategic vision – IFC 3.0 – in 2016. Together with the recent MOPAN assessment of IBRD/IDA, this report is also a timely contribution to the ongoing work on the World Bank Group's Evolution. This process aims to raise our ambition, strengthen our solutions, enhance our delivery to clients, and amplify our development impact in collaboration with our partners.

Overall comments

2. **Management welcomes the overall positive assessment and recognition of IFC's many areas of strength.** The assessment rates IFC's performance as either Satisfactory or Highly Satisfactory for all KPIs, which is particularly notable given the challenging global environment during the assessment period. The report recognizes that IFC delivers its work through strong operational management processes. It notes the effective changes to business processes, tools, staffing, and resource allocation to implement IFC 3.0, including the upstream approach. The assessment also acknowledges IFC's leadership role in forging partnerships to address global issues, including ongoing coordination with DFIs and other partners.
3. **Management notes the report's recognition of IFC's strong financial and accountability frameworks, including strong operational risk management, which are key to responding effectively to the challenging external environment.** IFC has demonstrated its capacity to adjust in a timely and efficient manner to respond to clients in a complex global environment and was able to scale support to the private sector to mitigate the adverse effects of overlapping crises. IFC leveraged its tools to adapt and respond, for example, through the \$8 billion committed as part of the Fast Track COVID-19 Facility (FTCF). The IDA-Private Sector Window played an important role in supporting several programs under the FTCF, including implementing the Global Trade Finance Program and the Working Capital Solutions Program. The FTCF was subsequently complemented by a \$4 billion Global Health Platform, funding critical medical equipment and services.
4. **Despite a global environment of deeply intertwined challenges, IFC's strong operations led to record commitments in FY22 (\$32.8 billion) and FY23 (\$43.7 billion).** Core mobilization also reached a historic peak of \$15.0 billion in FY23, reinforcing IFC's leadership position on private capital mobilization. In FY23, IFC's operations resulted in 11.5 million tons of GHG emissions reduction of CO2 equivalent; an additional 2.2 million outstanding MSME loans, of which 1.4 million loans were to women; 496,000 additional farmers reached; more than 2.2 million jobs created; and 34.5 million additional direct fixed/mobile internet connections.
5. **To further increase delivery on the development agenda and support countries with the greatest need, IFC will continue to sharpen its processes to become even more efficient.** We appreciate the report's positive assessment of the changes that IFC implemented over the last six years to position

itself to deliver on its comparative advantage and IFC 3.0. Similarly, MOPAN underlines IFC's capacity to make data-driven decisions to guide process improvements and enhance delivery and results. IFC made significant changes to streamline its accountability and decision making frameworks to expedite project approval in early FY23 and will continue to explore additional ways to deliver impactful solutions to clients at greater scale and speed.

IFC will continue to strengthen its approach in the following areas:

6. **'One World Bank' and the Cascade Approach:** As part of the ongoing Evolution process, the World Bank Group (WBG) is committed to working more effectively as a group through purposeful collaboration and coordination, an area that MOPAN also notes as an opportunity to increase impact. In this context, IFC's Country Private Sector Diagnostics have been defined as a core analytical product of the WBG to help identify concrete policy interventions and provide the basis for Country Partnership Frameworks and policy reform dialogue with governments. Further, in line with the new playbook outlined in the Development Committee paper for the 2023 Annual Meetings in Marrakesh, the WBG launched a joint country representation initiative for IBRD/IDA, IFC, and MIGA. Starting July 1, 2024, there will be a single Country Manager or Resident Representative in the first cohort of twenty countries. Unified leadership at the country level will enable the development of truly integrated solutions that span both the public and private sectors, leveraging the entirety of WBG knowledge and experience and amplifying our collective impact.
7. **Knowledge Management:** Generating and disseminating knowledge is crucial to deliver on the WBG mission and Evolution agenda. As the largest global development institution focused on the private sector in developing countries, IFC plays a vital role in creating and sharing knowledge in the international community. Managing knowledge internally within the organization is also key to ensuring that relevant information is transferred among peers and across teams and that lessons learned are incorporated accordingly in future operations. In FY23, IFC established the Strategic Initiatives, Analytics & Knowledge Management unit to strengthen its analytical and knowledge management capabilities, which will further help the institution in organizing learning and knowledge efforts. In response to a Group Internal Audit in FY20, IFC has developed several tools and systems to promote knowledge sharing, including "IFC Search" – a powerful search tool for IFC Intranet content – and "IFC OpsFinder" – a one-stop shop search and browsing solution for knowledge related to IFC projects. A Knowledge Strategy is being prepared and is expected to be reviewed by Management in Q3 of FY24.
8. **Systematic Approach to Monitoring Additionality:** IFC's Anticipated Impact Measurement and Monitoring (AIMM) tool defines, measures, and monitors the development impact of each project and the overall portfolio. The AIMM system is now fully integrated into IFC's operations, allowing development impact considerations to be weighed against a range of strategic objectives, including volume, financial return, risk, and thematic priorities. In October 2023, IFC launched AIMM Navigator, a new end-to-end, centralized repository of IFC's development impact and additionality (financial and non-financial) data collected at the project and client levels. AIMM Navigator will improve interactions across IFC teams to better define, measure, and monitor the development impact and additionality of each project by creating a more seamless impact rating process, connecting ex-ante and portfolio assessments, and integrating the monitoring of additionality into the supervision cycle.
9. **Performance Standards and Grievance Mechanisms:** IFC continuously works to strengthen implementation of our Performance Standards through the issuance of supporting materials such as the 2020 "Addressing Gender-Based Violence and Harassment" Good Practice Note and the "Guidance Note on Financial Intermediaries" (FIs), which was updated in 2023 to clarify how IFC's Sustainability Policy requirements apply to IFC's FI transactions and how IFC will enhance its due diligence and

supervision of FI clients. In addition, a variety of internal tools are regularly developed and updated to support staff to screen and identify potential issues. IFC has also commenced planning for a comprehensive update of the 2012 Sustainability Framework, which includes the Performance Standards and will build upon the lessons learned over the past decade.

Grievance mechanisms and stakeholder engagement are embedded in IFC's Performance Standard 1 (PS1), which applies to all IFC's investments. In October 2022, IFC finalized a portfolio review of project-level grievance mechanisms, and the results are being used to develop targeted interventions for improving client performance, including capacity building materials and fit-for-purpose guidance for IFC specialists and clients. IFC also established a Stakeholder Grievance Response (SGR) team to provide guidance and support on effective complaints handling to IFC staff managing responses to Compliance Advisor Ombudsman (CAO) cases or project E&S complaints received by IFC. The SGR team centrally tracks and reports on all project E&S complaints and encourages proactive engagement with complainants and early review and resolution of E&S issues. The SGR function has been recently formalized and documented in a Directive and Procedures to guide project teams responding to E&S complaints received directly by IFC.

10. **Investment Performance in FCS:** More work needs to be done to support development outcomes in FCS. Management notes that adverse macroeconomic factors and high business risks are key drivers of performance for this group of investments. IFC has taken deliberate actions over the past years to bolster more successful outcomes in FCS. These include the merger of Upstream and Advisory teams in the regions to better align efforts to create the conditions necessary for private sector investment through client and project preparation work; adding experienced, senior resources on the ground; and increasing E&S capacity in Country Offices. IFC is investing in Africa more than ever before: in FY23, IFC invested in 40 countries (of which 10 were FCS), compared with 25 countries (5 of which were FCS) in FY19. We have expanded our presence on the ground in Africa from 22 countries in 2018 to 29 countries in 2021 and to 34 as of December 2023, with 5 of the recent additions – Botswana, Burundi, Cabo Verde, Gabon, and Mauritania – being countries that are either IDA or FCS. IFC has also established dedicated programs such as the Africa Fragility Initiative, focused on developing and implementing Investment, Upstream, and Advisory programs in 32 fragile countries in Africa, and a Joint IFC-UNHCR Initiative to enable private sector solutions in the forced displacement context. Development outcomes in FCS will continue to be monitored closely.
11. **Results-Based-Management (RBM) and Outcome Reporting:** IFC measures and reports publicly on progress against the Capital Increase Package indicators as well as on its corporate targets, including gender-disaggregated indicators, AIMM portfolio scores and climate indicators, e.g., GHG emissions reductions, to demonstrate our contribution to addressing development gaps. As a part of the Evolution process, we have worked as one WBG to develop a new corporate scorecard focused on key thematic outcome areas, aligned with the new WBG vision and mission as well as the SDGs. The new scorecard will allow for significant disaggregation by beneficiaries and country classifications. We are developing individual indicator methodologies and will publish progress against the new metrics in phases, with the first set of indicators reported in 2024.