



## PRESS RELEASE

### **IFC has made important gains supporting private sector-led growth to support sustainable development in most challenging contexts**

22 JANUARY 2024

*Washington, D.C.* Private sector-led development is imperative to deliver sustainable development results at scale and address climate change and other global challenges. The International Finance Corporation (IFC)'s institutional vision, IFC 3.0, has been instrumental in positioning IFC to create markets, crowd-in finance and deliver development results, according to a recent assessment report from the Multilateral Organisation Performance Assessment Network (MOPAN).

MOPAN's assessment of the IFC's organisational performance — launched today with the World Bank Group Executive Board in Washington, DC. — looks closely at IFC's institutional transformation to implement IFC 3.0 and pivot to creating markets. The report tells the story of IFC's transformation, including the introduction of new teams, tools, processes and instruments such as the "upstream approach" and IDA Private Sector Window. Despite a highly uncertain global context caused by the COVID-19 pandemic and the war in Ukraine, IFC's transformation is now yielding results, including new investment and mobilisation in the most difficult contexts. Notably, IFC's investments in fragile and conflict-affected states have nearly tripled over the assessment period.

"MOPAN's assessment of IFC demonstrates the importance of the private sector in contributing to sustainable development, harnessing the private sector to identify solutions to the most pressing global issues as governments face mounting fiscal pressures", said Suzanne Steensen, Head of the MOPAN Secretariat.

The report highlights IFC's role as a leader among Development Financial Institutions in a number of important areas, including private capital mobilisation, blended finance, transparency and management of environmental and social risk. In particular, the report highlights innovative approaches introduced to facilitate IFC's pivot toward creating markets, including the introduction of the upstream approach, the Anticipated Impact Monitoring and Measurement (AIMM), Country Private Sector Diagnostics (CPSDs) and country-driven budgeting, among others. IFC's Performance Standards, through the Equator Principles, remain the *de facto* standards for the management of environmental and social risks in private sector operations. Their strategic approach to working in partnership to harmonise approaches and promote good practices is a model for wider Multilateral Development Bank (MDB) coordination going forward.

However, implementing IFC 3.0 in an uncertain global context has had some implications for their performance. IFC exceeded its budget control targets due to resource needs to deliver institutional changes alongside lower than expected loan and fee income. Growth in mobilisation and the investment portfolio was slower than expected. As the impact of the



COVID-19 pandemic and the war in Ukraine subsides, IFC is now starting to see the full results of its transformation. These include a growing pipeline of upstream engagements to create markets, strong growth in commitments in challenging contexts and record levels of mobilisation. These positive achievements have been complemented by steady improvement in development outcomes and consistently high levels of client satisfaction with the services IFC delivers.

Throughout the implementation of IFC 3.0, IFC has demonstrated a commitment to using evidence to change course and strengthen performance. The MOPAN assessment report identifies areas where this approach could now be applied to build upon the positive momentum achieved, including:

- Implementing lessons from the Fast-track COVID-19 Facility to streamline investment decision-making;
- Better demonstrating non-financial additionality and contribution to promoting good standards, especially for investments in Middle-Income Countries;
- Updating the IFC Performance Standards to strengthen requirements in addressing emerging environmental and social risks, including those related to Sexual Exploitation and Abuse;
- Continuing to strengthen client grievance mechanisms and stakeholder engagement, helping ensure harm to beneficiaries is prevented and addressed;
- Strengthening development outcome achievement for investments in fragile situations, which are central to the vision of IFC 3.0; and
- Building upon AIMM to demonstrate results achieved in addressing global issues, including climate change, where IFC has the potential to implement a new leading practice.

In the broader context of the World Bank Group's mission and vision, this MOPAN assessment builds upon our previous assessment of IDA and IBRD, calling for stronger collaboration across the World Bank Group to create an enabling environment for private sector-led development. Stronger collaboration as "One Bank Group" will be essential to address future global challenges through "whole of institution" approaches. However, this cross-institution collaboration is not yet supported by strong processes and incentives. This call for stronger collaboration in creating an enabling investment environment builds upon recommendations from the G20 Independent Expert Group and the MDB Joint Statement at COP28.

*The Multilateral Performance Network (MOPAN) is an independent network of 22 member states who have a shared vision to promote an effective multilateral system trusted to deliver solutions to evolving global goals and local challenges. Together, MOPAN members and collaborators provide nearly USD 70.6 billion in annual contributions to and through the multilateral system – the majority of the system's official development assistance (ODA) funding.*

The MOPAN assessment of IFC comes after a recent MOPAN assessment of the World Bank Group, released last year in conjunction with the Bank's Evolution Roadmap.