









International Finance Corporation (IFC)

Multilateral Aid Review (MAR) Update 2013 progress rating:



MAR 2011: *Good Value for Money for UK Aid*

Progress assessment	
Summary	Has taken reform seriously and shown commitment in addressing reform priorities on gender and partnerships. Progress on reform priorities relating to fragile contexts and increased investments into low income countries slower than expected, but moving in right direction.
Baseline	
<p>The International Finance Corporation (IFC) is part of the World Bank Group. IFC fosters sustainable economic growth in developing countries by financing private sector investment, mobilising capital in international financial markets and providing advisory services to businesses and governments.</p> <p>The MAR highlighted several strengths:</p> <ul style="list-style-type: none"> • IFC is the largest Development Finance Institution (DFI) and the only multilateral DFI with a global reach. • IFC plays a significant coordination role at the international level. • Financial management, independent audit and transparency are very strong. <p>The MAR also highlighted several weaknesses:</p> <ul style="list-style-type: none"> • IFC's investment portfolio was heavily concentrated in Middle Income Countries. • Strategic corporate targets did not include gender targets. • Collaborative efforts at a country/project level were limited and the IFC did not always engage effectively with the donor community or other DFIs. <p>DFID's reform priorities for the MAR Update were:</p> <ul style="list-style-type: none"> • Better efforts to target investments at women and girls and to report using gender disaggregated data – assessed under <u>attention to cross cutting issues (gender)</u>; • Increased presence and more formal policies for prioritising investments in fragile states – assessed under <u>attention to cross cutting issues (fragile contexts)</u>; • Better targeting of the poor and more geographic diversification of IFC's portfolio across Low Income and Middle Income Countries – assessed under <u>focus on poor countries</u>; • Stronger in-country partnerships and engagement with DFID – assessed under <u>partnership behaviour</u>. 	
Summary of overall progress	
<p>Since the MAR, the IFC has made good progress in partnering and engaging with DFID and other organisations and on targeting investments at women. Progress has been slower on the IFC's reform priority to increase the geographic diversification of its portfolio across Low Income and Middle Income countries and on investing in fragile states. However, the most recent IFC Roadmap proposes a significant step-up in these.</p>	

Progress against reform priorities			
MAR reform component	MAR 2011 score	Progress rating	MAR Update score, if any change
<p>Attention to cross-cutting issues (gender) There has been improved targeting of investments at women in some areas, as evidenced by the addition of new staff and the introduction of new IFC Development Goals (IDGs) around increasing access to finance for women-owned businesses. However, the IDGs on improving access to health and education do not include specific targets for access to women and girls.</p>		 Reasonable progress	
<p>Attention to cross-cutting issues (fragile contexts) Fragile and Conflict States was introduced as a corporate priority in 2012 and the IFC's office presence in this area has increased, although this has not yet translated into an increase in investment commitments. In the most recent IFC Roadmap under discussion with the Board, proposals have been made to significantly step-up investments.</p>		 Some progress	
<p>Focus on poor countries The IFC has introduced new Development Goals and a strategy to target the poor within MICs, but geographic diversification within IDA countries and between low- and middle-income countries remains weak. The IFC plans to address this with its latest proposals to increase its investments in challenging IDA countries.</p>		 Some progress	
<p>Partnership behaviour The IFC has made efforts to increase engagement with partners. This has resulted in innovative programs such as the Global SME Facility and Climate Catalyst Fund. A number of new collaborations with DFID in developing countries are in the process of being finalised.</p>		 Reasonable progress	
Other relevant information			
<p>The IFC has made a number of positive steps on other issues since 2011, such as updating its Environmental and Social Performance Standards, increasing its transparency through its new Access to Information Policy, introducing new rules on dealing with investments in off-shore financial centres and increasing activities in MENA in response to the Arab Spring. In 2012, the IFC also updated its due diligence policy and procedures. DFID will be monitoring the implementation of these new procedures.</p> <p>The new President of the World Bank has set out a new vision to “end poverty and pursue shared prosperity”. Several initiatives are already underway to see IBRD, IDA and IFC collaborating more effectively. As part of the upcoming IDA-17 replenishment negotiations, private sector development and maximising IFC's contribution to poverty</p>			

elimination and inclusive growth will remain key priorities for the UK.