IFC Comments on the Multilateral Aid Review Update 2013:
Assessment of International Finance Corporation

IFC welcomes this latest update to the UK Multilateral Aid Review for 2013. This exercise has prompted additional constructive reflection of IFC's latest efforts against two of our strategic priorities, gender and fragile states/situations (others include frontier markets, climate, agribusiness, SMEs, jobs and growth). As well as considering IFC's significant work to help the private sector reach the base of the pyramid.

We appreciate the key finding in this report that "IFC has taken reform seriously and shown commitment to address the reform priorities on gender and partnerships", where IFC has made significant progress compared to the previous MAR, including highlighting IFC's results in targeting finance to women.

The report summary identifies two areas where IFC could improve; namely "IFC's reform priorities relating to Fragile States and increased investments into low income countries were slower than expected" We appreciate the importance of these two areas of concern and want to provide additional brief context:

- *Fragile States*. IFC welcomes DFID's support of our increased strategic focus on fragile and conflict situations. Following the recent adoption by the World Bank Group's Board of IFC's Road Map FY14-FY16, IFC is committed to increase its investments and advisory work in fragile states. To this end, (i) additional FY14 resources have been earmarked to hire investment officers fully dedicated to identify new investments in fragile states; (ii) IFC is also investigating new mechanisms to enable investments beyond IFC's typical risk tolerance, in particular small projects in fragile states; and (iii) IFC's Advisory Services program will increasingly be focused on stimulating private investment in fragile states, with special emphasis on Africa. IFC welcomes a strengthened partnership with DfID and others interested in promoting opportunities for the private sector, investment, and job growth in fragile states.
- *Poorer Countries*. A substantial proportion of IFC's activities are focused on poorer and low-income countries. In FY2012, IFC committed 283 projects, or about half all investments, totaling just under $6 billion in IDA countries, including 90 projects in low-income countries for $1 billion. This represents a $1 billion more additional annual investment into IDA countries, compared to this same figure in the last Multilateral Aid Review. IFC's advisory work is even more heavily focused on IDA, and provides a significant contribution to poor countries. Over 60% of FY2012 advisory expenditures were in IDA countries, including over 30% of this in low-income countries. In parallel to IFC's increased focus on IDA and poorer countries, IFC also sharpened its focus on the poor, wherever they live, through "inclusive business" projects. Inclusive businesses are scalable and commercially viable businesses that provide goods, services and livelihood opportunities to people at the base of the pyramid. In FY12 alone, IFC invested in 77 inclusive business projects amounting to more than $1.35 billion in commitment volume.

IFC's reform efforts will include an ongoing push to implement and deliver against our new development targets, called IFC's Development Goals (IDGs). In this regard, IFC has met or exceeded the pilot targets it set, and is now revising these targets. IFC is also integrating agribusiness, health/education and access to finance indicators into internal management systems. IFC is also integrating gender sub-targets in the IDGs, where this is currently feasible, and is tracking gender benefits through monitoring and evaluation.

In closing, we thank DfID for their work on this MAR update and look forward to new opportunities to partner with them, and others, to help drive additional results across DfID's reform priorities; whether to build on progress made in gender, or to help us accelerate our pace in fragile and poorer countries.