

Listening to Our Stakeholders

As a global multilateral finance institution with operations in numerous regions and sectors, IFC's investments impact a highly diverse range of stakeholders. In addition to our clients, our stakeholders range from communities and NGOs at the project level, to governments and civil society at the global level. The extent to which we engage with particular groups varies depending on the issues at hand, which stakeholders are most directly affected by our operations, and the opportunities offered by collaboration.

We've become more sophisticated in recent years in how we map and engage our stakeholders. In 1999, IFC established an independent Compliance Advisor/Ombudsman to provide an impartial recourse mechanism for communities directly affected by our projects. Over the last two years, we conducted an extensive public consultation as part of the process to update our environmental and social safeguards. Both processes have opened us up to a richer engagement with our external stakeholders and a greater understanding of their interests and concerns.

Internally and within the scope of our investments, we engage actively with clients, partners, shareholders and staff. We draw on several key sources of feedback in order to identify issues of importance to these groups and frequently adapt our strategies and procedures in response to their needs.

OUR WIDEST CONSULTATION EVER

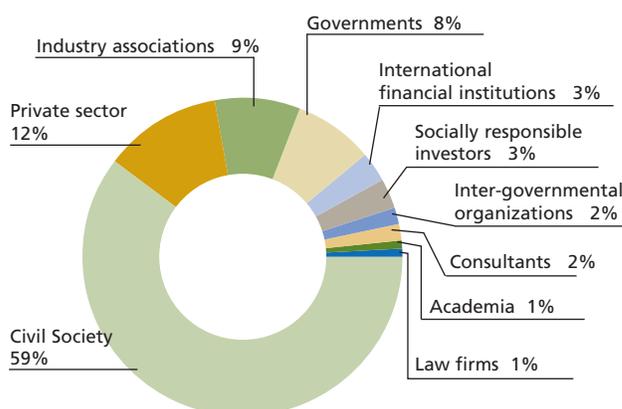
In August 2004, IFC launched a broad public consultation as part of the comprehensive review of our environmental and social safeguards and disclosure policy. Signaling that we would meet with anyone, anywhere, anytime to discuss the new policies, the consultation extended further than any outreach IFC had done before. At the close of the consultation

period in April 2005, we had received substantial input from the private sector, industry associations, international financial institutions, intergovernmental organizations, governments, academia, and a wide range of civil society organizations. Further inputs were later received during the 60-day public comment period on the revised drafts.

Comments were gathered through four regional multi-stakeholder workshops in Rio de Janeiro, Manila, Nairobi, and Istanbul, as well as from 42 open stakeholder meetings, one-on-one meetings, written submissions and a Web-based consultation tool. On specific topics, such as labor standards, biodiversity, the role of the private sector in human rights, and transparency in international financial institutions, we engaged with key organizations and groups.

All comments received before the close of the consultation period were summarized and entered into a comments database, and posted as part of a Comprehensive Indicative Draft in May 2005. Regardless of the perspectives of the submissions, every comment received during consultation helped IFC improve the policy documents by pinpointing areas in need of clarity and strengthening.

BREAKDOWN OF WRITTEN SUBMISSIONS BY STAKEHOLDER GROUPS



The submissions covered a broad range, and converged in some areas and diverged in others. Among the issues that matter most to a large number of our external stakeholders, three main areas of interest emerged:

Our contribution to development

- our contribution to poverty reduction
- our products and services
- our investment and pricing strategies
- how we choose the countries and clients in which we invest

Internal governance, accountability and mainstreaming of sustainability

- our organizational structure and responsibilities
- how we work with the World Bank
- procedures and decision-making criteria throughout the life of IFC investments
- incentives for compliance with standards and promotion of sustainability

Our relationships with stakeholders

- how IFC relates to governments and other entities
- how we support civil society

Many of our stakeholders, particularly those in regional consultation workshops, asked for a comprehensive story about IFC’s business, strategy and procedures, and the global role that IFC plays in promoting sustainability. Local NGOs in particular asked that IFC promote their role and help them access local and national authorities.

CLIENTS

IFC conducts an annual external client survey to obtain the views of investee companies on their experience of working with us. The survey is sent to about a quarter of the clients in our portfolio, applying consistent criteria from year to year. Most clients are surveyed twice in the life of a project or corporate investment, so that we can learn from their possibly differing views depending on the project stage. The survey is anonymous so that clients can provide honest feedback, and the results are used internally only for the improvement of IFC’s services.

As was the case last year, a major portion of clients came to us seeking a mixture of product (loan maturity or loan/equity pricing) and other attributes, such as country, technical and financial expertise; a long-

RESPONSES TO IFC CLIENT SURVEY

	2003	2004	2005	
	IFC adds value	IFC adds value	IFC adds value	Important to client
Environmental and social knowledge	75%	78%	79%	72%
Environmental and social technical assistance and advisory services		78%	72%	69%
Perceived stamp of approval on environmental and social issues		87%	82%	73%

*Percentages indicate clients who responded positively

term relationship; stamp of approval; environmental, social, and corporate governance skills; political risk cover; and global presence. Notably, the environmental, social, and corporate governance category had the largest increase in why clients came to IFC compared to last year, with corporate governance in particular contributing to this result.

This year's survey found that repeat clients, even more than first-time clients, appreciated our value-added services such as environmental, social, and corporate governance services that come with finance. Client satisfaction with our overall services, the most representative indicator of client satisfaction, was 79 percent this year. We also list various products, services and attributes, and ask clients to rate their importance as well as IFC's ability and value in providing them.

Long-term partnership, capital/maturity, confidence brought by IFC's involvement, and sustainability-related items are usually where client needs and IFC's provision of them are strong and relatively balanced. Some of our sustainability-related expertise exceeds the level clients consider important.

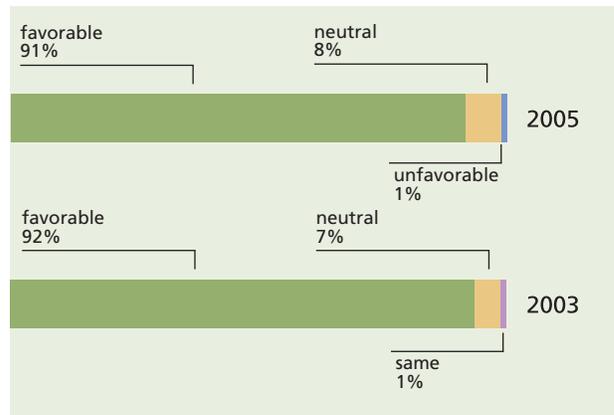
However, not all our clients saw our environmental and social requirements as a benefit to their businesses and, in some cases, they questioned their applicability. We therefore have a responsibility to continue to make the business case for sustainability evident to our clients by presenting opportunities and identifying risks, while ensuring that our internal systems and procedures don't seem to be a barrier to helping them improve their performance.

STAFF

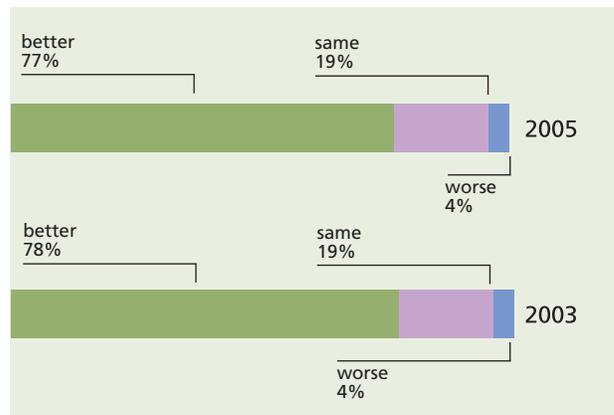
The World Bank Group has conducted staff surveys in the past and, in 2003, began conducting one every two years. The survey is taken anonymously and covers dimensions such as service to clients, teamwork, integrity, learning and development, and work-life

IFC RESPONSES TO WBG STAFF SURVEY

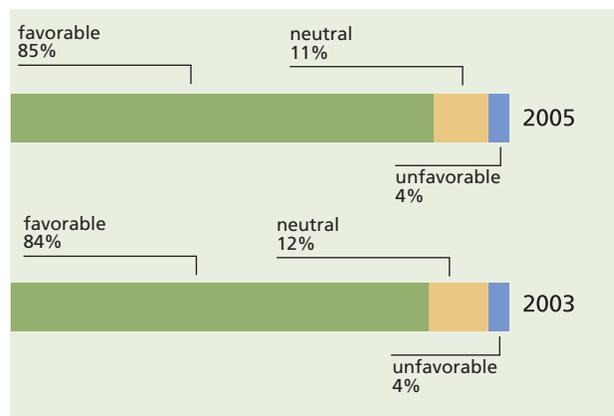
IFC STAFF PROUD TO WORK AT THE WORLD BANK GROUP*



HOW THE WBG COMPARES WITH OTHER EMPLOYERS*

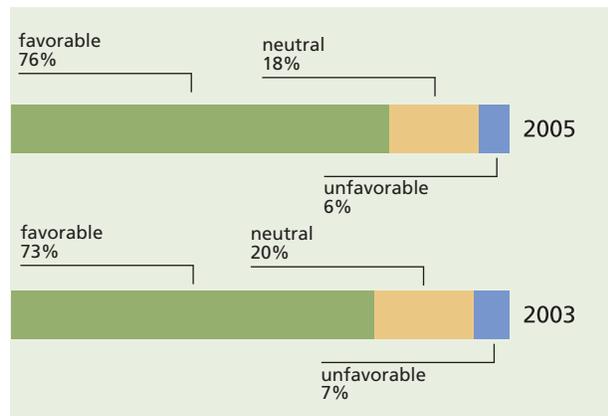


MY MANAGER ACTS WITH HONESTY AND INTEGRITY

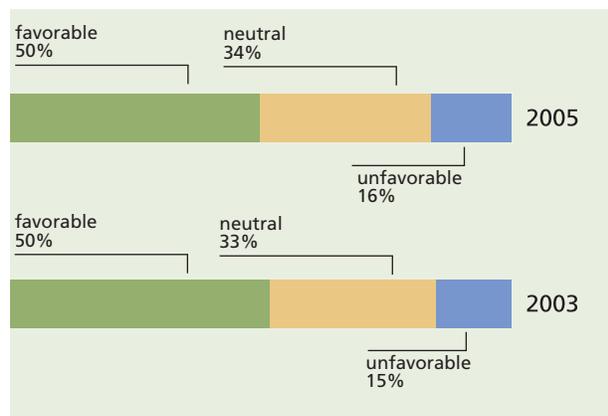


* Responses add up to 100% (+/- 1 percentage point due to computer rounding)

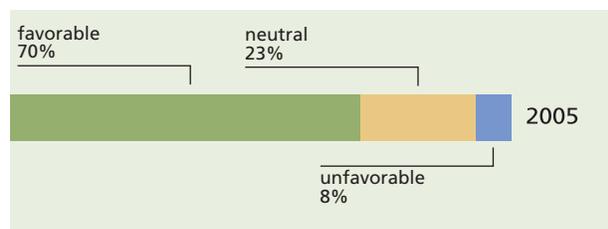
DIVERSITY IS VALUED IN MY GROUP



STAFF IN COUNTRY OFFICES AND WASHINGTON WORK TOGETHER EFFECTIVELY



IFC'S FOCUS ON CLOSER INTEGRATION BETWEEN INVESTMENT AND ADVISORY/TA BUSINESS IS ADDING VALUE FOR OUR CLIENTS



issues. The 2005 survey found that staff remain proud to work at the World Bank Group and most feel that it compares favorably with other employers.

Integrity is an important part of IFC's culture and is communicated through ethics training courses, with the emphasis placed on fighting corruption internally. This in turn strengthens our credibility when tackling these issues externally. Similarly, a respect for diversity is central to our principles and practices at work. The survey showed a strong perception among staff that integrity and a respect for diversity were truly mainstreamed in day-to-day interactions in the workplace, but with some room for improvement still remaining.

IFC is increasingly adding value to clients and other stakeholders through a combination of technical assistance, advisory services, and innovative collaboration between investment and regional departments, particularly in the area of sustainability. This underpins our commitment to moving more people, processes, and authority to the field. In the 2005 staff survey, although 70 percent of staff felt that IFC is succeeding in adding value, up to half felt that more could be done to encourage cross-departmental cooperation and strengthen the link between headquarters and the field.

In addition, IFC's environmental and social department conducted a survey in 2003 and 2004 to gather detailed feedback from IFC staff on the department's delivery and contribution to IFC sustainability leadership.

Responses to the survey showed a demand for evidence of the added value that IFC's environmental and social advice and guidance bring to investments. The survey also showed demand for more training and development of mainstream investment staff to assess environmental and social risk and opportunity in projects.