IFC’s Vision, Purpose, and Values

Our vision is

that people should have the opportunity to escape poverty and to improve their lives.

Our values are

• Excellence
• Commitment
• Integrity
• Teamwork

Our purpose is to

• Promote open and competitive markets in developing countries
• Support companies and other private sector partners
• Generate productive jobs and deliver basic services
• Create opportunity for people to escape poverty and improve their lives
What is IDA?

Founded in 1960, the International Development Association is the World Bank window providing long-term loans and grants to the world’s 80 poorest countries, 39 of them in Africa. Since its inception, it has provided $182 billion for projects in health, education, infrastructure, financial services, and other critical sectors. Countries with per capita gross national incomes of $1,065 or less are currently eligible to receive funds from IDA.

IFC’s funding and operations directly support the goals of IDA, paving the way toward economic growth, job creation, higher incomes, and better living conditions for the poor. It comes as part of IFC’s broader focus on the frontier, including a substantial commitment in the poorest regions of middle-income countries as well.
Turning Needs into Opportunities

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Lars Thunell
Executive Vice President and CEO, IFC

ICF Activity in IDA Countries, Fiscal Year 2007

• Investment commitments in IDA countries represented 44 percent of IFC’s total number of projects.
• Some 62 percent of total IFC spending on advisory services projects was in IDA countries.
• IFC investments in Africa increased from $140 million in Fiscal Year 2003 to $1.4 billion in Fiscal Year 2007.

Cover Photo: In Bangladesh, IFC works closely with BRAC, a nongovernmental organization reaching some of the poorest women in the world.
Inclusive and Sustainable Globalization
The World Bank Group’s Six Strategic Directions

The vision of the World Bank Group is to contribute to an inclusive and sustainable globalization—to overcome poverty, enhance growth with care for the environment, and create individual opportunity and hope. IFC has a contribution to make on all six themes, each of which has an important private sector component.

Poorest Countries
Helping overcome poverty and spur sustainable growth in the poorest countries, especially in Africa.

Fragility and Conflict
Addressing the special challenges of states coming out of conflict or seeking to avoid the breakdown of the state.

Middle-Income Countries
Develop a competitive menu of development solutions for middle income countries, involving customized services as well as finance.

Global Public Goods
Playing a more active role with regional and global public goods on issues crossing national borders, including climate change, HIV/AIDS, malaria, and aid for trade.

The Arab World
Supporting those advancing development and opportunity in the Arab world.

Knowledge and Learning
Fostering a knowledge and learning agenda across the World Bank Group to support its role as a ‘brain trust’ of applied experience.
An Affordable Alternative

Building Private Health Care

Malaria kills up to 3 million people a year, mostly children in Africa. While there is still no vaccine, considerable progress in the fight against this deadly disease is coming from today’s increased use of medicine derived from a plant called artemisinin.

IFC is helping an East African company, Botanical Extracts EPZ Limited (Kenya), play a bigger role in this crucial battle. Botanical Extracts sells the plant’s extract to pharmaceutical giant Novartis, which turns it into powerful antimalarial drugs it distributes at cost in more than 30 African countries, saving an estimated 200,000 lives a year.

Meanwhile in West Africa, more than 220,000 people can now afford Nigeria’s best hospitals and clinics through health insurance from local company Hygeia. Our $3 million loan helped Hygeia fuel an expansion drive that will soon enable it to reach far more people and provide better, more affordable medical care in the region with the world’s lowest health standards.

As Africa’s economies improve, the demand for high-quality health care will only increase further. The private sector has an essential role to play.

This is why IFC has launched a new $1 billion African health care strategy, including an equity fund for small and medium enterprises and a debt component. The Business of Health in Africa: Partnering with the Private Sector to Improve People’s Lives — a new report cosponsored by IFC and the Bill & Melinda Gates Foundation — estimates Africa will need investments of $25–30 billion in health care over the next decade.

IFC and its partners will mobilize up to $1 billion in investment and advisory services over the next five years to support private health care in Africa.

IFC helps make private health care more widely available — and affordable — in Africa.
Khadija Al-Basrawi, an energetic, university-educated woman in her mid-20s living in Yemen’s capital of Sana’a, had always dreamed of running her own business. Two years ago she did it—renting a few rooms in an apartment building, hiring a small staff, and putting them to work making sheets, clothes, and curtains.

Then she discovered something. She knew how to make appealing products but not how to sell them.

Through IFC’s Business Edge management training program, she found the affordable business guidance she needed. Khadija saw an ad and soon became one of more than 5,600 Yemeni business owners and workers who have learned how to manage and grow their enterprises with Business Edge. She has taken nine $35-a-day workshops delivered in Arabic by experienced, IFC-accredited, local instructors.

Khadija learned how to target the right markets, call on clients, and close the deal. Now she sells steadily to six different wholesalers. From a halting beginning, her annual net income has risen dramatically from $300 to $3,600 and is growing. Business Edge builds a wide range of practical education and training skills, from accounting and personnel management to sales and marketing.

Local training firms pay IFC $4,000 a year for rigorous, continually updated instruction materials and the right to offer Business Edge in their areas. They are closely monitored to ensure that they meet the program’s high quality standards. All trainers must be independently certified and have at least five years of management experience themselves. Developed in Asia and the Middle East, the program is now expanding, helping create opportunity in Haiti, Chad, and other countries.
Private Power

Public Gain

Only 5 percent of Uganda’s people have access to electricity today, a rate that is far below the Sub-Saharan African average, and one of the world’s lowest. The small national grid is severely strained, and even those fortunate enough to be connected suffer frequent power outages.

In Kampala, coffee shop owners complain that when the lights go out, customers walk out. The impact is even more measurable at a nearby furniture maker: workers must be paid even when machines are idle.

All this will change with the opening of the Bujagali Hydropower Project in 2011, adding 250 megawatts of clean power from a new dam being built on the Victoria Nile. It will almost double the Ugandan system’s capacity, ending the blackouts that have long deterred investors and damaged the economy.

At $870 million, Bujagali is both the largest private infrastructure investment to date in East Africa and Uganda’s lowest-cost option for supplying additional electricity. It is a major step forward in the government’s power sector reform program, centered on the efficiencies that come with private ownership.

IFC lent the Bujagali Energy Ltd. joint venture $130 million as part of a larger World Bank Group financing package. A related IDA partial risk guarantee of up to $115 million supports the project’s commercial lenders, Absa Capital of South Africa and Standard Chartered Bank of the U.K. An investment guarantee of up to $115 million from the Multilateral Investment Guarantee Agency provides equity risk insurance for U.S.-based Sithe Global Power, one of the project’s shareholders.

IFC will prepare additional bankable infrastructure projects for future financing through InfraVentures, a new fund that will invest $100 million over five years in IDA countries.

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Tourism Turnaround
Reviving an Airline

IFC’s advisory services were crucial in helping the Samoan government inject new life into its national airline and spark a badly needed tourism boom.

Tourism is not only the main magnet for foreign exchange on the tiny Pacific island republic, but also a critical source of jobs and hope for its people. But as recently as three years ago the international side of Samoa’s main air link, government-owned Polynesian Airlines, was barely surviving.

IFC partnered with the government in 2005 to design a fair and transparent bidding process for investors willing to manage and invest in and revive the airline’s overseas routes. Frequently in infrastructure privatization deals, poor-country governments lack the experience needed to design the bidding procedures and contracts that will bring the best results for themselves and their people. But in this case, the IFC-led process attracted Virgin Blue, the Australian arm of billionaire Sir Richard Branson’s Virgin Group empire, a global leader in low-cost, high-service air travel.

The Virgin unit entered into a joint venture with the government to run the airline, renamed it Polynesian Blue, cut fares by 35 percent, and promptly increased the number of people arriving from Samoa’s two key tourism markets, Australia and New Zealand, by 40 percent. PolyBlue is now profitable, island tourism revenue is up more than 17 percent and the Samoan government is no longer pouring money into a money-losing business. The many Samoans working in New Zealand also have a far more affordable way to come home.

PolyBlue won the Asia-Pacific airline industry’s award as “Best New Low-Cost Airline” in its first year.

IFC’s advisory services generate $900 million a year in new private investment in infrastructure.
Trade and Development
The Critical Combination

Few private businesses survived Liberia’s long and tragic civil war. One that did is Morris American Rubber Company (MARCO). It plays an important role in Liberia—a very poor country that is starting to bounce back after years of exclusion from the global economy.

A supplier to international tire manufacturers, MARCO employs 400 workers. Most are former soldiers rebuilding their lives.

Liberian President Ellen Johnson Sirleaf called the firm “a story of entrepreneurial success” when she visited it in January. She was there to see the new $2.5 million rubber processing plant the company has built in rural Montserrado County. A high point of Liberia’s new economy, it uses rubber processing machinery imported from Malaysia through IFC’s Global Trade Finance Program.

The Malaysian institution at the other end of the $385,000 transaction had never heard of MARCO or its bank, the Liberian Bank for Development and Investment. But it had heard of IFC and felt confident it would receive payment because of our guarantee. The confidence allowed the equipment to be shipped, helping create a factory where MARCO’s workers will soon produce tire-grade rubber—and its chief executive is starting to think big.

“It is now about time that we Liberians move to the next step to produce all levels of tires for export,” MARCO General Manager Keith Jubah says. “That is the only way we will build our economy.”

The guarantee is part of a global $1 billion IFC program that covers primarily small business transactions of less than $1 million. These guarantees help banks in Sub-Saharan Africa and other regions support increased trade flows in their countries.

The program is one way that IFC helps conflict-affected countries like Liberia rebuild the private sector—their key drivers of job creation, economic growth, and stability.

IFC is active in 40 conflict-affected countries and regions worldwide.

IFC’s $1 billion Global Trade Finance Program helps Liberia rebuild its economy.
Mediation, Not Litigation
Saving Time and Money

In Bosnia and Herzegovina, businesses that dare to use the bogged-down, backlogged court system to resolve disputes spend a year and a half on average in litigation. Even if they win, legal costs can devour nearly half the award—$40,000 on a $100,000 contract settlement, in one actual case.

IFC has brought an inexpensive, fast, and efficient alternative to the country’s main commercial centers, Sarajevo and Banja Luka: mediation. These successful pilot projects are now slated to be rolled out nationally.

For approximately $400, disagreeing parties can now hire a neutral, third-party mediator who helps them resolve their disputes. With both sides on equal footing at the table, rather than on opposite rows in a courtroom, the outcome is usually more satisfying to each.

Result: 350 cases settled in three years, freeing more than $13.5 million in blocked assets that local businesses are now re-investing. Nearly 80 percent of the firms that used this mediation have now reestablished commercial relationships with each other.

“Mediation has radically shortened the procedure and saved us a lot of money,” says Miroslav Jaslar, a small business manager from Sarajevo who resolved a three-year dispute in just two hours.

Supported by the Canadian and Dutch governments, IFC helped introduce mediation in 2004. It then worked to develop a professional association of mediators, using well-established, successful programs from North America and the European Union as models. Mediation has been embraced by Bosnia’s business and judicial communities, with two mediation centers now self-sustaining through user fees. IFC is taking this effective model to Pakistan and other IDA countries.

“Commercial mediation was relatively unknown in Bosnia before IFC’s initiative,” says Judge Fatima Mrdovic. “It helps companies focus more on their business and spend less time in the courts, and it also reduces the backlog of cases we face in our courts.”
Microfinance
Recipe for Progress

The Aliyev family owns a small farm near Sheki, Azerbaijan, in the foothills of the Caucasus mountains. They make the most of it, earning extra income from vegetable preserves and jam made from their favorite recipes.

But before they can sell, they must spend—investing upfront in costly ingredients and materials, typically at times of the year when sales are slow. The resulting cash flow problems have long hurt the family business. For years even a small amount of financing would have helped, but it was almost impossible to find.

Last year, eldest son Goshgar Aliyev walked into the Sheki branch of our client, the Microfinance Bank of Azerbaijan, and made his case. The bank saw his growth potential and extended a $1,400 loan—money he invested in new jars, sugar, and vinegar. Like most of the bank’s clients, the Aliyevs’ business had never before received a loan. But it is booming today, selling pickled gherkins and walnut jam in the tea houses and restaurants of Sheki. That first loan is now fully repaid, replaced by a larger one.

As both an equity investor and an advisor, IFC helped the lead sponsor, LFS Financial Systems of Germany, launch the microfinance bank in 2002. Demand was high from day one. But with no local bond or interbank loan markets to rely on, it needed outside capital to grow, and no mainstream investors would take the chance. IFC’s Global Microfinance Facility took the first step, providing a $750,000 commercial loan in 2005. This encouraged Deutsche Bank, Dexia, and others to follow suit, and today the bank is one of Azerbaijan’s 10 largest, reporting sixfold growth in the past two years.

Making financial markets work for everyone is core business for IFC. Microfinance still serves less than 20 percent of its potential global market today. We help it attract one of the most essential ingredients for growth: private capital. IFC has directly financed more than 50 microfinance institutions worldwide. They lend more than $8 billion a year to local entrepreneurs.
IFC and BRAC

Partners in Development

IFC works with clients of many kinds. One of them is Bangladesh’s BRAC, one of the world’s leading nongovernmental organizations (NGOs) and our close partner for more than a decade.

Founded in 1972 by a visionary Shell Oil Co. executive, Fazle Hasan Abed, BRAC (formerly the Bangladesh Rural Advancement Committee) operates large-scale health, education, human rights, and microfinance programs while also owning several strong businesses whose profits reduce its need for donor funding. Today it reaches 110 million people in all parts of Bangladesh, spanning the income spectrum from ultra-poor to middle class. Small and donor-dependent upon creation, it now has a $400 million annual budget, 80 percent of which comes from its own resources, and is expanding in Asia and Africa while keeping its core focus on Bangladesh.

This year our partial guarantee allowed BRAC to borrow $18 million more in local currency from Citibank than it could have done on its own. This new commercial financing will allow it to make more than 500,000 new microloans, primarily to poor rural women.

We began working together in 1997, jointly supporting the launch of Bangladesh’s first stand-alone home loan institution. Delta BRAC Housing Finance Corporation is profitable today, helping thousands of families buy their own homes in one of the world’s poorest countries.

The next project was BRAC Bank in 2004, a start-up targeting Bangladesh’s then largely untapped small and medium enterprise market. IFC’s investment and ongoing advice in IT systems, marketing, and new product development have helped the bank more than double its loan portfolio in the past two years. It now lends to more than 100,000 local entrepreneurs who would otherwise fall between the cracks of microfinance and mainstream commercial banking: the engineering firms, computer companies, and clothing stores that anchor the country’s emerging middle class. It is the fastest-growing bank in Bangladesh.
A Cotton Economy
Moves One Step Ahead

There is no doubt about it—$16,500 goes a long way in rural Tajikistan, the poorest country in the former Soviet Union.

Just ask the 44 farmers who own the MMM cooperative farm near the Afghan border. They borrowed that amount last summer from IFC’s local client, T ojiksoderot Bank (TSB).

The money finances their entire planting cycle—covering all the costs of winter plowing, spring planting, and fall harvests. And it helps them escape a root cause of rural poverty in Tajikistan: exploitation by ruthless informal moneylenders in areas that big banks don’t reach. These entrenched local investors sell the farmers overpriced seed and other supplies early on, only to buy their cotton later at the lowest possible price, and are often accused of taking more than they pay for.

TSB’s loans could make a big difference. Cotton-dependent Tajikistan has seen more than a million of its men—almost a third of the working population—move to Russia, hoping to earn money to send back to their families.

TSB is one of the country’s top banks, mainly serving larger businesses. With our support, it now also lends directly to small and midsize co-op farms like MMM. A new Canadian-funded IFC program is helping it build this new business, generating approximately $1.3 million in new loans to smaller cotton farms in the program’s first year.

These loans come through a fairer and more transparent process, with more honest interest rates and reliable disbursement schedules, than what was previously available. For many, TSB’s loans are their first from a bank—an important step forward in rural Tajikistan.
Small-Scale Home Loans
Where Supply Meets Demand

Three years ago, Zaigham Rizvi was at the peak of his development banking career, managing an investment company and living a comfortable life. Then he got a call. Pakistan’s government asked him to do something else. It wanted him to revive its nearly bankrupt House Building Finance Corporation (HBFC), the only institution catering to the housing finance needs of Pakistan’s sizeable low-income population.

He took on the challenge, launching a “Reform, Recovery, and Rehabilitation” program for the troubled state-owned institution. He sought—and received—IFC’s advisory services, and the turnaround began.

In the first phase, IFC recommended key changes that HBFC then made, including strengthening critical functions such as accounting, information technology, and servicing loans. Phase two focused on nonperforming loans, which comprised a staggering 80 percent of HBFC’s total portfolio. The final phase focused on its mission of providing housing finance solutions to almost half of Pakistan’s population of 165 million—people who could qualify for HBFC’s small loans, despite their low incomes. “These people work hard and are credit-worthy, yet they cannot obtain housing finance from banks,” Zaigham says, “because banks prefer to serve the rich.”

Today HBFC is profitable. It is present in over 100 Pakistani cities, nearly double the number of just two years ago. Nonperforming loans have decreased by 50 percent and capital has increased by 17.5 times. Its financial statements, which carried an audit qualification due to having unreconciled accounts since 1982, are finally clean.

HBFC now has 150,000 clients and is helping an additional 7,500 poor families a year to build or improve homes, typically with $5,000, 20-year mortgages. IFC has completed the first phase of its in-depth support package, and is considering a substantial investment to help attract other investors in HBFC’s proposed privatization.

IFC has invested more than $2.8 billion in housing finance this decade.

“Like all fathers, my wish was to provide permanent shelter for my kids. I approached everyone, but only HBFC would help.” —Illayas Mughal, electrician, Lahore
The private sector is expected to provide 80 percent of all financing needed to combat climate change. In the poorest countries, it has a strong partner in IFC. We can help in many ways, including increasing the commercial use of both cleaner energy sources like natural gas and renewable sources such as wind, solar, hydro, and biomass. Nigeria, a country that could become one of the world’s largest sources of natural gas, provides an example of what we can do.

Natural gas can be used to fire large-scale power plants producing far fewer global-warming emissions than other kinds of thermal plants. But due to a weak domestic market and lack of important gas-gathering infrastructure, Nigeria instead burns off large quantities of its natural gas associated with oil production, spewing round-the-clock flames and fumes that contribute to climate change.

IFC has helped find a solution by participating in the Global Gas Flaring Reduction (GGFR) partnership alongside the World Bank, governments, and major oil companies. GGFR works with both the private and public sectors to increase the use of associated gas. Instead of wasting the gas, Nigeria now uses some of it to fuel a power plant in the troubled Niger Delta where local communities urgently need reliable electricity.

In late 2006, GGFR provided carbon finance advice and other technical support that helped a proposed 450 MW gas-fired power plant at Kwale earn important carbon credits under the Kyoto Protocol. This was key to making this project commercially viable.

In this context, Italian oil company Eni, a partner in the gas flaring initiative, invested more than $400 million to build the plant. It was the Kyoto treaty’s first Nigerian project, and one of its largest anywhere in the world. The impact of the carbon dioxide emissions from gas flaring it avoids over 10 years is equal to taking 2.7 million cars off U.S. roads.

The Kwale plant spells progress in the Delta. And its success in obtaining carbon credits could have an important replication effect in other countries around the world.

**Climate action is a core development priority for IFC.**
Fair Labor, Industry Growth
Lessons from Phnom Penh

Fair labor practices are like many other aspects of sustainable business—instead of dragging down profits, they can drive competitive advantage. This has certainly been the case in Cambodia, where the garment sector has built a global reputation for high labor standards. Its equitable pay and good working conditions now attract many of clothing's largest, most image-conscious brands. Abhorring the thought of being associated with sweatshops, these buyers have helped make apparel Cambodia’s top industry, generating $2.6 billion in annual exports despite earlier concerns that it would be decimated by higher labor costs.

Since 2005, IFC has partnered with the International Labour Organization to support this process by helping build a buyers’ forum that brings together Gap, Nike, Levi Strauss, and other socially responsible firms. It is part of a broader ILO project that has brought verified improvements in working conditions in Cambodia, promoting the business case for such standards by working closely with manufacturers, unions, government, NGOs, and donor agencies.

A decade ago, before these changes were introduced, the industry had just 80,000 workers in Cambodia. Today it employs nearly 350,000. Most are poorer women from the villages like Son Sean, 20, who makes shirts at a Marks and Spencer supplier in Phnom Penh. She has built a new house for her mother and kept her younger sister in school with her earnings. She also gets overtime pay, sick leave, and other benefits. IFC and the ILO are now adapting key parts of Cambodia’s experience to other countries and industries through Better Work, a new initiative that seeks to increase competitiveness by improving labor standards. Combining independent assessments of working conditions, enterprise-level training, and creation of new buyers’ forums, Better Work is starting with programs in Jordan, Lesotho, and Vietnam that will benefit nearly 800,000 workers.
Better Coffee, Bigger Incomes
A Premium Blend

Thousands of small-scale coffee farmers in Central America’s poorest countries are making more money through sustainable agricultural practices developed with IFC’s financing and business advice. They are increasing the quality of their coffee, improving their growing methods, and satisfying a demanding buyer: Nestlé, the world’s largest food and beverage company.

The farmers must first get independent approvals from several sources, including global commodities firm ECOM and Nestlé’s certification partner the Rainforest Alliance, a respected NGO focused on sustainable agriculture. When they do, the farmers benefit not only from efficiency gains that help them command a higher price, but also through the likelihood of a long-term business relationship with Nestlé.

This project taps into IFC’s market-building expertise, linking producers, roasters, exporters, and consumers. It benefits all sides by helping develop a higher-quality, more socially and environmentally friendly product.

IFC offers both financial support and high-quality advisory services. The financial support comes through a $25 million loan to ECOM that is channeled into microcredit for the coffee producers. The advisory services, which could raise farmers’ yields and productivity up to 40 percent, takes the form of IFC/Nestlé–funded training helping farmers in Honduras and Nicaragua plant new hybrid varieties that can distinguish their coffee in a crowded marketplace and improve their growing and harvesting methods. The end result: increased productivity, leading to more money for the farmers and more jobs for the workers they hire.

The project addresses one of the key Millennium Development Goals—cutting poverty and hunger in half by 2015. This can be done, the World Bank’s 2007 World Development Report says, only by harnessing the power of agriculture. Today’s global economy presents exceptional opportunities to do so through investments in agriculture as new markets for high-value products expand rapidly, the report explains.

Honduras and Nicaragua

IFC helps Nicaraguan coffee farmers grow more productive.
In DOTS for advisory services, we look at five dimensions of advisory project performance, which are synthesized into an efforts. IFC leads in developing the use of such experiments for advisory work in emerging markets.

Our tools to measure the development outcomes and impacts of advisory work range from cost-benefit analyses to inform decision making at the outset, to before-and-after analyses, to randomized experiments with large-scale data collection efforts. IFC leads in developing the use of such experiments for advisory work in emerging markets.

In applying DOTS to IFC investments, we distinguish four areas of performance:

- For financial success, which measures returns to the financiers, we compare returns to our client companies' cost of capital.
- For economic returns, which measure returns to society as a whole, we compare benefits against a benchmark of 10 percent annually, plus inflation.
- To assess social and environmental performance, we look at compliance with IFC’s performance standards.
- To assess private sector development impacts, we look at how investments contribute to private sector development beyond the client company.

We use an aggregate index, based on these four components, to measure overall development outcome.

How IFC Measures Performance

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<tr>
<th>Dimension</th>
<th>Description</th>
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<tbody>
<tr>
<td>Efficiency</td>
<td>The efficiency of the engagement: project costs in relation to potential results.</td>
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<tr>
<td>Financial success</td>
<td>Immediate deliverables, or outputs.</td>
</tr>
<tr>
<td>Economic returns</td>
<td>Medium-term outcomes, measured in terms of changes in knowledge, behavior, or performance.</td>
</tr>
<tr>
<td>Long-term impacts</td>
<td>Strategic relevance and the fit of the advisory service engagement to the issues at hand.</td>
</tr>
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In an external benchmarking study (2005), IFC’s evaluation system and framework for investments—based on an evaluation of a random, representative sample of projects using a standard framework and independent validation—was judged to be the most consistent with good practice standards for private sector investments agreed among multilateral development banks.

To enhance our measurement of the development effectiveness of our investment and advisory work, IFC introduced in 2005 the Development Outcome Tracking System (DOTS), which enables ongoing tracking following IFC’s established standards. A 2007 comparison of development results measurement in private-sector oriented international financial institutions showed IFC again to be at the forefront in development results measurement, particular through reporting on the current development results of our entire portfolio, by using an external assurance provider to validate the methodology and data accuracy, and by innovating through control group experiments for advisory services.

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In applying DOTS to IFC investments, we distinguish four areas of performance:

- For financial success, which measures returns to the financiers, we compare returns to our client companies’ cost of capital.
- For economic returns, which measure returns to society as a whole, we compare benefits against a benchmark of 10 percent annually, plus inflation.
- To assess social and environmental performance, we look at compliance with IFC’s performance standards.
- To assess private sector development impacts, we look at how investments contribute to private sector development beyond the client company.

We use an aggregate index, based on these four components, to measure overall development outcome.

How IFC Measures Performance

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Efficiency</td>
<td>The efficiency of the engagement: project costs in relation to potential results.</td>
</tr>
<tr>
<td>Financial success</td>
<td>Immediate deliverables, or outputs.</td>
</tr>
<tr>
<td>Economic returns</td>
<td>Medium-term outcomes, measured in terms of changes in knowledge, behavior, or performance.</td>
</tr>
<tr>
<td>Long-term impacts</td>
<td>Strategic relevance and the fit of the advisory service engagement to the issues at hand.</td>
</tr>
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