

HOW WE WORK

IFC's accomplishments reflect the shared values of our staff worldwide—an emphasis on excellence, commitment, integrity, and teamwork helps us make a difference for the clients and countries we serve.

IFC delivers results for clients by pursuing best practice in every aspect of our operations—in our governance, our accountability to stakeholders, our focus on sustainable development, and our commitment to the people who comprise IFC. Our strong corporate culture—articulated this year as The IFC Way—is keeping us focused on results amid rapid changes.

Our organization is growing fast: about 40 percent of employees joined IFC less than two years ago. We have increasingly gone local, with most staff based in field offices, close to clients. As we have increased our activities in the poorest countries, and the number of IFC staff there has nearly doubled since 2003.

We work to ensure that development brings sustainable benefits to people in emerging markets. We reach out to our local communities and aim to model the high standards we ask of clients: IFC's own operations, for example, were carbon-neutral for the first time in fiscal 2008.







GLOBAL EXPERTISE, LOCAL INITIATIVE

IFC offers clients a powerful combination of global expertise and local savvy that allows us to respond rapidly to changing needs. More than half our staff are based in 100 field offices in 81 countries, including 39 of the world's poorest. Our employees reflect the rich diversity of the clients we serve.

MAKING A DIFFERENCE

Karla Quizon does not relish getting up before six on a Sunday morning to go and level ground on the outskirts of Cambodia's capital, Phnom Penh. But eight hours later, sweaty and bedraggled after laying the foundation for a new house, she feels a sense of satisfaction. Karla, an IFC program manager, joins a group of volunteers most weekends to help build housing for former garbage collectors, some of the city's poorest inhabitants. So far, Karla and the team, together with the future homeowners, have built 21 homes in a year. "Working for IFC, I get to make a difference in people's lives at a higher level, and this house-building effort allows me to make a difference at the grassroots," says Karla. "Learning to physically build a house—well, that's quite a skill."



PHOTO: IFC staffer Karla Quizon helps build housing for poor residents of Phnom Penh.



FROM LEFT TO RIGHT: (standing) Gino Alzetta, Svein Aass, Giovanni Majnoni, Herman Wijffels, Alexey Kvasov, James Hagan, Sid Ahmed Dib, Michael Hofmann, Masato Kanda, Mohamed Kamel Amr, E. Whitney Debevoise, Ambroise Fayolle, Michel Mordasini, Samy Watson, Felix Alberto Camarasa; (seated) Dhanendra Kumar, Abdulrahman Almofadhi, Zou Jiayi, Mat Aron Deraman, Caroline Sergeant, Jorge Botero, Mulu Ketsela, Louis Phillippe Ong Seng

IFC BOARD OF DIRECTORS

This fiscal year the Board of Directors maintained close oversight of IFC's efforts to increase and measure its development impact. Directors reaffirmed their support for IFC's corporate strategy, including a focus on growth in response to demand, efforts to streamline procedures and move closer to clients, and an emphasis on portfolio and risk management amid changing market conditions. The Board approved a number of investments and joint World Bank-IFC-MIGA country assistance strategies and continued to encourage stronger collaboration, both across the World Bank Group and with partners and stakeholders.

Issues that Directors discussed with management included the net transfer to IDA, IFC's additionality, our ongoing decentralization, our role in Bank Group strategies to address climate change and the food crisis, and our experience with advisory services, both generally and with regard to SMEs and credit bureaus. Management also briefed the Board on our work in infrastructure, local currency financing, and information and communications technology. The Board continued to monitor new methods for measuring development outcomes of IFC's activities, as well as progress in implementing IFC's environmental and social performance standards.

Directors and Alternates as of June 30, 2008

DIRECTORS

Svein Aass
Abdulrahman M. Almofadhi
Gino Alzetta
Felix Alberto Camarasa
E. Whitney Debevoise
Mat Aron Deraman
Jorge Familiar
Ambroise Fayolle
Alex Gibbs
James Hagan
Merza H. Hasan
Michael Hofmann
Mulu Ketsela
Dhanendra Kumar
Alexey Kvasov
Giovanni Majnoni
Michel Mordasini
Louis Phillippe Ong Seng
Toru Shikibu
Rogerio Studart
Javed Talat
Samy Watson
Herman Wijffels
Zou Jiayi

ALTERNATES

Jens Haarlov
Abdulhamid Alkhalifa
Melih Nemli
Francisco Bernasconi
Ana Guevara
Chularat Suteethorn
Jose Alejandro Rojas Ramirez
Alexis Kohler
Caroline Sergeant
Do Hyeong Kim
Mohamed Kamel Amr
Ruediger Von Kleist
Mathias Sinamenye
Zakir Ahmed Khan
Eugene Miagkov
Nuno Mota Pinto
Jakub Karnowski
Agapito Mendes Dias
Masato Kanda
Jorge Humberto Botero
Sid Ahmed Dib
Ishmael Lightbourne
Claudiu Doltu
Yang Yingming

GOVERNANCE

IFC is an international organization established in 1956 to further economic growth in its developing member countries by promoting private sector development. It is part of the World Bank Group, which also includes the International Bank for Reconstruction and Development, the International Development Association, the Multilateral Investment Guarantee Agency, and the International Centre for Settlement of Investment Disputes. IFC is a legal entity separate and distinct from the other Bank Group institutions, with its own Articles of Agreement, share capital, financial structure, management, and staff. Membership in IFC is open only to member countries of the World Bank. As of June 30, 2008, IFC's entire share capital was held by 179 member countries.

Member countries guide IFC's programs and activities; each appoints one governor and one alternate. Corporate powers are vested in the Board of Governors, which delegates most powers to a board of 24 directors, whose voting power on issues brought before them is weighted according to the share capital each director represents. Directors meet regularly at World Bank Group headquarters in Washington, D.C., where they review and decide on investments and provide overall strategic guidance to IFC management.

Robert B. Zoellick is President of IFC and the other World Bank Group institutions; he also serves as chairman of the boards. Lars H. Thunell is IFC's Executive Vice President and CEO and leads IFC's overall strategy and operations. The Management Group is responsible for much of IFC's key decision-making and strategic planning; it is headed by Mr. Thunell and includes the 10 IFC vice presidents.

INCENTIVE PROGRAMS

Human resource management is integral to IFC's strategy and business planning. In our efforts to build a performance-based culture and help IFC achieve sustainable, high-quality business results, IFC has implemented several incentive programs as part of an integrated performance management system. These incentives reinforce IFC's results measurement and accountability while ensuring recognition for high-performing staff.

IFC recognizes and rewards individuals and teams for superior performance during the annual review period or over the longer term. Performance metrics emphasize development effectiveness, financial performance, and productivity. Awards range from on-the-spot payments of up to \$400 for extraordinary efforts of short duration to as much as 15 percent of salary for superior annual performance. Staff in investment operations can, in addition, receive up to 20 percent of salary for outstanding long-term performance. (Percentages are based on a market reference point that aligns World Bank Group salary ranges with comparable salaries in the U.S. labor market.) Underscoring the importance of teamwork in achieving results, 55 percent of staff who receive awards do so as part of team recognitions. Most individual awards fall in a range of 5-10 percent of salary. The average individual award in FY08 was \$6,700. The Executive Vice President and CEO and the members of IFC's Management Group do not receive performance awards but are eligible for long-term performance awards for periods prior to joining the Management Group.

This year, IFC added the IDA Impact Award to recognize the success of investment and advisory project teams in IDA countries. A critical element of the new award is to ensure that project teams have an opportunity to present their experiences and lessons learned to IFC management and more broadly across IFC.

COMPENSATION

IFC's compensation guidelines are part of the World Bank Group's framework. The international competitiveness of compensation is essential to our capacity to attract and retain highly qualified, diverse staff in jobs subject to international recruitment. The salary structure of the World Bank Group for staff recruited in Washington is determined with reference to the U.S. market, which historically has been globally competitive. This competitiveness is reviewed every four years. Salaries for staff hired in offices and countries outside the United States are based on local competitiveness, as determined by independent local market surveys.

Based on the World Bank Group's status as a multilateral organization, staff salaries are determined on a net-of-tax basis.

EXECUTIVE COMPENSATION

The salary of the President of the World Bank Group is determined by the Board of Directors. The salary structure for IFC's Executive Vice President and CEO is determined by positioning a midpoint between the salary structure of staff at the highest level, as determined annually by independent U.S. compensation market surveys, and the salary of the World Bank Group President. The compensation of our executive leadership is transparent. In fiscal 2008, the President, Robert B. Zoellick, received a salary of \$420,930 net of taxes; and IFC's Executive Vice President and CEO, Lars Thunell, received a salary of \$334,990 net of taxes. Both received additional cash benefits per the adjoining table. Benefits in cash and in kind apply equally and consistently to all staff, including members of the Management Group, and are determined by guidelines approved by the Board of Directors. There are no executive incentive compensation packages.

STAFF SALARY STRUCTURE (WASHINGTON, D.C.)

During the period July 1, 2007, to June 30, 2008, the salary structure (net of tax) and average salaries and benefits for World Bank Group staff was as follows:							
Grade	Representative job titles	Minimum (\$)	Market Reference (\$)	Maximum (\$)	Staff at grade level (%)	Average salary/grade	Average benefits **
GA	Office Assistant	23,760	30,880	40,130	0.1	28,158	14,761
GB	Team Assistant, Information Technician	29,620	38,510	53,910	1.1	39,207	20,596
GC	Program Assistant, Information Assistant	35,550	46,220	64,720	11.6	49,821	26,188
GD	Senior Program Assistant, Information Specialist, Budget Assistant	41,790	54,320	76,050	9.5	60,563	31,898
GE	Analyst	55,660	72,350	101,280	9.9	70,967	37,416
GF	Professional	74,750	97,170	136,040	18.0	91,250	48,165
GG	Senior Professional	99,020	128,730	180,220	29.6	125,937	66,581
GH	Manager, Lead Professional	136,270	177,170	239,000	16.9	172,926	91,973
GI	Director, Senior Advisor	188,000	245,000	282,000	2.8	226,384	120,211
GJ	Vice President	244,540	273,880	314,970	0.3	277,483	145,456
GK	Managing Director, Executive Vice President	268,580	304,580	334,990	0.1	317,652	149,597

Note: Because World Bank Group (WBG) staff, other than U.S. citizens, usually are not required to pay income taxes on their WBG compensation, the salaries are set on a net-of-tax basis, which is generally equivalent to the after-tax take-home pay of the employees of the comparator organizations and firms from which WBG salaries are derived. Only a relatively small minority of staff will reach the upper third of the salary range.

* These figures do not apply to the U.S. Executive Director and Alternate Executive Director, who are subject to U.S. congressional salary caps.

** Includes annual leave; medical, life and disability insurance; accrued termination benefits; and other nonsalary benefits.

EXECUTIVE MANAGEMENT: ANNUAL SALARIES (NET OF TAXES) (IN U.S. DOLLARS)

Name and position	Annual net salary ^a	Annual Bank Group contribution to pension plan ^b	Annual Bank Group contribution to other benefits ^c
Robert B. Zoellick, President ^d	420,930	87,133	182,687
Lars Thunell, Executive Vice President, IFC	334,990	69,343	74,033

a. Because World Bank Group staff, other than U.S. citizens, usually are not required to pay income taxes on their WBG compensation, the salaries are set on a net-of-tax basis.

b. Approximate WBG contribution made to the Staff Retirement Plan and deferred compensation plans from July 1, 2007, through July 1, 2008.

c. Other benefits include annual leave; medical, life and disability insurance; accrued termination benefits; and other nonsalary benefits.

d. Mr. Zoellick receives a supplemental allowance of \$75,350 to cover expenses as part of WBG contribution to other benefits. Because Mr. Zoellick is a U.S. citizen, his salary is taxable and he receives a tax allowance to cover the estimated taxes on his Bank salary and benefits. In addition to his pension, Mr. Zoellick receives a supplemental retirement benefit equal to 5 percent of annual salary.

ACCOUNTABILITY

Three independent units oversee IFC's accountability.

COMPLIANCE ADVISOR/OMBUDSMAN

Established in 1999, the Compliance Advisor/Ombudsman is the independent recourse mechanism for IFC and MIGA. It assists IFC in addressing complaints by those affected by IFC projects and helps enhance social and environmental outcomes on the ground.

The CAO has three roles. As Ombudsman, it works to resolve complaints from project-affected communities. CAO Compliance conducts audits of IFC and MIGA's adherence to social and environmental policies, guidelines, procedures, and systems. As Advisor, the CAO provides independent advice to the World Bank Group President and Board, with an emphasis on improving institutional performance on systemic issues identified in CAO cases.

The CAO works closely with IFC staff, clients, civil society, and other stakeholders to resolve issues of concern around IFC projects. The CAO also conducts outreach to raise awareness about accountability at IFC, participating in internal and external events worldwide.

During FY08, the CAO responded to 11 complaints relating to nine IFC projects and released three advisory reports intended as best practice guides for IFC management, industry, government, and civil society. These reports focused on local-level development results reporting, grievance mechanisms, and participatory water monitoring.

More information on the CAO is available at www.cao-ombudsman.org.

INTEGRITY AND CONFLICT RESOLUTION

IFC staff and the public have a number of mechanisms to address ethical issues, harassment, and other issues of conflict.

The World Bank Group's Conflict Resolution System offers staff ombudsman services, mediation, advice on ethics and business conduct, and an appeals committee and administrative tribunal.

The following telephone hotlines, available 24/7 with multilingual staff, are anonymous and toll-free.

- **The Ethics Helpline.** Calls can relate to issues of any scale, such as staff misconduct, discrimination, or conflicts of interest. See www.worldbank.org/ethics.
- **The Department of Institutional Integrity Hotline.** The department investigates allegations of fraud and corruption in World Bank Group operations and allegations of misconduct. See www.worldbank.org/integrity.

INDEPENDENT EVALUATION GROUP

IFC strives to learn from our experience. In that respect, we benefit from the efforts of the Independent Evaluation Group, which has evaluated IFC operations since 1996. IEG reports to our Board of Directors through the World Bank Group Director-General, Evaluation. Last year IEG independently evaluated the performance of 65 IFC investment operations and reviewed 130 advisory projects. IFC also produced eight evaluation reports that identified strengths and weaknesses with our operations and recommended ways to improve our effectiveness. The latest IEG flagship report, the *Independent Evaluation of IFC's Development Effectiveness*, focused on IFC's additionality, or the unique inputs—financial and nonfinancial—that IFC provides to advance developing country projects. IEG made several recommendations, including that we map out additionality in our strategies. IFC and IEG track recommendations to ensure their compliance, and progress is reported to IFC's Board of Directors.

Although IEG is independent, it encourages learning through self-evaluation. IEG worked closely with IFC staff to ensure that they understand and correctly apply evaluation methods for private sector investment and advisory projects. IEG participates in IFC's training programs in Washington and the field to raise awareness of evaluation findings and lessons learned. Beginning in 2008, under its new disclosure policy, IEG has disclosed its findings on IFC's projects to the public and has expanded its communication activities to reach external stakeholders. IEG's reports are available at www.ifc.org/IEG.

INTERNAL AUDITING DEPARTMENT

IAD provides objective assurance and advice to help the World Bank Group enhance risk management, control, and governance, as well as to improve accountability for results. Assurance services are generally initiated by IAD, while advisory services are generally initiated by internal client requests. Advisory services are conducted primarily to answer specific questions aimed at improving risk management, control, or governance processes. Typical advisory services include analyzing controls built into systems under development, providing recommendations for analyzing operations, assisting in fraud and corruption investigations, and raising awareness of internal control activities.

WORKING RESPONSIBLY

IFC is committed to working with clients and other stakeholders to achieve our shared goals of reducing poverty and improving lives through private sector development. We recognize that we need to be transparent in our operations and to set an example of good governance, with high standards for ourselves as well as for our clients. We have developed internal processes that help ensure transparency, accountability for decisions and impacts, support to people, and consistency with what we ask of clients. In FY08, for example, we launched *IFC's Role and Additionality: A Primer*, guidance that helps staff communicate the unique benefits and value addition that IFC's involvement brings to the client in a particular investment. We are also committed to continuous improvement through learning and knowledge-sharing.

IFC manages investments and advisory projects closely throughout their life cycle. This involves finding appropriate sponsors who will be partners with us; managing and mitigating risk; monitoring and measuring results; and ensuring accountability for decisions taken throughout the project cycle. We continue to move more decision-making authority to the field, allowing our regional offices to be more responsive to client needs and local conditions.

ENGAGING WITH STAKEHOLDERS

As a global multilateral finance institution with operations in many regions and sectors, IFC has an impact on a diverse range of stakeholders. In addition to client companies, our stakeholders range from communities and nongovernmental organizations 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, the stakeholders most directly affected by our operations, and the opportunities offered by collaboration.

DISCLOSURE INQUIRIES IN FY08

Full disclosure	45
Partial disclosure	5
No disclosure	16
Total	66

Through investments and advisory services, we engage with clients, partners, and communities. We draw on feedback to identify issues of importance to stakeholder groups, and we frequently adapt our strategies and procedures in response. Feedback includes an annual client survey and ongoing engagement with stakeholders, including representatives of civil society, local communities affected by our projects, industry associations, governments, international finance institutions, and academia. During FY08 we worked with our nonfinancial assurance providers, Corporate Citizenship, to gather stakeholder feedback on IFC's 2007 Annual Report; this report addresses key findings from that effort.

IFC discloses information about investments prior to their approval as part of a commitment to transparency and accountability. Sharing information strengthens public trust in IFC and our clients. Following adoption of our updated Disclosure Policy in 2006, we have established a demand-driven system for disclosure inquiries, in addition to enhanced project disclosure for all proposed investments. We aim to provide all or part of any requested information within 30 days or explain why the request has been delayed or denied. For members of the public who feel that an initial request for information has been unreasonably denied or that our policy has been incorrectly applied, we have established a complaints mechanism. Complaints are reviewed by the Disclosure Policy Advisor, who reports directly to IFC's Executive Vice President and CEO. For full information, see www.ifc.org/disclosure.

CARING FOR THE ENVIRONMENT

At IFC we strive to ensure that our business operations are consistent with corporate commitment to sustainability. Our goal is to achieve best practices in how we manage IFC's own global footprint.

FY08 highlights include:

- Governing committee—oversight and accountability for our footprint strategy includes four directors and four vice presidents.
- Regional plans—one of our regions coordinated a footprint action plan with regional goals, leading the way for all regions in FY09.

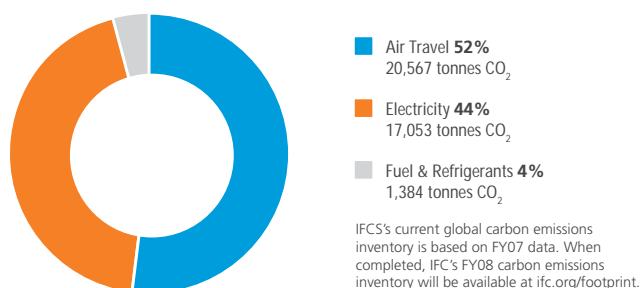
IFC achieved carbon neutrality for our global business operations for the first time this year (see box). We have progressed to a rigorous, corporate-wide greenhouse gas inventory, building on a pilot with country offices in FY07, and on annual inventory and offset for headquarters since FY06.

IFC's annual Footprint Program Awards recognize staff who generated and promoted innovative footprint ideas around the world in our offices and surrounding communities. This year, our Dhaka office won funds to initiate and lead a community-wide effort that addresses local waste management issues, air pollution, and energy conservation. At the staff level, a colleague from headquarters was recognized for coining a slogan for IFC's footprint efforts: "Our mission starts at home."

OFFSETTING IFC'S CARBON FOOTPRINT BENEFITS RURAL INDIA

To offset the carbon footprint of our global business operations, IFC has purchased carbon credits from the Andhyodaya Biogas Utilization Project, generating credits through small-scale biogas plants operated by 15,000 rural households in southern India. The project, which generates no smoke or soot, is operated by an Indian NGO that focuses on nonconventional energy promotion, environment sanitation, low-cost building technology, and assistance to farmers. This renewable energy project has a strong community benefit component, with a delivery model that expects to enhance the health, safety, and economic well-being of the communities in which Andhyodaya operates.

FY07 CARBON EMISSIONS INVENTORY FOR IFC'S GLOBAL INTERNAL BUSINESS OPERATIONS



For full information on our footprint activities, visit www.ifc.org/footprint.

IFC ADVISORY SERVICES CYCLE





COMMITMENT TO CONTINUOUS IMPROVEMENT

Our ability to learn and improve the way we work is crucial to our long-term success and lasting development impact. We constantly seek feedback from our clients and stakeholders, and we modify our approaches accordingly. Our decentralization initiative, for example, partly reflects suggestions offered in annual client surveys. We also develop and publish lessons from our investments and advisory projects, seeking to learn from experiences where things did not run smoothly. A key example is SmartLessons, a print and online series that allows staff to share lessons learned from investment and advisory work with colleagues across our operations. In addition, we have been responsive to recommendations from our Board, including its call for us to focus more of our efforts in fragile and conflict-affected countries, and to reports and recommendations from the Compliance Advisor/Ombudsman and the Independent Evaluation Group.

Preparation

Before we make an investment or launch a new initiative, we use lessons from previous projects and staff expertise to evaluate the proposed course of action. Peer review meetings, for instance, have become a formal part of our environmental and social review procedure, allowing our specialists to pool their knowledge. Similarly, formal decision points, such as the investment review meeting, allow senior staff to contribute insights based on a wide understanding of the organization's history in specific industries and regions.

Implementation

During implementation of an investment or advisory project, we monitor performance to make adjustments as well as transfer lessons from one project to another. Communities of practice are emerging as a useful tool for IFC staff to share information, transfer lessons, and replicate successful models across the World Bank Group.

Evaluation

IFC increasingly evaluates investments and advisory projects internally after completion to capture lessons. We have scaled up the exchange of lessons among our staff, with the long-term goal of making this knowledge available to our partners and the wider public. Lessons are also continuously developed and integrated into the training of new staff. Case studies used in training increasingly cover the aspects of doing business in a sustainable way.

SHARING KNOWLEDGE ON SUSTAINABILITY

The IFC Sustainability Knowledge Network facilitates the systematic application and communication of IFC's knowledge and industry best practice on sustainability and climate change, both within our organization and with clients and external stakeholders. It coordinates the work of over 200 practitioners across our investment and advisory operations, at headquarters and in the field, through learning events, collaborative online platforms, and best practice publications. The network is also developing communities of practice in specific areas, including sustainable energy and community development.

IFC INVESTMENT CYCLE



OUR PEOPLE

DEVELOPMENT IMPACT: WHY WE ARE HERE

The mission of the World Bank Group—working for a world free of poverty—is the main reason people join IFC. Our staff make a difference by promoting open and competitive markets and providing investment and advisory support to private sector clients.

IFC supports staff by helping improve their ability to assist clients, including by meeting our environmental, social, and corporate governance standards and identifying innovative opportunities. We reward staff based on the development results and financial performance of their projects.

Our good work can happen only with high-quality staff, who are driven by passion and a commitment to deliver on building the private sector and improving lives in our client countries.

WHO WE ARE

IFC staff are your neighbors. We are based in 100 cities in 81 countries, including 39 of the poorest countries—those served by IDA. We represent 135 countries, including 55 IDA nationalities. Today, 53 percent of our staff are based in the field, up from 41 percent in FY03.

Washington, D.C., vs. Field Staff (End of FY08)

Field Offices	Washington	Total
1,759	1,566	3,325
53%	47%	

We are diverse. Diversity enriches our perspectives, allows for fresh ideas, and helps us respond more effectively to clients and stakeholders. Over the last few years, IFC has increased staff representation from developing countries to 64 percent.

REGIONAL ORIGINS All Full-Time Staff

Developed (Part I) Countries	Developing (Part II) Countries	Of which IDA	Total
1,207	2,118	1,068	3,325
36%	64%	50%	

REGIONAL ORIGINS All Staff At Officer Level And Higher

Developed (Part I) Countries	Developing (Part II) Countries	Of which IDA	Total
868	992	510	1,860
47%	53%	51%	

GENDER DISTRIBUTION All Full-Time Staff

Women	Men	Total
1,768	1,557	3,325
53%	47%	

GENDER DISTRIBUTION All Staff At Officer Level And Higher

Women	Men	Total
722	1,138	1,860
39%	61%	

“Development impact is the key driver of our work. Every aspect of IFC, including our human resource practices, links to how we can increase our development impact.”

Dorothy Berry, Vice President, Human Resources,
Communications, and Administration

DECENTRALIZING TO SERVE OUR CLIENTS

IFC is moving closer to clients so that we can better serve their needs in a rapidly changing world.

Business opportunities are expanding fast in the low- and middle-income countries we serve, where 70 percent of our clients are now located. At the same time, our clients and other partners expect swift and nimble decision-making. IFC has recognized that we need to build more capacity in the field to be able to offer solutions for clients and ensure sustainable private sector development.

Today, more than half our staff are based in field offices, and our presence in the world's most fragile economies has doubled over the last seven years. Investment decisions are increasingly being made at the local level. In FY08 we began delegating authority for many project decisions to field staff in our Asia regional departments; building on this experience, we will roll out the approach to all IFC regions in FY09. The change is significant: last year, 37 percent of IFC commitments were led by investment officers in the field—up from 20 percent in 2006. Average processing time for an IFC transaction has been cut by a third since 2001.

As part of our decentralization, we aim to put the right people in the right place, making sure that knowledge and skills are deployed where they are most needed. Many senior employees have shifted to field offices, and we are working to make such moves attractive for staff with high potential. We are also hiring a growing number of our staff locally and improving their options to build a career at IFC. Both at headquarters and in the field, we are improving our methods for sharing knowledge and lessons learned.

Our decentralization is making IFC more efficient, helping us tailor approaches to the specific needs of countries and frontier markets, and increasing our ability to have a positive impact on the development of emerging economies.

SCALING UP IFC'S IMPACT

We are expanding our reach. IFC's staff increased by 58 percent—from 2,107 to 3,325—from FY03 to FY08. More than 53 percent of IFC staff are in the field. Investment staff, who represent 17 percent of IFC's workforce, have increased by 51 percent—from 380 to 575—since FY03. The number of field-based investment staff has nearly tripled in the past five years—from 111 to 294—with 51 percent of investment staff and 57 percent of managers in investment departments now field-based. The fastest-growing area of IFC's business—advisory services—has increased its staff from 544 in FY03 to 1,191 in FY08, and now accounts for 36 percent of the workforce. More than 80 percent of advisory staff—about 955—are field-based.

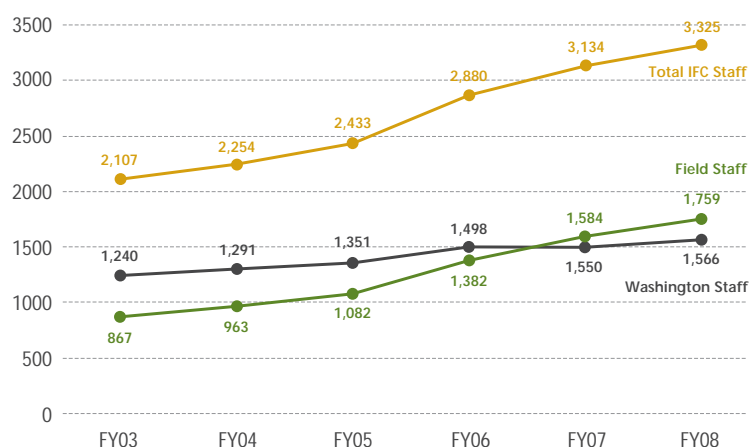
We are going deeper into IDA countries, where we have nearly doubled our staff—from 377 in FY03 to 678 in FY08.

As a result of FY07-08 recruitment efforts, IFC improved on the diversity of professional-level staff:

- ▶ Officer-level female staff increased from 41 to 44 percent
- ▶ Sub-Saharan African and Caribbean regional representation of staff on international contracts increased from 8 to 9 percent
- ▶ Staff representation from developing countries at officer level and higher rose from 48 to 49 percent

Retaining high-quality staff in the global marketplace is a challenge. Competition for skilled finance and investment talent in emerging markets is high, and compensation is rising in the private sector. Hence IFC's turnover of investment officers is now 9.7 percent a year, up from 6.4 percent in FY06. About 30 percent of staff hired between 1998 and 2003 have already left IFC.

WORKFORCE TRENDS SINCE FY03





An organization's corporate culture plays a central role in its ability to succeed. For IFC, which now has more than 3,000 employees in more than 80 countries, the need for shared objectives is especially important. In fiscal year 2008, we undertook the most extensive consultative process in our history in an effort to define our corporate culture, conducting 52 consultations in 31 countries over a 10-week period. About 45 percent of IFC staff participated, evenly distributed between headquarters and field offices. We also considered recommendations from the 2007 IFC staff survey. The result is The IFC Way, a four-part set of principles that will help us build a corporate culture to advance IFC's strategy for a more inclusive and sustainable world.

Our Vision

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

Our Purpose

To promote open and competitive markets in developing countries; to support companies and other private sector partners; to generate productive jobs and deliver basic services; and to create opportunity for people to escape poverty and improve their lives.

Our Core Corporate Values

Excellence, commitment, integrity, and teamwork.



The Way We Work

We help our clients succeed in a changing world
Good business is sustainable, and sustainability is good business
One IFC, one team, one goal
Diversity creates value
Creating opportunity requires partnership
Global knowledge, local know-how
Innovation is worth the risk
We learn from experience
Work smart and have fun
No frontier is too far or too difficult

Going forward, IFC management has committed to sustaining this focus on IFC's corporate culture and brand so that staff can serve clients better by attuning more closely to their needs, as well as work together more closely across geographical, sectoral, cultural, and professional borders.

INVESTING IN IFC STAFF

IFC provides a wide range of benefits and professional development opportunities. We strive to create an environment that helps staff perform their best.

Health Care

IFC provides staff with comprehensive medical insurance. Washington-based staff are covered by Aetna, contracted through an open procurement process. Other staff are covered by La Garantie Medicale et Chirurgicale, an international health care provider. Medical insurance costs are shared—75 percent paid by IFC and 25 percent by the insured.

Pension Management

IFC's pension is part of the World Bank Group plan, based on two benefit components—the first, years of service, salary, and retirement age; the second, a cash savings plan, which includes a mandatory contribution of 5 percent of salary, to which IFC adds 10 percent annually. Legacy pension benefits from earlier World Bank Group pension plans include termination grants and additional cash payouts.

Professional Development

IFC invests in its staff. All new staff attend mandatory courses on understanding who we are; what we do; and how we work. Other courses include credit review, core skills, and leadership development. Course offerings are increasing in the regions: in FY08, more than 60 percent of corporate-sponsored training was held in the field. E-learning courses are also available on demand anywhere in the world.

IFC PERFORMANCE STANDARDS HELP CLIENTS RECOVER FROM CHINA'S EARTHQUAKE

The earthquake that hit China's Sichuan Province in May 2008 resulted in 69,000 casualties, 5 million people homeless, and economic losses of \$86 billion. Within hours, IFC confirmed the safety of our colleagues and their families in Chengdu, 80 kilometers from the epicenter, and contacted clients to inquire about their staff and business operations. Two of these companies confirm that IFC's environmental and social standards helped them minimize losses and resume operations quickly. During project appraisal, IFC had advised Jiuda Salt, western China's largest salt producer, to buy earthquake insurance and set up business recovery and continuity plans. Company chairman Mr. Fu Gangyi notes that Jiuda Salt has been able to restart its business "much faster than enterprises of comparable size." Huarong Chemical, which produces chemicals for many industries, is based in Pengzhou, one of the worst-hit areas. IFC's advice on design and operation of the company's innovative plant, including input on emergency response planning, helped Huarong prevent leakage of hazardous chemicals. Mr. Liu Yonghao, president of its parent company, New Hope China, notes that by getting back to work in half the time of similar plants, Huarong could "produce disinfectant products that were badly needed in the relief and reconstruction effort."

STAFF PARTICIPATION IN TRAINING

Core Skills Areas	Completions	9,955
	Hours	72,462
Credit	Completions	567
	Hours	28,712
Leadership Development	Completions	183
	Hours	5,476
Total Course Completions		10,705
Total Hours of Learning		106,650



REACHING OUT TO LOCAL COMMUNITIES

IFC encourages staff to make a difference in their local communities. Staff are given time off each year for volunteer work. There is an annual Community Connections Campaign; this year, 46 percent of headquarters staff participated and raised \$172,092 for various charities. The World Bank Group matched this figure with an additional 50 percent.

IFC staff volunteer in their communities in several ways. This year, for example, staff in the Dhaka office used funds from an internal award to convene community members and address several key issues: waste management and air pollution; energy conservation; and reduction of greenhouse gas emissions. Staff stimulated community outreach activities through consultations, communications, and promotional activities. In Russia, A Chance to Work continues to gain momentum: this IFC program helps orphans gain job skills through paid internships with private companies. Today 30 private companies are participating, four of which have become donors to the effort as part of a commitment to corporate social responsibility. By the end of FY08, 240 of 300 interns had secured permanent jobs, and 51 had entered universities to continue their education.