Further to the request made by IFC, we performed a review on a selection of sustainable development information for the financial year ended June 30, 2009 in the Annual Report, including quantitative indicators ("the Indicators") and qualitative statements ("the Statements"), related to the following material areas:

<table>
<thead>
<tr>
<th>MATERIAL AREAS</th>
<th>STATEMENTS</th>
<th>INDICATORS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental and Social Performance of projects</td>
<td>Number of investment projects approved by environmental and social category</td>
<td>• Commitments by Environmental and Social Category (p. 56):</td>
</tr>
<tr>
<td></td>
<td>(p. 111); environmental and social “knowledge gap” (p. 109)</td>
<td>Category</td>
</tr>
<tr>
<td></td>
<td></td>
<td>A</td>
</tr>
<tr>
<td></td>
<td></td>
<td>B</td>
</tr>
<tr>
<td></td>
<td></td>
<td>C</td>
</tr>
<tr>
<td></td>
<td></td>
<td>F1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>N</td>
</tr>
<tr>
<td>Development effectiveness of investments</td>
<td>“Development Results” section (pp. 118–120)</td>
<td>• Development Effectiveness scores of Investments (p. 119): 71% &quot;rated high&quot;</td>
</tr>
<tr>
<td>and advisory services</td>
<td></td>
<td>• Development Effectiveness score of Advisory Services (p. 119): 68% &quot;rated high&quot;</td>
</tr>
<tr>
<td>Financial inclusion: microfinance loans and loans</td>
<td>• Expenditures in Environment and Social Sustainability Advisory Services (p. 96): $16 millions</td>
<td>• Number and amounts of microfinance loans and SME loans (p. 119):</td>
</tr>
<tr>
<td>to small and medium enterprises (SMEs)</td>
<td></td>
<td>Type of loans</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Microfinance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SMEs</td>
</tr>
<tr>
<td>Climate change</td>
<td>Commitment to tripling investments in renewable energy and energy-efficiency projects from FY05–FY07 to FY09–FY11 (p. 45); Carbon Finance (p. 78)</td>
<td>• Amount committed in renewable energy and energy efficiency investments (p. 44); $1,034 millions</td>
</tr>
<tr>
<td>Corporate footprint and social responsibility</td>
<td>Commitment to electricity consumption reduction and carbon neutrality (p. 108); &quot;Who we are” section (p. 104) and “Gender Distribution” tables (p. 105)</td>
<td>• Carbon footprint (p. 108): 37,454 t CO₂ equivalent in financial year 2008</td>
</tr>
<tr>
<td>Crisis-response initiatives in the private sector</td>
<td>“Crisis-response initiatives” (pp. 36–37) and Capitalization Fund (p. 53); Advisory programs to support financial sector (p. 44) and Advisory Services crisis-response initiative (p. 115)</td>
<td></td>
</tr>
<tr>
<td>Engagement in IDA countries</td>
<td>IFC FY09 Investment volumes and number of projects (p. 29) and number of joint World Bank Group projects in IDA Countries (p. 29)</td>
<td></td>
</tr>
<tr>
<td>Water scarcity and biodiversity</td>
<td>“Reduce biodiversity loss” (p. 97); Water scarcity response (p. 45)</td>
<td></td>
</tr>
<tr>
<td>Accountability</td>
<td>CAO and IEG activities (p. 107); “Working with civil society” (p. 117)</td>
<td></td>
</tr>
</tbody>
</table>

¹FY09 Development Results for investments (% rated high):

<table>
<thead>
<tr>
<th>Overall Portfolio</th>
<th>Unweighted (number of projects)</th>
<th>Weighted by investment size</th>
<th>Development Outcome by industry</th>
<th>Development Outcome by region</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development Outcome</td>
<td>71%</td>
<td>82%</td>
<td>Oil, Gas, Mining and Chemicals</td>
<td>80</td>
</tr>
<tr>
<td>Financial Performance</td>
<td>63%</td>
<td>75%</td>
<td>Infrastructure</td>
<td>80</td>
</tr>
<tr>
<td>Economic Performance</td>
<td>71%</td>
<td>81%</td>
<td>Agrifinance</td>
<td>80</td>
</tr>
<tr>
<td>Environmental and Social Performance</td>
<td>68%</td>
<td>71%</td>
<td>Financial Markets</td>
<td>77</td>
</tr>
<tr>
<td>Private Sector</td>
<td>81%</td>
<td>90%</td>
<td>Health and Education</td>
<td>73</td>
</tr>
<tr>
<td>Development impact</td>
<td></td>
<td></td>
<td>Private Equity and Investment Funds</td>
<td>68</td>
</tr>
</tbody>
</table>
Our review aimed to obtain limited assurance1 that:
1. the Indicators were prepared in accordance with the reporting criteria applicable in 2009 (the “Reporting Criteria”), consisting in IFC instructions, procedures, and guidelines specific for each indicator, a summary of which is provided in the comments next to the Indicators presentation in the Annual Report or on IFC’s website; and
2. the Statements have been presented in accordance with “IFC’s Policy on Disclosure of Information” and principles of relevance, completeness, reliability, and neutrality and clarity as defined by international standards2.

It is the responsibility of IFC to prepare the Indicators and Statements, to provide information on the Reporting Criteria, and to compile the Annual Report.

It is our responsibility to express a conclusion on the Indicators and the Statements on the basis of our review. Our review was conducted in accordance with the ISAE 3000, International Standard on Assurance Engagements from IFAC3. Our independence is defined by IFAC professional code of ethics.

NATURE AND SCOPE OF OUR REVIEW
We performed the following review to be able to express a conclusion:
— We assessed the Reporting Criteria, policies and principles, with respect to their relevance, their completeness, their neutrality, and their reliability.
— We reviewed the content of the Annual Report in order to identify key statements regarding the sustainability areas listed above. We selected statements that were deemed to be committing, of particular stakeholder interest, of potential reputation risk to IFC, together with statements on corporate responsibility management and performance.
— At group level, we conducted interviews with the persons responsible for reporting in order to assess the application of the Reporting Criteria or substantiate the Statements.
— At group level, we implemented analytical procedures and verified, on a test basis, the calculations and the consolidation of the Indicators.
— We collected supporting documents of Indicators or Statements, such as reports to the board of directors or other meetings, loan contracts, internal and external presentations and reports, studies or results of survey.
— We reviewed the presentation of the Information and the Indicators in the Annual Report and the associated notes on methodology.

LIMITATIONS OF OUR REVIEW
Our review was limited to the Statements and Indicators identified in the table above and did not cover other disclosures in the Annual Report.

Our tests were limited to document reviews and interviews at IFC’s headquarters in Washington, DC. We did not participate in any activities with external stakeholders, clients, or local IFC offices, nor did we verify the information on specific project examples presented in the Annual Report.

INFORMATION ABOUT THE REPORTING CRITERIA AND THE STATEMENT PREPARATION PROCESS
With regards to the Reporting Criteria and the Statement preparation policies and principles, we wish to make the following comments:

RELEVANCE
IFC presents sustainability information on its own impact and the environmental and social risks, impacts, and outcomes of projects financed directly or through financial intermediaries that is comparable to other multilateral development banks. With regards to relevance, a specific effort is made by IFC to assess its development results, notably through its Development Outcome Tracking System (DOTS).

IFC publishes an integrated Annual Report. The process to determine the material sustainability issues that should be included in the Annual Report should be formalized. And the Annual Report could focus more on the key material issues related to sustainability.

COMPLETEENESS
The Indicators reporting perimeters aim to cover all relevant IFC’s activities. The perimeters actually covered by each indicator have been indicated in the comments next to the data in the Annual Report. The perimeters of the Indicators and exclusion rules (e.g. period covered, activities, types of loan) should nevertheless be formalized.

RELIABILITY
Reporting procedures and internal controls should be strengthened and formalized for all Indicators and Statements, and notably for the Indicators related to “Investments in renewable energy and energy efficiency”, “Development effectiveness of advisory services”, and “Commitments by Environmental and Social Category”.

NEUTRALITY AND CLARITY
IFC provides information on the methodologies used to establish the Indicators in the comments next to the published data, in particular for indicators related to carbon footprint, investments in renewable energy and energy efficiency and Microfinance and SME loans, or in the “Development Results” section p. 118.

Information is sometimes split between several separate sections of the Annual Report which makes it less clear and accessible. A more balanced presentation and analysis of the information would also improve the quality of the report.

CONCLUSION
Based on our review, nothing has come to our attention that causes us to believe that:
— the Indicators were not established, in all material aspects, in accordance with the Reporting Criteria; and
— the Statements were not presented, in all material aspects, in accordance with “IFC’s Policy on Disclosure of Information” and the principles of relevance, completeness, reliability, and neutrality and clarity as defined by international standards.

Paris-La Défense, France, August 21, 2009

![Ernst & Young logo]

Quality In Everything We Do

The Independent Auditors
ERNST & YOUNG et Associés

Eric Duvaud

1 A higher level of assurance would have required more extensive work.
2 ISAE 3000 from IFAC, Global Reporting Initiative (GRI), or AA1000 Accountability Standard.
ACRONYMS

AGRA  Alliance for a Green Revolution in Africa
CAO  Compliance Advisor/Ombudsman
CAPRI  Capital Pricing and Risk 
[economic capital approach]
CY  calendar year
DEG  private sector arm of German development agency KfW
DFI  development finance institution
DFID  Department for International Development of the United Kingdom
DOTS  Development Outcome Tracking System
EBRD  European Bank for Reconstruction and Development
FMO  Netherlands Development Finance Company
FY  fiscal year
GBF  Grassroots Business Fund
GTLP  Global Trade Liquidity Program
IBRD  International Bank for Reconstruction and Development (World Bank)
ICF  Infrastructure Crisis Facility 
(IFC crisis-response facility)
IDA  International Development Association
IEG  Independent Evaluation Group
IFI  international financial institution
ILO  International Labor Organization
KfW  Kreditanstalt für Wiederaufbau [German development agency]
LNG  liquefied natural gas
MIGA  Multilateral Investment Guarantee Agency
MSMEs  micro, small, and medium enterprises
ODEB  Oesterreichische Entwicklungsbank AG [Austrian Development Bank]
PPP  public-private partnership
PROPARCO  Promotion et Participation pour la Coopération Économique 
[development finance institution of France]
SMEs  small and medium enterprises
UNESCO  United Nations Educational, Scientific and Cultural Organization

PRODUCTION CREDITS

A product of IFC Corporate Relations.

DESIGN
Addison
www.addison.com

PRINTING
Schmitz Press
www.schmitzpress.com

PHOTOGRAPHY
Cover, clockwise from left to right:
GoGo Images, Photolibrary; Image Source, Getty Images; Photosindia, Getty Images; Image Source, Getty Images; Laura Literio, Photolibrary; Glen Allison, Jupiter Images; Image Source, Veer; Andrew Howe, Getty Images; Richard Lord, Mibanco; Rich Field, Corbis, Veer.

INTERIOR
Clockwise, from left to right:
Barrel fold: Michael Higgens, John Marsh, Richard Lord
Page 1  Masterfile
Page 2  George Kavanagh
Page 3  George Kavanagh
Page 6  George Kavanagh
Page 7  George Kavanagh
Page 10  Leonardo Cato, Addison
Page 11  Richard Lord
Page 12  George Kavanagh
Page 13  George Kavanagh
Page 18  Rusanangwa Laurent, Simone D. McCourtie, World Bank
Page 19  Iwan Bagus
Page 20  Colin Shepherd, Chris Triplaar, Ilya Sverdlov
Page 24  Mike Kemp, Jupiter Images
Page 25  BWEA, Bradford L. Roberts, Teresa Ha
Pages 30–31  Iwan Bagus
Page 33  BRAC, Richard Lord, CairnIndia, Bai Tushum
Page 37  Colin Shepherd, George Kavanagh
Page 38  Richard Lord
Page 39  Panama Canal Authority
Page 40  ACLEDA Bank
Page 41  Aéroports de Paris (ADP), Patrick Carpenter

Page 42  Peru LNG
Page 45  Photo Shelter
Page 47  Magrabi Hospitals & Centers, Ltd.
Pages 48–49  Sattyakee D’com Bjuyan
Page 51  Chris Triplaar
Page 52  Arne Hoel
Page 59  Photo Shelter
Page 61  Yvonne Igo
Page 69  Yasmine Computer Center
Pages 70–71  Photo Shelter
Pages 72–73  Teresa Ha
Pages 74–75  Accion International
Page 84  iStock
Page 85  FDL, Nicaragua
Page 86  Celtel — Stanbic, Uganda
Page 87  Eric Yi
Page 88  Dr. Hari Prasad, Apollo Hospital
Page 89  iStock
Page 91  Esimike Isi
Page 92  Patrick Carpenter
Page 94  Fotosearch Value, Photolibrary
Page 95  Siobhan Franklin
Page 96  John Marsh
Page 97  George Kavanagh
Page 98  Queen Alia International Airport
Page 99  DevCo
Page 100  Laurent Corthay, IFC
Page 110  Gazi Nafis Ahmed
Page 111  Photo Shelter
Page 117  Deborah Gish
Pages 118–119  Iwan Bagus
Page 121  BRAC
IFC’s Web site, www.ifc.org, provides comprehensive information on every aspect of our activities. It includes contact information for offices worldwide, news releases and feature stories, data on results measurement, disclosure documents for proposed investments, and key policies and guidelines affecting IFC and our client companies.

The online version of the IFC Annual Report 2009 provides downloadable PDFs of all materials in this volume and translations as they become available. It is available at www.ifc.org/annualreport.

The Web site also provides more information on sustainability, including a Global Reporting Initiative index.

The Board of Directors of IFC has had this annual report prepared in accordance with the Corporation’s by-laws. Robert B. Zoellick, President of IFC and Chairman of the Board of Directors, has submitted this report with the audited financial statements to the Board of Governors.

The Directors are pleased to report that for the fiscal year ended June 30, 2009, IFC expanded its sustainable development impact through private sector investments and Advisory Services.