“Sustainability is the issue of this century, and we need to integrate it with our business model. It is not a fad, will not go away, is important, makes sense, and can differentiate IFC.”

Staff participant in the IFC Building Better Business - Sustainability Learning Program

IFC client, Minera Escondida in Chile, successfully employed women in traditionally male jobs, such as truck drivers. The result was a better work culture and a bottom line savings through more care with maintenance and driving.
A Commitment to Continuous Improvement

IFC staff remain our greatest champions in mainstreaming sustainability. We therefore invest in people by providing the tools and learning programs that improve their ability to assist clients in meeting environmental, social, and corporate governance standards and in identifying business opportunities through sustainability.

Building a talented and diverse workforce

Current projections indicate that IFC will hire more professionals in FY06 than at any other time in our history. Our workforce is likely to grow by about 20 percent during this time, and by up to 50 percent over the next three years, compared with a 35 percent growth over the last five years. The majority of these placements will be in the field as part of our move toward greater decentralization. This growth provides an opportunity to strengthen workforce diversity as well as our talent pool.

Diversity is one of IFC’s greatest strengths, not only because it is the right thing to do but because it enriches our perspectives, allows for fresh ideas, and helps us to respond more effectively to clients and stakeholders.

IFC has made progress on several diversity issues in recent years by increasing the representation of women and people from developing countries and by raising awareness of this issue. Going forward, issues of diversity and inclusion will be getting greater attention, with a particular focus on having women in senior positions, widening the representation of nationalities, and recruiting people from more diverse educational backgrounds.

WASHINGTON, DC VS. FIELD STAFF (END FY05)

<table>
<thead>
<tr>
<th></th>
<th>Washington, DC</th>
<th>Field offices</th>
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</thead>
<tbody>
<tr>
<td>Total</td>
<td>1,351</td>
<td>1,082</td>
</tr>
<tr>
<td>Percentage</td>
<td>56%</td>
<td>44%</td>
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GENDER DISTRIBUTION – FULL-TIME STAFF

<table>
<thead>
<tr>
<th>Gender</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>Women</td>
<td>51%</td>
</tr>
<tr>
<td>Men</td>
<td>49%</td>
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GENDER DISTRIBUTION – OFFICER LEVEL AND HIGHER

<table>
<thead>
<tr>
<th>Gender</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>36%</td>
</tr>
<tr>
<td>Men</td>
<td>64%</td>
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REGIONAL ORIGINS – FULL-TIME STAFF

<table>
<thead>
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<th>Region</th>
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</thead>
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<tr>
<td>Developed (Part I) countries</td>
<td>41%</td>
</tr>
<tr>
<td>Developing (Part II) countries</td>
<td>59%</td>
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REGIONAL ORIGINS – OFFICER LEVEL AND HIGHER

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developed (Part I) countries</td>
<td>54%</td>
</tr>
<tr>
<td>Developing (Part II) countries</td>
<td>46%</td>
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</table>
Mainstreaming sustainability

Since 2004, a dedicated staff training program has introduced staff to best practices and familiarized them with sustainability as a business strategy. The Building Better Business - Sustainability Learning Program has now been offered nine times to staff from all departmental levels, including three times in the field (Johannesburg, Bangkok, and Istanbul).

We found that by involving some of our clients directly in the learning process, we were able to improve our ability to design innovative social and environmental solutions and therefore add value for clients, shareholders, and stakeholders. Stakeholders that have attended include clients, NGOs, donor agencies, trade unions, and external experts.

The Building Better Business learning program has covered all investment departments and will be mainstreamed via integration into existing training programs. One such example is IFC’s Credit Program, which is a six-week course for all new investment staff. Its purpose is to ensure a common level of ability to assess and make decisions about investment risk. Up until now, the program has focused mainly on the financial dimension of investments. From FY06 on, sustainability will be fully integrated in the IFC Credit Program as part of a more holistic approach to assessing risk and opportunity.

"Participating in the Sustainability Learning Program was a valuable experience to see what IFC’s strengths and weaknesses are on sustainability. This was the first time that I really saw what an important part sustainability plays in IFC’s corporate strategy and how it can support my company’s own goals."

Enrique Canas, Executive Director, Banco Uno, El Salvador

© Maria Gallegos
A Commitment to Continuous Improvement

The ability to attract, develop, and retain excellent people is essential for IFC to implement its growth strategy and to make a difference in private sector development. It is also critical to our efforts to mainstream sustainability.

Since IFC adopted sustainability as part of our business strategy four years ago, there is no doubt that we have begun attracting a much more development-focused group of candidates with a wider range of skills. We now have investment officers coming to us because they want to do development work and are already holding themselves to a high standard. Our responsibility is to ensure that, from the recruitment process through to training and mentoring, those skills and interests are cultivated.

Over the last few years, we have worked hard to strengthen our HR platform in order to help build a high-performance organization. We’ve put an enormous effort into performance management, training, leadership development, and recruitment. The result is that we had quite a few successes in the last year.

For example, we introduced a new Corporate Leadership Program to provide staff with strong performance records the opportunity to hone their leadership skills. The program has received rave reviews from participants, who say they’ve received straight, helpful feedback on how they can become even more effective as leaders. We have also made a strong start in our recruitment effort, where we have been able to attract an outstanding, diverse group of people from all over the world. We are particularly happy that over half of our recruits are from developing countries.

However, our biggest job has been in changing organizational culture over the last five-year period to match IFC’s new goals and commitments. We’ve moved in leaps and bounds, but there is still a lot to do, particularly in the area of sustainability.

Training programs can have an energizing effect, but sustainability should be in the fabric of what we’re doing – in the conversation throughout the project cycle. The core business is being done across organizational boundaries. So the big question is what it actually means for mainstreaming. We’re addressing this through the co-location of staff, but we need to ensure that there is an overarching structure to provide leadership and accountability on the social, environmental, and corporate governance components of our work. This is already happening.

To me, the most significant achievement in the last year was the implementation of our Long Term Performance Awards program. For the first time, IFC recognized outstanding teams and individuals for their contributions to long-term corporate results based on actual project results. Another first was the fact that the rigorous selection process gave equal weighting to development impact and financial results. We’re thereby reinforcing the message that results and quality matter, and that each member of a team is measured on his or her contribution to a project throughout its lifetime.

As a development as well as financial institution, development effectiveness and financial performance go hand in hand. We need to ensure that our projects leave a positive legacy. Our investment officers are doing this on a daily basis. What they need are the right tools, support, and incentives to continue to do so over the long term. I believe that as a human resources team, this is where we can make our biggest mark.

THE HUMAN RESOURCES CHALLENGE
By Dorothy Hamachi Berry, Vice President, Human Resources
In addition, corporate-wide training on IFC’s new Sustainability Policy and Performance Standards and Disclosure Policy has begun. All operational staff at IFC Headquarters in Washington, DC, as well as staff in field offices are being trained on the basic content, functionality, rationale, and implementation. Particular emphasis is placed on topics that are new or different from IFC’s existing policies. A total of 22 one-day training sessions have been scheduled – 10 in Washington, DC and 12 in the field. A series of half-day briefings on the new policies will also be offered to IFC clients and local consultants.

Making sustainability a performance criterion

One measurement tool of our success is the corporate scorecard. Our corporate scorecard looks at IFC’s corporate performance in three areas – client satisfaction, development impact, and financial performance. In the development impact category, the scorecard has targets agreed to with our shareholders in IFC’s pursuit of its developmental priorities, and the areas where IFC has a strong role in adding value to our projects, including the sustainability agenda.

To encourage better performance, several indicators included in the corporate scorecard are also reflected in IFC’s internal department scorecard, a metric for measuring and comparing performance among investment departments. The department scorecard allows for differential allocations of incentives between departments.

In FY05 a long-term performance incentive was introduced for individual investment officers. The program assesses the long-term success of individual projects in terms of equally weighted financial and development impact contributions.

Promoting a learning culture

Our ability to learn and improve is crucial to our long-term success and our ability to have a lasting development impact. As we take risks and pioneer new approaches to development and to investment, we are also constantly collecting and evaluating our experiences and working to ensure that these are incorporated into future efforts.

This in turn is helping us to enrich the knowledge resources of the wider private sector, local communities, and development organizations, thereby strengthening the frameworks in which we operate. IFC regularly produces Good Practice Notes in specific topic areas, which provide guidance on emerging practices in sustainability. We also develop and publish lessons from our investments and technical assistance projects. Importantly, we are striving to create a culture in which experiences in projects where things didn’t run smoothly are seen as an opportunity to learn with and from our partners, clients, and stakeholders.

“The fact that we are trying to learn from others is not an admission of failure or an indication of inadequacy. It is merely recognition of the fact that we do not have a monopoly on knowledge.”

Eluma Obibuaku, Monitoring and Evaluation Specialist, IFC
IFC’s devolved structure means it is crucial for staff in different locations to be well integrated into the institution. They need to understand IFC’s full range of services, work well with other partners of the World Bank Group, and be able to share lessons quickly. One area where knowledge management has been particularly successful is the work IFC does in creating linkages between our clients and small and medium-scale enterprises (SMEs) at the regional level.

As of September 2005, IFC has implemented 86 linkage projects in 30 countries, linking IFC clients with local small businesses, and tied to $2.5 billion in IFC investments. Effective learning and knowledge sharing have become vital to the success of these projects.

We have developed a training program for staff working on linkage programs in the field, and we manage knowledge networks on specific themes to identify who is doing the work and connect them to the relevant people. Standard indicators are being developed to facilitate the sharing of information among regional staff, and a number of Web-based platforms have been created for networking and information sharing.

“The relationships being built are more important than the Web site itself. Practitioners in the networks meet twice a year at conferences to share material and documents. Anecdotal evidence so far suggests a strong increase in cross-fertilization. There are more projects than there used to be. We’re seeing successful projects in one region being replicated in another region. We’ve also now launched a ‘Learning Note’ program to capture the essence of technical assistance activities.”

David Lawrence, Business Development Officer, SME Department, IFC