

PHILIPPE LE HOUÉROU  
*Executive Vice President and Chief Executive Officer*

April 10, 2017

Mr. Jeff Hall  
Executive Director  
Bank Information Center

Mr. David Pred  
Managing Director  
Inclusive Development International

*Via e-mail: [jhall@bankinformationcenter.org](mailto:jhall@bankinformationcenter.org); [david@inclusivedevelopment.net](mailto:david@inclusivedevelopment.net)*

Dear Mr. Hall and Mr. Pred,

Thank you for your letter of March 29 and for your most recent reports on high-risk FI sub-projects. I know that, while not always easy, my staff has valued the dialogue with you and other CSOs on this topic over the years. Your input has been valuable as we seek to continually improve our approach to environmental and social risk management. We learn from mistakes and successes and refine our approach based on experience and ongoing dialogue with stakeholders.

Although perhaps not at the level and pace at which you would like to see, I am glad that you recognize that we have made progress. I would like to draw your attention to a blog I recently posted on Medium at [https://medium.com/@IFC\\_org/re-examining-our-work-with-financial-institutions-208c4161d9e3](https://medium.com/@IFC_org/re-examining-our-work-with-financial-institutions-208c4161d9e3).

I hope you will find that this blog responds to some of the points you have raised with us, and outlines the important changes we are making regarding our approach to investing with financial intermediaries (FI), particularly as we seek to maximize our development impact through our network of partners.

The impact of our work is clear. But we also recognize the need for greater focus in supporting our FI clients in higher risk sectors. Our aim is to do better in ensuring that our work helps create a more responsible banking system. We believe these improvements will help us do just that.

However, all stakeholders must be realistic about the anticipated pace of change. Many of the E&S practices we are asking for in our FI clients are not standard practice by financial institutions in *developed markets*, and will be challenging to institute in emerging markets. Nevertheless, we will continue to advocate in this direction. We must also recognize that while we seek to leverage our reach and scale through our FI partners, IFC cannot have the same level of E&S oversight of the sub-projects supported by our FI clients, as we do with our direct investments. Ultimately, we want our FI partners to embrace our E&S values and manage their portfolios as responsible lenders.

I hope you will agree that while there is always more to be done, we are moving in the right direction. I invite you to meet with members of the team working directly on these issues during the Spring Meetings to hear more about some of the details in my blog. Please coordinate with Mr. Aaron Rosenberg ([arosenberg1@ifc.org](mailto:arosenberg1@ifc.org)).

Sincerely,

A handwritten signature in blue ink, appearing to read 'Philippe Le Houérou', with a long horizontal stroke extending to the right.

Philippe Le Houérou  
Executive Vice President and Chief Executive Officer  
International Finance Corporation

cc: Dr. Jim Yong Kim, President, World Bank Group