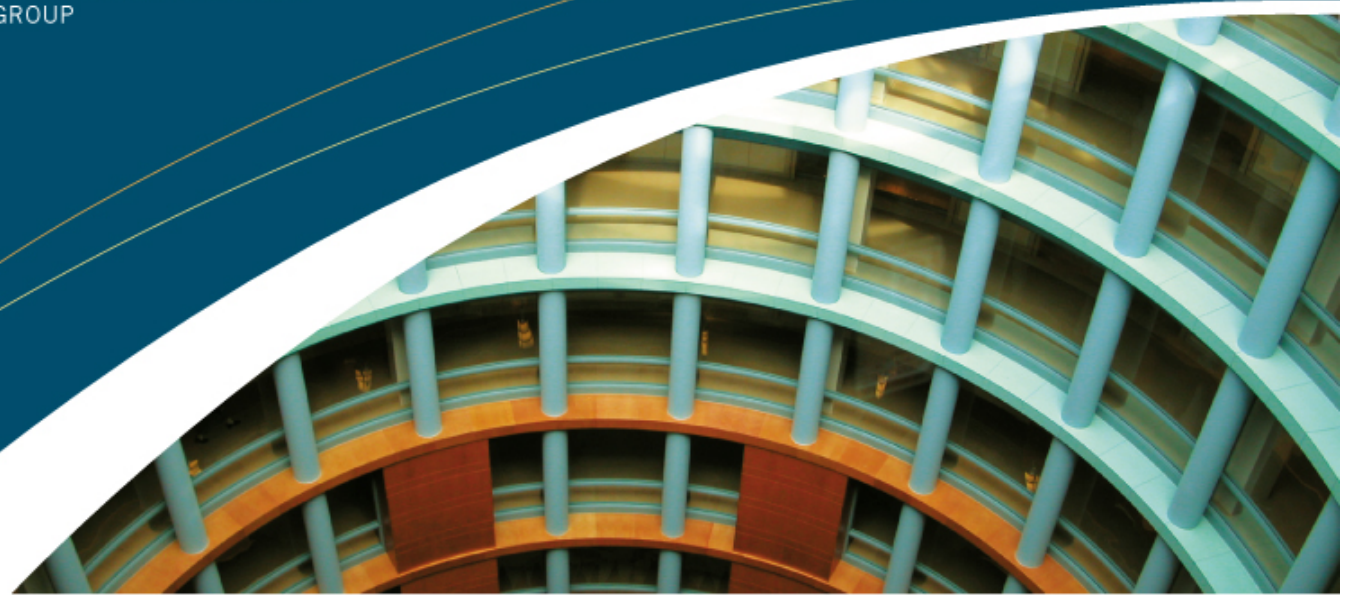




IFC

INTERNATIONAL FINANCE CORPORATION
WORLD BANK GROUP



Corporate Social Responsibility: *Content, Challenges, and Solutions*

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Brief overview of CSR context

- ▶ Changing business environment
 - Globalization
 - New communication technologies
 - Corporate Governance/Corporate Scandals
 - Expanding Sustainable Development Agenda
 - ▶ Environment, socio-economic, labor, human rights. . . .
- ▶ Regional Differences
 - Economic, cultural, and social context
 - US model of “doing business right” vs. European model “doing well by doing good”
 - North-North, North-South, South-South investment and trade relations

Main Drivers/Sustainability Matrix

- ▶ Better anticipation and management of risks
- ▶ Improved reputation management
- ▶ Enhanced ability to recruit, develop, and retain staff
- ▶ Improved competitiveness and market positioning
- ▶ Enhanced operational effectiveness and cost saving
- ▶ Improved ability to attract and build effective supply chains
- ▶ Enhanced ability to address change
- ▶ More robust social license to operate
- ▶ Access to capital
- ▶ Improved relations with regulators

The business case matrix		Sustainability Factors						
		Governance & engagement		Environmental focus		Socio-economic development		
		Governance & management	Stakeholder engagement	Environmental process improvement	Environmental products & services	Local economic growth	Community development	Human resource management
Business success factors	Revenue growth & market access							
	Cost savings & productivity							
	Access to capital							
	Risk management & license to operate							
	Human capital							
	Brand value & reputation							

Source: IFC's *Developing Value*

Existing CSR “Tools” and “Vehicles”

- Corporate governance standards
- Management frameworks
- Codes of conduct
- Performance standards
- Reporting standards
- Assurance standards
- International/local CSR focused frameworks
- Socially Responsible Investing
- Labeling initiatives
- Green and Social Procurement

IFC and CSR

- ▶ **Sustainability Policy Framework**
 - Capturing IFC’s CSR values and commitments

- ▶ **Equator Principles**
 - A social and environmental risk management framework for project finance banks, based on IFC’s standards

- ▶ **Sustainable Business Innovator**

	REQUIREMENTS	IMPLEMENTATION
IFC-INSTITUTIONAL	Disclosure Policy	Environmental and Social Review Procedure
	Sustainability Policy	
CLIENT-PROJECT LEVEL	8 Performance Standards	<ul style="list-style-type: none"> • 8 Guidance Notes • Environmental, Health & Safety Guidelines • Good Practice Materials

Sustainability Business Innovator

Donor funded Program with three-fold Focus

1. Incubate innovative business initiatives to deliver E&S benefits
2. Demonstrate commercial attractiveness
3. Encourage independent replication in emerging markets

Practice Areas

- Sustainable energy
- Cleaner Technologies
- Sustainable Investing
- Biodiversity
- Social Responsibility
- Gender
- Carbon Finance



Reality...

1.6 billion people live in the dark

A closer look into Fuel-Based Lighting A Severe Hindrance to Development



- ~ 10-15% of household disposable income
- Low lighting service
- Source of indoor air pollution, and fires
- No opportunity to small, household business



- Clear linkages between low quality lighting and poor educational performance



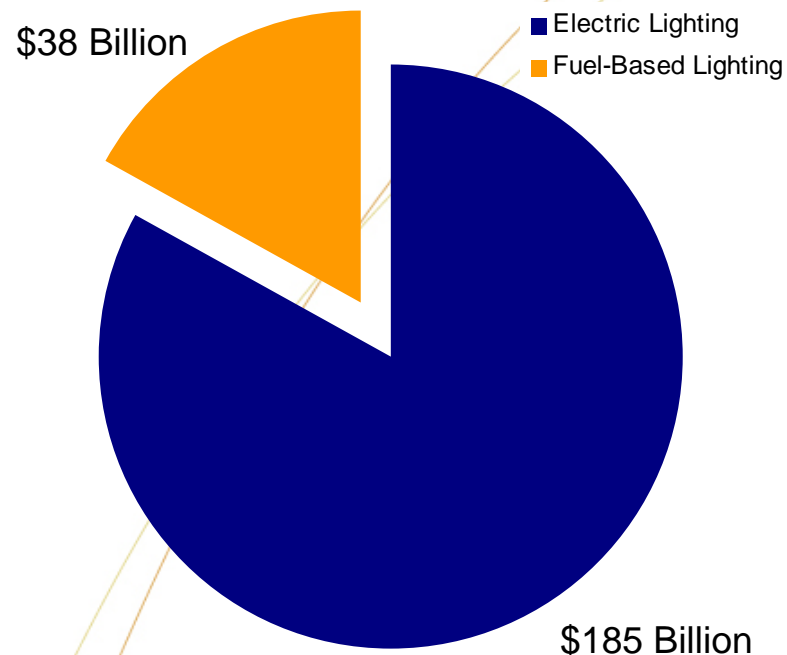
- Significant loss of productivity in microbusiness due to poor lighting
- Fuel-based lighting is one of highest cost items
- Limited operating hours in the evening, reduced customer traffic
- Foregone sales and income

A closer look into Fuel-Based Lighting

Fuel-based lighting is **ALREADY** a very large market

A Large Market

Global Annual Spending on Lighting



- ▶ Fuel-based lighting accounts for 17% of global lighting market – a US\$ 38 billion/year demand
- ▶ It is a **commercial, functioning market**, with an established value-chain, collection systems, “technical support”, access to spare parts, repairs services, etc
- ▶ Fuel-based lighting is in practice, a large scale, commercial market

Source: Evan Mills, International Association of Energy Efficient Lighting and Lawrence Berkeley National Laboratory

Helping to bring modern off-grid lighting products: LBOP

- IFC leveraging expertise/resources to reduce barriers to market entry for lighting companies.
- Project provide participating companies with (i) market research, (ii) consumer intelligence, (iii) access to partners, (iv) access to distributors, (iv) access to financing, (v) access to stakeholders, and range of other support to facilitate a successful market entry
- Early phase of implementation – implementation starting in Q1 2007.
- Pilot in Kenya and Ghana
- Results to date
 - Over 130 lighting related companies expressed interest in participating
 - Over 60 stakeholders expressed interest in participating
 - Project now key launching pad for World Bank Group program on off-grid lighting targeting up to 10 countries

Information & Resources

- ▶ IFC's Sustainability Policy & Performance Standards
- ▶ Information on Performance Standards training
- ▶ Good practice publications
- ▶ Sustainability innovation

www.ifc.org/enviro

- ▶ Lighting the Bottom of the Pyramid

www.ifc.org/led

- ▶ IFC's Disclosure Policy

www.ifc.org/disclosure

- ▶ Equator Principles

www.equator-principles.com

- ▶ Contact me

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