

MEASURING UP: OUR IMPACT

Measuring the results of our work and evaluating our effectiveness is fundamental to our approach to development.

IFC has developed a comprehensive system to guide operations to maximize our development impact. This helps ensure that IFC and our clients are reaching the people and markets that most need our help.

AIMM — ASSESSING EXPECTED DEVELOPMENT IMPACT AND MEASURING RESULTS

IFC's impact assessment tool, Anticipated Impact Measurement and Monitoring (AIMM), enables IFC to better define, measure, and monitor the development impact of each project. IFC rates all investment and selected advisory projects for development impact using the AIMM framework, which then allows development impact considerations to be weighed against a range of strategic objectives, including volume, financial return, risk, and thematic priorities.

Since the AIMM framework was introduced in 2017, IFC has rated over 2,000 investment projects and over 100 advisory projects for their expected development impact.

In FY22, IFC own account climate-related investment commitments reached over \$4.4 billion.

Share of Project Ratings for Committed Projects — Ex-ante AIMM Ratings

DESCRIPTION	RATING DISTRIBUTIONS	
	FY22	FY21
Projects Rated "Excellent" (AIMM scores 68 to 100)	11%	6%
Projects Rated "Good" (AIMM scores 43 to 67)	61%	78%
Projects Rated "Satisfactory" (AIMM scores 23 to 42)	28%	16%
Projects Rated "Low" (scores 10–22)	0%	0%

In addition to assessing the expected development impact of projects, IFC conducts portfolio monitoring for all of its active and mature investment projects¹ after they come into portfolio. IFC teams collect self-reported data from clients, and economists use these data to assess and update AIMM project scores. Updated portfolio AIMM scores and results for selected corporate reporting indicators go through internal and external quality assurance processes before they are aggregated for IFC corporate reporting.

Share of Project Ratings — Portfolio AIMM Ratings

DESCRIPTION	RATING DISTRIBUTIONS	
	FY22	FY21
Projects Rated "Excellent" (AIMM scores 68 to 100)	8%	8%
Projects Rated "Good" (AIMM scores 43 to 67)	55%	49%
Projects Rated "Satisfactory" (AIMM scores 23 to 42)	27%	32%
Projects Rated "Low" (scores 10–22)	10%	11%

1. Exemptions apply. Exemption criteria and exemption cases are reviewed by the external auditor.

DEVELOPING COMMON INDICATORS TO MONITOR IMPACT

The decade-long Harmonized Indicators for Private Sector Operations partnership of 38 development finance institutions develops metrics for sectors and themes including job quality, biodiversity, land, digital and disruptive technologies, agribusiness, health, and education.

The initiative continues to harmonize, refine and expand sector-level impact metrics that have informed UN-led initiatives, such as the UN CFO Coalition for the SDGs and the Global Investors for Sustainable Development Alliance. This past year, IFC, together with other multilateral development banks and the International Monetary Fund, started to work on developing a set of harmonized and flexible principles for multilateral development banks to articulate their contribution to the Sustainable Development Goals.

EFFECTIVENESS RESULTS OF IFC ADVISORY PROJECTS

In FY22, 102 completed advisory projects were self-assessed for development-effectiveness ratings. Seventy-one percent of the projects were rated mostly successful or better, remaining stable relative to FY21. Some regions recorded declines — East Asia and the Pacific, Latin America and the Caribbean, and the Middle East — due to the effect of the COVID-19 pandemic.

WHAT WE LEARNED FROM RESEARCH & SELF-EVALUATION RESULTS

IFC uses a combination of research, data analytics, and self-evaluations to fill knowledge gaps and provide real-time solutions.

The insights from these publicly available research and data analytics generate important lessons that inform the way we assess development impact and refine AIMM frameworks. Notable examples completed in FY22 include:

Unleashing the Power of Educational Technology in Technical and Vocational Education and Training (TVET) Systems demonstrates the accelerated development of EdTech during COVID-19 and its future potentials. It provides recommendations for policy makers on how to develop EdTech for skills development to ensure it is used effectively.

The Impact of Internet Access on Innovation and Entrepreneurship in Africa shows a positive effect of access to high-speed internet on innovation at the firm level, with availability of digital skills within the firm playing a key role. It also found evidence of internet-induced entrepreneurship concentrated in the service sector.

Introducing the Adequate Housing Index (AHI) provides a comparative assessment of adequate housing, harmonizing the most recent household expenditure and consumption surveys. Using the AHI, the paper estimated considerable sizes of housing deficit and inadequacy across 64 sampled emerging economies.

Self-evaluations of mature or completed projects are another important component of our impact-assessment framework. In FY22, our evaluation agenda was focused on performance evaluations of key partnerships with donors and rapid assessments. IFC completed five evaluations in FY22 that helped us better understand the impact of our investments beyond individual projects and capture valuable lessons learned that will inform industry strategies and operations.

An Impact Evaluation of Drip Irrigation tested the viability and sustainability of a private sector approach to promoting drip irrigation technologies and solar powered water pumps among smallholder farmers in Niger. Over the lifetime of the project, roughly 1,100 Nigerien farmers were trained, approximately half being women, on the use of drip irrigation and solar pumping systems. An ecosystem of SMEs providing operations and maintenance support was also established to deliver irrigation services to farmers. The benefits for farmers included more reliable access to drip irrigation and technical support and increased farm productivity. The assessment, based on surveys of 1,250 participating and non-participating farmers, confirmed that the majority of participating farmers had greater agronomic productivity and more crop cycles per year compared to non-participants, validating the envisioned outcomes of the approach, as well as providing insights on several additional impacts, especially for women, such as improved personal security.