MEASURING UP: OUR IMPACT

Measuring the results of our work and evaluating our effectiveness are fundamental to IFC's approach to development. With the introduction of the new World Bank Group Scorecard, IFC is refining how it measures and communicates the development impact of its operations. The Scorecard indicators are reported using operation-specific data, tracking incremental changes from the time of IFC engagement, measuring both expected and achieved results. Most of the indicators focus on the number of people who benefited from IFC interventions. IFC used historical data to report on these indicators this year and will continue to enhance its tracking methods to better serve the Scorecard.

IFC's impact assessment tool, the Anticipated Impact Measurement and Monitoring (AIMM) system, enables IFC to better define, measure, rate, and monitor the development impact of each investment project.

The ex-ante AIMM rating system, which assesses a project's expected impact, is fully integrated into IFC's investment approval processes and allows development impact considerations to be weighed against a range of strategic objectives, including volume, financial return, risk, and thematic priorities.

For projects in IFC's portfolio, ex-ante AIMM scores are transitioned to a portfolio AIMM score that is reviewed annually. AIMM portfolio monitoring assesses a project's performance and the underlying risks to achieving expected development impact using results data from assigned outcome indicators. By comparing changes in indicator results to both ex-ante targets and AIMM sector framework benchmarks, we are able to link the ex-ante AIMM score to its evolving portfolio AIMM score and measure the extent to which the expected development impact is realized.

The AIMM system helps operationalize IFC's strategy by providing a robust operational framework that:

- Improves our ability to identify and design projects that maximize our development impact;
- Sets ambitious targets and incentives;
- Strengthens our capacity to deliver an optimal mix of projects that generate both high development impact and solid financial returns; and
- Provides an "end-to-end" approach to results measurement by linking ex-ante assessments with the learning and accountability function.

Since its introduction in FY18, the AIMM framework has delivered over 2,700 ex-ante and 5,700 portfolio impact scores. The framework is being continuously refined and streamlined to meet business needs.

AIMM SCORES

In FY24, IFC committed 288 investment projects that received ex-ante AIMM scores. The table below summarizes ratings over the past two years.

Investment Ex-Ante AIMM Ratings for Projects Committed in FY24 and FY23

AIMM Rating Categories	FY24 (288 Projects)	FY23 (244 Projects)
Excellent	12%	14%
Good	80%	68%
Satisfactory	8%	18%
Low	0%	0%

The FY24 AIMM portfolio comprises 1,229 active projects that have received ex-ante AIMM scores. The table that follows summarizes ratings over the past two years.

Please note that AIMM figures presented in this report are subject to change in subsequent years due to adjustments in project attributes such as region, commitment year, product subtype, or industry classification post-publication; however, these changes are not expected to be significant.

Investment Portfolio AIMM Ratings in FY24 and FY23

	RATING DISTRIBUTION	
AIMM Rating Categories	FY24 (1,229 Projects)	FY23 (1,129 Projects)
Excellent	12%	11%
Good	56%	53%
Satisfactory	22%	25%
Low	10%	10%

Detailed AIMM scores by region and industry, as well as selected IFC client reach can be found on IFC's Annual Report website.

This is the sixth year IFC is publishing portfolio AIMM scores for investment projects under supervision. Changes in portfolio AIMM scores inform investment managers of progress in delivering development outcomes for active investment projects. The FY24 average portfolio AIMM score was 49. The average ex-ante AIMM score at approval for these same projects was 51, which suggests that at the portfolio level, overall, these projects are delivering on expected development impact during implementation.

Ratings of Advisory Projects: Development effectiveness of advisory projects is assessed at project completion. In FY24, 134 advisory projects qualified for ex-post evaluation and were self-assessed for development-effectiveness ratings. Seventy-four (74) percent of the projects were rated mostly successful or better, above the IFC target of 65 percent.

There was a notable increase in the number of advisory projects that qualified for ex-post evaluation between FY23 and FY24, increasing from 98 to 134. The FY24 overall success rates for the advisory services portfolio is trending higher in comparison to FY23, an indication of recovery of the advisory projects in most regions from the effect of the COVID-19 pandemic.

Advisory Services Development Effectiveness Score by Region %, FY24 vs. FY23[1]

Region	FY24	FY23
Africa	67%	49%
South Asia	79%	77%
East Asia and the Pacific	75%	53%
Latin America and the Caribbean	85%	67%
Central Asia and Türkiye	100%	100%
Middle East	91%	88%
Europe	64%	67%
Global	100%	50%
IFC Total	**74%**	**61%**

Advisory Services Development Effectiveness Score by Business Area %, FY24 vs. FY23[2]

Business Area	FY24	FY23
Financial Institutions Group	87%	72%
Manufacturing Agribusiness & Services	86%	67%
Infrastructure & Natural Resources	50%	71%
Disruptive Technologies and Funds	50%	0%
Transaction Advisory	70%	53%
Other Advisory, including Environmental, Social & Governance	92%	89%
Country Advisory and Economics	50%	43%
IFC Total	**74%**	**61%**

1. The FY23 DE for Global is based on less than 5 rated projects. The FY24 DE for Central Asia & Türkiye and Global are based on less than 5 rated projects.
2. The FY23 DE for Infrastructure & Natural Resources, Disruptive Technologies and Funds and Other Advisory, including Environmental, Social & Governance are based on less than 10 rated projects. The FY24 DE for Disruptive Technologies and Funds and Infrastructure & Natural Resources are based on less than 10 rated projects.

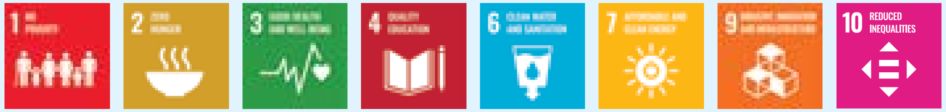
SETTING STANDARDS FOR IMPACT INVESTING

In 2019, IFC conceptualized and launched the **Operating Principles for Impact Management** (Impact Principles) that have become the market standard for impact investors. By adhering to these principles, impact investors can help ensure that their investments meet a high standard for social and environmental impact, which can translate into more effective use of capital. Beginning with 58 founding signatories, the Impact Principles have grown significantly, and the number of signatories has tripled to 181. The signatories come from 41 countries and represent $547 billion in assets focused on impactful investments. IFC hosted the Secretariat for the Impact Principles until October 2022. After successfully incubating the initiative, IFC transferred hosting responsibilities to the Global Impact Investing Network to create greater outreach and synergistic opportunities with private sector impact investors. As the founding signatory and host of the Impact Principles, IFC continues to remain a critical core member of the Advisory Board of the Impact Principles.

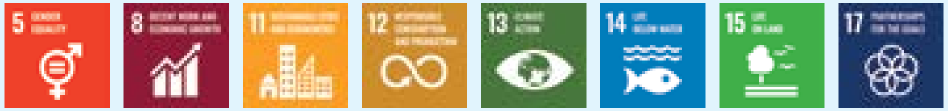
In addition, IFC is a founding partner of the **Harmonized Indicators for Private Sector Operations (HIPSO)**. The 29 development finance institutions (DFIs) that comprise the partnership have developed common sector and thematic metrics, with standardized definitions, that could be leveraged by HIPSO members, as well as the signatories to the Impact Principles and the broader impact investing community. Since its creation in 2004, HIPSO has become a community of practice for DFIs on impact measurement and management. It is a forum for sourcing best practice, testing new ideas, and sharing knowledge. It has provided the platform for a continuous culture of peer learning on impact management systems, theories of change and mapping evidence gaps, harmonizing data collection templates, and methodologies for evaluations of private sector operations. In FY24, HIPSO revised metrics for infrastructure including energy, transportation, and oil and gas sectors.

ALIGNING WITH THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)

IFC operations contribute to several SDGs through direct investments and advisory services. Integral to IFC's mandate and aligned with the World Bank Group's goals are SDGs 1 and 10: "No Poverty" and "Reduced Inequalities." At the strategic sector level, IFC promotes projects in infrastructure, agriculture, financial inclusion, health, and education — aligned with SDGs 2, 3, 4, 6, 7, and 9.



IFC also actively partners with private investors to mobilize new sources of finance — aligned with SDG 17. IFC continues to promote job creation and economic growth, gender equality, cities development, environmental and social sustainability, and climate-change adaptation and mitigation — aligned with SDGs 8, 5, 11, 14, 15, 12, and 13 respectively. IFC's clients' contribution to the SDGs is highlighted on the IFC SDG Dashboard on IFC's website.



IFC, together with other DFIs (also HIPSO partners), has developed a common methodology to align DFI contributions with the SDGs, available for broader use by private impact investors and corporates. Additional information is available at: https://indicators.ifipartnership.org/dashboard/.

LESSONS FROM RESEARCH, ANALYTICS, AND SELF-EVALUATION PROGRAMS

IFC uses a combination of research, data analytics, and self-evaluations to fill knowledge gaps and provide real-time solutions to clients and operational staff. These insights generate important lessons that inform new client engagements. Notable examples from FY24 are detailed below:

- **IFC worked with the United Nations Educational, Scientific and Cultural Organization (UNESCO) on a study that demonstrated substantial disparities in the employment outcomes for recent male and female graduates.** The study analyzed a series of surveys that IFC has implemented at more than 50 tertiary education institutions across more than 20 countries. These surveys were conducted as part of its Vitae advisory program. Vitae is an ongoing program in which IFC advises and assists colleges and universities to enhance their students' employability and support their transition to the job market. The statistical analysis of the Vitae surveys suggests that a female graduate is more likely to be unemployed, and earn less, than a male graduate. This result holds even if she studied in the same field, attended the same institution, was the same age, had similar level of experience, and graduated in the same year. The study found that the earnings gaps between male and female graduates were greater in the high-earning science, technology, engineering and mathematics (STEM) fields such as engineering and information and communication technology (ICT) and that these gaps are greater for older graduates in their 30s and 40s. The study describes a number of interventions that tertiary educational institutions, employers and governments can implement to overcome these gaps. For tertiary educational institutions, it is critical that they implement tracer studies that can be used to understand the problem and their progress toward resolving it. Other interventions that tertiary institutions can implement include introducing gender-responsive career support and leveraging career resources and guidance to counter gender-based biases and misconceptions.

- **A case study of IFC's investment in NephroPlus, Asia's largest network of dialysis centers.** IFC first invested in NephroPlus in 2014 with a direct equity investment of $7 million, which was followed by $3.1 million in 2016. At the time of investment, the gap in access to quality dialysis care in India was very large: there were only 1,500 dialysis centers available in India and concentrated in Tier-1 cities. Quality standards were varied, and access was more restricted for individuals not able to pay out of pocket. IFC's investment was expected to support the company's expansion in India, which in turn was expected to increase access to affordable high quality dialysis care in India and beyond. A case study conducted in 2024 to review NephroPlus' development impact achievements found that the company-run dialysis centers had increased from 26 at the time of investment to 440 in 2024 across 5 countries in Asia. The number of patients reached increased from 1,151 at investment to over 48,000 and exceeding the initial goal of nearly 9,000. In addition, a survey conducted in partnership with the World Bank, leveraging a random sample of 2,500 NephroPlus patients in India found that one out of every three were under the international poverty line for lower-middle-income countries of $3.2 per day. Following NephroPlus' success, in both financial and developmental terms, important lessons learned have emerged on how companies can effectively reach the underserved while having financial success: the first is intentionality, the company from the start had a vision of creating a service that would be accessible particularly for individuals without the means to pay out of pocket; and the second is adaptability, the NephroPlus core business model transitioned from standalone private centers toward centers under public-private partnerships, which was key to enable access to individuals attending public hospitals that typically skew lower income in India.

- **MSME Finance Gap: An updated estimation and evolution of the MSME Finance Gap in Emerging Markets and Developing Economies (EMDEs).** The report estimates that for 119 EMDEs around the world, there is a potential demand for MSME finance of $10.3 trillion as of 2019. This compares to the credit supply of $4.6 trillion. Consequently, there exists a financing gap attributed to formal MSMEs in EMDEs of $5.7 trillion, which is equivalent to 19 percent of the gross domestic product (GDP) and 20 percent of the overall private sector credit supplied by banks to these economies. It utilizes the same methodology as in the previous report (2017) and also re-uses the same conceptual framework, and data sources. Thus, this report represents a first attempt at tracking the evolution of the MSME finance gap over time. Over the four-year period from 2015 to 2019[1], the report reaches the alarming conclusion that the MSME finance gap increased from $4.4 trillion (17.2 percent of GDP) to $5.7 trillion (19 percent of GDP) in EMDEs — on average increasing by over 6 percent annually. Although the supply of financing meaningfully increased by 7 percent annually from $3.6 trillion (14 percent of GDP) to $4.6 trillion (16 percent of GDP) in 2019, this was largely due to the outsized influence of China. However, it was dwarfed by the increase in potential demand. A report, database and dissemination events are forthcoming.

1. 2019 is the most recent year data was available, given that country-representative, firm-level surveys were extremely limited during the period following COVID-19 (2020-2021).