持続可能な開発目標の実現に向けたIFCの貢献

2018年3月

SUSTAINABLE DEVELOPMENT GOALS

END POVERTY

IFC International Finance Corporation
WORLD BANK GROUP

Creating Markets, Creating Opportunities

表紙写真（左から右へ）：

アゼルバイジャンの農村部。国家水道・衛生プログラムによって、より良い水道・衛生サービスを届けています。 ©Allison Kwesell ／世界銀行

インド・バンガロールの賑やかな市場。商人が野菜を販売し、買物客の間を車が通り抜けています。 ©PI ／ Shutterstock

アフガニスタン・カブール北西部の変電所。担当者が任務に当たっています。 ©Graham Crouch ／世界銀行

持続可能な開発目標の実現に向けたIFCの貢献

アディスアベバ行動目標（The Addis Ababa Action Agenda）[1]は、持続可能な開発目標（SDGs）を実現する上で、民間部門が幅広い役割を果たすことが重要であると明記しています。国際金融公社（IFC）は、60年にわたる知見と世界的なネットワークを有し、最も必要とされている民間資金を呼び込むために、支援しております。IFCの新たな中期経営戦略（IFC3.0）は、新たな市場の創出と民間資金の動員に焦点を当て、未だ開発の格差が大きく残り、民間資金の流入が不十分な国々に対する支援の拡大を目指しています。

世界銀行グループ（WBG）の一員として、IFCは、2030年までに極度の貧困を撲滅し、繁栄の共有を促進するという、SDGsに沿った2つの目標を掲げています。IFCは、投融資とアドバイザリー・サービスを通じて、持続可能で包摂的な経済成長の基礎となる民間部門にソリューションを提供しています。その目的は、プロジェクト・レベルでの成果の達成と市場そのものを切り拓くというIFCの活動を通じて、大きな開発課題への取り組みを支援することにあります。IFCは、新たな開発効果測定フレームワーク（AIMM）を導入し、より困難な地域や分野を対象とした案件を行うことに重きを置き、プロジェクトとそれを取り巻く市場における開発効果の測定とモニタリングを強化するというメッセージを明確にしました。

本資料では、IFCの戦略とSDGsとの関係について、概要を解説するとともに、IFCの業務がSDGsの実現にどのように貢献しているかを説明します。

IFCとSDGsの関係

IFCの業務は、SDGsの実現に貢献しています。SDG 1「貧困をなくそう」とSDG 10「人や国の不平等をなくそう」は、IFCの2つの目標そのものです。戦略的分野としては、SDG 2、3、4、6、7、9に関連するインフラ、農業、金融包摂（ファイナンシャル・インクルージョン）、保健医療および教育分野に対し、IFCは投融資やアドバイザリー業務を推進しています。

IFCは、複数のセクターや地域を超えて、雇用の創出と経済成長、性差のない平等、環境と社会の持続可能性、気候変動への適応と軽減の推進に取り組んでおり、これはSDG 5、8、12、13に沿うものです。さらにIFCは、SDG 17にもある、新たな民間資金を呼び込み民間投資家との関係強化に力を入れてきています。

図1は、IFCと13のSDGsの関係を示しています。

[1] 2015年の第3回開発資金会議で採択されたアディスアベバ行動目標

図1　IFCの戦略とSDGsとの関連性

上の図は完全なマッピングではなく、SDGsの実現を支援するためのIFCによるアプローチの概要を示したものです。複数セクターにまたがるインパクトは、戦略セクターへの投融資およびアドバイザリー業務を通じてもたらされるため、マッピングは一部重複しています。

SDGsに向けたIFCの道筋

IFCは、市場を拓き民間資金を呼び込むことで、難しい開発課題に取り組むことを使命としています。IFC3.0を実施するにあたり、IFCは開発効果測定フレームワーク（AIMM）を導入しました。これにより、図2に示すように、IFCの使命、組織内の目標とSDGsを繋ぐ道筋が明確になりました。

図2に示すように、IFCはプロジェクトの成果と市場の創出という2つのルートでSDGsの実現に貢献します。

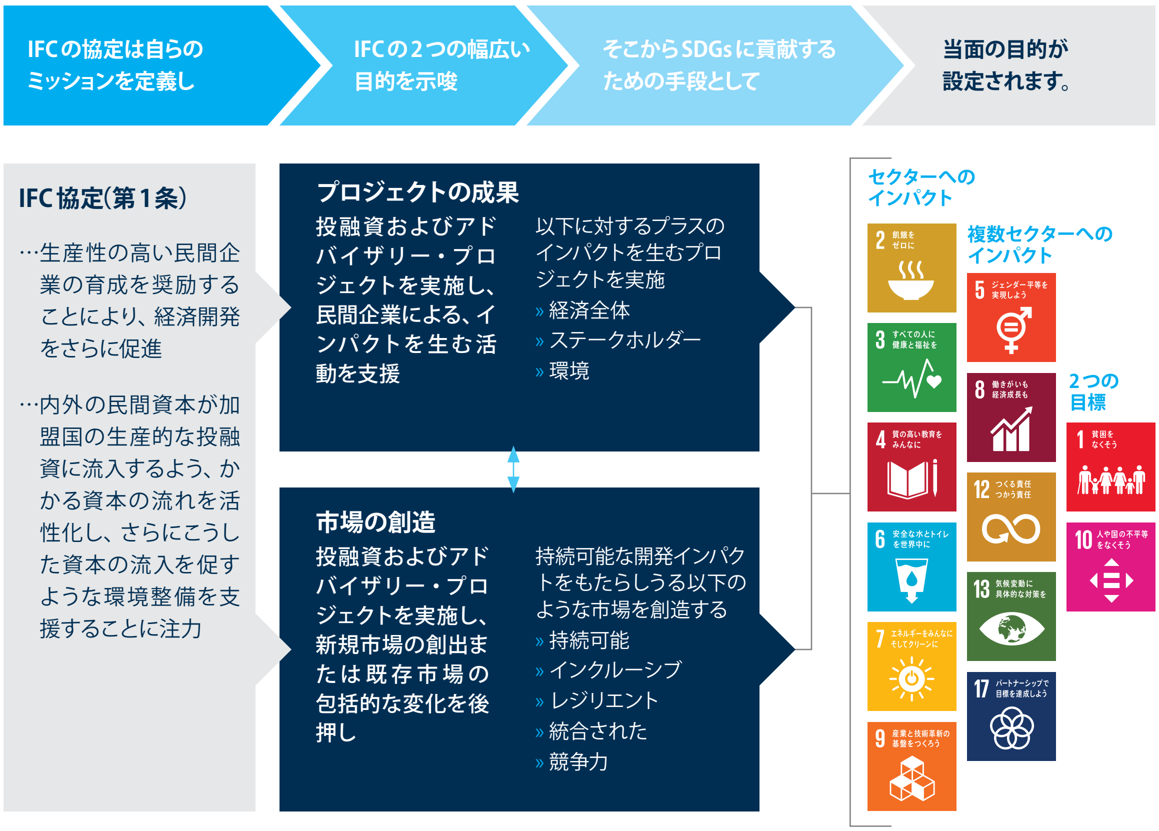


図2 IFCの照準をSDGsに合わせる

IFCは、プロジェクトの成果を測定し、報告しています。これには、ステークホルダー（顧客、サプライヤー、政府およびコミュニティなど）に対する直接的なインパクトや、経済に対する間接的な影響（付加価値や雇用など）、環境と社会に対するインパクトも含まれます。

IFCはまた、プロジェクトの評価において、市場を創出する、即ち新しい市場を切り拓く、又は市場機能の包括的な改善に貢献し、そして持続可能な開発インパクトに貢献するかという点を考慮しています。その目的は、持続可能で包摂的、強靭でありかつ統合された競争力のある市場を創造することです。

世界銀行グループの「開発のための資金の最大化」アプローチにおいて、IFCは、IFC3.0を通じて重要な役割を担っています。野心的なSDGsを実現するためには、公的セクターの限られた資金を大切にしつつ、民間部門の果たす役割を拡げ、民間資金を活用する必要があります。IFCは、世界銀行や多数国間投資保証機関（MIGA）の協力の下、開発における民間部門のソリューションを提供し、SDGsの実現に貢献する民間投資が可能となる市場の創出に注力しています。

市場を創造するにあたり、IFCは幾つかの方法を実施しています。例えば、革新的なビジネスモデルの反復可能な成功例を示す。効率性の向上、コスト削減、値下げ、市場の新規参入を通じて競争力の向上を図る。事業規制の枠組みを改善し、活気ある民間部門の持続可能な開発と成長をもたらす。新たな市場機会を切り拓く能力やスキルを育成するなど。そうすることより、IFCは自らの資金が実現する以上のインパクトを創り出そうとしています。

SDGsに対するIFCの貢献の報告

IFCは、開発効果測定フレームワークの導入により、組織の目標をSDGsに合わせられるようになりました。また、組織の戦略的優先事項を実施する上で、説明責任の観点から、実施方法、結果、教訓を文書に残します。測定結果は世界銀行グループのコーポレート・スコアカードに記載され、投融資およびアドバイザリー業務の成果報告に用いられます。

IFCはプロジェクト用の指標を用いてプロジェクトの成果をモニタリングし、以下の表に示すように、様々なSDGsに沿った、ポートフォリオ・レベルでの報告に用いています。AIMMの導入により今後、市場創出効果のモニタリングと報告が可能になります。現在、IFCの結果測定の枠組みは概ねセクター・レベルでの成果指標で構成されるにとどまっており、これには、複数の開発金融機関がSDGs関連を含む開発の成果を測定し、モニタリングし、報告するために用いている民間セクター事業の統一指標（HIPSO）[2]も含まれます。

IFCは、プロジェクトの成果と市場創出効果のほか、SDGsの実現に貢献する民間資金の動員や、環境と社会の持続可能性に関するパフォーマンス基準の採用状況を追跡し、報告しています。

- IFCは、自己資金からの投融資額と他の投資家から動員した資金額を報告しています。IFCは、他の多国間開発銀行（MDBs）と共に、民間部門から動員した資金額を報告しています。
- IFCは、SDGsに関連した30以上の目標に照準を合わせた独自のパフォーマンス基準とコーポレート・ガバナンス（CG）手法を用いて、投融資対象とSDGsとの整合性を測定し、モニタリングします。これらのパフォーマンス基準とCG手法は、顧客が企業、投資家、環境、コミュニティのすべてにとって望ましいソリューションを考案するのに役立っています。

表1に示すように、IFCは2016年暦年に、業務を通じて6,200万件のマイクロファイナンスおよび中小企業顧客のために金融サービスへのアクセスを拡大し、5億2,810万人のためにインフラ・サービスを改善し、800万個のコンテナを扱えるよう港湾の処理能力を拡張し、保険医療サービスを3,400万人に提供し、160万の女子学生を含む490万人の学生を支援し、74万7,375人の女性を含む240万人の就職を支援し、300万軒の農家を対象に農業慣行の改善を支援しました。

さらに、IFCの顧客は、マイクロファイナンスと中小企業を対象に、4,118億ドルの融資を提供しました。IFCの顧客による政府歳入または歳出節減への貢献額は、合計146億ドルに達しました。

さらに世界銀行グループは、「世界銀行グループと持続可能な開発目標：当グループの貢献（The World Bank Group and the Sustainable Development Goals: Our Contribution）」[3]を毎年発行し、各SDGの実現に向けたグループ機関全体の貢献に特化した報告を行っています。

[2] HIPSOは、開発成果の推計、収集、報告を改良および統一し、結果管理を改善することを目的として、統一化グループ（Harmonization Groups）によって作成されました。

[3] 各SDGへの貢献に関するWBGの報告は、グループ機関が作成したポートフォリオ・データに基づいています。IFCは、この支援データを毎年報告しています（2016b年暦年の支援データを表1に記載）。

表1　ポートフォリオ・レベルで測定したIFCによるSDGsへの貢献

SDGs	IFCによる測定	IFCによる結果— 2016年暦年のデータ
2つの目標		
1	マイクロファイナンスおよび中小企業への融資件数[4]	6,200万件
	インフラ・サービスに関する支援を受けた人数[5]	5億2,810万人
	支援を受けた患者数	3,400万人
	支援を受けた学生数／支援を受けた女子学生数	490万人／ 160万人
	支援を受けた農家数	300万軒
	マイクロファイナンスおよび中小企業への融資金額（ドル）	4,118億
10	マイクロファイナンスおよび中小企業への融資件数	400万件＊
	インフラ・サービスに関する支援を受けた人数	1億5,110万人＊
	支援を受けた患者数	201,616人＊
	支援を受けた学生数／支援を受けた女子学生数	96,655人＊／ 47,693人＊
	支援を受けた農家数	801,808軒＊
	マイクロファイナンスおよび中小企業への融資金額（ドル）	161億9,000万＊
複数セクターへのインパクト		
8	マイクロファイナンスおよび中小企業への融資件数	6,200万件
	マイクロファイナンスおよび中小企業への融資金額（ドル）	4,118億
	就職支援を受けた人の数／就職支援を受けた女性数	240万人／ 747,375人
5	上級経営幹部職の女性数	― ＊＊
	女性マイクロファイナンスおよび女性中小企業への融資件数	―
13	年間CO_2排出削減量（トン）	―
17	国家歳入または歳出節減への貢献（ドル）	146億
12	米ドル建て融資へのアクセス（エネルギー効率）	―
セクターへのインパクト		
2	支援を受けた農家数	300万軒
3	支援を受けた患者数	3,400万人
4	支援を受けた学生数／支援を受けた女子学生数	490万人／ 160万人
6	インフラ・サービスに関する支援を受けた人数—水配給	1,430万人
	節水または水処理	―
7	インフラ・サービスに関する支援を受けた人数—生活インフラ[6]	1億420万人
9	処理または発送されたコンテナ	800万個
	インフラ・サービスに関する支援を受けた人数—運輸	440万人
	インフラ・サービスに関する支援を受けた人数—通信	3億4,530万人

＊脆弱・紛争状況にある国（FCS）を含む国際開発協会（IDA）の支援国におけるポートフォリオの支援データを使用し、不平等の軽減を測定。
＊＊空欄「―」：利用可能な支援データはありません。

[4] ポートフォリオの支援データは、IFC顧客の零細・中小企業(MSME）向け金融機関／プロジェクトによる、2016年暦年末現在の零細・中小企業向け融資残高を表しています。2016年暦年のデータには、データを推定した9件の顧客を含め、304件のMSME顧客のデータが含まれています。
[5] 発電、配電、水の配給、ガス供給、運輸、通信が含まれます。
[6] 発電および配電が含まれます。

IFC
2121 Pennsylvania Avenue, N.W.
Washington, D.C. 20433 U.S.A.

ifc.org

Contacts

ALAN LUKOMA | alukoma@ifc.org

CHRISTIAN ROSENHOLM | crosenholm@ifc.org

IFC International Finance Corporation WORLD BANK GROUP

Creating Markets, Creating Opportunities

GUIDE TO

INVESTING FOR IMPACT:

Operating Principles for Impact Management

October 2018

This material has been prepared for discussion purposes only. As such, the material should not be regarded as incorporating legal or investment advice, or providing any recommendation regarding the suitability of the Principles for your purposes. Accordingly, please consult your own advisers before making any decision about whether to adopt or align with the Principles, or undertake any reporting or confirmation, as provided herein, and consistent with the fiduciary, contractual, and regulatory considerations that may apply from time to time. Conclusions expressed in this draft do not necessarily reflect the views of the Executive Directors of the World Bank Group or the governments they represent.

2121 Pennsylvania Avenue, N.W.
Washington, D.C. 20433
Internet: www.ifc.org

IFC International Finance Corporation WORLD BANK GROUP

Creating Markets, Creating Opportunities

IFC led the development of Investing for Impact: Operating Principles for Impact Management (the Principles) in partnership with asset managers, asset owners, asset allocators, and development banks and financial institutions. The Principles draw on emerging best practices across a range of public and private institutions investing for impact. The following organizations and individuals provided input and participated in the development of the Principles through a series of consultations:

- Actis
- Avanz Capital
- Bridges Fund Management
- CDC Group
- Credit Suisse Group AG
- European Bank for Reconstruction and Development (EBRD)
- Inter-American Development Bank Group
- Investisseurs & Partenaires-I&P
- LeapFrog Investments
- Nuveen, a TIAA company
- Overseas Private Investment Corporation (OPIC)
- Partners Group
- RockCreek
- Société Générale
- The Rise Fund
- Simon Smiles and James Purcell (UBS)

THE IMPACT INVESTING LANDSCAPE

What is impact investing?

All investments have consequences—not just for individual investors, but also for whole communities and for the economy at large. In addition to creating financial returns for the investor, investments can create jobs and expand the provision of goods and services. They may also have positive and negative effects on society and the environment.

Investors increasingly recognize the need to avoid negative effects and to follow international norms and principles designed to address Environmental, Social and Governance (ESG) risks. Some investors avoid investments in specific industries that they see as causing harm—for example, tobacco and gambling. Impact investing goes well beyond avoiding harm and managing ESG risks. It aims to harness the power of investing to do good for society by choosing and managing investments to generate positive impact while also avoiding harm.

Impact investing can be defined as "investments made into companies, organizations, vehicles and funds with the intent to contribute to measurable positive social, economic and environmental impact alongside financial returns."[1]

In today's capital markets, there is a broad universe of investors who seek to do good or avoid harm. These range from those who negatively screen for ESG risks, to those that actively seek ESG opportunities, to those who seek positive social, economic, and environmental impacts across their portfolios.

How does impact investing differ from mainstream investing?

Impact investing adds a second objective to managing an investment portfolio. In addition to aiming for financial returns, the impact investor also aims to achieve positive impact on targeted social, economic, or environmental goals. This requires integrating impact considerations, alongside financial considerations into the portfolio's investment strategy, into decisions about whether to buy and sell assets, and into the information and data that investors monitor and manage.

As with other forms of investing, impact investors have different appetites for financial risk and different targets for financial returns. They may also target different impact goals, and scale of impact that they aim to achieve. Investing for impact does not imply having to sacrifice financial performance—an important consideration for investment managers who have fiduciary duties to their investors.

Foundations and philanthropic organizations, development finance institutions, and specialist impact fund managers were the pioneers of impact investing. Today, a much wider range of asset owners is seeking to achieve impact with their investments. To meet this demand, asset managers increasingly offer impact investment products alongside their mainstream investment products.

One segment of the impact investing market focuses on investments in social enterprises, or social enterprises that have explicit intent to achieve impact. However, many impact investors also find opportunities to achieve impact by investing in commercial enterprises that may not, themselves, have the intent to achieve impact. For this reason, the definition of impact investing rests on the investor's intent to have impact, not on the intent of the investee enterprise.

1 Modified from the GIIN definition: *https://thegiin.org/impact-investing*.

Why is impact investing important?

Investors are increasingly looking to invest with impact, and this is especially the case with women and millennials, who will control a greater portion of wealth in the coming years.[2] A growing number of investors are adopting the Sustainable Development Goals (SDGs),[3] and other widely recognized goals such as COP21,[4] as a reference point to illustrate the relationship between their investments and impact goals. Within these global frameworks, private investors have been identified as a critical source of funding.[5]

What is the potential for growth in impact investing?

Global assets under management (AUM) in 2016 amounted to close to $100 trillion.[6] Directing some of these assets into impact investments provides an opportunity to take sizable steps towards the achievement of global goals such as the SDGs. The market for impact investment—currently estimated at $228 billion AUM—is still relatively small, but is scaling up.[7] However, the growth trajectory for impact investing shows significant momentum, with the industry growing fivefold between 2013 and 2017.[8] And more than a quarter of AUM worldwide already are held in socially responsible investments that take account of Environmental, Social, or Governance (ESG) issues—a first step to financing with positive impact.[9]

What constitutes an impact investment?

There is a compelling case for impact investing: doing well by doing good. The question for many investors is how to capitalize on these opportunities. What is needed to facilitate a higher percentage of investments that target impact? What are the gaps that need to be filled?

Despite greater interest in impact investing, and more product launches claiming to target impact, there is no standard for what constitutes an impact fund or investment vehicle. This has created complexity and confusion for investors. Asset managers developing impact investment products also lack a common standard to refer to in designing their impact management systems.

Having a common discipline and market consensus on how to manage investments for impact will, for example, help asset owners differentiate impact investments from other opportunities, and enable asset managers to follow best practices in managing funds for impact. The Principles have been developed by a group of asset owners, managers, and allocators to enhance discipline around impact investing, mobilize more funds for impact investments, and increase the potential impact that such funds could achieve.

2 GIIN, 2018. Roadmap for the Future of Impact Investing: Reshaping Financial Markets.
3 The Sustainable Development Goals (SDGs) are a collection of 17 global goals set by the United Nations Development Programme. *www.undp.org/content/undp/en/home/sustainable-development-goals.html*.
4 Cop21 refers to the 2015 United Nations Climate Change Conference in Paris, France, which negotiated the Paris Agreement that aims to keep global warming below 2°C. *www.cop21paris.org/about/cop21*.
5 UNDP, 2017. Impact Investment to Close the SDG Funding Gap. Blog post on 'Our perspectives', by Mara Niculescu, Partnership Development Analyst, UNDP Europe and Central Asia.
6 IMF, 2016. "IMF Working Paper: From Global Savings Glut to Financing Infrastructure: The Advent of Investment Platforms".
7 GIIN, 2018. Annual Impact Investor Survey.
8 GIIN, 2013, 2018. Annual Impact Investor Survey. Note that the number of respondents increased in 2018 (n=229), over 2017 (n=208), and 2016 (n=157), which partially accounts for this increase in AUM.
9 Morgan Stanley Institute for Sustainable Investing and Morgan Stanley Investment Management, 2018. Sustainable Signals: Asset Owners Embrace Sustainability.

INVESTING FOR IMPACT:

Operating Principles for Impact Management (The Principles)

What are the Principles?

The Principles describe the essential features of **managing investment funds with the intent to contribute to measurable positive social, economic, or environmental impact,[10] alongside financial returns.** This goes beyond asset selection that aligns investment portfolios with impact goals (for example, the SDGs), to requiring a robust investment thesis of how the investment contributes to the achievement of impact.

The Principles have been designed from the perspective of an end-to-end process. The five elements of this process are: strategy, origination and structuring, portfolio management, exit, and independent verification. The nine Principles that fall under these five main elements are the key building blocks for a robust impact management system. As such, they aim to ensure that impact considerations are integrated into investment decisions throughout the investment lifecycle.

The Principles may be implemented through different impact management systems and are designed to be fit for purpose for a wide range of institutions and funds. Also, a variety of tools, approaches, and measurement frameworks may be used to implement the Principles. The Principles do not prescribe which impacts should be targeted, or how impacts should be measured and reported. They also complement other industry initiatives, such as IRIS,[11] and green/social bond principles, which seek convergence towards common approaches to impact measurement and reporting.

10 The positive or negative primary and secondary effects produced by an investment, directly or indirectly, intended or unintended. Adopted from OECD-DAC.

11 IRIS is a catalog of generally-accepted performance metrics used by a majority of impact investors (*iris.thegiin.org*).

Strategic Intent	Origination & Structuring	Portfolio Management	Impact at Exit
1. Define strategic impact objective(s) consistent with the investment strategy. 2. Manage strategic impact and financial returns at portfolio level.	3. Establish the investor's contribution to the achievement of impact. 4. Assess the expected impact of each investment, based on a systematic approach.	6. Monitor the progress of each investment in achieving impact against expectations and respond appropriately.	7. Conduct exits, considering the effect on sustained impact. 8. Review, document, and improve decisions and processes based on the achievement of impact and lessons learned.
	5. Assess, address, monitor, and manage the potential risks of negative effects of each investment.		

Independent Verification

9. Publicly disclose alignment with the Principles and provide regular independent verification of the extent of alignment.

How were the Principles developed?

The Principles were developed by the International Finance Corporation (IFC), drawing on its own impact management practices, and consulting with a range of asset owners, asset managers, asset allocators, multilateral development banks (MDBs), and development finance institutions (DFIs), including the collaborating institutions listed in this guide.

The Principles draw on emerging best practices across a range of public and private institutions that are investing for impact. These include MDBs and DFIs that have both financial and development impact objectives, and decades of experience investing for impact in emerging markets. The Principles also draw on the more recent experience of specialist impact funds and asset managers that have developed robust impact management systems. In addition, they build on industry-wide initiatives around impact management, including the Impact Management Project (IMP).[12]

How can the Principles be used, and by whom?

The Principles are intended to be a reference point for investors for the design and implementation of their impact management systems. They may be implemented through different types of systems, which are designed to be fit for purpose for different types of institutions and funds. They do not prescribe specific tools and approaches, or specific impact measurement frameworks. They do not provide guidance on how they are to be implemented. The ambition is that industry participants will continue to learn from each other as they implement the Principles.

Each asset owner and asset manager would align their management systems to the Principles. However, the manner in which the Principles are applied will differ by type of investor and institution. Asset owners and asset managers may apply the Principles to the relevant parts of their portfolios. For example, asset owners and their advisors may use the Principles to screen impact investment opportunities. Asset managers and their advisors may use the Principles to assure investors that impact funds are managed in a robust fashion.

12 The IMP is an initiative focused on coalescing over 700 practitioners from different disciplines and geographies to build consensus about what is relevant when referring to and managing impact. For more information, see: *www.impactmanagementproject.com*.

ADOPTING THE PRINCIPLES

Who can adopt the Principles?

Any asset manager or asset owner of impact investments may publicly adopt the Principles by becoming a signatory to the Principles. The Principles may be adopted at the institutional, fund or investment vehicle level. Asset managers with a diverse set of investment products may adopt the Principles for those funds or vehicles which they choose to identify and bring to market as impact investments. Institutions and asset managers who invest in bonds, funds and other investment vehicles may apply the Principles to their own fund investment process; the Principles do not have to be followed by the investee. The Principles are designed to be scalable and relevant to all sizes of investment portfolios, asset types, sectors, and geographies.

What is the governance structure of the Principles?

A small secretariat will be established to maintain the Principles, manage the list of signatories, and maintain a website for housing the Principles, signatory forms and list of signatories. The longer-term governance structure will be developed in consultation with signatories and other stakeholders, with due regard for signatories' fiduciary, regulatory, and confidentiality concerns.

What is the cost of becoming a signatory?

Signatories will pay a nominal fee to cover the administrative costs of the secretariat. The fee structure is expected to be based upon signatories' AUM.

What are the benefits of becoming a signatory?

Signatories to the Principles will be part of a select group of impact investors who publicly demonstrate their commitment to implementing a common approach for managing investments for impact, and maintaining a robust, end-to-end impact management system. This will set the firm, fund, or investment vehicle apart, and enable signatories to brand themselves and/or their products as aligned with the Principles.

What are the obligations of a signatory?

Signatories commit to:

- Affirm their intent to incorporate the Principles into their business processes and, for all investments that are intended to achieve impact, they will seek to manage and/or select funds and investment vehicles that are managed in accordance with the Principles. For existing assets, the Principles should be applied prospectively.
- Publicly report, on an annual basis, on their website and/or in the Annual Report their commitment to the Principles and the extent to which impact management systems are aligned with them, taking into consideration fiduciary and regulatory obligations. This annual report should not exceed five pages, and because reporting is based on how the impact management system aligns with the Principles, the report should be similar from year to year.
- Publicly report, on an annual basis, the total amount of assets that are managed in alignment with the Principles. If the signatory is applying the Principles to only part of its business, this should be disclosed—for example, by listing which funds align with the Principles.
- Payment of an annual fee.

Note that reporting on individual investments and their impact is not part of the reporting requirements.

What is the process for becoming a signatory?

To become a signatory, an organization submits: a letter of commitment, its first annual disclosure of the extent to which its impact management system aligns with the Principles, the total AUM that align with the Principles, and the required fee. General guidance, instructions, and templates are available on the Principles website: *www.ifc.org/impactprinciples*.

What is involved in independent verification?

Because the Principles rely on self-reporting, it is important that, from time to time, signatories provide independent verification of the extent to which their impact management system aligns with the Principles. This independent verification can be conducted in different ways, i.e., as part of a financial audit, carried out by an independent internal impact assessment committee, or through a portfolio/fund performance evaluation. The frequency and complexity of the verification process should consider its cost, relative to the size of the fund or the institution concerned, and the requirements for appropriate confidentiality. The conclusions of this verification shall be publicly disclosed, subject to fiduciary and regulatory limitations.

What is the timeline for the finalization of the Principles?

A consultation draft of the Principles will be available for comment until end-December 2018, after which final documents will be made available for signature. The Principles are expected to be launched in April 2019, with an initial set of signatories.

How can I find out more?

More information can be found on the Principles website at *www.ifc.org/impactprinciples*.

OTHER FREQUENTLY ASKED QUESTIONS

Are the Principles applicable to both private and public markets?

The Principles can be applied to any asset allocation made with the intent to contribute to measurable positive social, economic, or environmental impact, alongside financial returns. The Principles require a credible investment thesis that explains how the investment (or program of investments) contributes to the achievement of impact. This is usually easier to establish for private asset strategies where additional capital flows to the enterprise and/or the investor has direct engagement with the enterprise. However, there may be active public asset strategies, or secondary market transactions, that also credibly contribute to impact. Sustainable investing strategies that align public equity and debt portfolios with impact goals (e.g., SDGs) or ESG standards, and secondary market transactions investing in impact investments must demonstrate a credible contribution narrative to the achievement of those impacts in order to qualify to adopt the Principles.

What is the difference between these Principles and the Principles for Responsible Investing?

The PRI is an international network of investors working together to put a set of six responsible investment principles into practice. These are a voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating ESG issues into investment practices. While the Principles build on elements of the PRI, they are process-focused and designed specifically for investors that define themselves as impact investors.

How do the Principles relate to other impact measurement and management initiatives?

In developing the Principles, a number of existing initiatives have been consulted. The Principles build on and align with these initiatives. These include:

- The *Global Impact Investing Network (GIIN)* an organization dedicated to increasing the scale and effectiveness of impact investing by facilitating knowledge exchange, highlighting innovative investment approaches, building the evidence base for the industry, and producing valuable tools and resources. The GIIN has identified impact measurement (and management) as a core component of impact investing.[13] The Principles define the elements of a robust impact management system.
- The *Impact Management Project (IMP)* is a consensus-built convention for impact management that provides practical norms for how organizations understand, measure, and manage their impact. The Principles provide the overarching elements of a robust impact management system, while the IMP provides implementation guidance for the integration of impact considerations into investment or business management decisions.
- A number of impact measurement tools (e.g. IRIS, GIIRS, GRI, SASB, and HIPSO)[14] provide specific indicators and/or frameworks to help investors articulate and report the impact of their investments.
- The Green Bond Principles (GBP) and the Social Bond Principles (SBP) are voluntary process guidelines that recommend transparency, disclosure and reporting of the environmental sustainability and/or social benefits of investments underpinning Green Bond, Social Bond and/or Sustainability Bond issuance.

IFC is continuing to explore how to strengthen alignment and synergies between the Principles and other related global initiatives.

13 GIIN, "What is Impact Investing" (*https://thegiin.org/impact-investing/need-to-know/#core-characteristics-of-impact-investing*).
14 More information can be found via the following links: HISPO *(indicators.ifipartnership.org/about/)*, IRIS (iris.thegiin.org), GIIRS (*b-analytics.net/giirs-funds*), GRI (*www.globalreporting.org/Pages/default.aspx*), and SASB (*www.sasb.org*).

DISCLAIMER:

The Principles have been developed to provide the process for managing and selecting investment funds for impact. The Principles do not create any rights in, or ability to, any person, public or private. Managers adopt and implement the Principles voluntarily and independently, without reliance or recourse to the International Finance Corporation, the World Bank Group, or other signatories. In a situation where there would be a clear conflict between applicable laws and regulations, and the requirements set out in the Principles, local laws and regulations shall prevail.

CONNECT WITH US

Contact us at
impactprinciples@ifc.org

More information is available at
www.ifc.org/impactprinciples

Follow the conversation on social media
#Investors4Impact

How IFC Measures the Development Impact of its Interventions

aimm

ANTICIPATED IMPACT
MEASUREMENT & MONITORING

The world's development challenges are far too vast for the old ways of doing business. We need a new approach that unlocks the power of private sector solutions to deliver development impact. In 2017, IFC piloted a new, ex-ante project impact assessment tool—the **Anticipated Impact Measurement and Monitoring (AIMM)** system. In 2018, IFC began scoring all of its investment projects for development impact using the AIMM system. This pamphlet provides an overview of the system and its role in helping IFC deliver its mandate.

The International Finance Corporation (IFC)—a sister organization of the World Bank and member of the World Bank Group—is the largest global development institution focused exclusively on the private sector in developing countries. We work with the private sector in developing countries to create markets that open up opportunities for all. We apply our financial resources, technical expertise, global experience, and innovative thinking to help our partners overcome financial, operational, and other challenges.

What is the AIMM system?

The AIMM system enables IFC to measure the development impact of its investment and advisory projects. This has important benefits that help us meet our strategic objectives. The AIMM system provides a robust operational framework that:

» Improves our ability to select and design projects that maximize our development reach

» Sets ambitious targets and the incentives to achieve them

» Strengthens our capacity to deliver an optimal mix of projects that deliver both high development impact and solid financial returns

aimm
ANTICIPATED IMPACT
MEASUREMENT & MONITORING

How does the AIMM system assess development impact?

The AIMM system evaluates a project's development impact along two dimensions:

» **PROJECT OUTCOMES**
These refer to a project's direct effects on stakeholders (including employees, customers, suppliers, government, and the community); the direct, indirect, and induced effects on the economy and society overall; and the effects on the environment.

» **MARKET OUTCOMES**
These refer to a project's ability to catalyze systemic changes that go beyond those effects brought about by the project itself.

The AIMM System Deconstructed

Project Outcomes

(includes direct and indirect effects)

- Stakeholder effects
- Economy-wide effects
- Environmental and social effects

Contribution to Market Creation

(includes systemic effects on markets)

- Competitiveness
- Resilience
- Integration
- Inclusiveness
- Sustainability

For **market-level outcomes**, the AIMM system assesses the degree to which an intervention improves the structure and functioning of markets by promoting one or more of the following objectives:

- **COMPETITIVENESS** Competitive markets are those where firms can effectively enter, exit, and compete. These markets also support product or process innovation, improved management practices, and/or lower product cost.
- **RESILIENCE** This objective refers to improving the depth, structure, regulation, and governance of markets to help them withstand shocks.
- **INTEGRATION** Promoting this objective involves the enhancement of physical and/or financial connectivity, within and across markets.
- **INCLUSIVENESS** Markets that are more inclusive are those that support fair and full access by marginalized groups to goods and services, finance, and economic opportunities.
- **SUSTAINABILITY** Markets are more sustainable when firms and consumers adopt environmental and social sustainability technologies and practices.

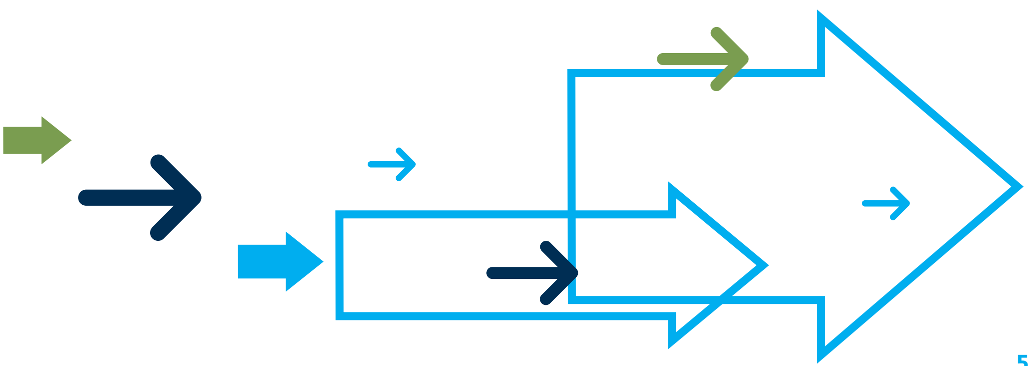
To deliver one or more of the market objectives, IFC's interventions identify channels through which **systemic changes** occur. These channels refer to actions that:

» Put in place frameworks that enable markets to deliver market objectives (policy/regulatory, platforms, financial)

» Promote competition (innovation, improved management, cost reductions/efficiencies) which causes other market players to up their game

» Provide demonstration effects, replication, and more generally the spillover of ideas while creating new productive networks

» Build capacity and skills that open new market opportunities and support market objectives



Is there a link between the AIMM system and the Sustainable Development Goals (SDGs)?

YES! The AIMM system helps IFC maintain a line of sight from its intermediate (including market) objectives to the World Bank's twin goals and the SDGs. We evaluate our incremental impact by comparing the direct and indirect outcomes of an IFC intervention to a scenario without one. The project rating system seeks to capture the core elements of these development outcomes.

By design, the AIMM system measures project-level and systemic outcomes ("creating markets") against objectives that are associated with the SDGs and helps IFC contribute to achieving the twin goals.

IFC Intermediate Objectives are Derived from IFC Articles of Agreement and Contribute to IFC's Ultimate Goals

IFC Articles of Agreement define its mission → **…and imply two broad objectives for IFC** → **…from which intermediate objectives are derived** → **…as a means to contributing to IFC's ultimate goals**

IFC ARTICLES OF AGREEMENT (Art. 1)

…further economic development by encouraging the growth of productive private enterprises

…seek to stimulate, and to help create conditions conducive to the flow of private capital, domestic and foreign, into productive investment in member countries

PROJECT OUTCOMES

Implement investment & advisory projects to support private sector activity that generates impact

Implement projects that generate (positive):

» Stakeholder effects
» Economy-wide effects
» Environmental and social effects

MARKET CREATION

Implement investment & advisory projects that enable the development of new markets or systemic changes to existing markets

Create markets that can deliver sustainable development impact and therefore are:

» Competitive
» Resilient
» Integrated
» Inclusive
» Sustainable

TWIN GOALS

SECTOR IMPACTS

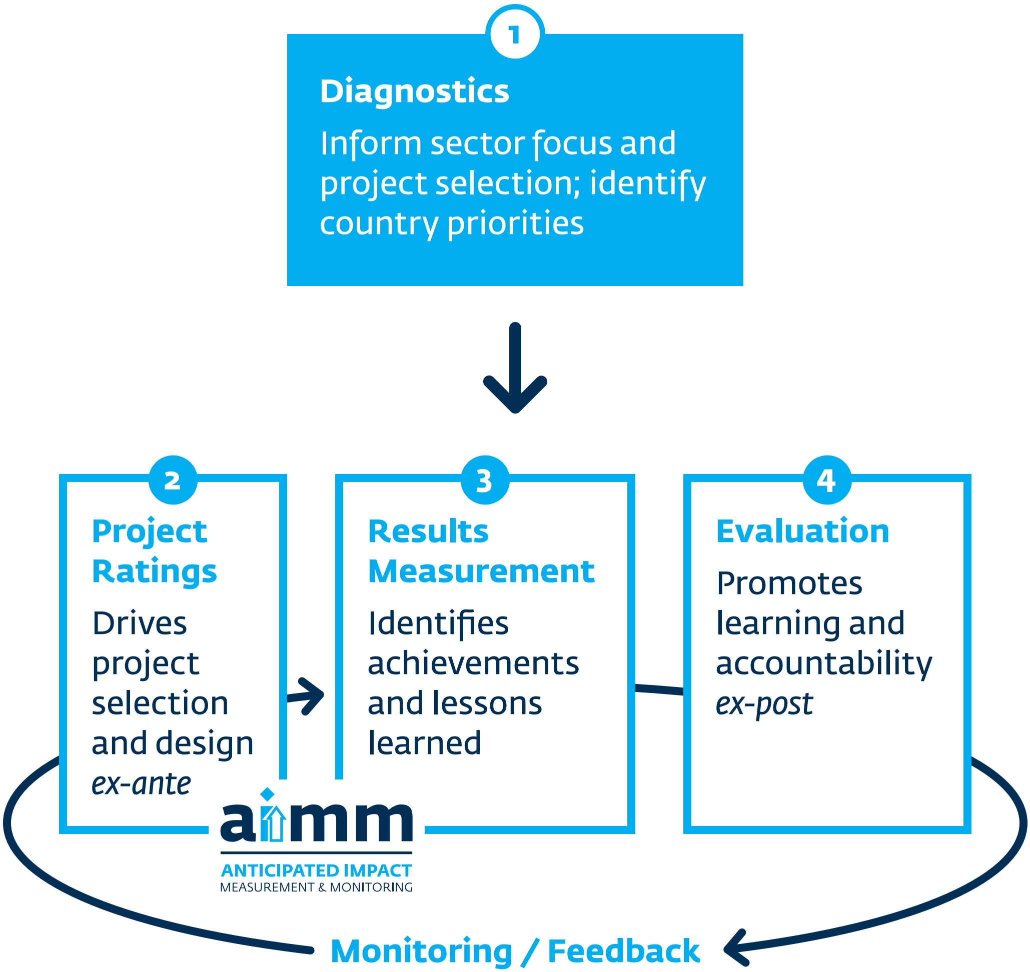
CROSS-SECTOR IMPACTS

Why is there a second "M" in the AIMM system?

The second "M" stands for "monitoring," an essential component of the AIMM system. Each development outcome claim in IFC projects is explicitly tied to one or more monitoring indicators, regularly tracked during portfolio supervision. By tracking these indicators, the AIMM system links project ratings with real-time results measurement findings. There is also a structural link between front-end diagnostics and ex-post evaluation functions.

The AIMM system thus connects (1) diagnostics to (2) ex-ante project selection/scoring, which is tied to (3) results measurement during portfolio supervision and, ultimately, to (4) ex-post evaluation. In total, the AIMM system comprises two critical pillars (project ratings and results measurement) that help connect an "end-to-end" impact assessment system for IFC interventions.

An End-to-End Support System for Impact Assessment



IFC
2121 Pennsylvania Avenue, N.W.
Washington, D.C. 20433 U.S.A.

www.ifc.org

ANTICIPATED IMPACT MEASUREMENT & MONITORING

International Finance Corporation
WORLD BANK GROUP

Creating Markets, Creating Opportunities