



-  Economic Growth
-  Inclusion
-  Innovation
-  ECON Risk Adjustment
-  E/S Adjustment

Overview of DFC's Impact Management

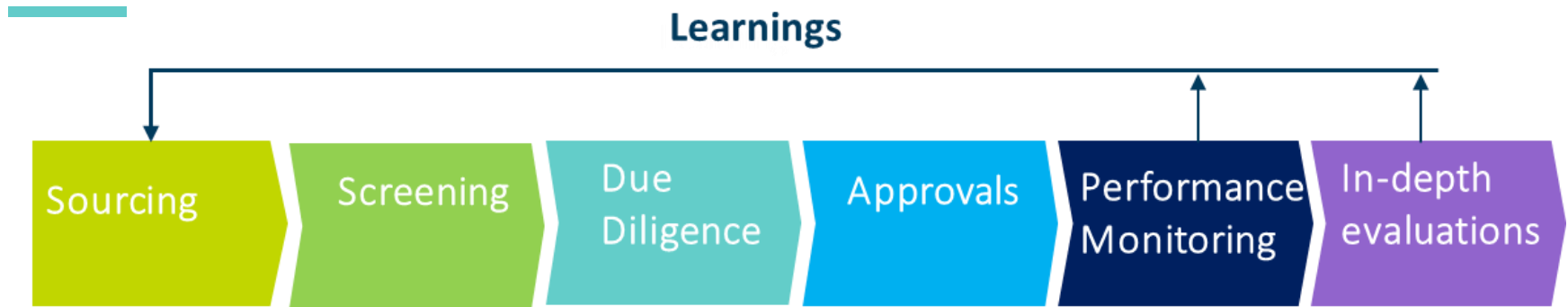
*US Development Finance Corporation
November 2022*

Overview of DFC's impact management

- DFC's development impact management is underpinned by **harmonized global principles, standards, and indicators**
- DFC **reviews, analyzes, and manages** the development impact of its portfolio on an **ongoing basis**



DFC has a suite of tools to integrate impact along the investment lifecycle



Impact Thesis - Theory of change and impact targets for each strategic priority and sector (e.g., 2x, Ag)

Impact Screening Table – All projects are screened with a standardized template for potential development impact (in alignment with UN SDGs, IQ, and DFC’s priorities)

Impact Assessment & Scoring (IQ) - Each Project is assessed and scored for its potential development impact with DFC’s impact framework (Impact Quotient or “IQ”)

Monitoring & Evaluation Tools - DFC monitors each project annually and collects detailed data that is used to track project and portfolio performance and identify insights for decision-making. DFC also conducts in-depth impact assessments on select portfolio segments

IQ scoring is based on 3 pillars with standardized indicators and trackable metrics



Economic Growth

Scale of Impact



Inclusion

Benefits to underrepresented and underserved populations and geographies



Innovation

Benefits of innovations to people, the planet, and the market



Project Score

Up to 150 points, each project gets classified among five tiers

<i>Tiers</i>	<i>Points</i>
Exceptional	127.5 - 150
Highly Impactful	112.5 – 127.4
Impactful	90 – 112.4
Limited Impact	37.5 – 89.9
Indeterminate	0 – 37.4

The IQ score is driven by the standardized indicators and metrics that best represent the anticipated impact of each project

Illustrative examples:

Economic Growth

Inclusion

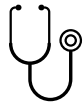
Innovation



If the transaction involves...

...the indicators selected across pillars might be...

Healthcare



Patients served

Percent of customers from disadvantaged groups

Clean tech



Renewable energy produced (GwH)

Private sector capital catalyzed

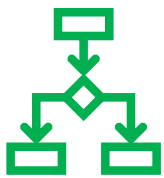
Lending and training for farmers



Value of loans issued to SMEs and loans issued to women

Transfer of technical knowledge to farmers

IQ is designed to help DFC assess the potential impact of projects in a comparable way



Comparable

Captures core impacts of a transaction, allowing DFC to compare transactions across its wide portfolio



Pragmatic

Provides a standardized yet flexible methodology to capture the potential impact of each project balancing comparability and specificity



Tracks impact over time

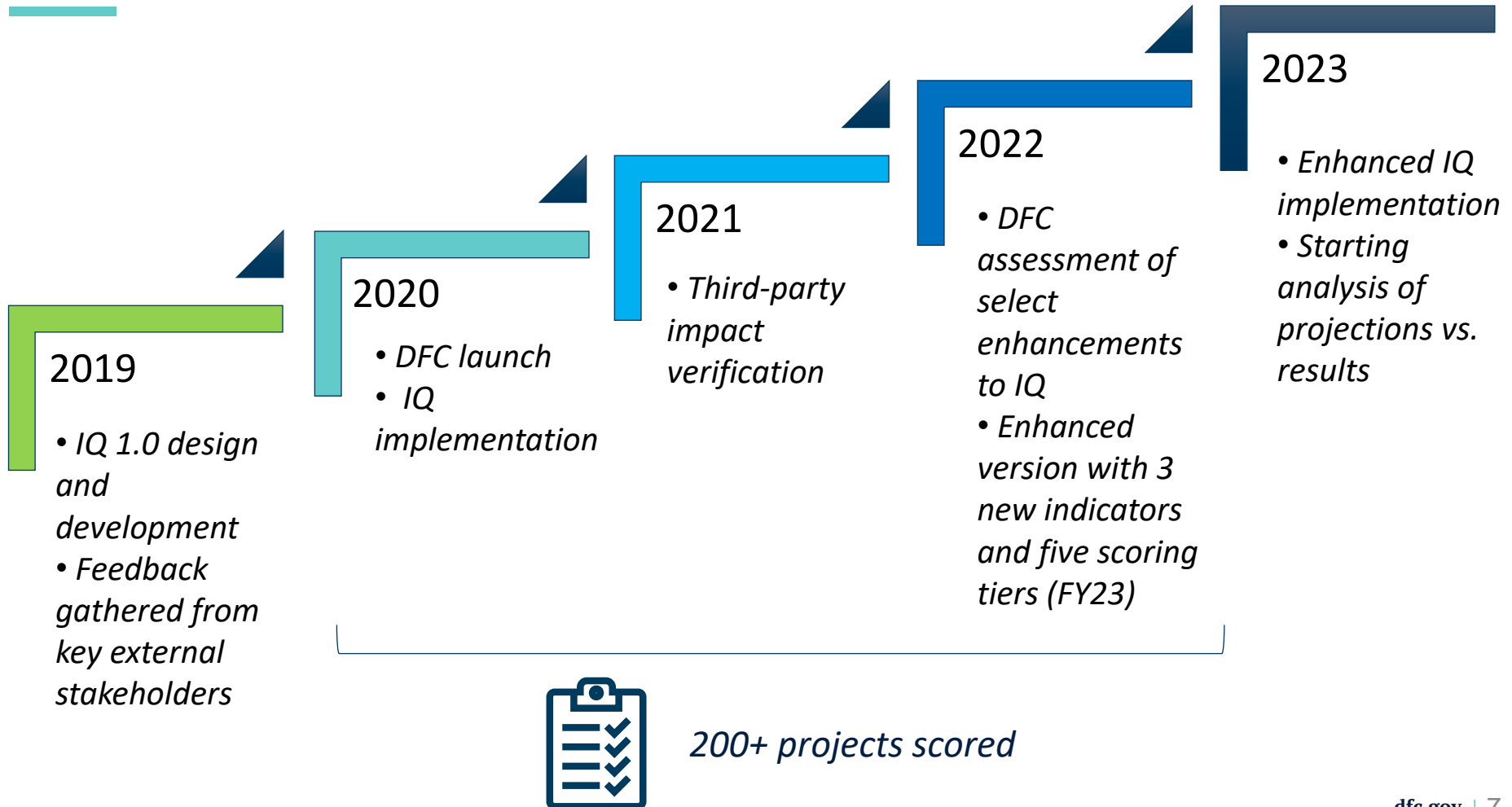
Allows DFC to estimate potential impact ex ante and track ongoing performance towards set targets



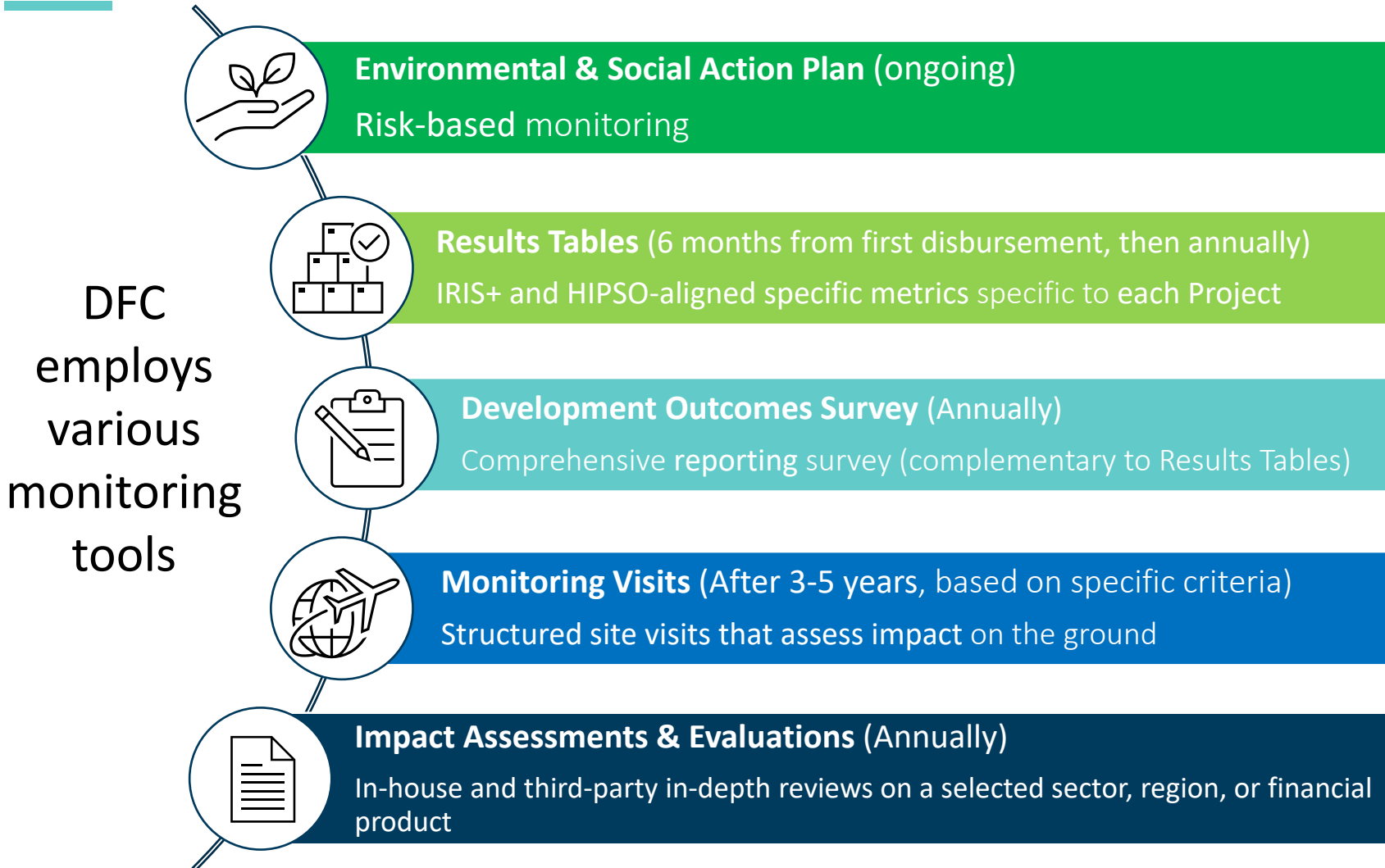
In line with peers

Designed to be cross-comparable with other DFIs by aligning to the HIPSO/IRIS+ metrics

IQ has remained comparable yet evolved over its brief history



IQ scoring is directly linked to project monitoring



Baseline and monitoring data are converted into insights through project- and sector-level analytics

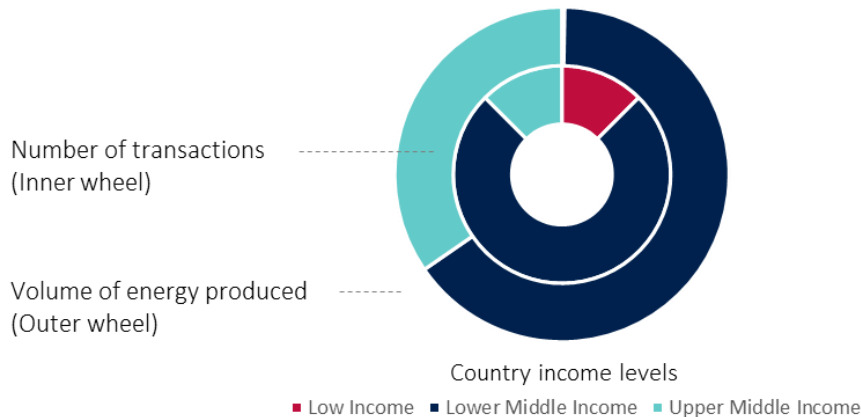
Example: Clean Energy

10 ENERGY Transactions

among 52 DFC projects reporting results

CLEAN ENERGY

Produced **3,401** GWh of renewable energy



ENERGY ACCESS



Sold **2.7M** lighting devices

JOB CREATION

Supported **196** new energy-sector full-time jobs



Operational phase
Construction phase