



# IFC'S CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS

MARCH 2018



*Cover Images (L to R):*

*National Water and Sanitation Program brings better water and sanitation services to rural parts of Azerbaijan. ©Allison Kwezell / World Bank*

*Bangalore, India. Aerial view of the crowded city market, vendors sell vegetables, vehicles move through the crowd. ©PI / Shutterstock*

*Northwest Kabul Breshna Sub Station Manager, on site. ©Graham Crouch / World Bank*

# IFC'S CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS

The Addis Ababa Action Agenda<sup>1</sup> recognized the importance of an expanded role of the private sector in achieving the Sustainable Development Goals (SDGs). Given its six decades of experience, its core competencies and global footprint, the International Finance Corporation (IFC) is well-placed to catalyze much needed private investment. IFC's new corporate strategy (IFC 3.0) focuses the institution on creating markets and mobilizing private capital, with increased support to countries where private capital flows are inadequate to address major development gaps.

As part of the World Bank Group, IFC has two overarching goals—ending extreme poverty by 2030 and boosting shared prosperity—that are aligned with the SDGs. Through direct investments and advisory services, IFC provides private sector solutions that lay the foundation for sustainable and inclusive economic growth. The objective is to support operations that address development challenges at scale, through project-level outcomes as well as market creation. IFC's new Anticipated Impact Measurement and Monitoring (AIMM) framework contributes to intensifying the focus on development impact while better articulating IFC's narrative, emphasizing the benefits of steering business towards more challenging areas, and strengthening measurement and monitoring of both project and market-level effects.

This note provides an overview of IFC's strategic alignment with the SDGs and articulates how its operations contribute to achieving the SDGs.

## IFC's Strategic Alignment with the SDGs

IFC operations contribute to several SDGs. Integral to IFC's mandate and aligned with the WBG's twin goals are SDGs 1 and 10: 'No Poverty' and 'Reduced Inequality.' At the strategic sector level, IFC promotes investment and advisory projects in infrastructure, agriculture, financial inclusion, health and education—aligned with SDGs 2, 3, 4, 6, 7, and 9.

Across sectors and regions, IFC seeks to promote employment creation and economic growth, gender equality, environmental and social sustainability, and climate-change adaptation and mitigation—aligned with SDGs 8, 5, 12, and 13, respectively. Furthermore, IFC has prioritized partnership with private investors to mobilize new sources of finance—aligned with SDG 17.

This mapping shows IFC strategic alignment with 13 SDGs, as illustrated in Figure 1.

---

<sup>1</sup> The Addis Ababa Agenda of 2015



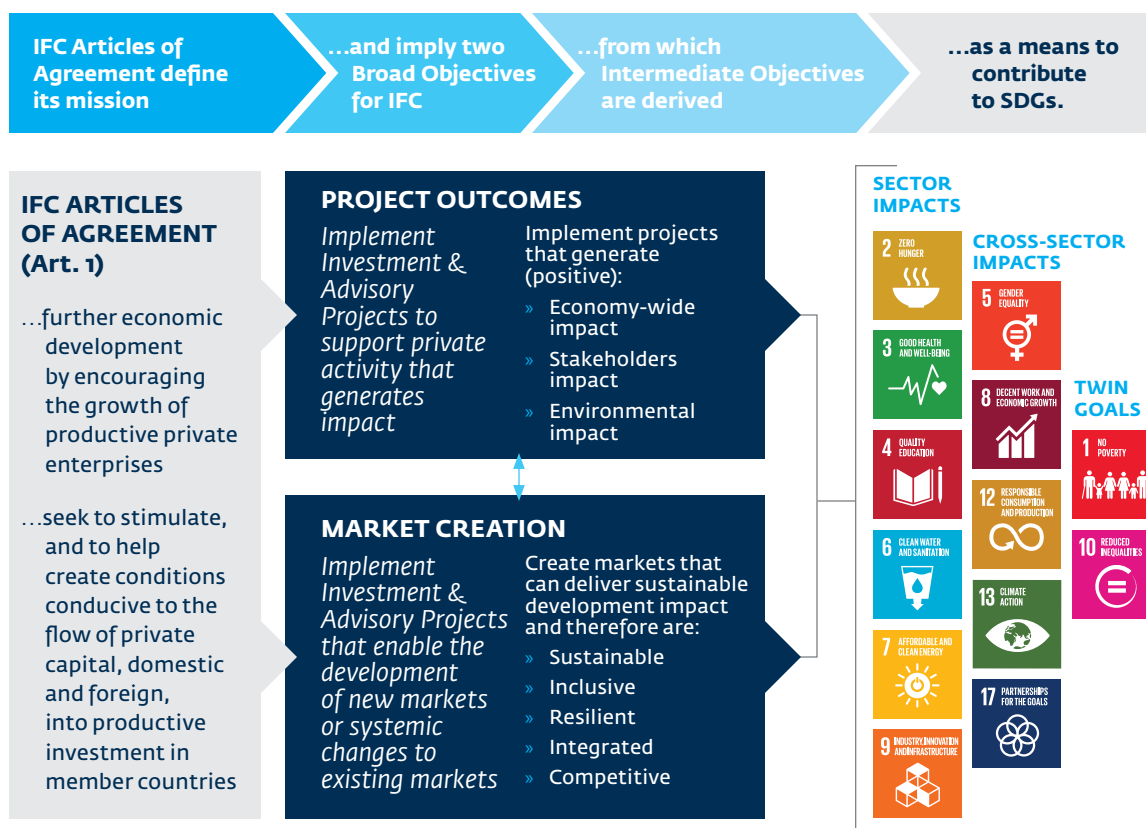
**Figure 1** IFC strategic alignment with SDGs

The above is not an exhaustive mapping but represents an overview of IFC's approach to support the achievement of the SDGs. Given that cross-sectoral impact is delivered through investments and advisory operations in the strategic sectors, some overlaps exist in this mapping.

## IFC's Corporate Line of Sight to the SDGs

IFC's mandate is to tackle difficult development challenges by creating markets and mobilizing private capital. In the context of the IFC 3.0 strategy, IFC has introduced the Anticipated Impact Measurement and Monitoring (AIMM) system, which provides a clear line of sight from IFC's mandate, through intermediate corporate objectives, to the SDGs, as illustrated in Figure 2.

IFC contributes to the SDGs through two pathways, as illustrated in Figure 2, namely: project outcomes and market creation. IFC measures and reports on project outcomes, including the direct



**Figure 2** IFC's corporate line of sight to the SDGs

impact on stakeholders (including customers, suppliers, government, and the community), the indirect and induced effects on the economy (value added, employment, etc.), and environment and social impacts.

In addition, IFC projects are assessed for the ability to create markets which enable the development of new markets or contribute to systemic improvements in how markets function and contribute to sustainable development impact. The aim is to create markets that are sustainable, inclusive, resilient, integrated, and competitive.

Through IFC 3.0, IFC is playing a key role in the World Bank Group's *Maximizing Finance for Development* approach. To meet the ambitious SDGs, there is a need to expand the role of the private sector and mobilize private capital while reserving scarce public resources. Together with the World Bank and the Multilateral Investment Guarantee Agency (MIGA), IFC is working on this initiative by focusing on mobilizing private sector solutions for development and by creating markets that enable private investment to contribute to the achievement of the SDGs.

IFC seeks to create markets through several ways: by demonstrating successful innovative business models that can be replicated; by stimulating competitiveness through efficiency gains, cost and/or price reductions, and new market entrants; by improving business regulatory frameworks to enable the development and growth of a vibrant private sector in a sustainable manner; and by building capacity and skills that open new market opportunities. This will enable IFC to achieve impact beyond what is obtained with the financing from IFC's own balance sheet.

# Reporting IFC's Contribution to the SDGs

IFC's results-measurement framework enables it to maintain a line of sight between IFC's objectives and the SDGs. It is designed to document delivery, learning, and accountability in the implementation of strategic priorities. Results feed into the World Bank Group's corporate scorecards, enabling reporting on outcomes from investment and advisory projects.

IFC monitors results using *project-level indicators*, and aligns its reporting at the portfolio level to various SDGs, as indicated in the table below. The introduction of AIMM will enable monitoring and reporting of *market-creation effects*. IFC's results-measurement framework currently comprises mostly sector-level outcome indicators, including Harmonized Indicators for Private Sector Operations (HIPSOS)<sup>2</sup> used by multiple development finance institutions to measure, monitor, and report on development outcomes, including those related to the SDGs.

Besides project outcomes and effects on market creation, IFC tracks and reports on mobilization of private funds and the adoption of E&S performance standards, both of which contribute to achieving the SDGs:

- IFC reports the amounts invested from its own capital and the amount mobilized from other investors. Along with other MDBs, IFC reports the amount of capital mobilized from the private sector.
- IFC measures and monitors investees' alignment to the SDGs through adoption of IFC's Performance Standards and Corporate Governance (CG) methodology. The Performance Standards have a line of sight to more than 30 of the SDG targets. These standards and the CG methodology help clients devise solutions that are good for business, good for investors, and good for the environment and communities.

As shown in Table 1, in CY16, IFC operations increased access to financial services for 62 million microfinance and SME clients, improved infrastructure services for 528.1 million people; enhanced the capacity of ports to operate and handle 8 million containers; extended health services to 34 million people; reached 4.9 million students, of which 1.6 million were female students; supported jobs for 2.4 million people, of which 747,375 were women. IFC also reached 3 million farmers with improved practices.














In addition, IFC clients provided \$411.8 billion towards microfinance and SME loans. Contribution to government revenues or savings by IFC clients totaled \$14.6 billion.

The World Bank Group also reports specifically on the collective contribution of its agencies toward the achievement of each SDG, through an annual publication: [The World Bank Group and the Sustainable Development Goals: Our Contribution](#).<sup>3</sup>

<sup>2</sup> The HIPSOS are a product of the Harmonization Groups, which aims to improve results management by advancing and harmonizing the estimation, collection and reporting of development outcomes.

<sup>3</sup> The WBG's reporting on its goal-by-goal contribution to SDGs relies on portfolio data from its agencies. IFC reports this reach data annually (CY16 reach data presented in Table 1).

**Table 1** Measuring IFC's contribution to the SDGs at portfolio level

SDGs	IFC Measurement	IFC Results— Calendar Year 2016 Reach Data
<b>TWIN GOALS</b>		
	Number of Microfinance and SME loans <sup>5</sup>	62.0 million
	People reached with infrastructure services <sup>6</sup>	528.1 million
	Patients served	34.0 million
	Students reached / Students reached—women	4.9 million / 1.6 million
	Farmers reached	3.0 million
	Amount towards Microfinance and SME loans (\$)	411.8 billion
	Number of Microfinance and SME loans	4.0 million*
	People reached with infrastructure services	151.1 million*
	Patients served	201,616*
	Students reached / Students reached—women	96,655* / 47,693*
	Farmers reached	801,808*
	Amount towards Microfinance and SME loans (\$)	16.19 billion*
<b>CROSS-SECTOR IMPACTS</b>		
	Number of Microfinance and SME loans	62.0 million
	Amount towards Microfinance and SME loans (\$)	411.8 billion
	Jobs supported / Jobs supported—women	2.4 million / 747,375
	Women in Executive management positions	-**
	Number of Microfinance and SME loans—women	-
	Tons of CO <sub>2</sub> emissions reduced per year	-
	Contribution to government revenues or savings (\$)	14.6 billion
	USD towards access to finance (Energy Efficiency)	-
<b>SECTOR IMPACTS</b>		
	Farmers reached	3.0 million
	Patients served	34.0 million
	Students reached / Students reached—women	4.9 million / 1.6 million
	People reached with infrastructure services—water distribution	14.3 million
	Water saved or treated	-
	People reached with infrastructure services—utilities <sup>7</sup>	104.2 million
	Containers operated or shipped	8.0 million
	People reached with infrastructure services—transport	4.4 million
	People reached with infrastructure services—telecoms	345.3 million

\*Portfolio reach figures for International Development Association (IDA) countries, including FCS are used for measuring reduced inequality.

\*\*The blank fields in the table: No reach data available.

<sup>4</sup> Portfolio reach figures represent the micro, small and medium outstanding portfolio of IFC clients as of end CY16, for MSME-oriented financial institutions/projects. CY16 includes data from 304 MSME clients, including nine clients, for which the data were extrapolated.

<sup>5</sup> Includes: power generation, power distribution, water distribution, gas distribution, transport, and telecoms.

<sup>6</sup> Includes: power generation and power distribution.

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

[ifc.org](http://ifc.org)

**Contacts**

ALAN LUKOMA | [alukoma@ifc.org](mailto:alukoma@ifc.org)

CHRISTIAN ROSENHOLM | [crosenholm@ifc.org](mailto:crosenholm@ifc.org)



*Creating Markets, Creating Opportunities*