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This note provides guidelines on how to assess the development impact of projects under IFC’s AIMM system and lays out the methodology, highlighting the general principles that apply to all sectors. Please note, this document may be periodically updated to ensure the most current and best practices are in place. The AIMM system¹ is briefly summarized in section I; section II defines and clarifies the key concepts used in AIMM; section III discusses the main AIMM assessment principles; while section IV provides more detailed guidance on the ratings and the scoring methodology. In addition to this general guidance note, sector specific frameworks and complementary guidance notes will be developed for IFC’s main sectors of operation. These documents apply to Investment Operations; in FY19, the AIMM system for Advisory Services will be developed and put into operation.

I. Background and Brief Overview of the AIMM Framework

To operationalize the IFC 3.0 strategy², IFC has updated its analytical tools, based on best practices from operations and research findings, and developed a new framework for assessing its development impact—the Anticipated Impact Measurement and Monitoring (AIMM) system, which will:

- Intensify the focus on development impact in IFC operations by providing a systematic framework for articulating the impact of IFC interventions and providing key analytics for IFC 3.0;
- Improve IFC’s ability to make sound decisions on the selection and design of projects that will maximize impact by using rigorous economic research and analysis; and
- Enable IFC to systematically capture the potential development impact of its interventions in a way that allows IFC to deliver the optimal portfolio of projects that generate high development impact and adequate financial returns.

In short, the AIMM system seeks to give IFC a more rigorous, evidenced-based, end-to-end approach for achieving its triple bottom line by: selecting projects that maximize IFC’s development impact, while being socially and environmentally sustainable; and also meeting IFC's financial performance expectations. AIMM mainstreams the ex-ante selection of projects based on both their direct project outcomes and systemic market effects—something that IFC has been applying on ad hoc basis, but now requires for all new projects. As a screening and decision-making tool, the AIMM system highlights each project’s strengths, identifies its risks and

¹ See IFC’s Anticipated Impact Measurement and Monitoring (AIMM) System: Pilot Framework and Implementation Update (Sept 2017)
² The aim of IFC 3.0 is to implement a more deliberate and systematic approach to market development and to tap into new sources of funds to support private sector solutions. (http://documents.worldbank.org/curated/en/945841530212360157/IFC-Strategy-business-outlook-update-FY19-21-Implementing-IFC-3-0).
weaknesses, and provides a rating/score based on anticipated impact, which can then be compared across the institution's portfolio.

The AIMM system links diagnostics to results measurement and evaluation, providing an end-to-end support system for assessing the impact of IFC interventions (see Figure A). This system uses a new suite of diagnostic tools that helps identify private sector development priorities at the front end to inform sector and country strategies, applies AIMM ex-ante to assess and rate projects, and then uses the AIMM monitoring tools to track each project's progress against its expected impacts. As a final step, for learning and accountability, the AIMM system uses self and independent evaluation to identify achievements and lessons learned.

**Figure A - AIMM Framework: An End-to-End Support System for Impact Assessment**

![AIMM Framework Diagram]

**II. Key Concepts and Definitions**

The process for assessing and rating an IFC intervention’s impact ex-ante involves assessing the project’s development impact along two dimensions: (i) at the project level, through assessing the project’s development outcomes for its stakeholders, government, and environmental and social sustainability; and (ii) at the market level, through assessing the project’s contribution to market creation.

**II.1 Project Outcomes.** Project outcomes include the project’s direct effect on stakeholders such as customers, government, and employees, as well as its indirect effect on the economy, the environment, and social welfare. Effective development outcome assessments require mapping project outcomes to well-defined impacts on stakeholders as well as beneficiaries.

- **Stakeholders** are those who are directly impacted by the project. This includes the customers, suppliers, and employees of the company receiving financing, as well as government and local communities. In cases where the client is a financial intermediary, stakeholders will include those who benefited from receiving loans or other financial services. Project teams identify the stakeholders who are relevant, and consistent with the
project's development impact thesis. For example, the importance of having government as a stakeholder is more evident in a mining project that has a government concession or is a public-private partnership, than would be the case if IFC financing is for a financial institution. The qualitative effects related to job creation such as employability, the quality of working conditions, and enhancing employees’ skills are discussed under employees as a stakeholder. Similarly, governance and policy issues such as the fairness of a deal to government are discussed under government as a stakeholder.

- **Economy-wide effects** are those indirect effects, including externalities and spillovers that are generated by the project’s linkages to the economy. The most common effects are indirect job creation, the economy’s external balance from the generation and consumption of foreign currency (forex), and value added to the economy. When relevant, IFC uses modeling tools to estimate indirect and induced effects on gross domestic product (GDP) and employment.3

- **Environment and social effects** are the project outcomes that directly relate to environment and social sustainability such as greenhouse gas emissions and their carbon pricing, community livelihoods, and so on. It is important to note that project effects do not measure clients' actions to achieve compliance with IFC environmental and social performance standards; e.g. the implementation of an environmental and social management system (ESMS) or occupational health and safety (OHS) standards. Instead, AIMM assesses the direct effect of those actions on stakeholders or the environment. In some cases, a project outcome may include other factors influenced by the project (e.g. social cohesion; food security), which build on project-level effects to deliver even more impact. IFC’s Environmental and Social Performance Standards define IFC clients’ responsibilities for managing their environmental and social risks. While for most IFC investments, meeting Performance Standards reflects improved environmental and social performance, effects from implementation of the standards are only claimed in the AIMM framework where a clear counterfactual can be established and where the investment intent is to improve environmental or social outcomes.

II.2 Gap and Project Intensity Identification and Measurement at the Project Level. The AIMM assessment requires identifying the key development challenge or “gap” to be addressed. Gap indicators are then identified for relevant markets and ranked for all developing countries. Next, each project outcome's potential effect is determined by assessing the extent to which IFC expects the project to address the gap, which is referred to as the “intensity”. The intensity is then normalized4 for the project’s size to achieve parity across projects of different sizes5. Once each project’s outcome potential has been assessed, a further adjustment is made for the likelihood that the outcomes will be achieved. This typically considers the client's or IFC's track record, 

3 The application of these tools is sector specific, so users should also consult the relevant Sector Framework and Guidance Note.
4 To avoid biases due to the scale of projects, and to enable cross-project comparisons, AIMM considers the size of the operation and the size of the target market.
macroeconomic prospects, and the country(ies) concerned, along with other factors that might increase or decrease the chances for project-level potential to be realized.

II.3 Market Outcomes. These refer to changes catalyzed in the market which are beyond the project’s direct and indirect effects. In establishing the specific contribution to market creation, to the best extent possible, IFC staff clearly define and quantify the project’s impact on the market. AIMM assesses market-creating effects based on five pre-defined market attributes: competitiveness, resilience, integration, inclusiveness, and sustainability.

- **Competitiveness** – Competitive markets are those where firms can effectively enter, exit, and compete, and in which they can innovate and strive for efficiency under fair and good regulatory governance.
- **Resilience** – Making markets more resilient involves improving the depth, structure, regulation, and governance of markets to help them withstand physical, financial, and/or economic shocks and stresses. Climate resilience, in specific sectors, is also important in helping markets withstand climate related shocks and stresses. Resilient markets support growth without excessive volatility and destabilizing economic reversals.
- **Integration** – Enhancing physical and/or financial connectivity, within and across markets, to support greater market integration. Examples include stronger integration with financial markets and growing domestic and global value chains to pave the way for products/structures that mobilize resources at scale.
- **Inclusiveness** – Inclusive markets support fair and full access for all to goods and services, as well as to finance and economic opportunities. Increasing inclusiveness includes improving access for underserved groups (the poor, women, youth, rural populations, and so on).
- **Sustainability** – When firms and consumers adopt climate related, environmentally and socially sustainable products, technologies and practices, they promote greater market sustainability. This is key to helping firms and industries apply environmentally and socially sustainable approaches to mitigate risks and realize their opportunities, while maximizing operational efficiency.

II.4 Channels of Market Creation. In establishing whether an intervention has the potential to promote any of the above market attributes, IFC staff must be able to demonstrate a clear channel through which the intervention delivers the identified market outcome. In other words, it is critical to establish what the project does to a specific market that helps achieve each attribute. AIMM's market creation channels are: (i) demonstration and replication effects, (ii) actions that contribute to promoting competition, (iii) putting in place enabling frameworks, and (iv) building skills and capacity that open the market to new opportunities. These channels are outlined in section IV.

II.5 Market Typologies and Market Creation. To assess a project’s contribution to market creation, AIMM defines market typologies that describe the different development stages of a specific market (i.e. the market gap for a specific market attribute). These are used to identify the current state of the market in a target country, region, or geographical area as well as the potential transformations of the market generated by the catalytic effects of IFC interventions.
In general, most individual projects are not expected to make a significant and immediate systemic market change, unless the project is a pioneer in a non-existent or nascent market. Instead, most projects are expected to have incremental impacts on the market. In other words, it takes more than one intervention to move a market to the next stage. This means that integrated and concerted efforts are often needed to generate substantial market impact. For instance, it is expected that concerted and cumulative World Bank Group efforts over time will have a stronger effect on markets than non-integrated and non-concerted interventions. Where a project is explicitly part of a programmatic approach, the expected movement induced by program should be the basis for the assessment where timebound movements, market effects, and indicators are available.

II.6 Sector Frameworks and Sector Guidance Notes. This Guidance Note is complemented by the set of Sector Frameworks and Guidance Notes shown below. The Sector Frameworks provide the central development impact thesis for each sector's operations, the corresponding set of project outcomes and market creating effects, and the sector's detailed rating methodology. The Sector Frameworks define project outcomes and development gaps, and identify their indicators and sources of data. On the market side, each framework presents the sector-specific market typologies and characterizes the market-creating effects and channels. The Sector Guidance Notes summarize the main elements of Sector Frameworks for non-specialists, and lead users through each step in the assessment up to calculating the final rating.

III. Main Assessment Principles and Propositions

This section describes the main principles and propositions of the AIMM system that guide the development impact assessment of projects. It is important to note that the AIMM methodology follows Evaluation Cooperation Group (ECG) Good Practices\(^6\) for *ex-ante* project assessment systems, including the need to define a theory of change for each project that maps the project’s outputs to its outcomes and their effects on key stakeholders, the wider economy, environmental and social sustainability, and how the outcomes contribute to market creation.

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\(^6\) ECG Good Practices for Private Sector Operations [https://www.ecgnet.org/content/private-sector-operations?qt-view__documents_details__block_2=4]
• **Development Impact Thesis and Core Outcomes.** Central to AIMM is the establishment of a project’s development impact thesis. This requires linking the development gap that the project addresses with the project’s main objectives and its specific outcomes. IFC staff must be able to define the development impact thesis and link it to project claims about what really matters, i.e., map outputs (e.g. channeling financing to private equity investees) and outcomes (e.g. growth of investees businesses) to relevant stakeholders, showing clear channels of attribution and scope. The focus should be on core outcomes—those which are the most important for the success of the project, and support its development impact thesis.

Sector Frameworks define the development impact thesis for each sector as well as the core outcomes (a subset of all project outcomes) that reflect the key impacts that IFC’s interventions in the sector are expected to deliver. Each project’s relevant outcomes may touch on one or more of the sector’s core outcomes (e.g. for the power sector, increasing access and cutting emissions), and each outcome should be substantiated through pre-defined indicators in the Sector Frameworks. It is expected that the core outcomes that reflect the development thesis, will be sector-specific (and detailed in the Sector Frameworks and Sector Guidance Notes). However, there may be a small subset of outcomes such as job creation, which cut across all transactions, and for which the relevant indicators need to be tracked and reported.⁷

If the project is not expected to perform well on its core outcomes, then its overall project outcome assessment will be below average, regardless of how well it performs along other dimensions. For example, a private equity fund is expected to support investee companies by supplying equity capital and helping the companies to grow. In this case, employment growth at the fund level would be secondary, in so far as low employment growth at investee companies will result in an overall project outcome rating that is also low. Therefore, the core outcomes are central to the development impact assessment and should be tracked for monitoring and reporting purposes.

• **Project (vs Strategy) Assessment.** Project-level anticipated impact is based solely on the impact expected from the investment that is being evaluated. It is not an assessment of any sector strategy. Every project is assessed on its own specific merits and its development impact thesis, and not based on the relevance of a specific sector strategy. Hence, it is paramount that every single project clearly articulates and substantiates its development impact narrative.

• **Counterfactual.** The identification of the counterfactual: “What would have happened in the absence of the project?” is a building block of the project assessment. In line with the Evaluation Cooperation Group’s Good Practices, ⁸ the assessment is measured against a “no project” counterfactual even though the project may proceed, in part, without IFC

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⁷ AIMM’s monitoring function will include the DOTS reach indicators common to financial operations (number and volume of loans, borrowers, investees) and those common to non-financial operations (job creation and payments to government).

financing. This means that for each project and market outcome, evidence is presented on the \textit{incremental} effect of the project. The exception is with social and environmental effects, where the counterfactual is “business as usual” and requires an assessment against a baseline defined according to the industry’s standards.

- **Negative Effects.** The AIMM assessment takes into consideration some potential material negative effects on both the project and market dimensions. These may include distortions caused by regulations (such as trade barriers, subsidies, and local content requirements) and potential negative social and environmental effects. For instance, a power project may imply large contingent fiscal liabilities. A financial sector project targeting SMEs could reduce market resilience by lending in hard currency, indirectly exposing the client financial institution to currency risk. To provide a holistic view, any negative effects need to be explicitly acknowledged, quantified where possible (e.g. using the economic rate of return – ERR), and assessed along with positive effects. As many potential negative effects will be sector specific, they will be identified in Sector Frameworks along with assessment guidance.

- **Scope and Contribution.** The assessment considers the full scope of impact, irrespective of the size of IFC’s contribution, relative to the total cost of the project. This includes direct, indirect, and induced effects. To assess the project impact, the relevant period of assessment (i.e. the timeline) and the project’s relevant activities should be delineated. Market-level impact implicitly considers past and ongoing World Bank Group investments that affect the likelihood or magnitude of the market creation impact expected from the project.

In most cases, the core project-level outcomes are expected to be delivered after the project company is operational or, in the case of IFC’s financial operations, when the financial intermediation commences. The timeline for outcomes to materialize can differ (e.g. jobs during construction vs jobs during operation), and are assessed accordingly in AIMM. The scope of the contribution consists of the set of activities that can be linked to the IFC’s intervention and form the development impact thesis justifying IFC’s support. In line with ECG Good Practices, this should include the sub-borrowers or investees in a financial intermediary.

With regard to a greenfield project, project finance, or a fund, the linking of project outcomes to IFC’s intervention is straightforward. However, when IFC makes loans to companies that cannot be easily associated with a specific project, the picture is often not clear-cut. In some cases, the project’s funding and activities only account for a small share of the sponsor’s total financing and overall set of activities. For instance, IFC’s equity investments in a company cannot be differentiated from ongoing activities, their expansion in the future, or the commencement of new activities. However, the equity infusion will likely be associated with an expansion strategy of some sort. In all cases, AIMM relies on an explicit definition of the intended use of funds to ground the project’s development impact thesis.

In refinancing cases, where no new assets are created, there needs to be a clear counterfactual against which maintaining the status quo through refinancing generates
some positive impact, i.e. the threat of downsizing or liquidation. For a straight refinancing operation which, in most cases is purely a balance sheet optimization, there is no identifiable development impact. Similarly, when IFC is financing an acquisition, development impact will describe what the sponsor will do with the acquired company, i.e. use it as a market entry vehicle for a major expansion. When the case is a simple transfer of assets, no economic impact is generated.

- **Double Counting.** As some outcomes relate to more than one dimension of the AIMM framework, double counting of development impact claims is a risk. At the project level, indicators for stakeholder impact and economy-wide impact can overlap. For example, indirect job creation by suppliers may be included in both the employee stakeholder assessment, which may already have been captured in the economy-wide estimates for indirect, as well as induced, job creation. To avoid double counting, IFC staff must rate only one of the elements in AIMM, but have the option of describing the various aspects of the impact claims in the narrative. When modeling estimates of the economy-wide impacts are available, these should be the basis of the discussion about impact, and be complemented with detailed information provided in the stakeholder analysis. At the market level, it is possible that a project may affect more than one market-creation attribute through a single channel. In such cases, to avoid confusion and double counting, the attribute with greater impact should be selected. For example, the demonstration effect from the successful launch of an SME financing product could drive the market toward both greater competitiveness and inclusiveness, but since inclusiveness has greater impact, it would be selected.

- **Gap Analysis.** Gap analysis refers to assessment of the development challenges that the project addresses and provides the context for assessing the relevant project outcomes. Through gap analysis at the project outcomes level, multiple market deficits relevant to a project are clearly defined, benchmarked, and mapped to the relevant project outcomes. The equivalent of this analysis at the market outcome level is discussed above under Market Typologies and Market Creation (II.5), which includes qualitative aspects of the market’s structures. Where these gaps are large, or significantly larger than average, the impact of a project addressing the gap will be greater.

- **Benchmarking.** To perform the gap analysis, market deficits or development challenges are benchmarked across all emerging markets (i.e. IFC countries of operation\(^9\)). This allows comparisons between, and within, emerging market countries that are primarily developing countries (low- and middle-income countries). This benchmarking exercise helps to better highlight differences between countries with difficult market environments such as countries that are International Development Agency/fragile and conflict-affected states (IDA/FCS). In other words, it is expected that the benchmarking exercise will display higher gaps and challenges in countries that are IDA/FCS, and therefore demonstrate a

\(^9\) This includes all low income, middle income countries, and selected high income countries (e.g. Argentina) where market institutions and markets are significantly underdeveloped relative to other high income countries. Current countries with lending and advisory services operations are found at: http://projects.worldbank.org/country?lang=en&page=
higher potential for development impact, than is the case in more advanced developing
countries.

Large and small gaps are relative, however, which means that markets with low gaps may,
nevertheless, have significant development needs, but these are small when compared to
the needs of comparator countries. Whenever data are available and reliable to better
establish the acuteness of the challenge under consideration, the benchmarking exercise
could be refined by looking for patterns in peer countries. The benchmarking exercise is
also carried out at the project outcome level to assess the impact’s intensity. In so doing, if
the data allow, the relevant project outcome indicators are benchmarked primarily against
industry/sector standards. Otherwise, benchmarking is carried out in comparison with all
IFC operations in each sector. Relative market deficit benchmarks enable cross-country
comparisons of market deficits in line with ECG Good Practices on benchmarking.

• **Scaling and Normalization.** To avoid biases due to the scale of projects, and to enable
cross-project comparisons, AIMM considers the size of the operation and the size of the
target market. The benchmarking exercise normalizes the development gaps. For instance,
the measure for an SME financing gap should not be the absolute size of the gap, but instead
the size of the gap relative to the concerned economy’s GDP. Thus, AIMM assesses
projects in very large economies (e.g. India) on the same basis as those in very small ones
(e.g. Sierra Leone). To account for size, AIMM normalizes the expected outcome indicator
by the size of the operation. The operation’s size is defined as the total value of the
investment, which includes all incremental equity, debt, and internally generated cash flow.
For non-financial projects, the intensity of the expected outcome will be assessed per dollar
invested, rather than the absolute size of the project. For financial operations, the
normalization will be the growth rate of the client financial institution, relative to the
counterfactual.

• **Inclusion.** AIMM promotes specific IFC priorities on inclusion: (i) job creation for
underserved groups such as women, (ii) gender-focused interventions, and (iii) projects
that target underserved groups such as those at the base of the economic pyramid (BOP).
These are implemented in line with the ECG Good Practices on assessment of the project’s
contribution to the institution’s mandated objectives. A subset of the core outcomes
reflecting such corporate priorities will be tracked and monitored across all transactions.
These include some of the strategic indicators previously tracked under DOTS as reach
indicators.10

• **Carbon Pricing.** In line with IFC’s commitment to include carbon pricing in its economic
rate of return analysis for high emitting projects (over 25,000 tons CO\textsubscript{2} per year) in specific
sectors, AIMM will use the project's estimated carbon price to assess the net climate costs
of the project where applicable. (See separate guidance on carbon pricing [link].)11

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10 Prior to AIMM, IFC used the Development Outcome Tracking System, or DOTS, to monitor the development
results of investment and advisory services. Reach indicators measured the number of people reached by IFC’s
clients or the dollar benefit to particular stakeholders, regardless of IFC’s investment size.
**Evidenced-based Assessment.** AIMM ratings reflect evidence-based judgments, and the Sector Frameworks provide a toolbox to help teams substantiate their project’s development impact. It is critical that an AIMM assessment substantiates its development impact thesis and all of its core outcomes with concrete qualitative and quantitative evidence. Where data are insufficient, IFC’s internal research and industry expertise will inform the assessment. This applies to documenting and measuring project effects, the size of market deficits, as well as the market typology, i.e. the country and market context in which the project is being implemented.

**IV. Rating/Scoring Methodology and Principles**

The AIMM rating methodology assesses the project’s outcomes and market creating effects and maps them into the overall AIMM rating for the project. Figure B describes the methodology that:

- Maps and identifies each of the quantified and documented project and market impacts (i.e. the anticipated size of their normalized impact) in the context of the development deficits being addressed, as established through the gap analysis;
- Aggregates the intensity of individual anticipated project outcomes into an aggregate project outcome potential, and market effects into an aggregate market creation potential; and
- Applies a likelihood adjustment factor to each potential that reflects the preponderance of project risks.

![Figure B - AIMM Rating Methodology](image)

The rating methodology follows the ECG Good Practices regarding evaluation metrics, benchmarks, and ratings. This section first discusses the methodology for developing the project outcome rating, and then the methodology for developing the market creation rating.

**IV.1 Assessment of Project Outcomes**
Each individual project outcome claimed by the project should substantiate two propositions: (i) the development gap being addressed by the individual project outcome; and (ii) the intensity (i.e. extent and efficiency) of the project’s contribution to closing this gap (with normalization for project efficiency). To provide context for rating different projects within the same sector, the gap size and impact intensity need to be compared against appropriate benchmarks, and thus the need for “relative” assessments.

- **Market Gap Analysis and Country Context.** This is an assessment of the relative size of the development gap for each project component and its dimensions. When compared to other IFC emerging client countries within the same sector, the gap assessment will identify where a country falls in the gap spectrum which will be divided into four categories, ranging from “very large”, “large”, and “medium”, to “small”. This assessment helps identify the sector specific gap for the country of intervention. Bridging the gap in the country context is a critical element in assessing a project’s potential impact, and helps explicitly recognize countries with large deficits such as those that are IDA/FCS. It is important to note that the country gaps are independent of project design, so changes in project design do not affect the size of the gap but do determine the relevant market gap for benchmarking. When the operation covers multiple countries, the gap should be weighted by the expected shares of the intervention across all the respective countries. When a single country accounts for most of the financing, the gap assessment should reflect the situation of the country where the bulk of the financing will be deployed.

As general guidance, when no direct evidence is presented to support the size of the development gap, the sector economists will determine this, based on a qualitative assessment and other indirect evidence. For instance, in low income countries, due to lack of sufficient information, a conservative approach will be applied in the assessment, which assumes that the gap is, at most, **Medium**.

- **Intensity of Impact.** Intensity is a measure of the efficiency of the intervention. It takes into account the strength of the impact, which is closely linked to the project design. Different project designs such as interventions targeting priority IFC underserved groups (e.g. BOP), can positively affect the extent of the project impact. Projects claiming to target such groups but whose targeting is poor will be negatively assessed on its impact intensity. Hence, it is important to ensure that all claims made are well targeted and realistic. The efficiency measure normalizes the magnitude of the impact, relative to the cost/size of the intervention, and ensures that small but well-targeted projects are not penalized. Another important element for assessing the magnitude and efficiency of impact is its timeline. When everything else is equal, an impact will be greater if delivered in a shorter period of time. Therefore, when documenting outcome indicators, it is important to highlight the related timeline, and reduce the expected intensity of outcome when implementation is significantly delayed. This benchmark ensures that deficits are addressed efficiently.

The intensity of impact is intended to assess if the project delivers “below average”, “average”, “above average”, or “significantly above average” impacts in projects of comparable cost, in the same sector, and with a similar timeline. As general guidance, when no evidence is presented to support the intensity of impact, relative to a benchmark, a
A conservative approach will be applied (e.g. downgrading the rating by one grade from expectations based on judgements) but will be determined at the discretion of the sector economists.

- **Rating Adjustments Driven by Inclusion**: Projects that can substantiate ex-ante whether a specific outcome will be delivered at, or above, the defined thresholds for inclusion (BOP, women, youth, or other vulnerable populations), will be credited through increasing the intensity of impact, gap addressed, or both. For instance, in projects that are gender focused, adjustments are based on evidence that the intensity of impact substantially improves the impact on women/gender balance, and/or that the gap for women is larger than the relevant overall gap being addressed.

- **Fragile and Conflict-affected States (FCS) Lens.** For a project in country that is an FCS, IFC staff must use an FCS lens to understand the development challenges and priorities. Drawing on existing World Bank Group (WBG) knowledge, the FCS Lens comprises a set of predefined and substantiated development priorities that are critical for the country to use in addressing a specific development challenge. If this FCS lens has been established for a country, then to support the development narrative, the assessment will draw from the information on the core development gaps identified in relation to FCS context. However, the FSC Lens does not provide an automatic rise in the outcome level for projects in countries that are FCS.

- **Component Ratings.** To assess the impact at each level of the project components, the Framework maps the intensity of each impact and its corresponding development gap to yield a component rating. Figure D below shows how the evidence-based intensity of impact and the development gap translates into individual project outcome component assessments. In exceptional cases where the gap is clearly “Very Large” (not borderline or slightly above the “Large” threshold), the intervention is the first in the market, and specifically targets IFC’s underserved groups, a “Very Strong” rating may be considered if the impact intensity is average.

![Figure D – Mapping Intensity of the Impact and Development Gap to the Rating](image-url)
The ratings can be understood as follows:

- Project outcomes with *Strong* and *Very Strong* component ratings are addressing a large or very large development gap or have above average intensity of impact.
- Projects with a *Moderate* rating are interventions with a below average impact intensity, or in a market with a below median gap, or both.
- Project outcomes rated *Marginal* are those that have below average intensity of impact that do not address a meaningful market gap; or, in some cases, have no impact.

**Aggregation into Project Outcome Potential.** Individual project outcomes’ ratings are aggregated into an overall project outcome potential which measures the project’s potential relative to its development impact thesis. While detailed rules on aggregation are provided in the Sector Frameworks, general guidance is shown in Table E. This guidance is not intended to be exhaustive as it does not include all possible cases which, in practice, have not occurred, and are unlikely to occur (e.g. Very Strong in its core outcomes, but with significant negative effects).

**Table E - Rating Guidance for Project Outcome Potential**

<table>
<thead>
<tr>
<th>Rating</th>
<th>Guidance</th>
<th>Project Characteristics</th>
</tr>
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</table>
| Very Strong| *Very Strong* impact in at least one of its core outcomes’ components and no material negative effects

  - *Strong* impact in its core outcomes and a preponderance of *Very Strong/Strong* non-core outcomes, with no material negative effects

These projects have: (i) significantly above average sector core impact intensity in countries with large gaps, and (ii) at least average sector core impacts in countries with very large gaps.

This includes the implementation of projects that through new business models or technologies can provide reach to a significantly higher number of customers or can bring significant improvements in pricing and/or quality that are much higher than the average for the industry; and that introduce these solutions in country environments that across the world have the most critical needs in the sector.

| Strong     | Strong impact in at least one of its core outcomes and no material negative effects

  - Strong impact in its core outcomes and one of its more Strong/Moderate non- |

These projects have: (i) above average impact intensity in countries with medium to large gaps, (ii) significantly above average impact intensity in countries with low to medium gaps, or (iii) average impact intensity in countries with large gaps.
<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core outcomes with (at most) moderate negative effects</td>
<td>These correspond to successful new or ongoing business models that are expected to deliver development outcomes above the sector's norm, and not necessarily in countries with extremely high gaps. These include interventions that provide reach above the sector’s norm; affordability and/or quality; as well as value added, employment, and/or emissions reduction in countries with medium to large gaps.</td>
<td></td>
</tr>
<tr>
<td>Very Strong in its core outcomes with (at most) moderate negative effects</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Moderate impact in its core outcomes and no material negative effects.</td>
<td>These are projects have: (i) average core impact intensity in countries with low to medium gaps, (ii) below average impact intensity in countries with large gaps, or (iii) above average impact intensity in countries with low gaps.</td>
<td></td>
</tr>
<tr>
<td>Moderate impact in its core outcomes and one or more Strong/Moderate non-core outcomes with, at most, moderate negative effects</td>
<td>Many of the projects that fall into this category include new or repeat business that supports the expansion of well-functioning but standard business models, in countries with low to medium gaps. These should be considered as valid IFC 1.0 and IFC 2.0 operations in mostly low middle- and upper middle-income countries.</td>
<td></td>
</tr>
<tr>
<td>Minimal impact in its core outcomes but with several Very Strong/Strong non-core outcomes and no material negative effects</td>
<td>These are mainly cases with below average core impact intensity in countries with small gaps. These should be likely to be rare cases, as IFC interventions are usually designed to either support existing standard business models, or innovative to remarkable business models that deliver above average impact intensity.</td>
<td></td>
</tr>
<tr>
<td>Minimal impact in its core outcomes and no material negative effects</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Moderate impact in its core outcomes with moderate or greater negative effects</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minimal impact in its core outcomes and any combination of Strong/Moderate non-core outcomes</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Likelihood Adjustment.** The AIMM methodology considers the uncertainty of realizing the identified potential development impact. The assessment of potential is decoupled from the assessment of likelihood, reflecting the IFC 3.0 priority of focusing on large market gaps. The likelihood assessment is intended to make a distinction between the potential outcomes that a project could deliver, and what could be realistically achieved, given the

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12 IFC 1.0 is the strategy up to 2000 which focuses only corporates and multinationals while IFC 2.0 featured a decentralization strategy to working in local markets and with local companies.
context in which the project is being implemented. Before implementation, likelihood is an estimate that cannot be known with absolute certainty but could be linked to a certain number of risks that could prevent achievement of the anticipated development impact, as planned. The AIMM system organizes those risk factors into three broad categories: (i) operational risk factors, (ii) sector-specific risks related to the market in which the project will be implemented; and (iii) broader country or region context risks, including macro-financial ones that might affect the realization of project outcomes.

Following ECG Good Practices, and consistent with AIMM’s evidence-based methodology, the likelihood assessment is also evidence-based and, necessarily, entails some degree of judgment. For project-level outcomes, evidence and consideration of operational risks include the track record of the project’s sponsor and its experience in the sector in a similar context, as well as any mitigating factors. The likelihood assessment will also depend on the complexity of the design, including the multiplicity of uncoordinated interventions or untested innovations. It is broadly divided into the three categories of “low”, “medium”, and “high” to reflect the preponderance of positive and negative risk factors, as well as mitigating factors. Figure F presents some of the key types of risk factors and their transformation into an aggregate likelihood assessment.

**Figure F: Likelihood Assessment**

<table>
<thead>
<tr>
<th>Operational Factors</th>
<th>Sector Factors</th>
<th>Country/Macroeconomic Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The experience and track record of the sponsor</td>
<td>• Sector-specific regulatory risks</td>
<td>• Macro-financial risk factors (e.g. Is the cycle conducive to growth?)</td>
</tr>
<tr>
<td>• The financial strength of the company and its technical/operational capacity</td>
<td>• Degree of competition, and the capacity of the transmission channel for change among market participants</td>
<td>• Exogenous risk (e.g. commodity cycles and credit cycles)</td>
</tr>
<tr>
<td>• Project design and involvement of novel complexity, innovations, and other implementation/execution risks</td>
<td>• Other sector-related risks (e.g. technological changes)</td>
<td>• General regulatory, governance, policy and other doing business related risks in the country</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Low Likelihood</th>
<th>Medium Likelihood</th>
<th>High Likelihood</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preponderance of risk factors, which have a negative impact on core outcomes</td>
<td>Mixture of risk factors, which may have both positive and negative impact on core outcomes</td>
<td>Preponderance of factors that have a positive impact on core outcomes</td>
</tr>
</tbody>
</table>

**IV.2 Assessment of Market Creation Outcomes**
The main objective is to assess the degree to which a project creates market-level systemic changes through catalytic effects. A project’s contributions to market creation are assessed through its ability to deliver up to two individual market attributes. Similar to project outcomes, the overall assessment of contributions to market creation potential is evidence-based, and clear channels need to be identified and substantiated. First and foremost, it is important to define the relevant market that could be the industry/sector in which the project will take place, or which the project is intended to impact (excluding markets affected by the project through economic linkages). The same market definition will apply consistently across the different market attributes. For each component, this consists of: (i) identifying the relevant market attributes and the corresponding channels, (ii) determining the stage of market development according to the market typology, and (iii) assessing the induced movement along the market typologies. Based on these individual components, an aggregate qualitative rating for market creation potential is derived, and then a likelihood adjustment is applied to determine the project’s overall market creation rating.

- **Channels for Market Creation.** As discussed above, to establish the potential to promote market-level changes, sector teams must demonstrate a clear channel through which the intervention delivers the identified market outcome. Potential channels include:

  - **Demonstration and replication effects.** These are illustrated by evidence that other market participants realize the efficiency gains and market opportunities related to the innovation and start adopting it. Putting in place, clearly delineated and identifiable product, and service innovations, or improved practices are actions that increase competitive pressures and market competition. Teams need to focus their analysis of this channel on the following questions: How many competitors are there in the market? How is the latest technology or innovative business model used? Is the innovation clearly identified so competitors can replicate it? Do competitors offer similarly low prices? For others entering the market, what is the market size and opportunity to profit? What are the capabilities of incumbent or potential players to enter the market, acquire the technology, or adopt the business or pricing model? Has replication happened in similar markets?

  - **Taking actions that contribute to promoting competition and triggering other market players to up their game.** Innovation entailing changes in costs and/or practices is one channel for market creation; and so is the adoption of international standards or best practices. These often include instances where a number of incremental changes such as improving operational efficiency and adopting new business practices collectively improve the quality of a service over several delivery channels. To impact a market attribute, the set of product improvements must be sufficiently large or significant to generate responses from other market players. This includes replication and expansion of practices and products that have been demonstrated in the market, but are in a nascent stage. Teams need to focus their analysis of this channel on the following questions: How innovative is the project? How does the improved management of the project contribute to competition? What are the cost reductions or efficiencies that contribute to competition? Is the project supporting novel products that can change the market dynamics? Is the client introducing new models that essentially force other producers to do the same thing?
Putting in place enabling frameworks that include policy/regulatory reforms; technological, transactional, or infrastructure platforms; or financial innovations. Teams need to focus their analysis of this channel on the following questions: Does the project have an advisory component that focuses on strengthening market institutions and policies? Does the project include any preparatory interventions that lay the groundwork for private investment? Was there coordination with the World Bank or another international finance institution to design a development policy loan that advances sector policy reforms that the project then helps realize?

Building capacity and skills that open the market to new opportunities. Many nascent and underdeveloped markets are held back by a shortage of workers with critical skills, including engineers, management professionals, and investment advisors. Organizations may also lack the requisite know-how or capacity. This applies to projects with investment components that are intended to reduce capacity and skill shortages or provide related advisory services. Teams need to use the following questions to focus their analysis of this channel: Is the capacity building component significant? Is the timeline of the interventions synchronized with the project’s development impact delivery? How will this help the market to achieve a certain attribute in a systemic way? Can results be verified through financing components that target these shortages? Is it closely related to enabling markets? Will this benefit only the IFC client, or will it benefit other companies?

Identifying the Current Stage of the Market and Market Gap Analysis. Market typologies describe the stages of market development for a given sector, ranging from least developed to most advanced. These stages underpin a theory of change that describes the sequence of changes that a sector must undergo to advance from one stage of development to the next. Such typologies make it possible to identify a sector’s current stage of development, and the evidence needed on the extent of the market gap in the sector. To minimize ambiguity in the rating process, Economists should always endeavor to situate the market in one of the typologies described in Figure G even if the market includes a mix of qualities found in adjacent typologies. These typologies also provide a sense of how much a given intervention could move the market from one level of development to the next (see Exhibit G).

For each market outcome, the current stage of the market along the sector’s market typology is identified in the relevant Sector Framework.

**Figure G – Market Typologies**

<table>
<thead>
<tr>
<th>Highly Under-developed markets: This stage concerns markets with no local operations in the sector of interest, or no private operations, i.e. where markets are nascent or do not exist</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under-developed markets: For the relevant attribute, this stage ranges from predominantly state control and dominance of operations, to a single or a few private sector structured operations, to completely unstructured private operations. At this stage, local private operations are limited to</td>
</tr>
</tbody>
</table>
importing and distribution, and possibly unstructured production by SMEs. This stage is often characterized by domination of the market by a local champion that may be either public or private.

**Moderately-developed markets:** These are characterized by a combination of structured and unstructured private operations that are sizable relative to the overall market. There is some structured local production, with imports largely under open trading regimes, or local production that is dominated by international foreign-owned companies. There are usually several large firms in the market, including at least one local champion.

**Highly-developed markets:** This stage ranges from well-functioning markets through mostly structured operations/market elements for the relevant attribute, which is at the top rank in the developing world; to markets operating under the best global structure, standards, and practices. Local production is occurring, with a mixture of imports under open trading regimes, exports are competitive, and there are strong domestic producers alongside foreign-owned companies.

- **Intensity of Market Impact.** This is the extent of the market transformation or expected movement along the market typology generated by the project. Taking into account the project objectives/design, other World Bank Group interventions, and the current market stage, the project team sets out how and to what extent the market could move over a particular timeline (e.g. 3 to 7 years). For example, a solar power project, which is the first to use a new feed-in tariff regime, could be expected to engender significant growth in the market from the current stage of an underdeveloped market, dominated by state-owned companies, to a moderately developed market, with several independent power producers.

For each relevant market outcome, the individual market creation assessment will identify the magnitude of the movement falls in the movement spectrum and will support one of the following movement options:

- **Marginal – Very limited movement:** Little to no expected systemic change in the market will take place as a result of implementing the project. This includes the support of business-as-usual standard operations that preserve the status quo in the market.

- **Meaningful – Some improvement, often within the same market stage:** Some change is expected that will moderately improve the market, either in situations where the market will remain within the same stage or where the market will experience a slight movement to the next stage. This includes interventions that introduce some improvements in business practices or standards that could be replicated, or the support of business-as-usual standard operations that could somewhat deepen the market.

- **Significant – Large changes, typically advancing to the next market stage:** Significant systemic change is expected that will take the market to the next stage of the market typology. This includes interventions that introduce significant improvements in business practices which, when replicated/adopted, bring more structure to the market. This includes opening non-existent market niches, or significantly deepening already-existing, but nascent market niches, as well as robustly challenging dominant incumbent firms. This may also include large
movements within the same stage where an operation moves a market from the beginning of a stage to the upper end of that stage.

- **Highly Significant – Advance beyond the next market stage:** Very high systemic change will occur that could help the market advance rapidly across more than one stage. This could achieve significant transformation of business practices, innovation, or adaptation to disruptive technologies. These large advances would be accompanied by sizable changes in market structure.

- **Market creation ratings:** The combination of the current market stage or market gap, and the expected intensity of market impact through movement along the typology will drive the individual rating for market creation for each of the following market attributes: Some ratings are conditional, depending on how early or late the market currently is within a specific stage. In exceptional cases where the stage of market development is clearly documented as “Highly developed” (not borderline or slightly above the “Moderately developed” threshold, the intervention is the first in the market, and specifically targets IFC’s underserved groups or a vast swath of customer segments, a “Very Strong” rating may be considered if the impact intensity is highly significant. Likewise, a “Strong” rating may be considered for “meaningful” movements in an “under developed” market if there is substantial evidence that the intervention meets the above-mentioned criteria. In all cases, these should be supported with compelling evidence.

![Figure H – Rating the Market Creation Component*](image)

*In exceptional cases where the stage of market development is clearly documented as “Moderately developed” or “Highly developed”, the intervention is the first in the market, and specifically targets IFC’s underserved groups or a vast swath of customer segments, a “Very Strong” rating may be considered if the impact intensity is highly significant. Note, a market can move beyond the "highly developed market" typology as it is highly developed in the context of other emerging markets, and move into the market typology that characterizes developed economies for that specific market.

- **Aggregation into Contribution to Market Creation Potential.** Assessments of the market attributes’ components need to be aggregated to yield one rating for the
project’s potential for Contribution to Market Creation. Aggregation of market creation outcomes is done in such way that the strongest market outcome rating drives the overall rating. In most cases, often one of the two market creation outcomes is stronger, and this is the one that should drive the overall rating.

**Figure I: General Guidance on Aggregation of the Market Creation Component**

<table>
<thead>
<tr>
<th>Rating</th>
<th>Market Creation Characteristics</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Strong</td>
<td>This implies either creating a nascent market where one did not exist, or taking very under-developed markets and moving them to more advance stages. This includes supporting private first movers in markets or market niches that are fully state-controlled, completely unstructured, or where the market niche has largely been unexplored. It also includes interventions that introduce structured business models, products/services, technologies, or standards into very early stage, under-developed markets that can be replicated in a way that takes the market to a moderately developed stage, and disruptive technologies/business models in more developed markets.</td>
<td>Issuing a green bond in a market where both the primary and secondary bond markets are nascent (sustainability via demonstration).</td>
</tr>
<tr>
<td>Strong</td>
<td>This generally includes supporting innovative business models, standards, or practices that have the potential to change the way the entire market operates for the relevant market attribute chosen, and thus moves the market to a more advanced stage. Interventions that trigger relatively moderate improvements that maintain the market at the same stage, but that take place in early-stage, under-developed markets are also considered Strong. Interventions that directly ensure the survival of the overall market will also be rated Strong.</td>
<td>Establishment of a new business model for affordable housing in a large, underdeveloped market (inclusiveness via demonstration).</td>
</tr>
<tr>
<td>Moderate</td>
<td>This implies limited systemic effects on the market, which, in general, will not move the market to the next stage of development—for example, supporting the expansion of existing business models with limited innovations (such as some additional coverage or deepening) over the current market norm, but not changing the market development stage. In addition, counter-cyclical interventions to preserve the current stage of the market (though not the entire market’s existence) should be rated as Moderate.</td>
<td>Expansion of leasing that targets SMEs in an underdeveloped leasing market, but with a moderately developed market for SME financing (competitiveness via promoting competition).</td>
</tr>
</tbody>
</table>
This mainly reflects very limited potential for systemic impacts, and preservation of the market’s status quo. It includes continued support for existing business models that have been in place for extended periods of time, and which may contribute to some market growth, but result in no systemic change.

An innovative financing channel for small-holders in a large, moderately developed market where they have access to markets and several financing choices (inclusiveness via promoting competition in an underserved segment).

- **Market Creation Likelihood Adjustment.** This adjustment follows the principles for the likelihood adjustment for project outcome potential. In general, the likelihood assessment includes sector-specific, as well as broad country risks that may prevent potential catalytic effects from occurring, plus political economy or policy/regulatory risks that may constrain market systemic change. *Examples of market risks include: government openness to private sector participation; political influence of incumbent groups; potential trade barriers; and availability of potential trade partners.*

Due to the diversity of market creation attributes and channels, most of the likelihood factors are expected to be sector, or intervention specific. Figure J outlines some of the common risk factors for market creation.

**Figure J: Likelihood Assessment**

<table>
<thead>
<tr>
<th>Sector/Commercial Factors</th>
<th>Macroeconomic Factors</th>
<th>Policy Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sector margins and sustainability</td>
<td>Macro-financial factors, both domestic and exogenous risks</td>
<td>Openness of government to increased private sector participation in the market</td>
</tr>
<tr>
<td>Level of adaptability of the sector; capacity to adapt</td>
<td>The perceived country risk, relative to other countries</td>
<td>Government capacity to enforce regulations and its track record for doing so</td>
</tr>
<tr>
<td>Barriers to entry favoring incumbents</td>
<td>Level of integration of the market (How connected/interlinked the market is)</td>
<td>Regulatory constraints on capital mobilization (e.g. capital controls);</td>
</tr>
<tr>
<td>Exposure to international competition (imports/exports) and spillovers (trade links)</td>
<td>State of the global economy</td>
<td>Recent and upcoming changes in regulations and standards</td>
</tr>
<tr>
<td>Precedents in the sector</td>
<td>Price trends</td>
<td></td>
</tr>
<tr>
<td>Market conditions (infrastructure and governance)</td>
<td>State of the market</td>
<td></td>
</tr>
<tr>
<td>Conditions for imports/exports</td>
<td>Conditions for imports/exports</td>
<td></td>
</tr>
</tbody>
</table>

- **Low Likelihood**
  - Mixture of risk factors, which may have both

- **Medium Likelihood**
  - Mixture of risk factors, which may have both

- **High Likelihood**
Preponderance of risk factors, which have a negative impact on core outcomes | Preponderance of factors that have a positive impact on core outcomes
---|---

**IV.3 Overall AIMM Rating**

AIMM scores are simply a mechanical conversion of the qualitative ratings according to the formula described in Figure B. Hence, it is very important to get the qualitative ratings and likelihood assessments right. Figure J presents the scoring for the project and market potential, the likelihood adjustment, and the conversion into an overall AIMM score.  

**Figure J – AIMM Project Scoring – Numeric Conversion***

<table>
<thead>
<tr>
<th>Potential Scores</th>
<th>Likelihood Factor</th>
<th>AIMM Score Ratings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Strong</td>
<td>High</td>
<td>Excellent</td>
</tr>
<tr>
<td>Strong</td>
<td>Medium</td>
<td>Good</td>
</tr>
<tr>
<td>Moderate</td>
<td>Low</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>Minimal</td>
<td></td>
<td>Low</td>
</tr>
</tbody>
</table>

*The final score is the sum of the project outcome and market impact scores that are individually rounded to the nearest multiple of 5.

As an example, for a project with a Project Outcome score of Strong, with High Likelihood, and a Market Creation score of Moderate, with Medium likelihood, the overall AIMM rating would be Good as its score would be 50 = (40 x 0.9 = 36 (rounded to 35)) + (20 x 0.75 = 15).
Annex A: Scoring Guidance for Inclusion Elements in AIMM

This note presents the AIMM scoring guidance for inclusion elements and is intended to complement the AIMM General Guidance Note. This note is meant to take the reader through the methodology for assessing how a project can receive an upward movement in the scoring process when considering inclusion elements for project-level outcomes under stakeholder impacts.

Projects that reduce gaps and expand access by overcoming barriers due to gender, income level, location, age, etc. support IFC’s efforts to be more inclusive and reach traditionally un/underserved segments of the population.

Projects that intend to impact the underserved\(^\text{14}\) may potentially receive upward movement during the AIMM scoring process, based on the principles identified below. Any upward movement would be applied during the rating of the intensity of project-level outcomes.\(^\text{15}\) The AIMM Panel will make the final decision with regards to scoring.

**Gender related impacts in AIMM**

Teams are encouraged to capture gender\(^\text{16}\) impacts across all sectors of the IFC portfolio as relevant. Gender equality is not only a social and moral imperative, but also an economic necessity and an instrument for development. Gender gaps are deeply entrenched globally, especially in low-income and IDA countries. Closing gaps between men and women is not only good for development, it is also good business for companies\(^\text{17}\). Companies see a clear benefit from reducing gaps between men and women in their workforces, supply chains, leadership and/or customer base as it can improve business outcomes such as increased productivity and financial performance, as well as have other positive impacts such as recruitment and retention of talent, and innovation.

IFC’s approach to providing solutions that promote gender equality through the private sector spans across five stakeholder groups, where women are often under-represented and face higher barriers / gaps as compared to their male counterparts. These stakeholder groups are – women as leaders, women as employees, women as entrepreneurs\(^\text{18}\), women as consumers, and women as community stakeholders. For AIMM, taking a gender approach refers to the impact generated from the project by addressing a market failure related to gaps between women and men. Projects may have varying degrees of gender-smart solutions\(^\text{19}\) but how the project generates impact for men and women differently should be accounted for in AIMM.

\(^\text{14}\) Individuals are considered underserved if they lack access to basic goods, services, jobs, and/or assets that are important aspects of well-being. Who is underserved depends on the context e.g. women, base of the pyramid/low-income people, youth, refugees etc.

\(^\text{15}\) Scoring of market effects is addressed through the inclusiveness attribute and is not subject to any upward movement.

\(^\text{16}\) **Gender** refers to the special, behavioral and cultural attributes, expectations and norms associated with being male or female.

\(^\text{17}\) For more information, refer to the [IFC Gender Brief](#).

\(^\text{18}\) “Entrepreneurs” refer broadly to such stakeholders across the value chain i.e. suppliers, distributors, retailers etc.

\(^\text{19}\) **Gender-smart solutions** are solutions that achieve the overall objective of an intervention with a client while closing relevant gender gaps in that process, and thereby strengthening the company’s business performance.
The approach to assessing gender impact through AIMM should be consistent across sectors, while at the same allowing for flexibility for sector-specific contexts. Gender questions (and indicators) are identified in the sector frameworks through each of the stakeholder groups as relevant (under project outcomes) and through inclusiveness (under contribution to market creation). Gender – primarily women/female stakeholders – is often captured/referred to as an example of an “underserved group” in several sector frameworks.

Scoring: Gender dimensions in AIMM should be included in a project where gender-related impact is relevant to its core development outcome(s)\(^20\). The focus can be on one or multiple stakeholder groups.

**Inclusive business elements in AIMM:**

Elements of inclusive business refer to people who are underserved: the base of the pyramid who lack access to basic goods and services, as well as women, refugees, youth, etc., depending on the context. Inclusion may occur at different points along a company’s value chain (suppliers, distributors, retailers, customers).

Teams are encouraged to capture inclusive business impacts across all sectors of the IFC portfolio as relevant. Inclusive clients are valued for the diversity they bring to the IFC portfolio, as well as the additional inclusive impact that is brought about through the project. This should be reflected when assessing projects. Some sectors, such as agriculture, health, education, microfinance etc. are most likely to have potential for strong inclusion claims and have specific language embedded in their frameworks.

There is a spectrum of inclusiveness—projects may have varying degrees of inclusiveness and this should be accounted for in AIMM. Some have a comprehensive approach to reaching or engaging more deeply with underserved people that includes a variety of efforts and touch points that are sustained over the long-term. Others have a more limited approach.

The approach to assessing inclusion should be consistent across sectors, while at the same allowing for flexibility for sector specific contexts. In general, a project’s inclusive characteristics are found in accessibility, affordability, and product/service customization for stakeholders embedded in different subcomponents of the frameworks.

**Principles for Rating Project-Level Inclusion Outcomes**

**Principle 1:** If a project has an inclusion-related outcome that is linked to core outcomes\(^21\) and the level of intensity for that indicator is rated “above average” or higher,\(^22\) the project will move upward within its potential combined intensity range. This movement will have the most impact on projects with an intensity range that spans two rating levels (i.e. “at the borderline”).

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\(^{20}\) A project that includes gender in its AIMM construct should likely include a Gender Flag as well.

\(^{21}\) Inclusion outcomes are identified at the sector level in each framework.

\(^{22}\) Y/N inclusion outcomes with a positive response are treated as ‘above average’.
**Principle 2:** If the project has more than one inclusion-related outcome linked to core outcomes, each with at least an “average” individual rating and a combined average rating of “above average” or higher, the project can expand its potential combined intensity range upward.

<table>
<thead>
<tr>
<th>Project Dimension</th>
<th>Gap Addressed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low</td>
</tr>
<tr>
<td>Significantly Above Average</td>
<td>Strong</td>
</tr>
<tr>
<td>Above Average</td>
<td>Moderate</td>
</tr>
<tr>
<td>Average</td>
<td>Moderate</td>
</tr>
<tr>
<td>Below Average</td>
<td>Marginal</td>
</tr>
</tbody>
</table>

**Illustration: Principle 1**

<table>
<thead>
<tr>
<th>Project Dimension</th>
<th>Gap Addressed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low</td>
</tr>
<tr>
<td>Significantly Above Average</td>
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</tr>
<tr>
<td>Above Average</td>
<td>Moderate</td>
</tr>
<tr>
<td>Average</td>
<td>Moderate</td>
</tr>
<tr>
<td>Below Average</td>
<td>Marginal</td>
</tr>
</tbody>
</table>

**Illustration: Principle 2**