We are improving our ability to monitor selected development indicators – including indicators for environmental and social performance – throughout the life of a project.
Measuring Impacts

Tracking our contribution to development

Monitoring and evaluation of our projects, policies, and procedures constitute a critical part of what IFC does. We already track “high impact” projects based on their potential to go significantly beyond compliance with IFC’s social and environmental standards and to deliver a high economic return. The intention has been to help investment staff identify opportunities to add value to their projects and to recognize this through departmental scorecards.

This year an institution-wide effort was launched to improve the way we track the full sustainability and development impact of our investments as a means to report on our overall contribution to development.

The new approach involves identifying and monitoring selected development indicators throughout the life of a project, including economic, financial, corporate governance, social, and environmental dimensions. The new system aims to fulfill IFC’s commitment to systematically articulate expected development results at approval and track them during supervision. A similar system is currently being developed for our technical assistance and advisory services.

The new effort emphasizes the role of staff as data stewards and champions in maintaining effective monitoring systems. Individuals are given clear responsibilities and accountability for specific information. Ultimately, the quality, completeness, and usefulness of the data collected are dependent on the commitment of those who input it and the management oversight provided.

Monitoring the performance of our clients

IFC also tracks the compliance of clients with commitments made in the investment agreement, such as reporting on environmental and social performance as stipulated prior to disbursement, and the submission of annual environmental and social performance reports. The revision of our Policy and Performance Standards and the introduction of improved management systems will allow us to better track and support sustainability throughout the investment cycle.

Internalizing lessons from experience

The IEG publishes an Annual Report which reviews the adequacy, coverage, and quality of evaluation processes within IFC. It examines how effectively IFC is using performance measurement and evaluation findings to enhance its results and increase its accountability.

www.ifc.org/ieg
An investment with high environmental impact

In 2005, IFC provided $10 million in equity financing to greenhouse gas emissions company AgCert to help the company roll out emission reduction projects in Brazil and Mexico. AgCert was founded in 2002 to generate and sell reductions in greenhouse gas emissions, which are intended to satisfy the requirements of the Kyoto Protocol and are expected to be traded in the international market for carbon credits.

AgCert works with swine and dairy farms to modify their animal waste management systems and enable the capture and disposal of methane, thus allowing the creation and sale of carbon credits. This operation will generate a stream of revenue for the company and the farmers.

The project involves modification of animal waste management systems at about 1,600 sites in Brazil, Mexico, and other countries in Latin America over a two- to three-year period at an estimated cost of $150 million. Upon completion of all the planned sites, AgCert is expected to produce about 15 million tons of emission reductions per year.

This is an innovative transaction with significant development impact potential, not only in reducing greenhouse gas emissions but also in improving the water and air quality at livestock farms. It will provide a source of organic fertilizer and renewable energy for the farmers, thus supplementing their income in multiple ways. This business model could be implemented in farms in other countries, with a positive environmental and development impact.