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

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

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

» Sets ambitious targets and the incentives to achieve them

» Strengthens our capacity to deliver an optimal mix of projects that deliver both high development impact and solid financial returns
How does the AIMM system assess development impact?

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

» **PROJECT OUTCOMES**

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

» **MARKET OUTCOMES**

These refer to a project’s ability to catalyze systemic changes that go beyond those effects brought about by the project itself.
The AIMM System Deconstructed

Project Outcomes
(includes direct and indirect effects)

Stakeholder effects
Economy-wide effects
Environmental and social effects

Contribution to Market Creation
(includes systemic effects on markets)

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

- **COMPETITIVENESS** Competitive markets are those where firms can effectively enter, exit, and compete. These markets also support product or process innovation, improved management practices, and/or lower product cost.

- **RESILIENCE** This objective refers to improving the depth, structure, regulation, and governance of markets to help them withstand shocks.

- **INTEGRATION** Promoting this objective involves the enhancement of physical and/or financial connectivity, within and across markets.

- **INCLUSIVENESS** Markets that are more inclusive are those that support fair and full access by marginalized groups to goods and services, finance, and economic opportunities.

- **SUSTAINABILITY** Markets are more sustainable when firms and consumers adopt environmental and social sustainability technologies and practices.
To deliver one or more of the market objectives, IFC’s interventions identify channels through which **systemic changes** occur. These channels refer to actions that:

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

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

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

» Build capacity and skills that open new market opportunities and support market objectives
Is there a link between the AIMM system and the Sustainable Development Goals (SDGs)?

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

**By design, the AIMM system measures project-level and systemic outcomes (“creating markets”) against objectives that are associated with the SDGs and helps IFC contribute to achieving the twin goals.**
IFC Intermediate Objectives are Derived from IFC Articles of Agreement and Contribute to IFC’s Ultimate Goals

IFC Articles of Agreement define its mission...

...from which intermediate objectives are derived...as a means to contributing to IFC’s ultimate goals

IFC ARTICLES OF AGREEMENT (Art. 1)

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

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

IFC Articles of Agreement define its mission

...and imply two broad objectives for IFC

...from which intermediate objectives are derived

...as a means to contributing to IFC’s ultimate goals

PROJECT OUTCOMES

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

Implement projects that generate (positive):
» Stakeholder effects
» Economy-wide effects
» Environmental and social effects

MARKET CREATION

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

Create markets that can deliver sustainable development impact and therefore are:
» Competitive
» Resilient
» Integrated
» Inclusive
» Sustainable

TWIN GOALS

SECTOR IMPACTS

CROSS-SECTOR IMPACTS

1. POVERTY
2. ZERO HUNGER
3. GOOD HEALTH AND WELL-BEING
4. QUALITY EDUCATION
5. GENDER EQUALITY
6. CLEAN WATER AND SANITATION
7. AFFORDABLE AND CLEAN ENERGY
8. DECENT WORK AND ECONOMIC GROWTH
9. INDUSTRY, INNOVATION, AND INFRASTRUCTURE
10. REDUCED INEQUALITY
11. LIFE ON LAND
12. RESPONSIBLE CONSUMPTION AND PRODUCTION
13. LIFE UNDERWATER
14. CLIMATE ACTION
15. LIFE ON LAND
16. PARTNERSHIPS FOR THE GOALS
Why is there a second “M” in the AIMM system?

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

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

1. **Diagnostics**
   Inform sector focus and project selection; identify country priorities

2. **Project Ratings**
   Drives project selection and design *ex-ante*

3. **Results Measurement**
   Identifies achievements and lessons learned

4. **Evaluation**
   Promotes learning and accountability *ex-post*

Monitoring / Feedback