

DFI Transparency Initiative

Findings from work stream 2: Impact Management - Objectives, Theories of Change and Impacts

Wednesday 30th September 2020

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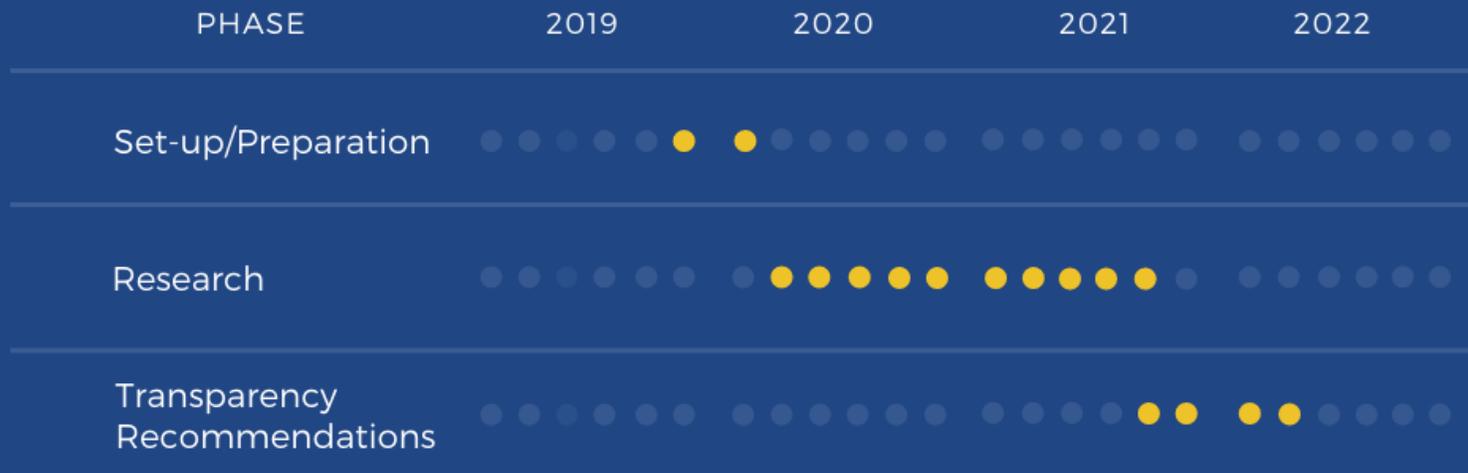
1. Introduction – DFI Transparency Initiative

- ▶ 2 ½ year project looking at the use of public money by Development Finance Institutions (DFIs) to meet global development goals
- ▶ Our **objective** is to work collaboratively with DFIs and other stakeholders to increase the transparency of DFIs
- ▶ Our **approach** is evidenced-based and multi-stakeholder in two main phases; research and advocacy
- ▶ **Notes:**
 - ▶ Research does not include FI investments at this stage.
 - ▶ Anonymisation of results is purposeful and intended to highlight the opportunity for sector reform, rather than institutional reform.
 - ▶ We have not covered negative impacts in this phase, instead these are covered in the upcoming Workstream 3 – ESG and accountability to communities.

1. Introduction – work plan



DFI Transparency Initiative





1. Introduction – project advisory board

- ▶ **Chair** - Robert Mosbacher, Jr.
- ▶ Andrea Ordóñez (Southern Voice)
- ▶ Aubrey Hruby (Insider / Africa Expert Network)
- ▶ Elizabeth Boggs Davidsen (SDG Impact)
- ▶ George Ingram (Brookings Institution)
- ▶ Karin Finkelston (IFC)
- ▶ Nancy Lee (Center for Global Development)
- ▶ Paddy Carter (CDC Group)
- ▶ Paul O'Brien (Oxfam America)



1. Introduction – work streams

- ▶ Basic Project Information
- ▶ **Impact Management - Objectives, Theories of Change and Impacts**
- ▶ Environmental, Social and Governance (ESG) and Accountability to Communities
- ▶ Value of Investment: Concessionality, Mobilisation and Structure of Deal
- ▶ Financial Intermediaries, Offshore Financial Centres and Beneficial Ownership

1. Introduction – impact management - objectives, theories of change and impacts

- ▶ Working definition of development impact - a project's intended positive effects
- ▶ We assessed the transparency of:
 - ▶ Development impact measurement
 - ▶ Disclosure of results
 - ▶ Financial and development additionality (for non-sovereign operations)
- ▶ Research questions:
 1. Do DFIs disclose their approach to development impact measurement? And if so, how?
 2. How do impact measurement and disclosure differ for sovereign and non-sovereign operations?
 3. To what extent do DFIs disclose ex-ante impact prediction processes and data?
 4. To what extent do DFIs disclose ex-post impact measurement processes and data?

2. Methodology – overview

- ▶ This report was informed by:
 - ▶ a desk-based landscape analysis of impact measurement disclosure
 - ▶ a survey of aggregated data reporting
 - ▶ interviews with DFI employees and other development stakeholders
 - ▶ a meeting of the Expert Working Group to discuss landscape analysis and draft report
- ▶ We conducted the landscape analysis by surveying available materials on the selected DFI websites at aggregate and project levels
- ▶ We developed a framework as the first phase of the landscape analysis with sixteen categories of information assessed for each DFI



2. Methodology – timeline



Work stream 2: Impact management



2. Methodology – expert working group

- ▶ Alex McGillivray (CDC Group)
- ▶ Alix Zwane (Global Innovation Fund)
- ▶ Cesar Gamboa (DAR Peru)
- ▶ Issa Faye (IFC AIMM)
- ▶ Lori Leonard (DFC)
- ▶ Nancy Lee (CGD)
- ▶ Olivia Prentice (Impact Management Project)
- ▶ Priscilla Boiardi (OECD)
- ▶ Sam Attridge (ODI)
- ▶ Vitalice Meja (Reality of Aid Africa)



2. Methodology – DFIs

Bilateral DFIs (non-sovereign)	Bilateral DFIs (non-sovereign and sovereign)	Multilateral DFIs (sovereign and non-sovereign)	Multilateral DFIs (exclusively or predominantly sovereign)	Multilateral DFIs (non-sovereign)
CDC Group (UK)	DBSA (South Africa)	African Development Bank (AfDB)	International Development Association (IDA) and the International Bank for Reconstruction and Development (IBRD) ¹²	International Finance Corporation (IFC)
DEG (Germany)		Asian Development Bank (AsDB)	Inter-American Development Bank (IADB)	IDB Invest
DFC (USA)		Asian Infrastructure Investment Bank (AIIB)	Islamic Development Bank (IsDB)	Islamic Cooperation for the Development of the Private Sector (ICD)
FMO (Netherlands)		Development Bank of Latin America (CAF)		
Norfund (Norway)		European Bank for Reconstruction and Development (EBRD)		
Proparco (France)		European Investment Bank (EIB)		
Swedfund (Sweden)				



3. Findings – sovereign operations



Institution	General (Organisation Level)					Process (Activity Level)						Results (Activity Level)				
	Is there a statement on the DFI's website explaining approach to impact measurement?	Does the DFI indicate which standards / initiatives it is aligned to?	Does the DFI list / link to external evaluations?	Theory of Change (organisational or sectoral)?	Definition of additionality?	Theory of change?	Project Rationale?	Additionality statement?	Explanation of process - (e.g. use of baseline, midline, end line)	Project indicators?	Do indicators have metrics / definitions / methodology?	Baseline Data	Midline Data	End line Data	Cost-benefit / economic analysis / VFM assessment available?	Does DFI share evaluations?
Multilaterals - Public																
Multilateral Public 1					N/A			N/A								
Multilateral Public 2					N/A			N/A								
Multilateral Public 3					N/A			N/A								
Multilateral Public 4			N/A		N/A			N/A			N/A	N/A	N/A	N/A	N/A	N/A
Multilateral Public 5					N/A			N/A								
Multilateral Public 6					N/A			N/A								
Multilateral Public 7					N/A			N/A								
Multilateral Public 8					N/A			N/A								
Multilateral Public 9					N/A			N/A								

3. Findings – non-sovereign operations



Institution	General (Organisation Level)					Process (Activity Level)						Results (Activity Level)				
	Is there a statement on the DFI's website explaining approach to impact measurement?	Does the DFI indicate which standards / initiatives it is aligned to?	Does the DFI list / link to external evaluations?	Theory of Change (organisational or sectoral)?	Definition of additionality?	Theory of change?	Project Rationale?	Additionality statement?	Explanation of process - (e.g. use of baseline, midline, end line)	Project indicators?	Do indicators have metrics / definitions / methodology?	Baseline Data	Midline Data	End line Data	Cost-benefit / economic analysis / VFM assessment available?	Does DFI share evaluations?
Bilaterals																
Bilateral 1																
Bilateral 2																
Bilateral 3																
Bilateral 4																
Bilateral 5																
Bilateral 6																
Bilateral 7			N/A								N/A	N/A	N/A	N/A	N/A	
Bilateral 8																
Multilaterals - Private																
Multilateral Private 1																
Multilateral Private 2																
Multilateral Private 3																
Multilateral Private 4			N/A								N/A	N/A	N/A	N/A	N/A	
Multilateral Private 5																
Multilateral Private 6																
Multilateral Private 7																
Multilateral Private 8																
Multilateral Private 9																

3. Findings – ex-ante impact prediction tools



DFI	Ex-Ante Tool	Key Indicators	Published Methodology	Published Score
Bilaterals				
CDC	Development Impact Grid	Propensity of sector to generate employment, Investment difficulty of country or state	Yes	Yes
FMO	Impact Model	Job Supported, Value Added, GHG Emissions, GHG Avoidance	Yes	No
DEG	Development Effectiveness Rating (DERa)	Decent Jobs, Local Income, Market and Sector Development, Environment Stewardship, Community Benefits	Yes	No
PROPARCO	Corporate Policy Project Rating (GPR)	Undisclosed	No	No
DFC	Impact Quotient (IQ)	Growth, Inclusion, Innovation	Yes	No
Multilaterals – Public				
IADB - Public	DEM	Country alignment, development effectiveness, cost benefit, risk management	No	No
EBRD - Public	TOMS/TIMS	Undisclosed	No	Yes
Multilaterals – Private				
IFC - Private	AIMM	Project Outcomes, Market Outcomes	Yes	No
IDB Invest	DELTA	Alignment with IDB Group's Priorities, Potential Economic Returns, Production of Social Benefits, Extent to which Success can be Evaluated	Yes	No
EBRD - Private	TOMS/TIMS	Undisclosed	No	Yes

3. Findings – aggregated data

- ▶ Based on guidance from our interviews and Expert Working Group discussions, we identified four aspects for reporting of disaggregated data:
 - ▶ the presence of multi-year results
 - ▶ attribution of impacts in accordance with the scale of DFI investments
 - ▶ multiple and informative levels of disaggregation
 - ▶ disclosure of definitions of indicators and the methods used to calculate the results



4. What does the research data tell us?

- ▶ In sum, a combination of more project level data, improved aggregate data, and systematic portfolio reviews and evaluations are essential for DFIs to adequately demonstrate their development impact.
- ▶ Opportunities:
 - ▶ Disclose project level ex-ante and ex-post data (including ex-ante scores with a contextual narrative)
 - ▶ Disclose information about underlying impact measurement methodologies
 - ▶ Address the issue of commercial confidentiality, e.g. build exceptions for impact data into non-disclosure agreements.
 - ▶ Work to improve aggregate data reporting



5. Conclusions

- ▶ Given the state of DFI impact transparency at the project, aggregate and organisational level its hard to understand what impact DFIs are trying to achieve, how that will be measured, and whether it was actually accomplished. This is important not only for accountability but also for learning and for demonstrating value.
- ▶ There is clearly a lot of room for improvement, just in bringing all DFIs up to the highest standard presented here, let alone full transparency.
- ▶ Aggregated data, often touted as a solution to commercial sensitivity has proven, upon investigation, to be of limited value.
- ▶ Through interviews it became clear that commercial confidentiality should no longer be used as a blanket reason for not sharing impact data, that the prioritisation of impact, early discussions with investees, and exceptions clauses in contracts would be sufficient to enable some data to be made publicly available across all DFI investments.



6. Next steps

- ▶ We are concluding this work stream (work stream 2: Impact management) and open to feedback
- ▶ We are currently commencing work stream 3: Environmental and Social Governance (ESG) and Accountability to Communities



7. Q & A

- ▶ Thank you for listening
- ▶ Find out more at www.publishwhatyoufund.org/dfi-transparency-initiative/
- ▶ For more information contact Ryan Anderton at ryan.anderton@publishwhatyoufund.org

