



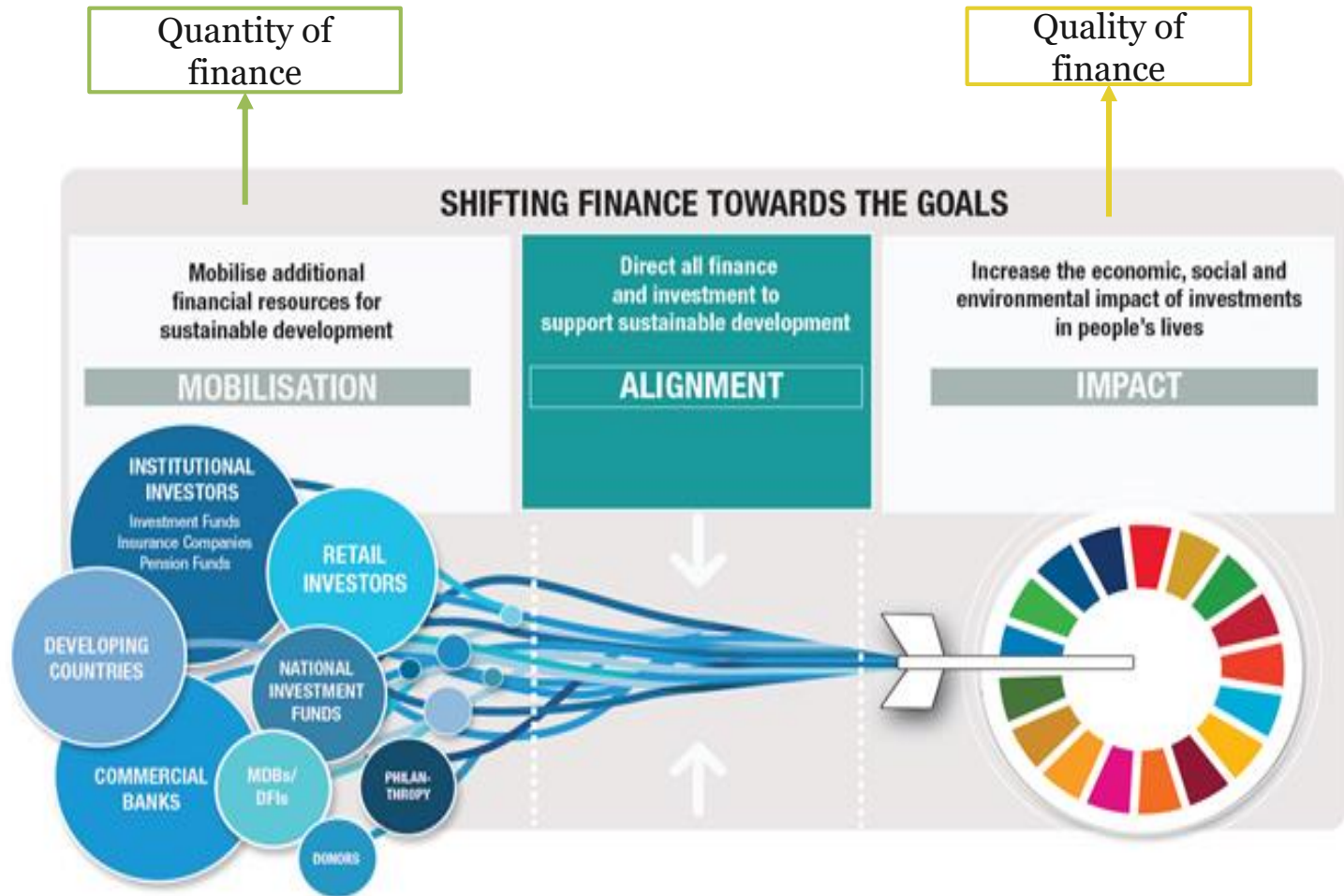
GLOBAL TRENDS ON THE IMPACT MEASUREMENT AND MANAGEMENT LANDSCAPE

Priscilla Boiardi, Private Finance for Sustainable Development, OECD

30 November 2021



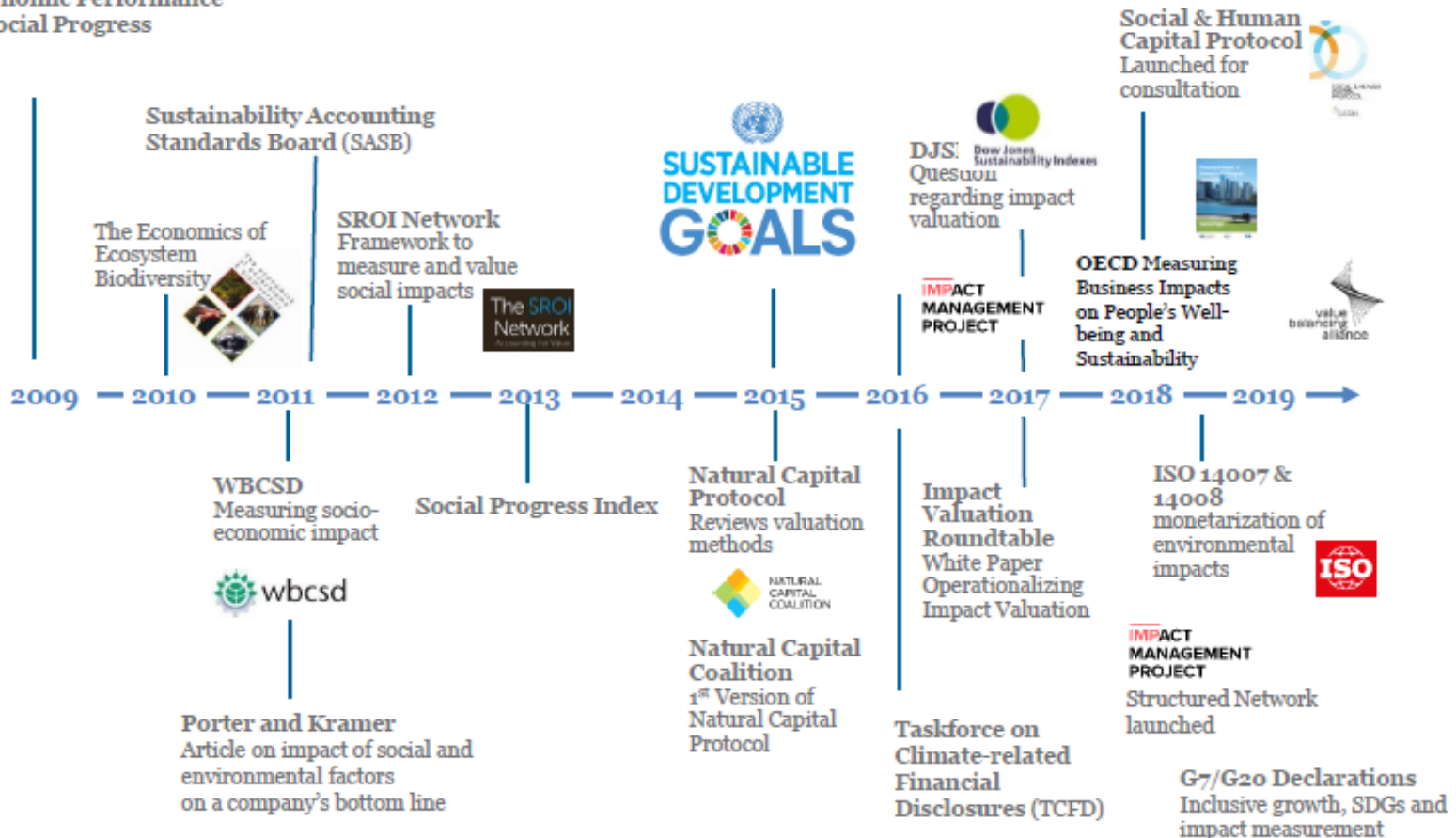
WHY DOES IMPACT MATTER? SHIFTING FINANCE TOWARDS THE SDGS





A GROWING INTEREST IN IMPACT...

International Commission
on the Measurement
of Economic Performance
and Social Progress
Report

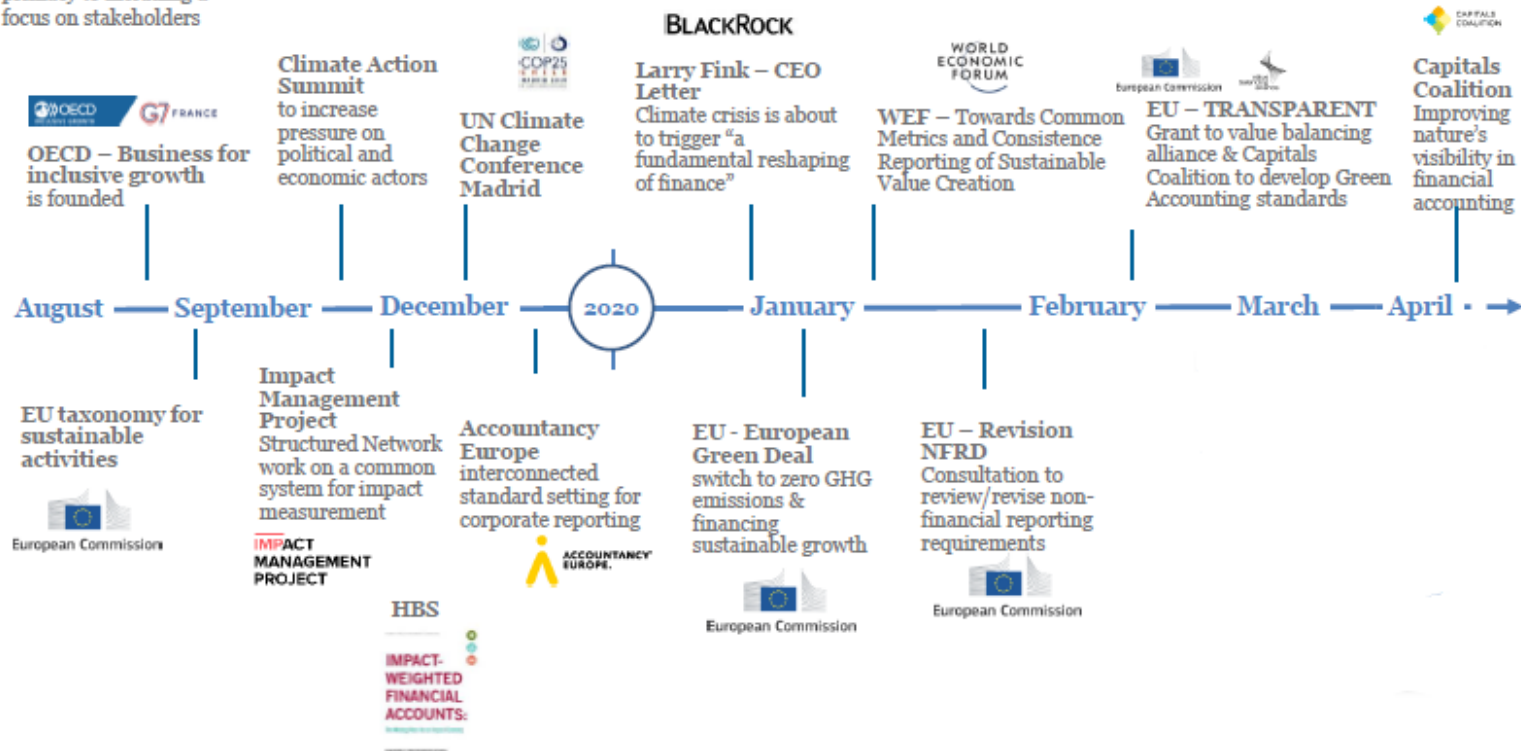




... THAT HAS ACCELERATED IN 2020

Business Roundtable

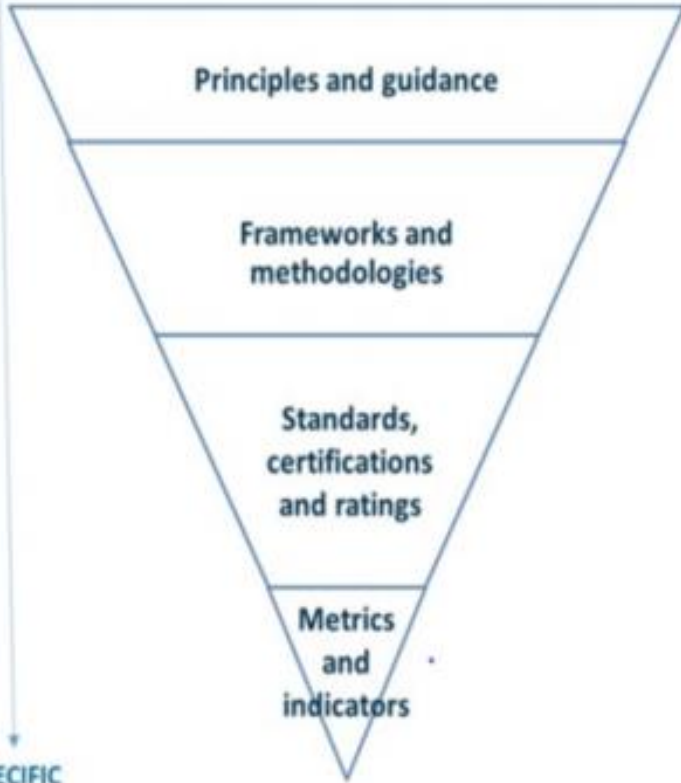
The purpose of the corporation:
From shareholder primacy to including a focus on stakeholders





HARMONISING A CROWDED SPACE

GENERAL



HARMONIZED INDICATORS FOR PRIVATE SECTOR OPERATIONS

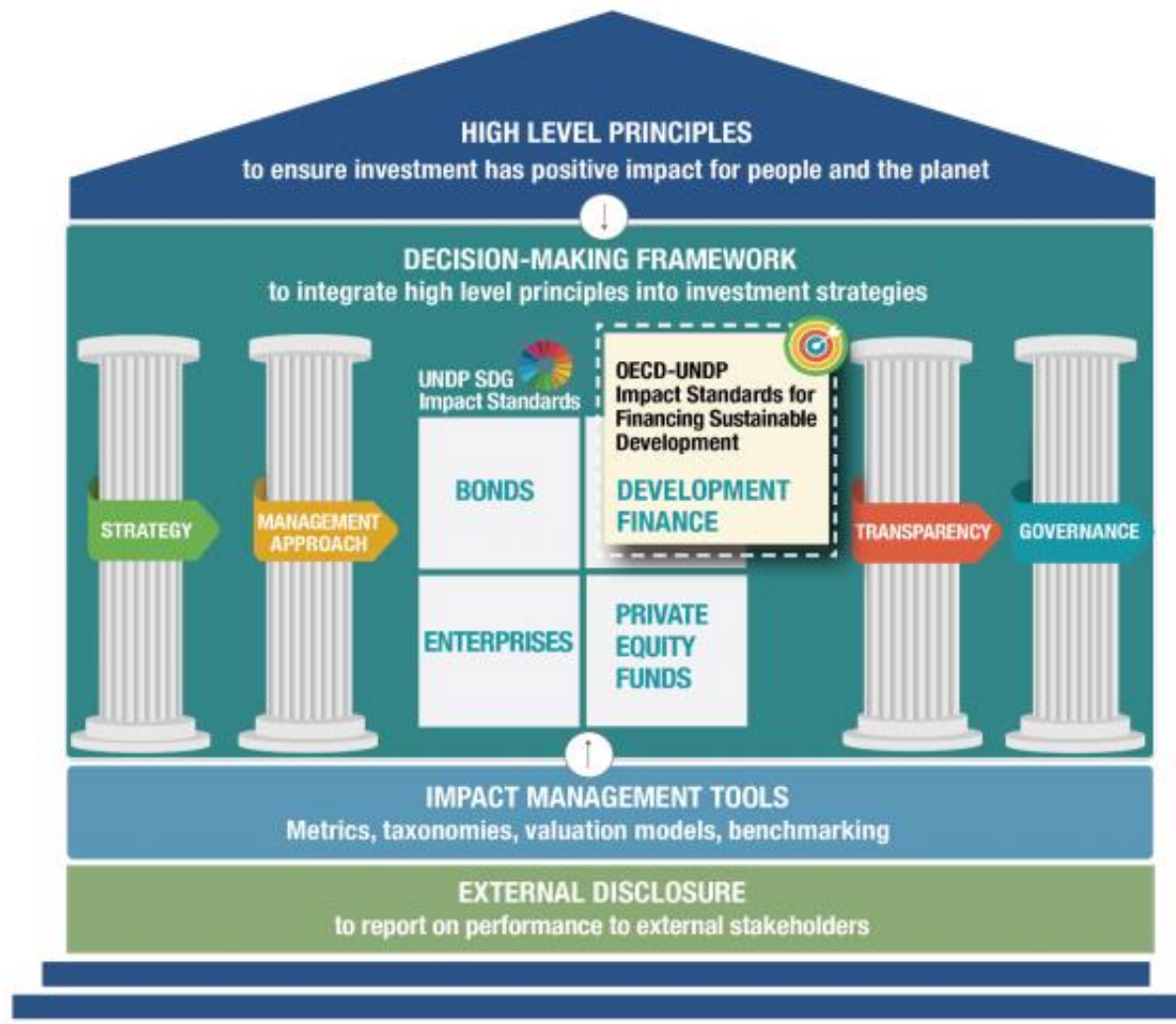


Reporting:

- Global reporting initiative (GRI)
- Sustainability Standards Board (SASB)



OECD UNDP IMPACT STANDARDS FOR FINANCING SUSTAINABLE DEVELOPMENT (IS-FSD)





IS-FSD: 4 BUILDING BLOCKS

1

STANDARD 1 - IMPACT STRATEGY

The partner¹ sets development impact objectives, framed in terms of the SDGs, with particular attention to the overarching commitment to “leave no one behind”. Objectives are aligned with donor and partner country priorities and are embedded in the impact-centred investment strategy.

2

STANDARD 2 - IMPACT MANAGEMENT APPROACH

The partner adopts an impact management approach that integrates development impact, human rights safeguards, the SDGs and ESG into the design and management of its operations.

3

STANDARD 3 - TRANSPARENCY AND ACCOUNTABILITY

The partner discloses towards donors and beneficiaries how it manages and measures the development impact and contribution to the SDGs of the private sector operations deploying public resources, as well as how development impact is integrated in its management approach and governance practices.

4

STANDARD 4 - GOVERNANCE

The partner’s commitment to contributing positively to the SDGs is reflected in its governance practices and arrangements



STANDARD 1 – STRATEGY: SUB-STANDARDS

S1 – The partner sets development impact objectives, framed in terms of the SDGs, with particular attention to the overarching commitment to “leave no one behind”. Objectives are aligned with donor and partner country priorities and are embedded in the impact-centred investment strategy.

Contribution to the
SDGs and donors’
priorities

Local democratically-
owned development
priorities

Financial/development
additionality

ESG standards applied
as a deal screening and
due diligence tool



STANDARD 2 – MANAGEMENT APPROACH: SUB-STANDARDS

S2 – The partner adopts an impact management approach that integrates development impact, human rights safeguards, the SDGs and ESG into the design and management of its operations.

Compliance with
local and
international
legal frameworks

Stakeholders
engagement

Monitoring and
evaluation
system

Exit management

Impact strategy
refined through
learning and
improvement



STANDARD 3 – TRANSPARENCY: SUB-STANDARDS

S3 – The partner discloses towards donors and beneficiaries how it manages and measures the development impact and contribution to the SDGs of the private sector operations deploying public resources, as well as how development impact is integrated in its management approach and governance practices.

Disclose information
at portfolio level (or,
even better, on
individual
operations)

Disclose sources of
data and limitations



STANDARD 4 – GOVERNANCE: SUB-STANDARDS

S4 – The partner’s commitment to contributing positively to the SDGs is reflected in its governance practices and arrangements.

Active engagement
of shareholders
(donors)

Impact management
competencies in key
decision-making
functions and bodies

Incentives for the
staff

Allocation of
resources



IS-FSD: 4 BUILDING BLOCKS

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THE IMPACT MANAGEMENT PLATFORM



Where do the 5 Steps of EVPA belong to best?



Step 1 – Setting Objectives



Step 2 – Analysing Stakeholders



Step 3 – Measuring Results



Step 4 – Verifying & Valuing



Step 5 – Monitoring & Reporting

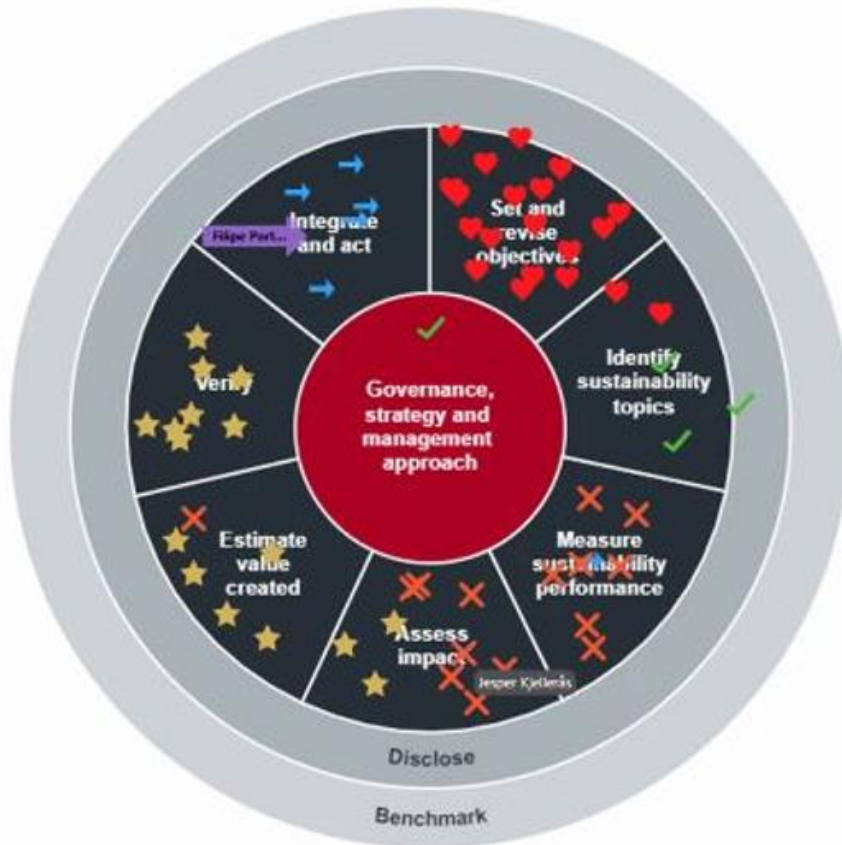


Managing impact

<https://impactmanagementplatform.org/>



THE IMPACT MANAGEMENT PLATFORM



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Step 3 – Measuring Results



Step 4 – Verifying & Valuing



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Managing impact



POLICY DEVELOPMENTS AT EU LEVEL

2018 Sustainable Finance Action Plan

- EU regulation on sustainability-related disclosure in the financial services sector (SFDR)
- EU Taxonomy Regulation
- Social taxonomy
- Non-financial reporting directive (NFRD), now called Corporate Sustainability Reporting Directive (CSRD)

/!\ For all of this to work, we need better, reliable and comparable ESG data on the underlying investee companies



IFRS FOUNDATION AND THE ESTABLISHMENT OF THE ISSB

- **ISSB** = Established on 3/11/21 to meet international investors with global investment portfolios demand for high quality, transparent, reliable and comparable reporting by companies on climate and other environmental, social and governance (ESG) matters.
- **Objective** = deliver a comprehensive global baseline of sustainability-related disclosure standards that provide investors with information about companies' **sustainability-related risks and opportunities** to help them make informed decisions.



OPEN ISSUES

- Transparency and confidentiality
- Alignment across regions
- Data quality and double counting (are we additional?)
- Exit management
- Stakeholders engagement



TRANSPARENCY IS A KEY ISSUE

TABLE 3: Impact measurement transparency of bilateral DFIs and multilateral 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																

Source: Publish What You Fund – DFI Transparency Initiative

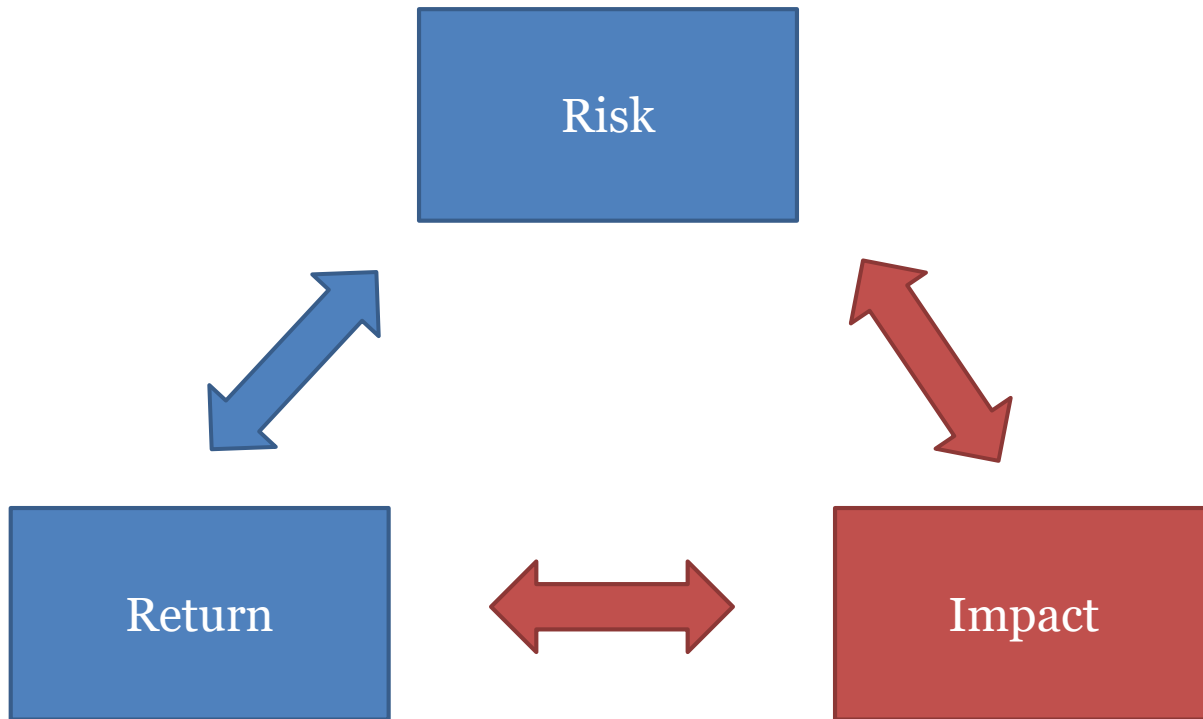


TRANSPARENCY: MAIN CHALLENGES

- Commercial confidentiality
- Intermediated investments
- Difficulty of relying on second-hand data
- Put in MoUs and contractual agreements, but not always easy to have them respected
- **Ask investees to collect data that is *useful* to make business decisions**

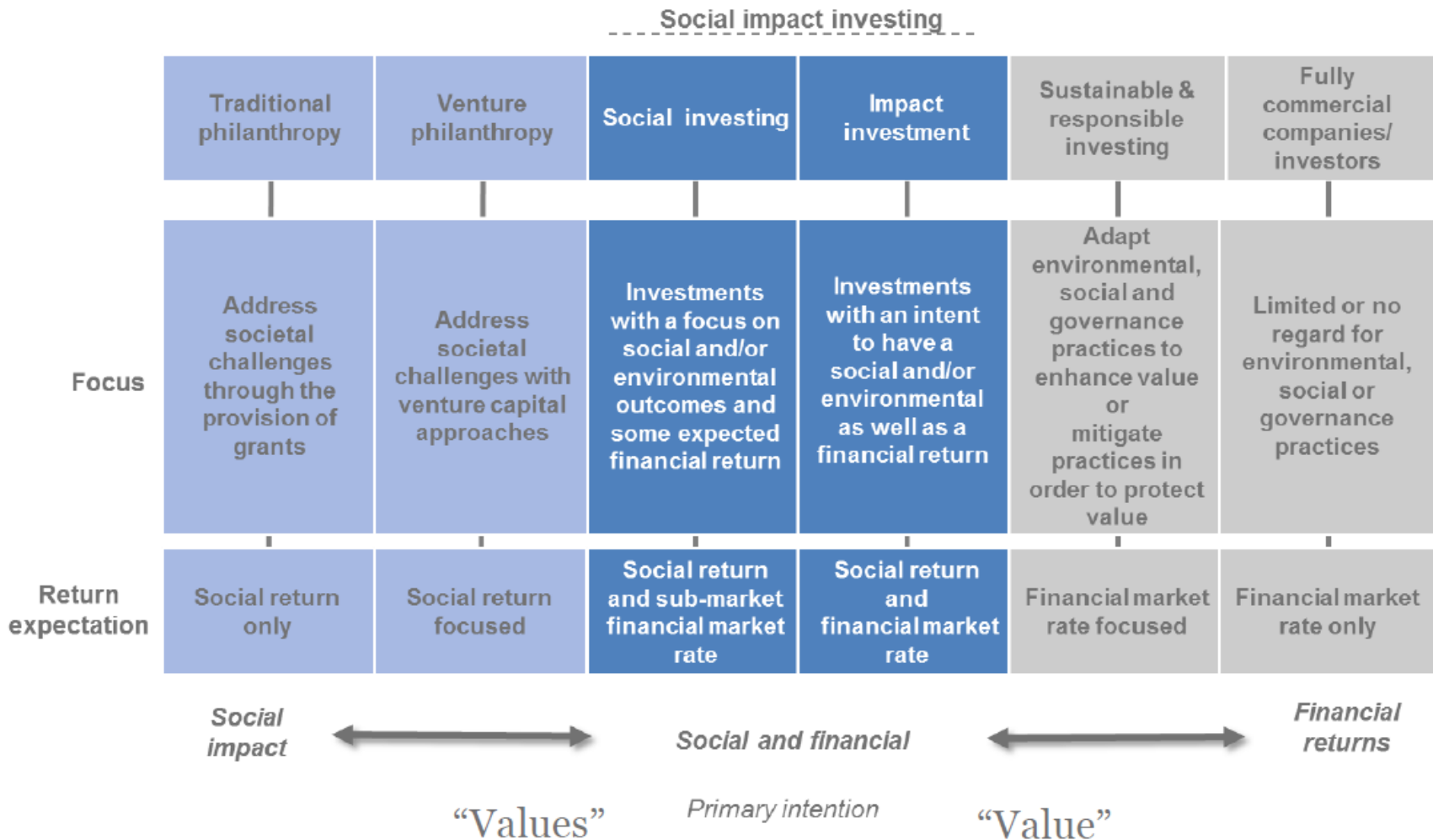


RISK/ RETURN/ IMPACT



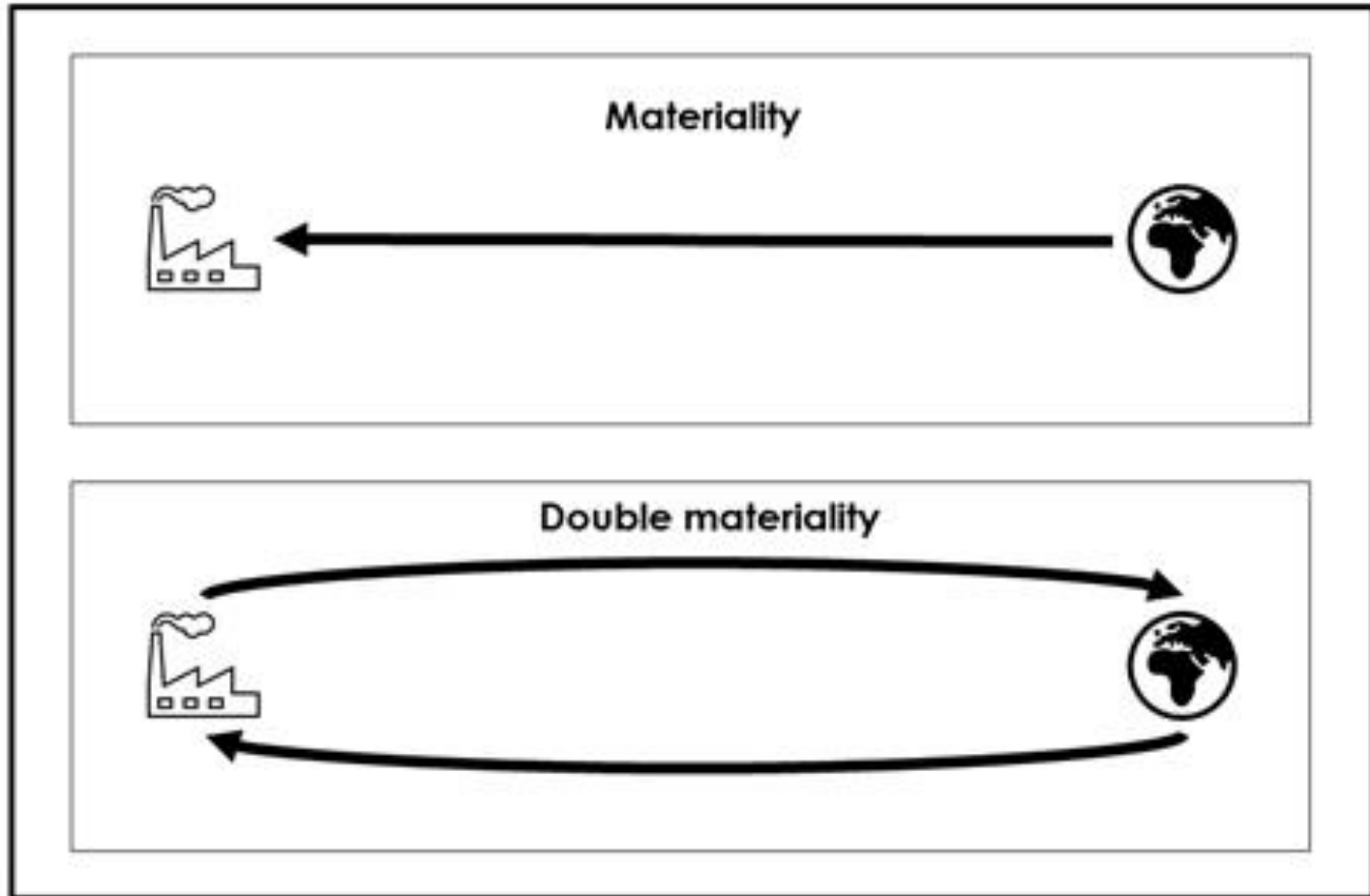


ISSUE: DIFFERENT VIEWS ON WHAT IS MATERIAL





ISSUE: DIFFERENT VIEWS ON WHAT IS MATERIAL





THANK YOU

PRISCILLA.BOIARDI@OECD.ORG