



Impact Theses for  
DFC's key sector and  
cross-cutting priorities



---

# TABLE OF CONTENTS

- **DFC's Key Sector and Cross-Cutting Priorities**
- **Impact Theses: Evidence-backed articulation of DFC's impact objectives and targets, expected outcomes, and corresponding metrics for monitoring investments in priority sectors and strategic initiatives, in alignment with the UN Sustainable Development Goals (SDGs), Five Dimensions of Impact, IRIS+ and HIPSO.**
  - Sector priorities
    - Infrastructure & Critical Minerals
    - Energy
    - Health
    - Food Security & Agribusiness
    - Small Business Support & Financial Services
  - Cross-cutting priorities
    - Inclusion
    - Climate
  - Investment strategy
    - Investment funds
    - Political risk insurance
- **Appendix**
  - Metrics
  - SDGs
  - Sources

# Alignment to Global Standards for Impact Management

Our impact management approach is aligned with global standards, principles, and frameworks:



DFC works to support projects that address the **UN Sustainable Development Goals (SDGs)**



**The Global Impact Investing Network's (GIIN) IRIS+:** a globally accepted impact management and measurement system used by impact investors and organizations



**The Harmonized Indicators for Private Sector Operations (HIPSO):** represent the collective agreement of DFIs around the world to standardize indicators and relieve clients from the unintended burden deriving from different reporting requirements



**The Impact Standards for Financing Sustainable Development (IS-FSD):** a framework for donors, DFIs, and their private sector partners to make financial decisions and manage projects in ways that generate a positive impact on sustainable development and improve the transparency of development results



Operating Principles for  
Impact Management

**The Operating Principles for Impact Management:** a framework for investors for the design and implementation of their impact management systems, ensuring that impact considerations are integrated throughout the investment lifecycle



**The Five Dimensions of Impact:** a shared set of norms on how to manage and communicate impacts on people and planet



# Strategic Objectives

DFC identifies the following five priority sector and two cross-cutting priorities:



## INFRASTRUCTURE & CRITICAL MINERALS

Increase connections to people and services via investments in transportation, ICT, WASH, critical minerals, and social infrastructure.



## ENERGY

Improve access to clean, reliable and affordable energy.



## HEALTH

Improve population health and create robust, resilient health systems.



## FOOD SECURITY & AGRIBUSINESS

Increase agricultural productivity, yield, and farmer income.



## SMALL BUSINESS SUPPORT & FINANCIAL SERVICES

Increase access to financial services and improve financial resilience.

## Cross-cutting priorities:



## CLIMATE

Reduce greenhouse gas emissions, reduce climate vulnerability, and enable sustainable land use practices.

+



## INCLUSION

Advance economic inclusion and financial resilience for women (2X Women's Initiative) and other underrepresented populations.

# Development Impact Targets: An Overview

DFC has set development impact targets, in line with the Sustainable Development Goals (SDGs), to drive our contributions toward global development efforts and better assess how our capital affects progress toward these goals. In the context of our portfolio, we aim to outpace the annual rate of change needed to achieve the SDG targets most aligned to our core sector priorities by 2030. This means accelerating the availability of reliable physical infrastructure, expanding access to critical healthcare services, advancing the availability of financing for small businesses, and more. Rather than considering only the volume of activity in each sector, we are also focusing on the pace of change needed in each area. In doing so, we believe we can move the needle and unlock further global development progress.

## Priority sectors & cross-cutting initiatives



### Food security and agribusiness

- SDG 1.4: Globally, 930 million rural individuals lack access to financing. To address this gap, DFC seeks to grow the number of smallholder farmers supported through its portfolio by >6.2% annually.
- SDG 2.A: Over the past decade, agricultural financing has grown by 2.2% per year. To accelerate this growth further, DFC seeks to grow the volume of agriculture sector financing provided through its portfolio by >2.2% annually.



### Energy

- SDG 7.1: Nearly 750 million individuals lack reliable electricity access. To address this gap, DFC seeks to grow energy access by >1.2% annually through its portfolio.
- SDG 7.2: Across underserved markets, renewable energy comprises only 22% of total energy consumption, indicating need for the production of an additional 166,000EJ of renewable energy to meet a 1.5 degree scenario. To address this gap, DFC seeks to increase production of renewable energy through its portfolio by >4.2% annually.



### Health

- SDG 3.8: On average, underserved markets score 41 (out of 100) on key indices of healthcare quality and availability, meaning millions of people have insufficient health services. To address this gap, DFC seeks to grow access to high-quality, affordable essential healthcare services and safe and effective essential medicines and vaccines through its portfolio by >3.0% annually.



### Infrastructure and critical minerals

- SDG 9.C: Globally, 3.2 billion people lack reliable internet access. To address this gap, DFC seeks to grow digital connectivity, through its portfolio, by >5.6% annually.
- SDG 9.1: Underserved markets are lagging in the logistics performance index, with an average score of 2.5 out of 5.0. To address these infrastructure challenges, DFC seeks to grow transportation infrastructure through its portfolio by >6.1% annually.
- SDG 6.1: Globally, 1.2 billion people lack access to clean drinking water. To address this gap, DFC seeks to increase the number of connections to water and wastewater services by >6.8% annually.



### Small business support and financial services

- SDG 8.3: Around the world, 130 million micro, small, and medium enterprises (MSMEs) lack sufficient access to credit. To address this gap, DFC seeks to expand the number of MSMEs accessing finance through its portfolio by >3.0% annually.
- SDG 1.4: Globally, 2.6 billion adults do not bank with formal financial services. To address this gap, DFC seeks to expand the number of individuals accessing finance by >4.0% annually.



### Inclusion

- SDG 5.A: To achieve parity, over 300 million women still need access to financial services. To address this gap, DFC seeks to increase the number of women and women-owned/led businesses accessing finance through its portfolio by >1.2% annually.
- SDG 10.2: Only 34% of low-income individuals have financial services accounts. To address this gap, DFC seeks to increase the number of low-income individuals accessing finance through its portfolio by >4.1% annually.



### Climate

- SDG 13: SDG 13: Addressing the climate crisis requires scaling investment in countries bearing the brunt of climate impacts. To address this financing gap, DFC is scaling its climate finance team, supporting a multibillion annual portfolio across sectors, and supporting DFC clients in achieving their respective net zero targets.



# Infrastructure and Critical Minerals | Impact Thesis

## WHAT is DFC's annual impact target for these investments?



**Increase the number of connections to water and wastewater services by >6.8% (SDG 6.1)**



**Grow digital connectivity by >5.6% (SDG 9.C)**

**Grow transportation infrastructure by >6.1% (SDG 9.1)**

### Why does DFC invest in Infrastructure and Critical Minerals?

#### WHAT is the problem?

- Insufficient transportation, communication, and infrastructure in Low and Lower Middle-Income Countries (LMICs) stifles productivity, reinforces poverty, and threatens private sector engagement.<sup>1</sup>
- One billion people live more than a mile from an all-weather road.<sup>2</sup>
- Over 3.7 billion people lack access to the internet.<sup>3</sup>
- More than 2 billion people lack access to safe drinking water and 3.6 billion to modern sanitation services.
- Demand for minerals needed for a sustainable future, like graphite and cobalt, could quintuple by 2050.<sup>4</sup>

#### WHO is mostly affected?

- Lack of critical infrastructure is experienced most acutely by low-income and rural households.
- The digital divide persists for women, rural populations, and SMEs in developing countries.
- Women and children in low-income households are most impacted by poor WASH infrastructure.
- Demand for critical minerals from LICs and LMICs may drive economic and job growth. Production must align with environmental and social standards.<sup>5</sup>

#### WHAT is DFC doing to address this problem?

Investing directly or indirectly through financial intermediaries lending to infrastructure projects to:

1. Improve access to critical transportation infrastructure
2. Improve ICT connectivity
3. Improve access to WASH infrastructure
4. Spur trade and economic growth
5. Increase the sustainable sourcing and production of critical minerals

\*Certain metrics are consolidated for presentation purposes; for instance, length of road constructed, and length of road are separate metrics in the DFC taxonomy.

### How does DFC measure its development impact?

#### HOW MUCH change is happening?

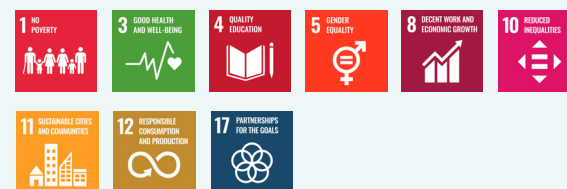
##### Targeted outcomes

- Increased access to water, sanitation, and hygiene
- Improved ability to pursue educational opportunities
- Improved physical health
- Increased reliability of critical infrastructure
- Increased business activity and income generation

##### Key metrics\*

- Transportation
  - Length of Roads: Constructed, Improved
  - Number of Vehicles Using Roads Daily
- ICT
  - Number of Cell Towers Constructed
  - Number of Data Center Racks
  - Length of Transmission Lines Built or Improved
  - Number of Subscriptions: Mobile; Fixed Data/Voice
  - Number of Subscribers: Affordable Data Plan
- WASH
  - Volume of Potable Water Produced
  - Volume of Wastewater Treated
  - Volume of Waste (Produced; Disposed Total; Disposed: Recycled/Reused)
  - Number of Households; New or Improved Sanitation Facilities
- Critical Minerals
  - Number of Local Employees
  - Project Revenue (Local Sales; Exports)
  - Value of Procurement, Local Country
  - Value of Payments to Government

#### Also linked to:



**Other related themes and priorities: Inclusion, Health, Small Business Support and Financial Services, Climate**



# Energy | Impact Thesis

## WHAT is DFC's annual impact target for these investments?



**Grow energy access by >1.2% (SDG 7.1)**

**Increase production of renewable energy by >4.2% (SDG 7.2)**

### Why does DFC invest in Energy?

#### WHAT is the problem?

- Globally, 770 million people do not have access to electricity.<sup>6</sup> Bridging the existing energy divide and securing equal, sufficient, affordable, and reliable access is key to economic growth and inclusion.
- Renewable energy represents only 29 percent of global electricity generation<sup>7</sup> and can be a key component for increasing energy access.
- Demand for electric vehicles is increasing rapidly. With support, electrifying road transportation could help achieve net zero emissions by 2050 and can be a key driver of climate change mitigation.<sup>8</sup>

#### WHO is mostly affected?

- Over 450 million rural individuals living in developing countries have no electricity access.<sup>9</sup>
- Africa is the least electrified continent in the world. Two-thirds of Sub-Saharan Africa's population lacks access to power, and one-third has frequent blackouts and brownouts.
- Low-income and densely populated regions including South Asia are disproportionately affected. As many as 2 million premature deaths per year in the region come from transportation-related air pollution.<sup>10</sup>

#### WHAT is DFC doing to address this problem?

Providing debt and equity financing, project finance, political risk insurance, and technical assistance to:

1. Increase electricity access and end energy poverty
2. Catalyze investment in infrastructure to support new and renewable sources of energy
3. Promote energy security
4. Mitigate climate change (e.g., by supporting demand for clean energy transportation)\*

### How does DFC measure its development impact?

#### HOW MUCH change is happening?

##### Targeted outcomes

- Increased access to sustainable energy
- Improved quality, quantity, and reliability of electricity
- Reduced greenhouse gas emissions, including from e-mobility and cleaner transportation

##### Key metrics\*\*

- Renewable and Non-Renewable Energy Generated
- Number of Connections: On- and Off-Grid; Businesses and Households; Mini-grids
- Number of Household Power Systems Installed
- Number of Products Sold: Off-grid or Energy-efficient Lighting Devices
- Energy Storage Capacity
- Length of Transmission Lines Built or Improved
- Frequency of Power Outages (to measure decrease)
- Number of Clients with New Access to Energy
- Greenhouse Gas Emissions (Avoided; Sequestered; Total)

\*E-mobility and electric vehicles are included as part of the Energy sub-sector focus on Retail and Demand-Side investments (not under the Infrastructure sub-sector focus on Transportation).

\*\*Certain metrics are consolidated for presentation purposes; for instance, on- and off-grid business and household electric connections are disaggregated, separate metrics in the DFC taxonomy.

#### Also linked to:



**Other related themes and priorities: Inclusion, Food & Agribusiness, Health, Infrastructure & Critical Minerals**



# Health | Impact Thesis

## WHAT is DFC's annual impact target for these investments?



**Improve access to high-quality, affordable essential healthcare services and to safe and effective essential medicines and vaccines by >3.0% (SDG 3.8)**

### Why does DFC invest in Health?

#### WHAT is the problem?

- About half of the world's population lacks access to essential health services.<sup>11</sup>
- Low and Lower Middle-Income Countries (LMICs) have insufficient funding for medical product development and distribution.
- Healthcare innovations in LMICs are unable to obtain the capital to scale.

#### WHO is mostly affected?

- Approximately 2 billion people lack access to essential healthcare services and products, with vulnerable and rural populations, including pregnant women, infants, and children, the most adversely affected.<sup>12</sup>
- Supply chain failures exacerbate the vulnerabilities these populations face by impeding access to affordable healthcare, vaccines, and medicines.

#### WHAT is DFC doing to address this problem?

Providing debt and equity investment, loan guarantees, political risk insurance, and technical assistance to companies, funds, or financial intermediaries to:

1. Improve access to high-quality, affordable healthcare services, especially for vulnerable populations
2. Expand capacity for regional manufacturers to produce vaccines, tests, treatments, and other essential medical products and strengthen the supply chain for distribution
3. Increase access to healthcare innovation and technology, including digital health

### How does DFC measure its development impact?

#### HOW MUCH change is happening?

##### Targeted outcomes

- Increased access and use of essential healthcare services and products

##### Intended long-term outcomes

- Improved health and well-being
- Increased health system resilience and pandemic progress

##### Key metrics

- Number of Patients Served (Disadvantaged Groups; Low-Income; Women; Total)
- Patient Beds Available: Total
- Number of Loans Provided to Healthcare Businesses
- Healthcare Products: Units or Volumes Sold

#### Also linked to:



### Other related themes and priorities: Inclusion





## WHAT is DFC's annual impact target for these investments?



**Grow the number of smallholder farmers supported by >6.2% (SDG 1.4)**



**Grow the volume of agriculture sector financing by >2.2% (SDG 2.A)**

### Why does DFC invest in Food Security and Agribusiness?

#### WHAT is the problem?

- Global food production must increase by 60 percent to 110 percent between 2005-2050 to meet growing food demand.<sup>13</sup>
- ~\$115 billion annual financing gap for agriculture in the 12 Feed the Future countries.<sup>14</sup>
- Stronger commodity supply chains, improved post-harvest handling, and food market systems are essential to drive inclusive economic growth and food security.

#### WHO is mostly affected?

- Low-income, farm dependence households. More than 2 billion of the world's poorest individuals live in households that depend on agriculture for income and nutrition.<sup>15</sup>
- Rural communities, which are often engaged with smallholder agriculture and have fewer options for credit.
- Women, who comprise 43 percent of smallholder farmers globally, often lack access or financial ability to adopt new technologies and quality inputs.<sup>16</sup>

#### WHAT is DFC doing to address this problem?

Providing equity investment, project finance, political risk insurance, and technical assistance to:

1. Increase food production, primarily through inclusive agribusinesses that link smallholder farms to global supply chains and markets
2. Increase agriculture infrastructure including storage, processing, and irrigation
3. Increase access to quality locally appropriate and/or locally adapted agricultural inputs

### How does DFC measure its development impact?

#### HOW MUCH change is happening?

##### Targeted outcomes

- Increased agricultural productivity
- Reduced food waste
- Increased farmer income or assets
- Increased resilience to climate shocks and stressors in agricultural production

##### Key metrics

- Average Agricultural Yield (ton/hectare)
- Number of Smallholder Farmers Served as Suppliers
- Number and Value of Loans to Smallholder Farmers
- Project Revenue (Local Sales; US Exports; Other Exports)
- Land Directly Controlled: Sustainably Managed

#### Also linked to:



**Other related themes and priorities: Inclusion, Health, Small Business Support and Financial Services, Climate**

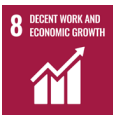
# Small Business Support and Financial Services | Impact Thesis



## WHAT is DFC's annual impact target for these investments?



**Expand the number of individuals accessing finance by >4.0% (SDG 1.4)**



**Expand the number of MSMEs accessing finance by >3.0% (SDG 8.3)**

### Why does DFC invest in Small Business Support and Financial Services?

#### WHAT is the problem?

- Globally, 1.4 billion individuals remain unbanked.<sup>17</sup>
- Micro, small and medium enterprises (MSMEs), which account for upwards of 50 percent of worldwide employment, are underserved by financial institutions.<sup>18</sup> MSMEs contribute to job creation and economic development.
- MSME and individual entrepreneurs' inability to access financial services inhibits development.
- When people are included in the financial system, they are better equipped to invest in their health, education, and businesses.

#### WHO is mostly affected?

- Low-income groups, women, minorities, and disadvantaged populations often don't have collateral to obtain loans, lack credit history or documentation, and have no or low financial literacy.

#### WHAT is DFC doing to address this problem?

Providing equity investment, project finance, political risk insurance, and technical assistance to:

1. Improve access to financial services to underserved populations
2. Support decent jobs\* and foster economic development by supporting MSMEs
3. Mobilize sustainable sources of capital to underserved markets

\*The ILO defines decent work as employment that pays a fair income and guarantees a secure form of employment and safe working conditions.

### How does DFC measure its development impact?

#### HOW MUCH change is happening?

##### Targeted outcomes

- Increased access and use to financial services by underserved populations
- Increased investments in MSMEs
- Improved financial resilience
- Increased business formalization, investment, and expansion

##### Key metrics

- Number of Clients Served, including:
  - Women and Women-led/owned Enterprises
  - Low-income Individuals
  - Individuals and Enterprises in Rural Areas
  - Micro, Small, and Medium Enterprises (MSMEs)
- Number of Transactions
- Value of Transactions
- Average Transaction Amount

#### Also linked to:



**Other related themes and priorities: Inclusion, Infrastructure & Critical Minerals, Health, Food & Agribusiness**



# Inclusion | Impact Thesis

## WHAT is DFC's annual impact target for these investments?



**Increase the number of women and women-owned/led businesses accessing finance >1.2% (SDG 5.A)**



**Increase the number of low-income individuals accessing finance by >4.1% (SDG 10.2)**

## Why does DFC invest in Inclusion?

### WHAT is the problem?

- Only half of women participate in the global labor force, compared to 75 percent of men.<sup>19</sup>
- Worldwide, there is a \$300 billion credit gap for formal women-owned small and medium enterprises (SMEs), which comprise one-third of SMEs.<sup>20</sup>
- The annual credit gap for smallholder farmers is about \$170 billion, or 70 percent of total demand.<sup>21</sup>
- 66 percent of youths under age 25 have formal bank accounts, compared to 79 percent of adults over age 25.<sup>22</sup>

### WHO is mostly affected?

- Underrepresented groups, including women, youth, low-income individuals, people living in rural areas, people living with disabilities, refugees, and indigenous peoples, are less likely to have access to high-quality employment opportunities, credit, affordable housing, and other essential services.

### WHAT is DFC doing to address this problem?

Applying an inclusive lens to potential investments and providing equity investment, project finance, political risk insurance, and technical assistance with the objective to:

1. Prioritize gender lens investing through DFC's 2X Women's Initiative.
2. Promote economic empowerment and financial resilience for women and other underrepresented groups.
3. Mobilize investment in projects that are owned or led by women or which provide a product or service that delivers a strong benefit to women or other underrepresented groups.

## How does DFC measure its development impact?

### HOW MUCH change is happening?

#### Targeted outcomes

- Improved income-earning opportunities and financial resilience for women and other underrepresented groups
- Increased affordability of products for women and other underrepresented groups

#### Key metrics

- Number of Clients or Customers Served, including:
  - Women (Total, Women-led/Women-owned Enterprises)
  - Rural
  - Low-income
  - MSMEs
  - Smallholder Farmers
  - Other Disadvantaged Groups
- Number of Local Employees
- Local Suppliers, including:
  - Women-owned/led Enterprises
  - Smallholder Farmers
  - MSMEs
  - Other Disadvantaged Groups
- Number of Women in Leadership Positions, including:
  - Number of Senior Management: Total, Women
  - Number of Board or Investment Committee Members: Total, Women
- Target Population: Product Design, Description

#### Also linked to:



**Inclusion is a DFC cross-cutting strategic priority**



# Climate | Impact Thesis

## WHAT is DFC's impact target for these investments?



Addressing the climate crisis requires scaling investment in countries bearing the brunt of climate impacts. To address this financing gap, DFC is scaling its climate finance team, supporting a multibillion annual portfolio across sectors, and supporting DFC clients in achieving their respective net zero targets.

### Why does DFC invest in Climate Mitigation, Adaptation, and Resilience?

#### WHAT is the problem?

- Developing countries are generally the most impacted by climate change and the least able to manage the consequences, often because of insufficient infrastructure and agricultural resources.
- The World Health Organization estimates that climate change will contribute to 250,000 additional deaths per year from malnutrition, malaria, diarrhea and heat stress.<sup>23</sup> Continuing on the current climate trajectory could force 100 million people into extreme poverty by 2030.<sup>24</sup> That's equivalent to the population of Egypt.
- Severe weather is expected to displace millions of people. As many as one-third of the 68.5 million people who were forcibly displaced in 2017 were forced to move due to weather events such as fires, floods, and drought.<sup>25</sup> The World Bank estimates that Latin America, Sub-Saharan Africa, and Southeast Asia will generate 143 million more climate migrants by 2050.<sup>26</sup>

#### WHO is mostly affected?

- The devastating impacts of climate change are felt most severely in low-income countries that can least afford to adapt.

#### WHAT is DFC doing to address this problem?

Providing equity investment, project finance, political risk insurance, and technical assistance with the objective to:

1. Mitigate emissions of GHG contributing to climate change
2. Support adaptation and build resilience in climate vulnerable communities

### How does DFC measure its development impact?

#### HOW MUCH change is happening?

##### Targeted outcomes

- Reduced GHG emissions
- Improved quality of life, economic, and social health
- Reduced vulnerability to climate shocks and stresses

##### Key metrics

- GwH of Renewable Energy Produced
- Greenhouse Gas Emissions (Avoided; Sequestered; Total)
- Volume of Water Consumed
- Volume of Energy Consumed
- Volume of Waste (Produced; Disposed Total; Disposed: Recycled/Reused)
- Land Directly Controlled: Sustainably Managed
- Ocean Protected / Sustainably Managed
- Building Area of Energy Efficiency Improvements

#### Also linked to:



Climate is a DFC cross-cutting priority





# Investment Funds | Impact Thesis

## WHAT is DFC's annual impact target for these investments?



**Mobilize additional financial resources for developing countries from multiple sources by 4.2% (SDG 17.3)**

### Why does DFC invest through investment funds?

#### WHAT is the problem?

- Solving development challenges in emerging markets requires substantial, effective investment. Developing markets need investments totaling \$2 trillion<sup>27</sup> to achieve net zero by 2050 and \$2.5 trillion annually to meet the Sustainable Development Goals.<sup>28</sup>
- Yet emerging and frontier markets receive only 25% of global private equity investments, with a particularly acute gap in growth-stage investments below \$10 million.<sup>29</sup>
- Effective capital deployment requires on-the-ground relationships and nuanced market knowledge – a gap served by investment funds that can support company growth by targeting different stages of companies' lifecycles.

#### WHO is mostly affected?

- Private capital gaps are acute across emerging and frontier markets, particularly in the wake of COVID-19 which widened funding gaps by 50%.<sup>30</sup>
- Venture- and growth-stage companies face a significant gap in suitable equity financing.
- Small and medium sized enterprises seeking private debt and working capital in emerging markets often face strict lending and collateral requirements from local banks.<sup>31</sup>
- Low-income communities lack equitable access to financing, education, and quality jobs.<sup>32</sup>

#### WHAT is DFC doing to address the problem?

DFC invests through investment funds to:

1. Accelerate development impact through the multiplier effect from funds' relationships and expertise in specific geographies and industries
2. Expand access to suitable financing products, including catalytic capital, venture capital, growth equity, and private credit
3. Provide strategic direction to help companies grow and improve management effectiveness

### How does DFC measure its development impact?

#### HOW MUCH change is happening?

##### Targeted outcomes

- Improved operating and financing leverage
- Strengthened governance and stakeholder management
- Mobilization of direct equity investment via co-investment
- Emergence of entrepreneurship, quality jobs, and innovation

##### Key metrics

- Number of Transactions
- Value of Transactions
- Project Innovation: Description
- Number of Local Employees: Full-time
- Sector-specific metrics, as aligned to DFC's sectoral impact theses

#### Also linked to:





# Political Risk Insurance (PRI) | Impact Thesis

## WHAT is DFC's annual impact target for these investments?



Mobilize additional financial resources for developing countries from multiple sources by 4.2% (SDG 17.3)

### Why does DFC invest through political risk insurance?

#### WHAT is the problem?

- Political risk – such as from government ineffectiveness and corruption, expropriation, and other factors – significantly limits the flows and impact of foreign direct investment (FDI).<sup>33</sup>
- Yet the availability of political risk insurance (PRI) is severely constrained – with only 3.6% of equity flows into developing countries insured against political risk as of 2018.<sup>34</sup>
- Despite ongoing need, the PRI market has shrunk 10% per year since 2017.<sup>35</sup>

#### WHO is mostly affected?

- Communities and ecosystems in climate-vulnerable geographies face significant climate change risks – indicating impact potential from debt swaps for biodiversity, climate resiliency, health, and food security. This is particularly acute in Sub-Saharan Africa and Latin America.
- The estimated cost of rebuilding Ukraine is \$1 trillion. This includes response efforts in the manufacturing, infrastructure, and energy sectors, as well as for post-war reconstruction.<sup>36</sup>
- FDI flows are particularly limited in fragile and conflict-affected states – which are often also home to the most acute development impact challenges.

#### WHAT is DFC doing to address the problem?

DFC provides political risk insurance to:

1. Target high-impact market segments aligned to DFC's strengths, including underserved geographies, debt for impact swaps, Ukraine efforts, and climate-related investments
2. Build go-to-market capability and crowd in private insurers through reinsurance
3. Build a range of PRI tools, as authorized by the BUILD Act

### How does DFC measure its development impact?

#### HOW MUCH change is happening?

##### Targeted outcomes

- Mobilization of additional private sector capital
- Improved physical assets and infrastructure
- Decreased risk perception through demonstration effects

##### Key metrics

- Number of Transactions
- Value of Transactions
- Volume of Capital Received from Private Sector Investors
- Sector-specific metrics, as aligned to DFC's sectoral impact theses

#### Also linked to:



## Appendix 1: Metrics

Sector	Metric	IRIS	HIPSO
Climate	Building Area of Energy Efficiency Improvements (m <sup>2</sup> )	PI1586	
Climate	Greenhouse Gas Emissions Avoided (metric tons)	PI2764	
Climate	Greenhouse Gas Emissions Sequestered (metric tons)	PI9878	TA-12
Climate	Greenhouse Gas Emissions, Total (metric tons)	OI1479	TA-11
Climate	Land Directly Controlled: Sustainably Managed (hectares)	OI6912	TA-17
Climate	Ocean Protected / Sustainably Managed (km <sup>2</sup> )		
Climate	Renewable Energy Produced (GwH)	PI5842 + OI2496	EN-02
Climate	Volume of Energy Consumed (kWh)	OI2496 + OI1495	
Climate	Volume of Waste Disposed: Recycled/Reused (metric tons <sup>3</sup> )	OI2535	
Climate	Volume of Waste Disposed: Total (metric tons <sup>3</sup> )	OI6192	
Climate	Volume of Waste Produced (metric tons <sup>3</sup> )	OI6709	
Climate	Volume of Water Consumed (cubic meters)	OI1697	TA-13
Energy	Energy Storage Capacity (MWh)	PI0915	
Energy	Frequency of Power Outages (SAIFI)		EN-07
Energy	Length of Transmission Lines Built or Improved (Km)	PI4515	
Energy	Non-Renewable Energy Generated (GwH)	PI2210 + OI1495	
Energy	Number of clients: New access to energy	PI2822	
Energy	Number of Connections to Off-Grid Power Systems: Businesses	PI8053; PD1310	
Energy	Number of Connections to Off-Grid Power Systems: Households	PI8053; PD1310	
Energy	Number of Connections to On-Grid Energy: Businesses	PI8053; PD1310	
Energy	Number of Connections to On-Grid Energy: Households	PI8053; PD1310	
Energy	Number of Household Power Systems Installed	PI8053; PD1310	
Energy	Number of Mini-grid Connections	PI8053; PD1310	
Energy	Number of On-grid Connections	PI8053; PD1310	EN-03
Energy	Number of Products Sold: Off-grid or Energy-efficient Lighting Devices	PI8053; PD1310	
Energy	Renewable Energy Generated (GwH)	PI5842 + OI2496	EN-02
Small Business Support and Financial Services	Average Loan Size (USD)	PI5160	
Small Business Support and Financial Services	Number of Clients Served: Enterprises, Women	PI5576	
Small Business Support and Financial Services	Number of Clients Served: Individuals, Women	PI8330	FI-09
Small Business Support and Financial Services	Number of Clients Served: Low-income	PI7098	

## Appendix 1: Metrics

Small Business Support and Financial Services	Number of Clients Served: Microenterprise	PI7098	
Small Business Support and Financial Services	Number of Clients Served: Rural		
Small Business Support and Financial Services	Number of Clients Served: SMEs	PI4940	
Small Business Support and Financial Services	Number of Loans Outstanding: Total	PI1478	FI-01
Small Business Support and Financial Services	Value of Loans Outstanding (USD)	PI7569	FI-02
Food & Agriculture	Average agricultural yield (ton/hectare)	PI5935	AG-01
Food & Agriculture	Land Directly Controlled: Sustainably Managed (hectares)	OI6912	
Food & Agriculture	Local Suppliers: Smallholder Farmer (suppliers)	PI9991	
Food & Agriculture	Number of Loans Outstanding	PI1478	FI-01
Food & Agriculture	Project revenue: Local Sales (USD)		IN-03 and IN-02
Food & Agriculture	Project revenue: Other exports (USD)		IN-02
Food & Agriculture	Project revenue: US exports (USD)		IN-02
Food & Agriculture	Value of Loans Outstanding (USD)	PI7569	FI-02
Inclusion	Number of Board Members: Total	OI1075	
Inclusion	Number of Board Members: Women	OI8118	TA-02
Inclusion	Number of Clients Served: Enterprises, Women	PI5576	
Inclusion	Number of Clients Served: Individuals, Women	PI8330	FI-09
Inclusion	Number of Investment Committee Members: Total	OI7829	
Inclusion	Number of Investment Committee Members: Women	OI8709	TA-03
Inclusion	Number of Local Employees, Full-time: Total	OI3160	
Inclusion	Number of Local Employees: Total, Women		TA-05
Inclusion	Number of Senior Management: Total	OI8251	
Inclusion	Number of Senior Management: Women	OI1571	TA-01
Inclusion	Percentage of Company Ownership: Men	OI4221	
Inclusion	Percentage of Company Ownership: Women	OI2840	
Inclusion	Target Population: Product Design	OI7914	
Health	Number of Loans Outstanding	PI1478	FI-01
Health	Number of Patients Served: Disadvantaged Groups	PI6845	HE-01
Health	Number of Patients Served: Low-income	PI6845	
Health	Number of Patients Served: Total	PI6845	HE-01
Health	Number of Patients Served: Women	PI6845	HE-02



## Appendix 1: Metrics

Health	Patient Beds Available: Total (beds)		
Infrastructure + Critical Minerals	Length of Road: Constructed (Km)	PI5587	
Infrastructure + Critical Minerals	Length of Road: Improved (Km)	PI5587	
Infrastructure + Critical Minerals	Length of Transmission Lines Built or Improved (Km)	PI4515	
Infrastructure + Critical Minerals	Number of Cell Towers Constructed: Total		IT-15
Infrastructure + Critical Minerals	Number of Clients: New Access	PI2822	
Infrastructure + Critical Minerals	Number of Data Center Racks		IT-11
Infrastructure + Critical Minerals	Number of Fixed Data Subscriptions Total		IT-03 and IT-04
Infrastructure + Critical Minerals	Number of Fixed Voice Subscriptions Total		
Infrastructure + Critical Minerals	Number of Households; New or Improved Sanitation Facilities		
Infrastructure + Critical Minerals	Number of Local Employees, Full-time: Total	OI3160	
Infrastructure + Critical Minerals	Number of Mobile Subscriptions Total		IT-01 and IT-02
Infrastructure + Critical Minerals	Number of Residential Connections to Water and Wastewater Services		WA-02
Infrastructure + Critical Minerals	Number of Subscribers: Affordable Data Plan		IT-20
Infrastructure + Critical Minerals	Number of Vehicles Using Roads Daily	OI0659	TR-02, TR-03, and TR-04
Infrastructure + Critical Minerals	Project Revenue: Local Sales (USD)		IN-03 and IN-02
Infrastructure + Critical Minerals	Project Revenue: Other Exports (USD)		IN-02
Infrastructure + Critical Minerals	Project Revenue: US Exports (USD)		IN-02
Infrastructure + Critical Minerals	Value of Payments to Government (USD)	FP5261	TA-19
Infrastructure + Critical Minerals	Value of Procurement: Local Country (USD)	PI1849	IN-01
Infrastructure + Critical Minerals	Volume of Waste Disposed: Recycled/Reused (metric tons <sup>3</sup> )	OI2535	
Infrastructure + Critical Minerals	Volume of Waste Disposed: Total Disposed (metric tons <sup>3</sup> )	OI6192	
Infrastructure + Critical Minerals	Volume of Waste Produced (metric tons <sup>3</sup> )	OI6709	
Infrastructure + Critical Minerals	Volume of Wastewater Treated (metric tons <sup>3</sup> )	OI9412	WA-01
Infrastructure + Critical Minerals	Volume of Water Produced (metric tons <sup>3</sup> )	PI8043	

## Appendix 2: SDGs



## Appendix 3: Sources

- <sup>1</sup> J Hine et al., "[Does the extension of the rural road network have a positive impact on poverty reduction and resilience for the rural areas served? If so how, and if not why not? A systematic review.](#)" EPPI-Centre, Social Science Research Unit, UCL Institute of Education, University College London, July 2016.
- <sup>2</sup> Sustainable Mobility for All, "[Global Mobility Report 2017: Tracking Sector Performance](#)" (Washington, DC: Sustainable Mobility for All, 2017).
- <sup>3</sup> Douglas Broom, "[Coronavirus has Exposed the Digital Divide like Never Before.](#)" World Economic Forum, April 22, 2020.
- <sup>4</sup> Kirsten Hund et al., "[Minerals for Climate Action](#)" (Washington, DC: World Bank Group, 2019).
- <sup>5</sup> World Bank, "[Mineral-Rich Developing Countries Can Drive a Net-Zero Future.](#)" World Bank, June 6, 2022.
- <sup>6</sup> International Energy Agency, "[SDG7: Data and Projections](#)" (Paris: IEA, 2019).
- <sup>7</sup> International Energy Agency, "[Global Energy Review 2021](#)" (Paris: IEA, 2021).
- <sup>8</sup> International Energy Agency, "[Electric Vehicles](#)" (Paris: IEA, 2022).
- <sup>9</sup> UNCTAD, "[Over half of the people in least developed countries lack access to electricity.](#)" UNCTAD, 2021.
- <sup>10</sup> The World Bank, "[Striving for Clean Air: Pollution and Public Health in South Asia](#)", (Washington, DC, World Bank, 2022),
- <sup>11</sup> The World Bank and World Health Organization, "[Tracking universal health coverage: 2017 global monitoring report](#)" (Washington, DC: World Bank and WHO, 2017).
- <sup>12</sup> The World Bank and World Health Organization, "[Tracking universal health coverage: 2017 global monitoring report](#)" (Washington, DC: World Bank and WHO, 2017).
- <sup>13</sup> Prajal Pradhan et al., "[Closing Yield Gaps: How Sustainable Can We Be?](#)" PLoS One 10, no. 6 (2015).
- <sup>14</sup> Shyam Sundaram, "[Introducing the Primer on Catalyzing Agricultural Finance.](#)" Agrilinks, September 25, 2019.
- <sup>15</sup> IRIS+ Smallholder Agriculture Strategic Goals (GIIN) – "[Increasing Access To and Use of Quality Agriculture Inputs](#)"; Tom Carroll et al., Catalyzing Smallholder Agricultural Finance (Washington, DC: Dalberg Global Development Advisors, 2012).
- <sup>16</sup> IRIS+ Smallholder Agriculture Strategic Goals (GIIN) – Increasing Farm Profitability Pierre-Marie Bosc et al., "[Investing in Smallholder Agriculture for Food Security](#)". Rome: High Level Panel of Experts on Food Security and Nutrition of the Committee on World Food Security (Rome: FAO, 2013) Shaun Ferris et al., "[Linking Smallholder Farmers to Markets and the Implications for Extension and Advisory Services.](#)" (paper presented at Modernizing Extension and Advisory Services (MEAS) Conference, Washington, DC, May 2014).
- <sup>17</sup> IRIS+ Financial Inclusion Strategic Goals (GIIN) – Improving Access to and Use of Responsible Financial Services for Historically Underserved Populations Asli Demirgüç-Kunt, et al., The Global Findex Database 2021: "[Financial Inclusion, Digital Payments, and Resilience in the Age of COVID-19](#)" (Washington, DC: World Bank, 2022).
- <sup>18</sup> The World Bank, "[SME Finance.](#)" 2021.
- <sup>19</sup> World Bank Open Data, "[Labor force participation rate, female \(% of female population ages 15+\) \(modeled ILO estimate\).](#)" 2022.
- <sup>20</sup> IRIS+ Gender Lens Strategic Goals (GIIN) – Increasing Gender Equality through Financial Inclusion Marieme Esther Dassanou et al., "[Women-owned SMEs : a business opportunity for financial institutions - a market and credit gap assessment and IFC's portfolio gender baseline](#)" (Washington, DC: International Finance Corporation, 2014)

- <sup>21</sup> Dalberg, "[Towards Market Transparency in Smallholder Finances](#)," Dalberg, September 2022.
- <sup>22</sup> World Bank, "[The Global Findex Database](#)" (Washington, DC: World Bank, 2022).
- <sup>23</sup> World Health Organization, "[Climate Change and Health](#)," World Health Organization, October 30, 2021.
- <sup>24</sup> Stephane Hallegatte, Bramka Arga Jafino, Julie Rozenberg, and Brian Walsh, "[Revised Estimates of the Impact of Climate Change on Extreme Poverty by 2030](#)," (Washington, DC: World Bank Group, 2020).
- <sup>25</sup> John Podesta, "[The climate crisis, migration, and refugees](#)" (Brookings Institution: Washington, DC, 2019).
- <sup>26</sup> Kanta Kumari Rigaud et al., "[Groundswell: Preparing for Internal Climate Migration](#)" (Washington, DC: World Bank, 2018).
- <sup>27</sup> International Monetary Fund, "[Emerging Economies Need Much More Private Financing for Climate Transition](#)." 2023.
- <sup>28</sup> UN SDG, "[Unlocking SDG Financing: Findings from Early Adopters](#)." 2018.
- <sup>29</sup> Impact Entrepreneur, "[The Untapped Potential of Private Equity in Emerging Markets](#)." 2023.
- <sup>30</sup> Principles for Responsible Investment, "[Closing the funding gap: The case for ESG incorporation and sustainability outcomes in emerging markets](#)." 2022.
- <sup>31</sup> InterAmerican Development Bank (IDB), "[Easing the credit crunch on small and medium-sized enterprises](#)." 2023.
- <sup>32</sup> International Monetary Fund, "[How financing can boost low-income countries' resilience to shocks](#)." 2023.
- <sup>33</sup> University of Chicago Press, "[Political risk, democratic institutions, and foreign direct investment](#)." 2008.
- <sup>34</sup> IsDB, "[A Technical Report G20 – International Financial Architecture Working Group stock take](#)." 2020
- <sup>35</sup> McKinsey and Company and U.S. International Development Finance Corporation (DFC), "[Capital mobilization impacts resulting from DFC' political risk insurance product](#)." 2023.
- <sup>36</sup> Atlantic Council, "[The case for investing in Ukraine's energy future](#)." 2023.