Portfolio-Level Impact Scoring: A Case Study of British International Investment
# Table of Contents

**Introduction** .................................................................................................................. 3  
**Strategic Impact Objectives** .......................................................................................... 4  
**Managing Impact Across the Investment Cycle** ............................................................. 5  
**BII’s Impact Framework** .................................................................................................. 6  
  - Investment-Level Impact Dashboard ....................................................................... 7  
**Approach to Investor Contribution** ................................................................................ 9  
**BII’s New Portfolio-Level Impact Score** ....................................................................... 10  
  - Design Features ....................................................................................................... 11  
  - Usage and Interpretation ......................................................................................... 12  
  - Calculating the Score ............................................................................................. 13  
  - Productive Score ..................................................................................................... 14  
  - Sustainable Score .................................................................................................... 17  
  - SPOTLIGHT: BII’s Climate Strategy ................................................................... 19  
  - Inclusive Score ....................................................................................................... 21  
  - SPOTLIGHT: Black Ownership and Leadership for Development (BOLD) .......... 23  
  - Updating Scores Based on Actual Performance ................................................... 26  
  - Example Transactions ......................................................................................... 27  
**Our Experience So Far** ................................................................................................. 28  
**Appendix 1 – List of Needs and Indicators** .................................................................. 29  
**Appendix 2 – List of Default Inclusion Country Scores** ............................................... 30  
**Appendix 3 – Example Transactions** .......................................................................... 31  

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Introduction

British International Investment (BII) is the UK’s development finance institution, with a history that goes back to 1948. BII has entered 2022 with a new name, a new strategy, and a new impact scoring tool. This case study describes and discusses our new impact scoring tool in the context of our 2022-2026 strategy and overall approach to impact management. We are sharing our methodology in the hope that other impact investors may find useful elements, and out of a desire to increase transparency around how impact investors manage impact.

An impact scoring tool must distinguish between higher- and lower- impact investments as accurately as possible, to serve its purpose of helping an investor to manage and maximise impact. But what “as possible” means requires careful thought.

We were particularly concerned with building a scoring system that our investment professionals will value — and that will not be rejected by the organization as unworkable. Other constraints on what’s possible include the need for flexibility to work with the varying and limited levels of information available prior to investment across many different types of transactions. Lastly, the scoring system needed to be objective enough to enable external assurance, so that it can be used in determining staff renumeration.

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1 BII’s sole shareholder is the Foreign, Commonwealth and Development Office, a UK government department.
2 Until April 2022, BII was called CDC Group. It was founded as the Colonial Development Corporation in 1948, renamed the Commonwealth Development Corporation in 1963, and renamed CDC Group in 1999.
Strategic Impact Objectives

BII’s 2022-2026 strategy sets three strategic development impact objectives that respond to the opportunities and challenges we see in the countries that we serve. Our view is that to achieve the UN’s 2030 Sustainable Development Goals (SDGs) and meet commitments under the Paris Agreement, investment must deliver three things:

- Productive development – by raising the productivity of an economy so that it can support a decent standard of living for all;
- Sustainable development – helping transform the economy to reduce emissions, protect the environment and adapt to the changing climate; and
- Inclusive development – sharing the benefits of higher productivity and greater sustainability with poor and marginalized sections of society.

Our choice of these objectives, and our understanding of what it means for an investment to have a higher or lower impact when assessed against them, is informed by theory and evidence about the function of private investment in development, the role of publicly-owned development finance institutions in private markets, and hence where the largest social returns to investment can be found.\(^3\)

Our impact management practices are designed to maximize our performance against these objectives throughout the investment lifecycle. This starts with how we approach sectors and regions, then in how we originate investment opportunities and take investment decisions, through to structuring investments and managing the portfolio, and finally to responsible exits and impact evaluations.

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\(^3\) This thinking is described in a strategy background paper “The economics of development finance” available here: https://www.bii.co.uk/en/news-insight/insight/articles/the-economics-of-development-finance
Managing impact across the investment cycle

Our approach to impact management is grounded in the Operating Principles for Impact Management (OPIM) (see Figure 1), of which we are a founding signatory. OPIM describes the processes that the best impact investors should have in place, but does not specify how those processes should be implemented.⁴

Figure 1: Operating Principles of Impact Management

<table>
<thead>
<tr>
<th>Strategic Intent</th>
<th>Origination &amp; Structuring</th>
<th>Portfolio Management</th>
<th>Impact at Exit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Define strategic impact objective(s) consistent with the investment strategy.</td>
<td>3 Establish the manager’s contribution to the achievement of impact.</td>
<td>6 Monitor the progress of each investment in achieving impact and expectations and respond appropriately.</td>
<td>7 Conduct exits considering the effect on sustained impact.</td>
</tr>
<tr>
<td>2 Manage strategic Impact on a portfolio basis.</td>
<td>4 Assess the expected impact of each investment based on a systematic approach.</td>
<td></td>
<td>8 Review, document, and improve decisions and processes based on the achievement of impact and lessons learned.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5 Assess, address, monitor and manage potential negative impacts of each investment.</td>
<td></td>
</tr>
</tbody>
</table>

Independent Verification

9 Publicly disclose alignment with the Impact Principles and provide regular independent verification of the alignment.


⁴ Our 2021 OPIM disclosure statement, which describes how we implemented these principles, is available here: https://assets.bii.co.uk/wp-content/uploads/2021/07/13115447/CDC-Operating-Principles-for-Impact-Management-2021.pdf
At the heart of our approach sits an overarching Impact Framework, which draws on the five dimensions of impact from the consensus facilitated by the Impact Management Project and now hosted at Impact Frontiers (see Figure 2).

This framework shapes how we assess the expected impact of each individual investment; how we manage, monitor, and evaluate impact after investment; and what we look for in responsible exits.

Figure 2: BII’s Impact Framework

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5 The IMP Framework: https://impactfrontiers.org/norms/
Investment-Level Impact Dashboard

We include a one-page summary sheet of impact, using this framework, in investment papers, which we call an Impact Dashboard. These Impact Dashboards remain the primary tool we use to make individual investment decisions, providing investment committee members with the most important information about anticipated impact in a consistent format.

Here is an example of an Impact Dashboard for a fictional impact-oriented venture capital fund:

Figure 3: Example Impact Dashboard

<table>
<thead>
<tr>
<th>Impact Dimension</th>
<th>Impact 1</th>
<th>Impact 2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>What</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Impact</td>
<td>Improved access to goods and services including education, primary healthcare, modern sanitation, internet, agricultural inputs, clean energy (SDG 3, 4, 6, 7) leading to better quality of life and higher disposable capital (SDG 8).</td>
<td>Provide income generating opportunities either through direct employment or providing market access to suppliers.</td>
</tr>
<tr>
<td><strong>How</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Primary</td>
<td>Direct: Venture investments will lead to growth of early-stage enterprises which either 1) provide basic goods and services to low income mass markets’ innovatively addressing issues of access and affordability and/or 2) generate large scale of benefits to low income suppliers.</td>
<td></td>
</tr>
<tr>
<td>Secondary</td>
<td>Catalytic: The Fund can have a demonstration effect by proving that it is possible to successfully invest in business where financial success and social impact are inherently aligned. Success would be establishment of the Manager as sustainable platform &amp; replication of strategy from others.</td>
<td></td>
</tr>
<tr>
<td><strong>Who</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stakeholder</td>
<td>Customers</td>
<td>Suppliers and employees</td>
</tr>
<tr>
<td>Geography</td>
<td>West Africa in the first instance. Company growth could extend to other regions.</td>
<td>West Africa in the first instance. Often suppliers will be farmers living in rural areas.</td>
</tr>
<tr>
<td>Characteristics</td>
<td>Very undeserved: majority living with incomes of $3-7/day. 40% expected to be women.</td>
<td>Very undeserved: Living below $7/day. Diligence suggest suppliers are more likely to have lower incomes that customers 30% expected to be women based.</td>
</tr>
<tr>
<td><strong>How much</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scale</td>
<td>Expected 1-3 million people directly reached (based on track record) top decile vs. BII portfolio.</td>
<td>100,000 people directly reached (based on track record) top decile vs. BII portfolio.</td>
</tr>
<tr>
<td>Depth/Duration</td>
<td>Variable depending on good and service provided. Track record suggest that portfolio companies significantly improve people’s quality of life, but this varies across products (e.g. it is higher for education and OGS that internet access).</td>
<td>Generally deep impact as income from supplying to businesses generally represents the majority of household income. Longevity depends on the continued success of the companies, which remains to be proven.</td>
</tr>
<tr>
<td><strong>Contribution</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market</td>
<td>Insufficient capital in the market for socially-oriented early-stage ventures</td>
<td></td>
</tr>
<tr>
<td>Financial</td>
<td>Bill is an anchor investor at first close</td>
<td></td>
</tr>
<tr>
<td>Value add</td>
<td>We co-develop the impact strategy to better define and identify target population and monitor and impact through deep dives</td>
<td></td>
</tr>
<tr>
<td>Mobilization</td>
<td>Accelerated fundraise by providing comfort to other LPs and leading legal negotiations</td>
<td></td>
</tr>
<tr>
<td><strong>Execution</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Risk</td>
<td>Relates to the ability of companies to scale. Highly correlated to commercial risk and affects both direct and catalytic (demonstration effect) impact. Mitigated by selecting a manager who we consider to be best in class, but risk needs to be tolerated given VC model.</td>
<td></td>
</tr>
<tr>
<td>Alignment</td>
<td>Relates to the probability of the Manager investing in companies that do not target low-income populations with high impact goods and services. This risk has low correlation with commercial risk, as the manager could still make a success of this Fund without respecting the impact mandate. Following extensive due diligence, the risk is deemed low and is mitigated by the Fund’s governance systems and LPA.</td>
<td></td>
</tr>
</tbody>
</table>
The first four dimensions of the Dashboard assess the expected ‘impact of the investment’ (and the sixth, the risks to it) which encompasses the entirety of the impact associated with the transaction we would be participating in, without trying to strip out only those elements we might attribute to ourselves. Once we have invested, we share responsibility for everything that happens subsequently, we would use our influence where possible to improve the total impact of the investment, and we would monitor impact by looking this bigger picture.6

6 The “impact of the investment” differs from “enterprise impact” because, when we are investing in an existing enterprise and not a greenfield, we look at the change the investment will make to the impact of the enterprise, and not the overall impact including legacy operations. It is not always possible to cleanly distinguish the two.
Approach to Investor Contribution

The fifth dimension in this framework is our contribution as an investor. Because we are a publicly-owned DFI, funded from Official Development Assistance spending, this is a crucial question. We exist to do something over and above what private investors are doing (a requirement often referred to by DFIs as ‘additionality’). We use a distinct investor contribution assessment framework to generate a low/medium/high rating to capture our view on the scale of the difference our involvement will make to the impact of the investment, and our degree of confidence that we are doing something private investors would not.

The contribution rating is considered alongside our assessment of the anticipated impact of the investment in decision-making. For the sake of illustration, if we think of our contribution as a number between zero and one – where zero implies we contribute nothing that other investors would not, and one that the entirety of the impact of the investment would not occur without our participation, then our impact as an investor can be seen as the product of the two: the impact of the investment multiplied by our contribution. Hence, we may have a significant impact as an investor by making a low (but positive) contribution towards an investment with large impact, or conversely, by making a large investor contribution towards an enterprise or project with smaller impact. Either way, we want our impact as an investor to be commensurate with the resources being deployed.

One of the most important design decisions we took was to not incorporate contribution into the impact score. We felt it would be unhelpful to collapse the two into a contribution-weighted score, and that we would take better decisions by viewing the two separately. We also felt that is vital we can have an honest debate about our contribution and using it to weight the score would put too much pressure on what is a subjective judgment call. We describe below why we want to minimize subjectivity in the scoring. We can, of course, view the two together when we analyze our portfolio.

This approach to rating investor contribution could be adapted by private impact investors, for whom competing against each other to win investment opportunities is part of the job and where the question “would this investment have happened without us?” can be less relevant (depending on investment mandate). For example, different segments of the market could be rated for relative capital scarcity. An investor’s confidence that their actions will increase the overall quantity of investment in that segment of the market would be higher where capital is scarce or expensive.

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7 Our approach to rating contribution and its use in decision-making process is described here: https://assets.bii.co.uk/wp-content/uploads/2022/05/19141040/Our-approach-to-investor-contribution.pdf
BII’s New Portfolio-Level Impact Score

BII developed an Impact Score as a means of ‘managing strategic impact on a portfolio basis’, which is the second principle of the OPIM. The Impact Score is designed to recognize and incentivize investments that are likely to contribute most to our three strategic impact objectives. It complements the more detailed assessments of the expected impact of each investment in our Impact Dashboards by providing a quantitative metric that can be aggregated and used to monitor and analyze impact performance across the portfolio. It is calculated using a subset of the information found in the Impact Dashboards and monitoring plans.

The Impact Score replaces our old Development Impact Grid, which we had used since 2012, as one of the key performance indicators that BII reported to the U.K. government.

The design of the Impact Score favors objectivity and simplicity over comprehensiveness and nuance. Qualitative aspects of the expected development impact of investments are deliberately excluded from the Impact Score but remain central to investment decisions. These include the two elements of our impact framework ‘depth’ and ‘risk’, which we exclude because of the difficulty of interpreting their relative importance across different investments.

One of the challenges that has emerged during the first months of implementation has been achieving a shared understanding across the organization about how scoring works alongside our other impact management tools. The score must be trusted to do its job of shaping our portfolio and of measuring performance against strategic impact objectives, but it also deliberately excludes many decision-relevant considerations. There is a balancing act of giving the Score enough weight in investment decisions, but not too much.
Design Features

Portfolio-level: Scores of individual investments are aggregated at the portfolio level into an ‘Aggregate Impact Score’ (a weighted average of individual impact scores for all investments committed to from 2022 onwards). There is no explicit target (higher is better) but we expect this aggregate score to range between four and eight during the 2022-26 period. We are accountable to our Board and FCDO for performance against the Aggregate Impact Score, and we will publicly report on it in our Annual Review. External scrutiny is an important part of the model.

The Impact Score is a portfolio performance measure and there is no minimum threshold score requirement for individual investments. This reflects the fact that it only provides a condensed picture of impact, so our complete view on an investment’s impact may sometimes differ from the ranking implied by its score. It provides us flexibility to select some investments with particularly strong expected financial performance in order to construct a portfolio that best achieves our overall impact and financial goals.

Predictable: The Impact Score is designed to be intuitive and easy to calculate from the early stages of investment origination, so that our investment teams can use it to prioritize their activities. The Impact Score would not effectively influence investment behavior if it only emerged from a ‘black box’ at the final Investment Committee stage.

Pragmatic: The Impact Score is designed to adapt to the level of information we have available, which varies across products, sectors, and the stage of the investment process. Various ‘default’ assumptions can be used to calculate the Score when more granular information is not available.
Usage and Interpretation

Every investment we make will have an associated Impact Score which is based on the expected development impact of the investment (ex-ante). The score for each investment will also be updated over the lifetime of the investment at regular intervals, based on the actual impact performance (ex-post). Because elements of our new score are based on predicted impact metrics, such as jobs created, updating is important to ward against optimism bias. We will update scores on a regular schedule, but the underlying timing of performance targets will vary according to each investment, according to our monitoring plans. A power investment will not start producing power until after the construction is completed, for example. Not every element of the score will change over time. For example, if the country of operation remains as expected and the Inclusive Score is based on the default country method (see below) that element will not change.

The Aggregate Impact Score partially determines staff remuneration under our Long-Term Incentive Performance Plan – another reason that the score is designed as a simple and objective measure. We regard the construction of a high impact portfolio as a joint endeavor across the organization, so performance related payments are calculated on a company-wide basis, not on individual or team Scores. Although the Score will inform how we allocate teams to sectors and regions, some teams will inevitably find it easier to obtain higher scores than others. Theory and evidence also suggest that high powered individual financial incentives perform poorly when outcomes are the result of efforts by mission-oriented teams and performance is measured with error.8

The score is not an attempt to measure impact, in the way that monetizing impact (i.e., estimating a monetary value of impact created) would be. We would not be able to communicate how much impact our investments have had by telling people they scored an average of 6. The score is more like an ordinal scale – a ranking. It helps our shareholder monitor performance against our objectives (higher scores are better). But because the score is constructed from various sub-components and aggregated to compute a portfolio average score, it does embed relative judgments about when impact along one dimension is regarded as equivalent to impact along another dimension. All else equal, a score of 8 does count twice as much towards the portfolio average as a score of 4, so the system functions as a cardinal measure of impact in that respect. Through extensive testing on historical and pipeline transactions, and consultation across the organization and with the U.K. government, we arrived at relative scores that we felt did justice to our institutional view of the importance of different degrees of alignment with our three objectives.

Calculating the Score

Every eligible investment will receive Productive, Sustainable, and Inclusive scores. The sum of the three scores will result in a Total Impact Score, which can range from -1 to 10. Figure 3 (above) summarizes the elements of the score for each impact objective.

- **Productive Score**: reflects how efficiently an investment addresses one of a set of developmental needs (see Appendix 1) and the extent to which the investment is expected to have positive spillovers onto the productivity of other firms. It ranges from 0 to 4.

- **Sustainable Score**: reflects to what extent the investment will contribute to the net zero transition and to climate adaptation and resilience. The score depends on whether the investment qualifies as climate finance. If qualifying, an investment is scored according to its climate mitigation, adaptation and resilience attributes. If not, it is scored simply on greenhouse gas (GHG) emissions. It ranges from -1 to 4.

- **Inclusive Score**: captures who is directly benefiting from the investment, using either known characteristics of workers and customers (initial income, gender and ethnicity), or a default country score. It ranges from 0 to 4.

Figure 4: Elements of BII’s Impact Score
Productive Score

The Productive Score is constructed from four elements. The first two elements are combined to generate a base score of 0 to 4; the second two award additional points to a maximum of 4.

1. The relative degree of development need which the investment will address. The primary need selected for scoring purposes must be central to and consistent with the impact thesis presented in the Impact Dashboard. Eligible needs are linked to the Sustainable Development Goals and either improve people’s quality of life directly, such as through higher incomes, food security, healthcare, or directly by producing outputs that have proven large-scale positive economic spillovers, such as power, transport and logistics, or financial services for businesses. For each need, a score is assigned to countries based on a relative gap assessment: countries where the need is greater will have a higher score. Investments that operate in multiple countries are scored by a regional weighted average. See Annex A for the full list of needs and indicators.

2. The intensity at which the investment delivers the impact. This captures how efficient the investment or company is in delivering impact compared to relevant benchmarks. Here efficiency is usually measured by the quantity of impact-relevant outputs, relative to the total quantity of capital required to produce them (i.e., outputs per dollar), although other performance indicators such as growth rates may be used in some cases. Benchmarks in different sectors are built from various data sources, including both data from our own historical investments and other information available for investments in our markets. Intensity is rated below, above or in line with benchmarks, and intensity will be considered immaterial where our investment does not result in additional impact. Default ‘in line with benchmark’ intensity scores will be used where no suitable benchmarks are available.

3. Economic enablers. Investments will receive an additional point where they produce inputs that are required by many other firms; where there is evidence that reducing the price or increasing the quality of these inputs has a significant impact on the growth of firms; and where the impact case rests on these effects.

4. Potential to catalyze markets. Additional scores will reward investments that have the potential to improve market structures and the behaviors of other market actors by significantly increasing competition, pioneering new business models that can lead to replication by others, reinforcing the demonstration of those business models, building skills and human capital, or improving the underlying enabling environment (such as the first public-private partnership in a country that involves the creation of new laws and regulations, for example). The impact thesis of such investments typically materializes only in the medium to long term – and relevant benchmarks may not yet exist – and we want to recognize the transformative potential.
Figure 5 below shows how first a ‘base’ score is calculated from degree of need and intensity, before economic enabler and catalyzing market points are added if warranted. The total Productive Score is capped at 4.

Figure 5: Productive Score Elements

<table>
<thead>
<tr>
<th>Degree of need</th>
<th>Default score based on country relative degree of need and ‘in line with benchmark’ intensity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intensity (compared to other sector benchmarks)</td>
<td>Adjust for above/below benchmark or immaterial intensity</td>
</tr>
<tr>
<td>Economic enablers</td>
<td>+1 point over score</td>
</tr>
<tr>
<td>Catalyzing markets</td>
<td>+1 or +2 point(s) over score</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Relative need</th>
<th>Intensity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Immaterial</td>
</tr>
<tr>
<td>Low</td>
<td>0</td>
</tr>
<tr>
<td>Medium</td>
<td>0</td>
</tr>
<tr>
<td>High</td>
<td>0</td>
</tr>
<tr>
<td>Very high</td>
<td>0</td>
</tr>
</tbody>
</table>

Default score without any additional information on the investment

Intensity is an area of the scoring system which we intend to build out over time, as we create better benchmarks and resolve issues around ensuring like-for-like comparisons between investments. At time of writing, we have a limited set of workable benchmarks, for job creation and power generation, with others being tested. A challenge here is to avoid omitting qualitative differences that would result in a misleading impression of which investments are generating impact more efficiently. For example, dispatchable power from renewable energy paired with battery storage is more expensive per MWh but qualitatively different to power that is only available when the sun shines or wind blows. Using “people reached” as an intensity indicator would also be misleading if greater scale is correlated with more shallow impact.

The needs score is agnostic about which needs are more important – for each need, the score is based on the degree of need in the country (or countries) of investment, relative to the set of countries that are eligible for Official Development Assistance. The economic enabler point is where we introduce a view, based on our review of the evidence from economics research, about which sectors are more important for raising productivity across an economy. The point is awarded using a two-part test: is the business producing something that can be expected to have spillovers on the productivity of many firms? and is that the primary impact thesis of the investment?
Electricity is an economic enabler, for example, but a grid scale renewables investment in India, a country where the supply of electricity is not really a constraint on growth, would not get an economic enabler point because the impact thesis there will be about decarbonising the grid, not about reducing the cost, increasing the quantity or reliability of electricity.

Scoring catalyzing markets calls for expert judgment, based on information about the market in question, supported by a catalyzing markets framework and guidance notes for specific markets. We ask ourselves: why is the market important for our development objectives; what is the preventing the market from functioning; how will our investment lead to changes in the behavior of other market actors; and how will those changes improve the market? Our confidence in a catalyzing markets thesis hinges on our understanding of the market failure and the likelihood our investment we address underlying causes. Pathways we consider especially powerful, such as investments that we expect to generate a significant response from competitors, are awarded two points. Others, such as proving out business models that have been pioneered elsewhere or creating necessary skills and capacities, receive one. Monitoring these investments usually requires the collection of market-level information, as opposed to the firm-level data which is more usual.
The Sustainable Score aims to incentivize investments that contribute the most towards the transition towards a net zero and climate-resilient economy. It measures the extent to which investments are creating impact by facilitating the transition to net zero through avoiding, reducing or sequestering GHG emissions (mitigation); through the introduction of circular economy business models; as well as strengthening the adaptive capacity and building the climate resilience of people, business, physical and natural assets, and economies to acute and chronic physical climate risks.

### Figure 6: Sustainable Score Elements

<table>
<thead>
<tr>
<th>Score</th>
<th>Non/partial climate finance</th>
<th>Climate finance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Fossil fuel infrastructure</td>
<td>Climate finance investments</td>
</tr>
<tr>
<td></td>
<td>High emission sectors above sector pathway</td>
<td>Climate finance investments with high intensity</td>
</tr>
<tr>
<td>2</td>
<td>High emission sectors in line with sector pathway</td>
<td>Renewable energy</td>
</tr>
<tr>
<td></td>
<td>Low emission sectors</td>
<td>Emission avoidance intensity</td>
</tr>
<tr>
<td>3</td>
<td>Low emission sectors that demonstrate significant emissions intensity reduction</td>
<td>Energy efficiency</td>
</tr>
<tr>
<td></td>
<td>Partial mitigation</td>
<td>Default score 3</td>
</tr>
<tr>
<td>4</td>
<td>50% fossil fuels</td>
<td>a 40% improvement for buildings</td>
</tr>
</tbody>
</table>

- **Fossil fuels**: Default score -1 if > 50% fossil fuels.
- **High emission sectors**: Default score 0.2 if > 10% of total emissions.
- **Low emission sectors**: Default score 1 if > 70% of total emissions.
- **Partial climate finance**: Default score 2 if > 80% of total emissions.
- **Adaptation & resilience**: Default score 3 if > 90% of total emissions.
- **Institutionalized**: Default score 4 if > 95% of total emissions.

- **Renewable energy**: Default score 3.
- **Energy efficiency**: Default score 3.
- **Forestry**: Default score 3.
- **Other mitigation finance (incl. circular economy)**: Default score 3.
- **Adaptation & resilience**: Default score 3.
- **Institutionalized**: Default score 4.

The Sustainable Score is designed to assess investments on a scale from -1 to 4, with higher scores indicating greater contributions towards climate resilience and net zero goals.
The Sustainable Score differentiates investments that make a high contribution to climate action by qualifying as climate finance (to the right), and those that qualify partially or not at all (to the left).  

On the right, investments that meet climate finance criteria are either already low-carbon, or they indirectly enable emission reductions in other activities. We also know that sustainability is about increasing the resilience and adaptive capacity of businesses, people, and nature to withstand the consequences of global heating. We can do this either through direct measures, or by specifically targeting businesses that provide solutions for others to adapt.

On the left, non-climate finance investments are always scored based on their GHG emissions, where investments with the highest emissions are awarded a negative score. Non-climate finance investments can obtain an additional point for pursuing measures that strengthen adaptation and resilience (A&R). Climate finance investments are scored on GHG emissions avoided (renewable energy), reduced (energy efficiency), or sequestered (forestry), general contribution to mitigation objectives, including circular economy (as set out in the list of eligible activities in our climate finance methodology), or on their A&R finance qualification.

Climate finance is defined by the Common Principles for Climate Mitigation and Adaptation Finance Tracking agreed by the Multilateral Development Banks.
SPOTLIGHT:
BII’s Climate Strategy

In 2014, CDC (as BII was known then) committed to considering climate change in every investment; our first fully-fledged climate strategy was published in 2020. It is organized around the four Task Force on Climate Related Financial Disclosures (TCFD) pillars of strategy, governance, risk management and metrics and has two main objectives: to take responsibility for the climate impact of our entire portfolio by pursuing increased opportunities in climate sectors, and to future proof our dual mandate of financial return and development impact. It also sets our approach to Paris alignment both at portfolio and transaction-levels.

Our impact score was designed to reflect the same level of ambition as our 2020 climate strategy. This requires two things:

- First, to do more investments that make an active contribution to climate action, which implies making more investments that qualify as climate finance; and
- Second, to ensure that all our investments reduce emissions and improve resilience over time.

The challenge is that the design of the scoring system favors simplicity and objectivity, whereas climate change is tremendously complicated, and our climate strategy and related commitments are wide-ranging. We therefore faced difficult choices regarding which elements – just transition; adaptation and resilience; net zero by 2050 – to focus on, and what factors within these elements should generate the highest scores.

Our solution for the Sustainable Score puts the most weight on penalizing GHG emissions and awarding avoidance/reductions/sequestration, which accounts for most of the variation from -1 to 4, with some points available for investments that meet adaptation and resilience criteria. We decided our response to the challenges of a Just Transition will sit outside the scoring system.

The score requires investments to meet certain materiality thresholds (e.g., what proportion of the investment is targeted at A&R activities) which can be hard to determine and requires some expert judgment concerning whether the investee’s activities meet the relevant definitions (e.g., what activities quality as A&R). We simplified the initial scoring of non-climate finance investments, based on emissions, by using a list that defines lower and higher emitting sectors, but investments will be rescored after investment based on a comparison of actual emissions against the GHG...
Protocol and the Standard by the Partnership for Carbon Accounting Financials (PCAF). GHG avoidance is calculated by using average emissions intensity of power sources displaced from the grid by renewables, using country-specific data from the IFI Technical Working Group. Given the importance we ascribe to supporting economic transformation, we adjust scores after investment using official Paris-aligned sector emissions pathways, which show the rate at which a sector must decarbonize to meet the 1.5 degree temperature goal.

This is the only part of the system where an investment may receive a negative score. We are deeply cognizant of the possibility of other harmful consequences of investments and seek to manage those risks on every transaction. Other risks of negative impact are handled in the more detailed transaction-level assessments, outside the scoring system. But carbon emissions are often unavoidable with many investments, and high emissions detract from other positive impacts. We only invest in highly emissive businesses if they are assessed to be Paris-aligned.
Inclusive Score

The Inclusive Score is based on the profile of the stakeholders that the investment is expected to benefit. We consider inclusion across three dimensions:

- Cross-country inequality;
- Within-country inequality (i.e., reach to lower-income members of society); and
- Reaching or empowering otherwise excluded groups, namely women and black African business owners and leaders.

Where stakeholder characteristics are known and reaching these stakeholders is central to the impact thesis, scores are determined by percentage of stakeholders reached living below $5.50/day (a poverty line based on consumption measured in Purchasing Power Parity dollars, maintained by the World Bank). These stakeholders could be customers, employees or suppliers, but the score will only consider the key stakeholder group corresponding to the intended impact of the investment. Evidence to support our assessment of the poverty level of expected stakeholders can be obtained through surveys or based on a set of approved proxies. The maximum direct reach score is 4.

Alternatively, default country scoring is used when data about the poverty level of key stakeholders is not available. This is typically the case when the investment thesis is based on the effects of “economic enablers” on productivity across a market or region. These scores are based on ranking countries according to the poverty gap, GDP per capita and fragility measures (see Appendix 2 for the full list). Where an investment is in multiple countries, the score will be determined by the average of the investment’s reach weighted by the most relevant metric (jobs, revenues, use of proceeds etc). The maximum default country score is 3. Although we do not use the poverty headcount rate for country scores, this means in effect that a country with 50% of the population below $5.50 is treated differently to a business with 50% of its workers below $5.50 – we do not assume the indirect impacts of an investment will be distributed evenly across a country. We also want to give deal teams and incentive to find out information rather than rely on the default.
Gender and diversity. Additional point(s) can be awarded for investments that meet these criteria. We use the 2X Challenge criteria to determine which investments enhance women’s economic participation and have developed similar criteria to recognize black African business ownership and leadership. These points are awarded in addition to the poverty level or default country score (one point for each qualification) to a maximum of 4.

Figure 7: Inclusive Score Elements

<table>
<thead>
<tr>
<th>Default country score</th>
<th>‘Delta’ countries</th>
<th>‘Gamma’ countries</th>
<th>‘Beta’ countries</th>
<th>‘Alpha’ countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reach to low-income populations (if known or can be estimated)</td>
<td>No/negligible</td>
<td>5-15% reach to low income</td>
<td>15-30%</td>
<td>30-50%</td>
</tr>
<tr>
<td>Gender and diversity based on 2x qualification and/or black African ownership and leadership</td>
<td>+1 point over score (for each qualifications)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
SPOTLIGHT:
Black Ownership and Leadership for Development (BOLD)

The murder of George Floyd in 2020 triggered a global wave of activism and reflection about race. At BII, one consequence was that we confronted the fact that most of the African businesses in our portfolio have white founders. That needs to change. To make that happen, our Impact Score will award points to black-owned and run businesses in sub-Saharan Africa, an initiative we refer to as Black Ownership and Leadership for Development (BOLD).

We took inspiration here from the approach towards gender investing developed for the 2X Challenge, a collective founded by DFIs of the G7 nations. The Inclusion dimension of our Impact Score awards points for both BOLD and 2X, capped at a maximum of 2 points. BOLD uses only the ownership and leadership criterion of 2X, which also covers workers and customers (because in sub-Saharan Africa, there is no need to incentivize investments in businesses with black customers or workers). But because the status quo, with respect to gender and race, differs in the countries where we invest, some of our scoring thresholders differ too. For example, the ownership scoring threshold for 2X is more than 50% female, whereas for BOLD it is more than a third black. Similarly, for senior leadership the threshold is 30% for 2X, whereas it is 50% for BOLD.

For investments in corporate structures with different layers, from holding companies to operating companies, we look at the entity that will receive our funds. For fund managers, we base the score on a combination of the BOLD and 2X criteria, looking at both the leadership of the fund itself and of their underlying investees. When both layers qualify, we award a full point. When only one layer qualifies, we award a third of a point.

A focus on leadership has created some internal tensions around how we think about impact. We are usually concerned with improving the lives of low-income people, rather than business leaders, as befits our nature as a public DFI funded by Official Development Assistance (which has a legislated mandate to reduce poverty).
There are instrumental arguments that female and black leadership will lead to better development outcomes in general and also better outcomes for female and black workers and customers in particular. There is plenty of evidence that racist and sexist discrimination is a source of economic inefficiency. But many people within BII felt strongly that actions to correct historical systemic injustices should not require justification on instrumental grounds. The arguments for action to promote diverse leadership are based on the need to change a patriarchal and racist system.

Nonetheless, as we allocate tens of millions of dollars per investment our impact priorities are usually centred on reducing poverty at scale, directly and indirectly. It is not easy to say how far diverse ownership and leadership should affect investment decisions in relation to those considerations. This is a difficult question that does not lend itself to satisfactory answers. We decided that diverse leadership and ownership adds 1 point to an Inclusion Score that can range from 1 to 4, and meeting the workforce and customers criteria of 2X can add 1 point, within an overall score capped at 10.

There are other difficult questions here, without neat answers. Why only black owners, and why only sub-Saharan Africa? But we thought it was more important to act where the scale of inequity is greatest, than it was to devise the perfect approach that covers all contingencies. In time, with the lessons of experience, we may amend or extend our approach.

In order to qualify for 2x/BOLD, a deal must meet one or more of the criteria below.

<table>
<thead>
<tr>
<th>Direct Criteria</th>
<th>2x</th>
<th>BOLD (sub-Saharan Africa only)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneurship</td>
<td>51% ownership OR the business has a female founder</td>
<td>33% ownership OR the business has a black founder/primary sponsor</td>
</tr>
<tr>
<td>Leadership</td>
<td>30% of women in senior mgmt., on the Board or Investment Committee</td>
<td>50% black representation in senior mgmt., on the Board or Investment Committee</td>
</tr>
<tr>
<td>Workforce</td>
<td>30-50% share (sector-dependent) of women in the workforce and one quality indicator</td>
<td></td>
</tr>
<tr>
<td>Consumption</td>
<td>Product and services that specifically or disproportionately benefit women</td>
<td></td>
</tr>
<tr>
<td>Indirect Criteria</td>
<td>Financial Intermediaries</td>
<td>Funds and platforms only</td>
</tr>
<tr>
<td></td>
<td>All Financial Intermediaries</td>
<td>Investee meets one or more direct criteria</td>
</tr>
<tr>
<td></td>
<td>Investee meets one or more direct criteria AND</td>
<td>OR</td>
</tr>
<tr>
<td></td>
<td>30% of the DFI load proceeds or 30% of portfolio companies meet 2x direct criteria</td>
<td>Strategy or commitment for 30% of portfolio companies to meet BOLD direct criteria</td>
</tr>
</tbody>
</table>
Updating Scores Based on Performance

All investments will be re-scored at regular intervals to track whether they are performing against their original thesis. Scores can remain constant or move up or down depending on performance. A re-score will automatically be triggered at exit.

Each investment has a monitoring plan that is tailored to its impact thesis as outlined in the Impact Dashboard. For instance, the ‘intensity’ component of the Productive Score is based on a forecast impact metric at relevant time horizons, and this element of the score will be recalculated periodically, based on observed delivery. Even if no intensity benchmark was available at the time of investment, it will usually be possible to set quantitative targets so that the score can be updated in the light of performance against those targets. Other elements of the score that are amenable to rescoring based on new information include the geographic split for investments through fund managers, new information relevant to the Inclusive Score, or elements of the Sustainable Score that are tied to quantifiable thresholds.

We will update scores every two years, and upon exit. Once updated scores are available, they will feed into staff remuneration under our Long-Term Incentive Performance Plan. Underperforming investments will impact remuneration, which will help guard against optimism bias in scoring at the time of investment.
### Example Transactions

This section presents a range of fictional but realistic examples of impact scores. More can be found in Appendix 3.

#### Grid Connected Solar PV Power Generation in Ghana

<table>
<thead>
<tr>
<th>Productive</th>
<th>Sustainable</th>
<th>Inclusive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Degree of need: Need for power in Ghana; rated medium</td>
<td>1 Mitigation: Modelled CO2 avoided is below our high intensity bench</td>
<td>3 Reach to low income: n/a</td>
</tr>
<tr>
<td>Intensity: Min. rated in line with benchmark</td>
<td>A&amp;R: N/A</td>
<td>Country: Gamma</td>
</tr>
<tr>
<td>Economic enabler: Yes (More reliable power for businesses)</td>
<td></td>
<td>Gender &amp; Diversity: Not 2X or 90%</td>
</tr>
<tr>
<td>Catalyzing markets: No (Ghanaian grid PV market is reasonably mature)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Productive Score: 2</td>
<td>Sustainable Score: 2</td>
<td>Inclusive Score: 2</td>
</tr>
</tbody>
</table>

#### African Climate Tech VC Fund

<table>
<thead>
<tr>
<th>Productive</th>
<th>Sustainable</th>
<th>Inclusive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Degree of need: Finance for capital markets (pan-African Weighted average) rated high</td>
<td>2 Mitigation: 100% climate finance and A&amp;R</td>
<td>4 Reach to low income: n/a</td>
</tr>
<tr>
<td>Intensity: Non-exact visibility of revenue CAGR so scored as no benchmark</td>
<td>A&amp;R: No</td>
<td>Country: Weighted average of default country scores</td>
</tr>
<tr>
<td>Economic enabler: n/a</td>
<td></td>
<td>Gender &amp; Diversity: n/a</td>
</tr>
<tr>
<td>Catalyzing markets: A first-mover in African market replication CM channel</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Productive Score: 4</td>
<td>Sustainable Score: 4</td>
<td>Inclusive Score: 2.5</td>
</tr>
</tbody>
</table>

#### Fintech Serving SMES in Egypt

<table>
<thead>
<tr>
<th>Productive</th>
<th>Sustainable</th>
<th>Inclusive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Degree of need: Access to finance for SMES (need: rated high)</td>
<td>2 Mitigation: Not climate finance, rated low emissive</td>
<td>1 Reach to low income: n/a</td>
</tr>
<tr>
<td>Intensity: No benchmark available</td>
<td>A&amp;R: n/a</td>
<td>Country: Gamma</td>
</tr>
<tr>
<td>Economic enabler: Yes - business to business information technology service</td>
<td></td>
<td>Gender &amp; Diversity:</td>
</tr>
<tr>
<td>Catalyzing markets: No - North African fintech market reasonably mature</td>
<td></td>
<td>Not at point of investments: future potential</td>
</tr>
<tr>
<td>Productive Score: 3</td>
<td>Sustainable Score: 1</td>
<td>Inclusive Score: 1</td>
</tr>
</tbody>
</table>
Our Experience So Far

At time of writing in mid-2022, we have only a few months’ experience of using this score in earnest (after having “shadow scored” transactions during the second half of 2021).

There are already clear signs that the score has increased the alignment of origination efforts with our strategic priorities. This was already evident as a prototype of the score was used in 2021, when investment teams were devising their business plans.

Despite having tried to minimize the need for subjective judgments in many cases we found there was a need to discuss the choice of need to be scored against, the application of the guidelines governing economic enabler and catalyzing markets point, and discussion of the information we have to determine sustainability and inclusive scoring. We hold a weekly committee meeting to review decisions and to identify the need for more precise guidance in our scoring handbook and training materials, and we also hold less frequent steering committee meetings to adjudicate on questions such as the introduction of new benchmarks.

With the caveat that we should not read too much into a small sample, the average score for pipeline transactions is tracking moderately above the average we found in back-testing. Our perception is that this reflects more targeted origination and is also the result of engagement with project sponsors around issues such as inclusion. In other words it reflects a genuine increase in development impact, not that teams have learned to game the system.

Our overall impression is that the scoring system has been embraced by the organization because it generates a clear ranking of investments against our strategic impact objectives, despite the fact that nobody enjoys receiving a low score, and that we have landed in a sensible place on the trade-off between accuracy and pragmatism. The score must be seen alongside the other tools in our impact management system, each with a distinct purpose. The most important accomplishment, we feel, is the creation of an impact management that starts from well-defined strategic objective and flows through every stage of the investment lifecycle. That, ultimately, is what we expect to really raise our impact as an investor.
# APPENDIX 1 — LIST OF NEEDS AND INDICATORS

<table>
<thead>
<tr>
<th>Need</th>
<th>SDG</th>
<th>Gap assessment indicator</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jobs and economic opportunities</td>
<td></td>
<td>Index of: 1) wage and salaried workers as a % of total employment, and 2) poverty gap at $5.50/day</td>
<td>ILO/World Bank</td>
</tr>
<tr>
<td>Food security</td>
<td></td>
<td>Global Hunger Index</td>
<td>Concern Worldwide/ Welt Hunger Hills</td>
</tr>
<tr>
<td>Healthcare</td>
<td></td>
<td>UHC service coverage index</td>
<td>UN SDG</td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td>Learning adjusted years of schooling</td>
<td>World Bank</td>
</tr>
<tr>
<td>Water</td>
<td></td>
<td>Population using at least basic drinking water services</td>
<td>WHO</td>
</tr>
<tr>
<td>Power access (consumers and business)</td>
<td></td>
<td>Combined property index: 1) access of electricity, 2) energy consumption per capita, and 3) proportion if electricity from a generator</td>
<td>UN SDG/ International Energy Agency/WB</td>
</tr>
<tr>
<td>Transport and logistics</td>
<td></td>
<td>Index: 1) Logistics Performance Index (quality of trade and transport-related infrastructure), and 2) passenger travel by road and rail per capita (passenger km)</td>
<td>World Bank/UN SDG</td>
</tr>
<tr>
<td>Housing/Real Estate</td>
<td></td>
<td>Urban population growth</td>
<td>World Bank</td>
</tr>
<tr>
<td>Financial services for consumers</td>
<td></td>
<td>Proportion of adults (15 years and older) with an account at a financial institution or mobile-money-service provider</td>
<td>UN SDG</td>
</tr>
<tr>
<td>Financial services for SMEs</td>
<td></td>
<td>MSME finance gap as % of GDP and domestic credit to private sector (% GDP)</td>
<td>World Bank/IFC</td>
</tr>
<tr>
<td>Financial services for Business &amp; capital market development</td>
<td></td>
<td>Domestic credit to private sector (% GDP)</td>
<td>World Bank</td>
</tr>
<tr>
<td>Information and communications services</td>
<td></td>
<td>ICT Development Index</td>
<td>UN SDG</td>
</tr>
<tr>
<td>Industrialization and economic complexity</td>
<td></td>
<td>Index: manufacturing value added (% GDP) and economic complexity</td>
<td>World Bank</td>
</tr>
<tr>
<td>Economic productivity</td>
<td></td>
<td>Productivity Capacity Index</td>
<td>UNCTAD</td>
</tr>
</tbody>
</table>
### APPENDIX 2 — LIST OF DEFAULT INCLUSION COUNTRY SCORES

#### Methodology
- Uses 3 indicators: Poverty Gap @ $5.5, GDP per capita (current PPP), OECD Fragile
- Methodology: Poverty Gap and GDP per capita (PPP) normalised using z-scores, then added. Categories drawn using larger gaps in the distribution.
- Fragile countries (OECD) moved to Beta where otherwise lower, extremely fragile countries (OECD) moved to Alpha where otherwise lower.

#### Output

<table>
<thead>
<tr>
<th>‘Alpha’ Default score 3</th>
<th>South Sudan</th>
<th>Guinea-Bissau</th>
<th>Sierra Leone</th>
<th>Rwanda</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Burundi</td>
<td>Liberia</td>
<td>Tanzania</td>
<td>Zambia</td>
</tr>
<tr>
<td></td>
<td>Somalia</td>
<td>Eritrea</td>
<td>Chad</td>
<td>Mozambique</td>
</tr>
<tr>
<td></td>
<td>Central African</td>
<td>Niger</td>
<td>Mali</td>
<td>Madagascar</td>
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<tr>
<td></td>
<td>Congo, Rep.</td>
<td>Malawi</td>
<td>Sudan</td>
<td>Haiti</td>
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</table>

<table>
<thead>
<tr>
<th>‘Beta’ Default score 2</th>
<th>Burkina Faso</th>
<th>Uganda</th>
<th>Zimbabwe</th>
<th>Angola</th>
<th>Nigeria</th>
<th>Sao Tome and Principe</th>
<th>Ethiopia</th>
<th>Guinea</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Kenya</td>
<td>Senegal</td>
<td>Lesotho</td>
<td>Cameroon</td>
<td>Cote d’ivoire</td>
<td>Comoros</td>
<td>Gambia, The eSwatini</td>
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<tr>
<td></td>
<td>Djibouti</td>
<td>Mauritania</td>
<td>Bangladesh</td>
<td>Pakistan</td>
<td>Myanmar</td>
<td>Libya</td>
<td>Equatorial Guinea</td>
<td>Cambodia</td>
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<td></td>
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<td>Lao PDR</td>
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<td>Papua New Guinea</td>
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<td>Solomon Islands</td>
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<td></td>
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<td>Micronesia</td>
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<td></td>
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<td></td>
<td></td>
<td>Vanuatu</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>‘Gamma’ Default score 1</th>
<th>Nepal</th>
<th>India</th>
<th>Ghana</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Namibia</td>
<td>South Africa</td>
<td>Egypt, Arab Rep.</td>
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<tr>
<td></td>
<td>Philippines</td>
<td>Timor-Leste</td>
<td>Belize</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>‘Delta’ Default score 0</th>
<th>Morocco</th>
<th>Botswana</th>
<th>Bhutan</th>
<th>Tunisia</th>
<th>Algeria</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mauritius</td>
<td>Sri Lanka</td>
<td>Gabon</td>
<td>Maldives</td>
<td>Seychelles</td>
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<tr>
<td></td>
<td>Indonesia</td>
<td>Thailand</td>
<td>Malaysia</td>
<td>Vietnam</td>
<td>Fiji</td>
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</tbody>
</table>
## APPENDIX 3 — EXAMPLE TRANSACTIONS

### INTERMEDIATE GOODS MANUFACTURER IN INDIA

<table>
<thead>
<tr>
<th></th>
<th>Productive</th>
<th>Sustainable</th>
<th>Inclusive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Degree of need:</td>
<td>Industrialization and economic complexity rated low</td>
<td>1</td>
<td>Mitigation: Light manufacturing low intensity</td>
</tr>
<tr>
<td>Intensity:</td>
<td>No benchmark available</td>
<td></td>
<td>A&amp;R: No</td>
</tr>
<tr>
<td>Economic enabler:</td>
<td>Yes - business to business information technology service</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Catalyzing markets:</td>
<td>No - North African fintech market reasonably mature</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Productive Score</strong></td>
<td>2</td>
<td><strong>Sustainable Score</strong></td>
<td>1</td>
</tr>
</tbody>
</table>

### CLIMATE DIRECTED LENDING LINE AT BANGLADESHI BANK

<table>
<thead>
<tr>
<th></th>
<th>Productive</th>
<th>Sustainable</th>
<th>Inclusive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Degree of need:</td>
<td>Access to finance need rated medium</td>
<td>1</td>
<td>Mitigation: Yes - intermediated with &gt;50% of proceeds green</td>
</tr>
<tr>
<td>Intensity:</td>
<td></td>
<td></td>
<td>A&amp;R:</td>
</tr>
<tr>
<td>Economic enabler:</td>
<td>Yes - providing finance to businesses at scale</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Catalyzing markets:</td>
<td>No - green lending reasonably well established</td>
<td>0</td>
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</tr>
<tr>
<td><strong>Productive Score</strong></td>
<td>2</td>
<td><strong>Sustainable Score</strong></td>
<td>4</td>
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</table>

### INDIAN VC FUND

<table>
<thead>
<tr>
<th></th>
<th>Productive</th>
<th>Sustainable</th>
<th>Inclusive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Degree of need:</td>
<td>Capital market development need rated medium</td>
<td>1</td>
<td>Mitigation: Low emissive technology business</td>
</tr>
<tr>
<td>Intensity:</td>
<td>In line with jobs benchmark</td>
<td></td>
<td>A&amp;R: 0</td>
</tr>
<tr>
<td>Economic enabler:</td>
<td>Yes - based on &gt;50% of underlying investments qualifying</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Catalyzing markets:</td>
<td>No - Indian VC reasonably mature</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Productive Score</strong></td>
<td>2</td>
<td><strong>Sustainable Score</strong></td>
<td>1</td>
</tr>
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</table>
### African Hydro Power Project Involving Multiple Low Income Countries

<table>
<thead>
<tr>
<th>Productive</th>
<th>Sustainable</th>
<th>Inclusive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Degree of need:</td>
<td>1 Mitigation: Climate finance, Estimated CBI investment in high category</td>
<td>4 Reach to low income: n/a</td>
</tr>
<tr>
<td>Intensity:</td>
<td>AGR:</td>
<td>0 Country: All countries are Alpha</td>
</tr>
<tr>
<td>Economic enable:</td>
<td>Yes</td>
<td>1 Gender &amp; Diversity: No</td>
</tr>
<tr>
<td>Catalyzing markets:</td>
<td>Yes - replication channels, promoting project in these markets</td>
<td>3</td>
</tr>
<tr>
<td>Productive Score</td>
<td>4</td>
<td>Sustainable Score</td>
</tr>
<tr>
<td>Inductive Score</td>
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<td></td>
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<tr>
<td>Total Score</td>
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</tbody>
</table>

### African Private Credit Fund

<table>
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<tr>
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<th>Sustainable</th>
<th>Inclusive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Degree of need:</td>
<td>2 Mitigation: Majority low emitters</td>
<td>1 Reach to low income: n/a</td>
</tr>
<tr>
<td>Intensity:</td>
<td>AGR:</td>
<td>1 Country: Based on weighted average of target countries</td>
</tr>
<tr>
<td>Economic enable:</td>
<td>No</td>
<td>0 Gender &amp; Diversity: Yes - Based on leadership team and portfolio strategy</td>
</tr>
<tr>
<td>Catalyzing markets:</td>
<td>Yes - nascent Africa PCF</td>
<td>1</td>
</tr>
<tr>
<td>Productive Score</td>
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</tr>
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<td>Inductive Score</td>
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<tr>
<td>Total Score</td>
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</table>

### African Provider of Inputs and Services for Smallholders Farmers

<table>
<thead>
<tr>
<th>Productive</th>
<th>Sustainable</th>
<th>Inclusive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Degree of need:</td>
<td>2 Mitigation: n/a</td>
<td>0 Reach to low income: SDG study finds 10% of farmers live below $1.9</td>
</tr>
<tr>
<td>Intensity:</td>
<td>AGR: 100% AGR validated by climate team - climate optimized services</td>
<td>4 Country: Based on weighted average of target countries</td>
</tr>
<tr>
<td>Economic enable:</td>
<td>Yes - agricultural inputs</td>
<td>1 Gender &amp; Diversity: No</td>
</tr>
<tr>
<td>Catalyzing markets:</td>
<td>No</td>
<td>0</td>
</tr>
<tr>
<td>Productive Score</td>
<td>3</td>
<td>Sustainable Score</td>
</tr>
<tr>
<td>Inductive Score</td>
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<td></td>
</tr>
<tr>
<td>Total Score</td>
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### Caribbean Generalist PE Fund With Jobs Creation Focus

<table>
<thead>
<tr>
<th>Productive</th>
<th>Sustainable</th>
<th>Inclusive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Degree of need:</td>
<td>1 Mitigation: Low emission technology businesses</td>
<td>3 Reach to low income: n/a</td>
</tr>
<tr>
<td>Intensity:</td>
<td>AGR:</td>
<td>5 Country: Weighted average of mostly delta countries</td>
</tr>
<tr>
<td>Economic enable:</td>
<td>Underlying investments expected 0% EE</td>
<td>0 Gender &amp; Diversity: Yes, GP targeting X% for underlying investors qualifying</td>
</tr>
<tr>
<td>Catalyzing markets:</td>
<td>No</td>
<td>0.3</td>
</tr>
<tr>
<td>Productive Score</td>
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<td>Sustainable Score</td>
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<td>Inductive Score</td>
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</table>
British International Investment is the UK’s development finance institution and impact investor, backed by the UK Government. We help solve the biggest global development challenges by investing patient, flexible capital to support private sector growth and innovation.

We invest to create more productive, sustainable and inclusive economies in Africa, Asia and the Caribbean, enabling people in those countries to build better lives for themselves and their communities.

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Impact Frontiers is a peer learning and market-building collaboration, developed with and for asset managers, asset owners and industry associations. The initiative creates practical tools and peer-learning communities that support investors in building their capabilities for managing impact, and integrating impact with financial data, analysis, frameworks, and processes.

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