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Platform Agri-PDB Webinar

Governance and Strategic Integration of Impact

IFAD Investing in rural people

AFD Agence Française de Développement

Finance in Common

United Nations Food Systems Coordination Hub

gef

Webinar 1 :

Governance and Strategic Integration of Impact

From Strategic Ambition to Operational Decision-Making

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Webinar Objectives

Four Key Goals for Today

Objective 1

From "reporting" to "management"

Select a core set of Key Performance Indicators (KPIs) that are truly useful for management decision-making.

Objective 2

Clarify roles & routines

Align Board, Executive Management, Credit, Risk, ESG/Impact, and IT/Data teams for explicit governance.

Objective 3

Distinguish Impact, ESG and Reporting

Clarify distinct uses for each: risk management, driving change, and external accountability.

Objective 4

Build a 12–18 month roadmap

Define the path from pilot phase to credit integration and finally to IT industrialization.

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Why Now?

Shareholders, regulators and donors are asking: "What concrete results are we achieving?"

Access to Green Finance

Funding is increasingly tied to sustainability-linked obligations and clear impact metrics.

Regulatory Pressure

New standards require documented proof of impact, moving beyond simple declarations.

Demand for Accountability

Increased scrutiny on how funds are used and the actual outcomes generated for beneficiaries.

> *Stakeholders now demand data-backed evidence of impact alongside financial performance.*

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5 Key Takeaways from the Study

01 **Impact recognized… uneven translation**

Strategy is present, but routines and decision-making processes are still uneven and inconsistent.

02 **Fragmented, reporting-oriented KPIs**

Multiple indicators, poorly harmonized, designed primarily for external reporting rather than internal management.

03 **Low usage in decision-making**

Rarely mobilized for trade-offs; aggregation and benchmarking remain difficult.

04 **Confusion: ESG vs Impact vs Performance**

Mixed scopes lead to data burden and increased costs without clear strategic benefit.

05 **Insufficient credit integration**

Ex-ante impact is rarely a criterion; impact–risk–profitability trade-offs are poorly equipped.

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What management framework?

Aligning Strategy with Operations

Mandate

Why

Priorities: inclusion, employment, climate...

KPI

How

Indicators useful for management (ex-ante & portfolio)

Allocation

Where

Portfolio, products, targets, limits

Impact KPIs bridge public mandate to daily practice

Link impact to allocation decisions

Move from donor reporting to decision-making management.

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Governance: The Core Driver

Making Impact Actionable: 3 Key Elements

Owner

Who Arbitrates?

Designated individual or committee responsible for making trade-off decisions between impact and financial goals.

Routines

When to Discuss?

Scheduled moments (quarterly reviews, investment committees) to formally evaluate impact performance.

KPIs

What to Monitor?

A dashboard of selected indicators used specifically to guide allocation and correct trajectory.

Impact becomes actionable only when it is **discussed, arbitrated, and monitored** like a traditional management indicator ➔ GOVERNANCE

The 4 Dimensions of Impact Governance

Mandate
What change do we want?

Clarify the purpose:

Define inclusion, employment, climate, territories, etc.

Align Board/Executive Management on 2–3 priorities max.

Allocation
Where to direct capital?

Translate priorities into rules:

Define ex-ante rules (segments, zones, products).

Make ex-ante impact appear at the same level as risk.

Maximize impact through targeted funding.

KPIs
How to measure effectively?

Choose a core set:

Stabilize definitions (indicator dictionary).

Prioritize quality & traceability over quantity.

Use documented proxies where needed.

Governance
Who arbitrates & when?

Set roles & routines:

Implement clear decision-making roles.

Establish quality controls.

Define specific arbitration moments.

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Impact vs ESG vs Reporting

Three Distinct Uses, Three Different Logics

ESG

"Do no harm"

Focus

Risk management & compliance (Environmental, Social, Governance).

Primary Usage

Controls • Exclusions

Impact

Measurable Changes

Focus

Positive results directly linked to the strategic mandate.

Primary Usage

Trade-offs • Allocation

Reporting

External View

Focus

Meeting heterogeneous requirements from regulators/donors.

Primary Usage

Accountability

An indicator can serve multiple uses, but the definition must remain stable to avoid confusion.

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Roles & Routines Model

Who does what? (Illustrative Model)

Board of Directors

- Validates strategic priorities (mandate)
- Approves allocation principles
- Reviews impact achievements annually

Executive Management (DG)

- Owns the impact strategy
- Arbitrates trade-offs (Risk/Return/Impact)
- Chairs the Governance Committee

Impact Governance Committee

Frequency: Quarterly reviews

Authority to adjust priorities, limits, products, and calibrate impact thresholds.

Credit

- Applies ex-ante criteria
- First-line data collection
- Client engagement

Risk

- Integrates impact risks
- Monitors exclusions
- Verifies E&S standards

ESG / Impact

- Consolidates & analyzes
- Proposes methodologies
- Reports on performance

IT / Data

- Ensures data quality
- Manages traceability
- Automates reporting

Integration into the Financing Cycle

From ex-ante to portfolio

4 moments where impact must be actionable

Same rhythm as credit

Finding (KPI study): Impact analysis often a posteriori → low influence on approval.

Recommendation: Define what to capture, when and by whom, at each stage.

Origination 1

Screening + ex-ante fields

Target / segment (who benefits?)

Impact intention (why this financing?)

Eligibility criteria (mandate alignment)

Output: Pre-qualification

Instruction 2

Detailed impact analysis

Business case: how the product creates impact

Baseline data & proxies

Risks (ESG/execution) & mandate consistency

Output: Note / justification

Approval 3

Impact = decision criterion

Explicit trade-off: impact / risk / profitability

Conditions & covenants (data / practices)

Traceability: decision & ex-ante assumptions

Output: Decision + trace

Monitoring 4

KPIs • dashboard • corrections

Performance KPIs (portfolio aggregated)

Periodic reviews (committee / Executive / Board)

Corrective actions (products / targeting)

Output: Board/Executive dashboard

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Example 1: Climate-Resilient Agriculture

Climate-Resilient Agriculture Credit Line

Strategic Objective

Finance farms adopting water-efficient irrigation practices to enhance climate resilience.

Target Segment

Small and medium-sized farms in water-stressed regions.

Operators investing in drip irrigation or precision agriculture technologies.

Intended Impact

Reduction in water consumption per hectare cultivated.

Increased crop yield per cubic meter of water used.

Enhanced resilience to drought periods.

Eligibility (Ex-Ante)

Technology must be on the approved "green list" of efficient equipment.

Projected water savings > 20% compared to baseline.

Compliance with local water extraction regulations.

Monitoring & KPI

Primary KPI: Water consumption (m^3/ha/year).

Frequency: Annual reporting post-harvest.

Verification: Random site visits and water meter readings.

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Example 2: Local Agri-Food SME Program

Local Agri-Food SME Program

Strategic Objective

Support local processing and job creation in rural areas.

Target Segment

Local agri-food SMEs involved in processing and value addition.

Enterprises operating directly within rural production zones.

Intended Impact

Jobs created or maintained in rural communities.

Increased local value addition to raw agricultural products.

Reduction in post-harvest losses through processing.

Eligibility (Ex-Ante)

Mandate alignment with defined priority segments.

Must be located in designated geographic zones.

Business plan demonstrating clear job creation potential.

Monitoring & KPI

Primary KPI: Number of full-time equivalent (FTE) jobs.

Frequency: Periodic reviews (Quarterly/Annually).

Method: Employment declarations and site verification.

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Indicator Dictionary — The Anti-Chaos Piece

Purpose: Stabilize definitions, sources and methods (quality > quantity) to ensure reliability and comparability across the portfolio.

5 Elements to Document (Minimum Viable)

1. **Clear Definition**
   Precise scope, calculation formula, unit of measurement, target population.
2. **Data Source**
   Information system (IS), client self-declaration, survey, or third-party data.
3. **Collection Frequency**
   Monthly, quarterly, or annual reporting cycle.
4. **Methodology**
   Use of proxies, sampling techniques, and quality assurance rules.
5. **Limits & Assumptions**
   What the KPI doesn't say, margins of error, validity conditions.

Dictionary Governance

KPI Owner

Designated Impact/ESG unit member + relevant business line representative responsible for the indicator.

Quality Control

Simple validation rules and targeted spot checks to ensure data integrity.

Versioning

Track changes with date, modification details, and justification (Who updates? Who validates?).

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Example of Documented KPI

Water Consumption per Hectare

KPI Specification Sheet

Environment / Water

1 Definition

m^3 of water consumed / hectare cultivated

Scope: Irrigated crops only (excludes rain-fed areas)

2 Data Source

Irrigation meters (primary)
Farmer declarations (secondary)

3 Collection Frequency

Monthly

Aggregated per crop season

4 Calculation Method

Total pumped volumes (m^3) ÷ Total declared surface area (ha)

5 Limits & Assumptions

Reliability of meters (calibration issues)
Does not distinguish rainfall vs irrigation water

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International Frameworks — Overview (Part 1/2)

Fit for purpose: Select frameworks adapted to your mandate rather than stacking them blindly.

Complementarity: Build a coherent system: common language + risk management + strategic direction.

IRIS+

Origin & Scope

Managed by the **GIIN**. The industry standard taxonomy comprising 500+ standardized metrics.

Primary Role

Functions as the **"Common Language"** for impact, enabling comparable data across diverse portfolios.

Strategic Links

Fully aligned with SDG targets and serves as the core metric library for HIPSO.

IFC PS & AIMM

Key Components

PS 1-8: Rigorous E&S Risk Standards.
AIMM: Ex-ante Impact Assessment Tool.

Primary Role

Dual function: "Do No Harm" via risk screening and "Do Good" by scoring potential development impact (0-100).

SDGs (Agenda 2030)

Origin

United Nations (2015). A universal call to action adopted by 193 countries.

Primary Role

Acts as the **"North Star"** strategic umbrella. 17 Goals & 169 targets define the ultimate direction.

Key Examples

Zero Hunger (SDG 2), Decent Work (SDG 8), Climate Action (SDG 13).

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International Frameworks — Overview (Part 2/2)

OECD DAC

Origin
OECD Development Assistance Committee

Role
Results-based management framework

Logic Chain
Inputs → Outputs → Outcomes → Impact

Usage
Linking KPIs to mandate (poverty, growth, resilience, climate)

HIPSO

Origin
DFIs (IFC, EIB, AfDB, etc.)

Role
Reduce reporting burden & enable comparability

Full Name
Harmonized Indicators for Private Sector Operations

Links
Aligned with SDGs, shared metrics with IRIS+

How to Connect These Frameworks

- **IRIS+ & HIPSO** → Harmonized indicator dictionary (common measurement language)
- **IFC PS & AIMM** → Risk management + ex-ante impact assessment (using IRIS + indicators)
- **OECD DAC** → Results chain linking indicators to accountability and aid effectiveness
- **SDGs** → Global strategic direction and universal language for development contributions

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Roadmap for implementing impact practice in PDBs

Progressive approach: frame → integrate → consolidate.

12–18 months

1

Phase 1 • 0–6 months

Pilot & Frame

Deliverables

- Mandate / priorities validated (Board/DG)
- Core set (5-10 KPI) + dictionary
- RACI & piloted routines (1-2 portfolios)

→ Output: Dictionary v1 + 1 pilot dashboard

2

Phase 2 • 6–12 months

Credit Cycle Integration

Deliverables

- Ex-ante fields structured (origination)
- Scoring / approval grid (criteria & thresholds)
- Business training + targeted QC

→ Output: Impact = formal decision criterion

3

Phase 3 • 12–18 months

Consolidation

Deliverables

- Operational dashboards (DG-Board)
- Aligned incentives (HR / objectives)
- Quarterly reviews & improvement loop

→ Output: Structured & accepted governance

Start small, stabilize, then industrialize.

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Thank You for Your Attention

Questions?

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