The Development Impact Grid

The Development Impact Grid is our investment screening tool, which scores every investment we plan based on two factors: the difficulty of investing in the country where the investment is to be made and the propensity of investments in the relevant business sector to generate employment.

How the Grid works

- Before investing, we give each business a development impact score based on its sector and country or state of operation.
- We have divided countries within Africa and South Asia, and states in India, into four categories (A-D, with A being the most difficult, see page 47) depending on their investment difficulty.
- Business sectors have been divided into three categories (High, Medium, Low) depending on their propensity to generate employment.
- We combine the two results in a score from 1.00–4.00, using the grid shown here:

Propensity of sector to generate employment	*D*	*C*	*B*	*A*
High	2	3	4	4
Medium	1	2	3	4
Low	1	1	2	4

Investment difficulty of country or state

Full list of countries and Indian states

This index will be re-calculated at five-yearly intervals for the duration of our Investment Policy.

	A	B	C	D
Countries	Afghanistan* Benin* Burkina Faso* Burundi*,** Cameroon* Central African Republic*,** Chad*,** Comoros*,** Congo, DR.*,** Congo, Rep.* Djibouti*,** Eritrea*,** Ethiopia*,** Gambia, The* Guinea* Guinea-Bissau* Liberia* Madagascar*,** Malawi*,** Mali* Mauritania* Myanmar* Niger*,** São Tomé and Príncipe* Sierra Leone* Somalia*,** South Sudan*,** Sudan* Togo* Uganda*,** Zimbabwe*	Angola* Côte d'Ivoire* Equatorial Guinea* Lao PDR*,** Libya* Mozambique* Nepal* Nigeria Pakistan* Swaziland* Tanzania*	Algeria* Bangladesh* Bhutan* Botswana Cambodia* Cape Verde* Egypt, Arab Rep.* Gabon* Ghana* Kenya Lesotho* Namibia Maldives Rwanda* Seychelles Senegal* Sri Lanka Zambia*	Mauritius* Morocco* South Africa Tunisia* Vietnam*
Indian States	Arunachal Pradesh* Assam* Bihar* Chhattisgarh* Jammu & Kashmir* Jharkhand* Madhya Pradesh* Manipur* Meghalaya* Mizoram* Odisha* Rajasthan* Uttar Pradesh* West Bengal*	Andhra Pradesh* Telangana*	Karnataka* Nagaland* Punjab* Tripura*	Andaman & Nicobar Islands Chandigarh Delhi Goa Gujarat Haryana Himachal Pradesh Kerala Maharashtra Puducherry Sikkim Tamil Nadu Uttarakhand

Although Nepal would have been a 'C' country, we have refrained from changing the index in this five-year cycle because the economic effects of the 2015 earthquake are not fully reflected in the 2015 data.

* and ** denote exceptions detailed in the table at the bottom of this page.

Sectors

High	Medium	Low
Construction Food processing (incl. agribusiness) Infrastructure (incl. power) Manufacturing Health and education	Agriculture Trade	Business services Communications services Financial services Mineral extraction

Sector categorisations are subject to the following exceptions:

Sector	Classification	Exceptions
Construction	High	Applies only to the construction phase of real estate projects. Operational phase scored as relevant sector category.
Trade	Medium	Categorised as High if >60% of procurement is local (domestic or from another country of higher or equal DI score); categorised as Low if <20% of procurement is local.
Financial services	Low	Countries and Indians states marked with * due to poor access to finance (% of adults with formal accounts or firms citing finance as a major constraint), where category is promoted to High.
Communications services that relate to mobile telecommunications	Low	Countries marked with ** due to low mobile phone penetration, where category is promoted to High.

Note: If an investment consists of secondary or replacement capital where no additional capital is made available for a business, it is deemed to be Low irrespective of sector, unless CDC takes an active role that better aligns the business with CDC's developmental mission.

Ranking methodology

Countries and regions

The investment difficulty of each country and Indian state is measured by an equally weighted index combining five indicators: (i) market size (GDP PPP); (ii) income level (GDP/capita PPP); (iii) credit to the private sector (as percentage of GDP); (iv) 'Doing Business' rankings and (v) a composite measure of fragility designed by DFID[1].

Sectors

Sector ranking is based on an independent analysis of economic data for African and South Asian countries.

The analysis weights four aspects of employment generation equally: (i) the skilled employment to capital ratio; (ii) the unskilled employment to capital ratio; (iii) the local procurement to capital ratio, measuring supply chain employment; and (iv) economy-wide employment effects from improving access to infrastructure and financing.

The two indices are based on 2015 data accessed in November 2016.

For more information about the Development Impact Grid please visit www.cdcgroup.com

Notes

1. DFID's fragility index is a country-level analysis and therefore is not included as an indicator for Indian state categorisations.