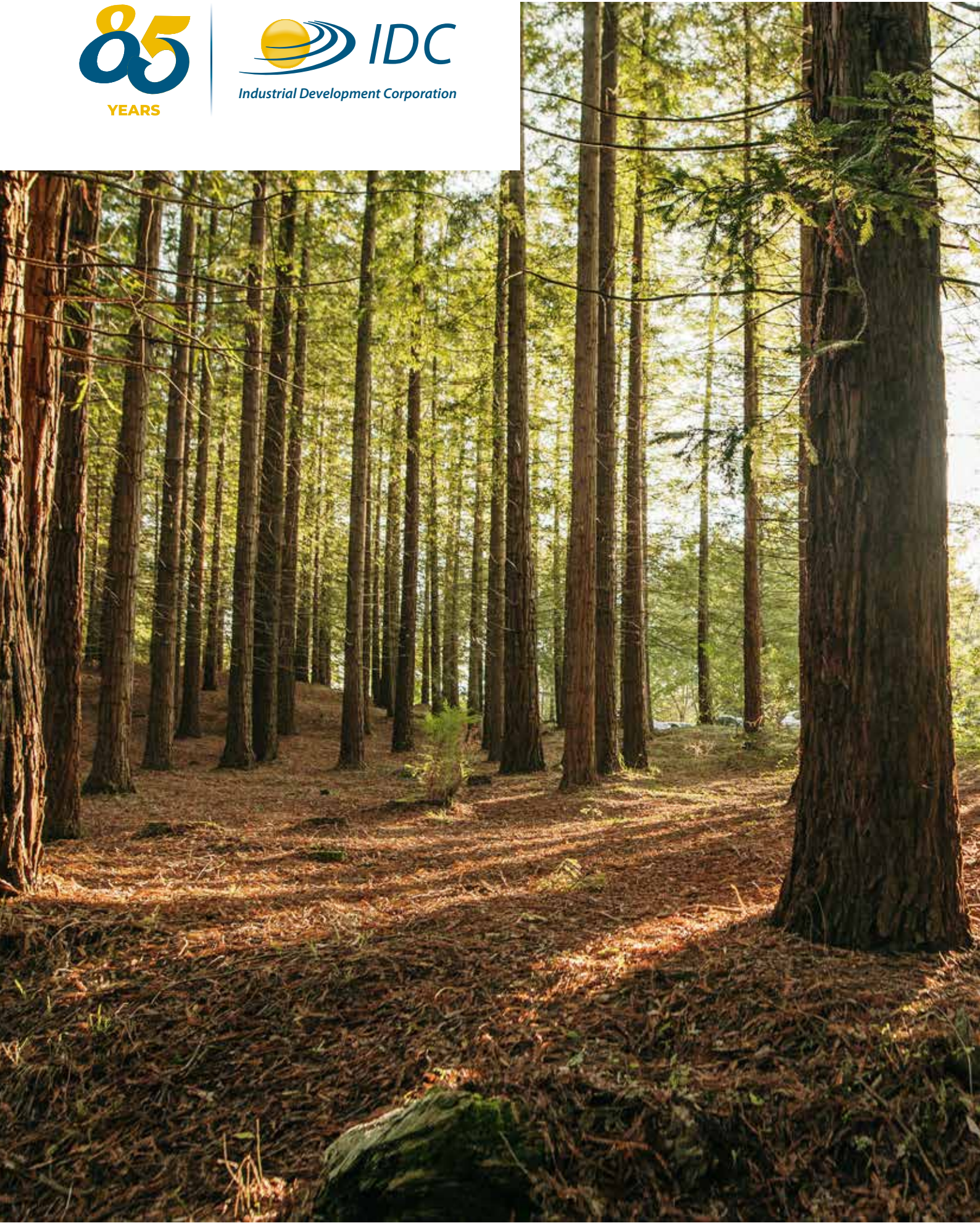




TRADE-OFFS

In executing its mandate, the IDC makes deliberate trade-offs to balance development impact, financial sustainability and long-term value creation.

These trade-offs are inherent to the Corporation's role as a development finance institution and are actively managed through integrated thinking, robust governance and disciplined investment decision making.

Trade-offs arise from the way the IDC allocates and applies the six capitals to deliver its strategy over the short term (up to 18 months), medium term (18–36 months) and long term (more than three years).

Key tensions include balancing:

- development impact and financial sustainability;
- risk-taking and portfolio resilience;
- job creation and job preservation; and
- industrial expansion with environmental sustainability.

The IDC evaluates these trade-offs systematically across all material investment and strategic decisions, ensuring alignment with its risk appetite, mandate and long-term development outcomes.

A detailed capital based view of how trade-offs are assessed and managed is available in the online Integrated Report, where the interactions between the six capitals, key trade-offs and management responses are presented in more detail.

A structured view of how the IDC assesses and manages trade-offs through the six capitals, showing what is balanced, how decisions are governed and what is monitored over time.

This table presents how the IDC manages strategic and investment trade offs through the lens of the six capitals. Each capital is not considered in isolation; rather, decisions reflect the interdependencies between financial, manufactured, intellectual, human, social and relationship, and natural capital over the short-, medium- and long term.

For each capital, the table highlights the primary trade off themes, the key questions that guide executive decision making and the IDC specific tools used to balance immediate development outcomes with long term value creation and institutional sustainability. Cross capital linkages indicate where decisions in one capital materially influence outcomes in others, reinforcing the Corporation's integrated thinking approach.

The table below shows how the IDC manages key trade offs across the six capitals, recognising the interdependencies between financial, manufactured, intellectual, human, social and relationship, and natural capital. It highlights how capital allocation and decision making balance development impact, risk and long term value creation across time horizons. Primary capitals represent the capitals most directly affected by, or used to manage, a specific trade-off. Secondary capitals represent capitals that are materially influenced through cross-capital linkages and longer-term outcomes. The distinction reflects the IDC's integrated thinking approach, recognising that decisions affecting one capital often have implications for multiple capitals.

Theme	Primary capitals		Secondary capitals		Trade-off Summary	Links
Impact vs sustainability			 		Developmental additionality must be achieved without eroding long-term funding capacity.	Strategy; Portfolio; Risk
Industrial growth vs environment	 	 		Industrial expansion is pursued with safeguards and transition considerations to manage environmental risk.	Environment; ESGR	
Speed vs rigour	 				Turnaround is improved through standardisation without weakening governance or due diligence.	Client expectations; Governance
Financial Capital	Human Capital	Intellectual Capital	Manufactured Capital	Natural Capital	Social and Relationship Capital	
						

Capital	Trade-off theme	What is considered for balance	Trade-off decision trigger	Decision questions (Exco prompts)	IDC management response	Key controls / instruments	Key indicators monitored	Time horizon	Primary accountability	Cross-capital linkages	Linked report sections	Maturity
Financial capital												
Financial	Impact vs sustainability	Development additionality ⇄ Financial sustainability	New approvals; pricing; portfolio steering	1) Does impact justify risk/return? 2) Is sustainability protected at portfolio level?	Portfolio-level balancing of risk/return and impact; disciplined structuring	Risk appetite; investment committees; pricing/structuring discipline	Profitability trends; impairments; capital adequacy; developmental outcomes	S/M/L	CFO; Risk; Investment committees	Social, Human, Natural	Strategy; Portfolio performance; Risk	Embedded
	Risk-taking vs resilience	Catalytic risk-taking ⇄ Portfolio resilience	Higher-risk sectors; distressed support	1) Is risk priced/mitigated? 2) Are concentration limits respected?	Concentration management; enhanced monitoring; covenants; phased drawdowns	Credit governance; portfolio limits; early warning triggers	NPLs; arrears; watchlist; concentration metrics	S/M	Risk; Portfolio management	Social, Manufactured	Portfolio management; Risk	Embedded
	Scale vs concentration	Large transactions ⇄ Diversification	Big-ticket approvals	1) Does scale create outsized impact? 2) What is concentration cost?	Diversification thresholds; co-financing; syndication where viable	Concentration limits; co-funding frameworks	Top exposures; sector/region concentrations	M/L	Risk; Treasury/Finance	Manufactured, Social	Funding model; Portfolio review	Strengthening
	Mobilisation vs exposure	Crowding-in finance ⇄ IDC balance-sheet exposure	Blended finance; co-investment	1) Are risk-sharing terms equitable? 2) Is impact amplified without undue erosion?	Partnership structuring; risk-sharing; disciplined return expectations	Co-funding agreements; legal governance	Mobilised capital; IDC share; risk-adjusted returns	M/L	Finance; Legal; Strategy	Social, Intellectual	Partnerships; Strategy	Strengthening
Intellectual capital												
Intellectual	Rigour vs speed	Due diligence depth ⇄ Decision turnaround	Approvals pipeline pressure	1) What is the minimum rigour threshold? 2) Where can we standardise without weakening controls?	Standardised templates; risk-tiered due diligence	Approval frameworks	Turnaround times; post-investment performance	S/M	Deal teams; Risk	Financial, Governance	Client expectations; Governance	Strengthening
	Standardisation vs innovation	Consistent tools ⇄ Flexibility for novel deals	New sectors/instruments	1) Is the instrument fit-for-purpose? 2) Are learnings captured for reuse?	Pilots with guardrails; playbooks; learning loops	Knowledge management; product governance	Repeatable structures; lessons learned adoption	M/L	Strategy; Product owners	Financial, Social	Strategy; Innovation	Emerging
	Data depth vs burden	Reporting depth ⇄ Administrative load	Monitoring and evaluation cycle	1) What is decision-useful data? 2) What can be digitised/automated?	Minimum viable indicators; automation; digital collection	M&E standards; digital tools	Data completeness; reporting timeliness	S/M	M&E; Portfolio monitoring	Human, Social	Performance indicators; Impact reporting	Strengthening
	Transparency vs sensitivity	Disclosure value ⇄ Commercial confidentiality	Public reporting	1) What improves stakeholder trust? 2) What exposes the IDC/partners to harm?	Layered disclosure	Disclosure governance; approvals	Stakeholder feedback; assurance outcomes	S/M	Corporate Affairs; Legal	Social, Governance	About this report; Assurance	Embedded

Capital	Trade-off theme	What is considered for balance	Trade-off decision trigger	Decision questions (Exco prompts)	IDC management response	Key controls / instruments	Key indicators monitored	Time horizon	Primary accountability	Cross-capital linkages	Linked report sections	Maturity
 Human capital												
Human	Skills vs cost	Capability investment ⇄ Cost discipline	Budgeting; operating model	1) What capabilities are mission-critical? 2) What is the risk of underinvestment?	Targeted capability building; prioritised training	Workforce plans; learning programmes	Critical skills coverage; training uptake	M/L	HR; Exco	Intellectual, Financial	Our people; Strategy	Strengthening
	Capacity vs throughput	Quality of assessment ⇄ Volume of approvals	Pipeline surges	1) Where are bottlenecks? 2) What can be automated/streamlined?	Resource allocation; process improvement; standardisation	Workflow redesign; capacity planning	Cycle times; error rates; rework	S/M	Operations; HR	Intellectual, Financial	Client expectations; Governance	Strengthening
	Performance vs culture	Performance pressure ⇄ Ethical culture	Incentives; performance management	1) Are behaviours aligned with values? 2) Is integrity protected under pressure?	Strong conduct framework; leadership accountability	Ethics governance; whistleblowing	Culture surveys; ethics cases	M/L	HR; Governance	Social, Governance	Governance; Risk and compliance	Embedded
	Change vs stability	Transformation initiatives ⇄ Business continuity	System/process changes	1) Is change sequenced realistically? 2) Are teams supported to adopt?	Change management and training; phased releases	Change governance; comms plans	Adoption rates; productivity impacts	S/M	Change owners; Exco	Intellectual, Social	Strategy execution	Emerging
 Social and relationship capital												
Social and Relationship	Speed vs partnerships	Fast approvals ⇄ Strong partnerships	Co-funding; programme delivery	1) Does partnership materially improve outcomes? 2) What is the cost of delay?	Partnership selection criteria; parallel processing	MOUs; partnership governance	Partner satisfaction; delivery outcomes	S/M	Strategy; Stakeholder teams	Financial, Manufactured	Stakeholders and partnerships	Strengthening
	Inclusion vs credit risk	Broader inclusion ⇄ Credit quality	Transformation funding	1) Is additionality clear? 2) What mitigants strengthen sustainability?	Blended support; technical assistance; monitoring	Risk frameworks; support programmes	Inclusion outcomes; repayment performance	M/L	Deal teams; Risk	Financial, Human	Socioeconomic development	Embedded
	Transparency vs reputation	Open disclosure ⇄ Reputational risk	Public reporting; incidents	1) What builds trust? 2) What must be managed carefully?	Consistent messaging; prompt issue management	Comms protocols; assurance	Media sentiment; stakeholder feedback	S/M	Corporate Affairs	Intellectual, Governance	About this report; Assurance	Embedded
	Distress support vs fairness	Supporting distressed firms ⇄ Perceived equity	Turnarounds; restructuring	1) Is support principled and consistent? 2) Are conditions fair and transparent?	Clear criteria; conditional support; oversight	Restructuring policy; governance	Jobs preserved; turnaround milestones	S/M	Portfolio management	Financial, Manufactured	Portfolio management	Strengthening
 Natural capital												
Natural	Growth vs environment	Industrial development ⇄ Environmental impacts	New investments; expansions	1) Are impacts avoidable/mitigable? 2) Is the investment transition-aligned?	Screening, mitigation plans, conditions precedent	ESRG/ESMS tools; covenants	Compliance; incident rates; emissions trajectory	M/L	ESRG; Risk	Financial, Social	Environment; ESGR journey	Strengthening
	Transition vs affordability	Transition readiness ⇄ Near-term affordability	Energy/industrial upgrades	1) What is the cost of inaction? 2) Is there a feasible transition pathway?	Phased transition plans; technical support; blended finance	Transition criteria; monitoring	Transition milestones; energy efficiency	M/L	Strategy; ESGR	Financial, Manufactured	Strategy; Environment	Emerging
	Speed vs safeguards	Fast deployment ⇄ Environmental safeguards	Fast-tracked projects	1) Can safeguards be accelerated without dilution? 2) What is minimum compliance?	Risk-tiered approvals; non negotiable safeguards	Environmental approvals; audits	Audit outcomes; compliance gaps	S/M	Risk; ESGR	Intellectual, Governance	Governance; Risk	Strengthening
	Local livelihoods vs footprint	Community outcomes ⇄ Environmental footprint	High-impact geographies	1) What are local impacts? 2) How do we avoid unintended harm?	Stakeholder engagement; mitigation/benefit plans	Stakeholder plans; monitoring	Complaints resolution; local benefit metrics	M/L	ESRG; Stakeholders	Social, Human	Stakeholder engagement	Emerging