



**Impact Incubator for Nurturing Sustainability**

i2 SustainIT is a project co-funded by the Erasmus+ Programme of the European Union.

The overall goal of the project is to maximise the understanding and transfer of knowledge on impact, impact investment and sustainability to tackle societal and environmental challenges.

# Impact Measurement Guidelines

**Dec. 2020**

[i2sustainit.eu](http://i2sustainit.eu)





<b>Profile</b>	<b>6</b>
Project Partners .....	4
Preamble .....	6
<b>I. Executive Summary</b>	<b>10</b>
i2 SustainIT project .....	10
Key Terms .....	12
Why Impact Measurement Matters .....	14
<b>II. State of Impact Measurement</b>	<b>18</b>
<b>III. Existing impact measurement frameworks</b>	<b>26</b>
Global Impact Investing Network (GIIN) .....	28
Impact Measurement Project .....	30
Study of Harvard Business School .....	34
Social Impact Investment Taskforce .....	40
World Business Council for Sustainable Development / International Finance Cooperation .....	42
The Investment Integration Project .....	46
Principles for Responsible Investment .....	48
<b>V. How do investors choose the right impact measurement model for them?</b>	<b>60</b>
Step 1 Lay stable foundations .....	62
Step 2 Choose the right metrics .....	64
Step 3 Build out supporting materials and map the metrics' journey .....	68
Step 4 Final assessment of the integrated impact measurement system .....	70
The 9 Principles for Impact Management – Alternative guidance .....	72
Conclusions and additional guiding questions .....	78
<b>VI. Case studies</b>	<b>82</b>
<b>VII. Vision of impact measurement</b>	<b>106</b>
Impact investment and Covid-19 .....	108
<b>VIII. Additional materials/ readings</b>	<b>112</b>

## I. Executive Summary

# Project Partners

### EPN Consulting UNITED KINGDOM

A for-profit SME dedicated to Sustainable Transport, Smart Mobility in Smart Cities and European Projects. EPN Consulting provides also counselling on individuals that would like to become entrepreneurs after being employees or researchers and professional advice to SMEs that intend to improve their market size, get EU funds and increase the visibility in Europe of their sustainable products and/or services.



### Creative District BELGIUM

A non-profit organization, accompanying and supporting initiatives in the Creative and Cultural Industries sector for societal impact. Its values of the creative and inclusive project with a human dimension induce to accompany the spirit of entrepreneurship and innovation.



### CEED BULGARIA

A foundation, promoting entrepreneurship by providing knowledge, know-how and contacts to help entrepreneurs grow their businesses to the next level. Today, the Foundation has regional offices and operates in more than 14 countries around the Globe.



### KISMC BULGARIA

A non-profit organization created by academicians, professional experts, consultants, and coaches to foster knowledge and innovation management in Bulgaria and support the development of the innovation ecosystem in the region by bridging the gap between education, research, and business.



### IDEC GREECE

A training consulting company in Greece. Its activities consist of training, management consulting, quality assurance, evaluation, and development of ICT solutions for both the private and public sector.



### WIF Worldview Impact Foundation UNITED KINGDOM

A non-profit international organisation with a mission to make an impact at the grassroots to create positive changes. It is working on mitigating climate change by creating sustainable livelihoods for the poor while reducing poverty to improve living conditions in the developing world.



Profile 

# Preamble



Today's investors are increasingly interested in sustainable growth and the non-financial aspect of their investment. Financials are no longer enough! The new wave businesses have better understanding of how to create sustainable value for shareholders and society.

Innovative business models are created and investors are realising that the impacts of their activities, on stakeholders, and on society, the environment and the economy, in general, are critical. This has captured the attention of leaders in all sectors seeking innovative ways to help solve some of society's most pressing issues through impact investment.

Impact measurement is central to the practice of impact investing and vital to the growth of the impact investing market. Effective impact measurement generates value for all impact investment stakeholders, mobilizes greater capital, and increases the transparency and accountability for the impact delivered. Impact measurement allows investors to better understand both financial and social return on their investments. However, impact measurement is complex in practice, and varies in approach, with a number of methodologies and practices emerging from different organizations.

The IMGuide is a collection and deep review of the most widespread impact measurement programs and frameworks, with the aim to deepen the understanding of the specific practices and methodologies

that established impact investors are using to measure the social impact generated by their investments. The document is a comprehensive tool aiming to assist investors, in thinking on an integrated basis and enabling them to develop a better understanding of the social, fiscal, environmental, and economic impacts of their activities, while still, of course, making a profit. The intended audience for our guide is impact investors themselves, as well as mentors, educators, traditional funders, and social enterprises.



# I. EXECUTIVE SUMMARY



## I. Executive Summary

# i2 SustainIT project



The overall goal of the project is to maximise the understanding and transfer of knowledge on impact, impact investment and sustainability to tackle societal and environmental challenges.

The Impact Incubator for Nurturing Sustainability [i2 SustainIT] is a continuation of another project, co-funded by the Erasmus+ programme of the European Union, where 5 out of the 6 partners in this project had been participating in. The project is BASET – Boost Aid for Social Entrepreneurship through Training with the overall objective to foster social entrepreneurship in Europe through elaborating, testing and providing a set of learning and training instruments to a large group of social entrepreneurship trainers/educators. The rationale behind continuing BASET in an enhanced form based on the outputs developed so far is the realisation that such a project focused on social entrepreneurship to provide a higher-scale of impact, will need a more sustainable approach and additional set of instruments to assist educators and investors, in the current project – mentors and investors. Therefore, considering the conclusions made from the so far developed outputs in BASET, the i2 SustainIT focuses on the fact that all target groups need to better communicate with each other and express their needs accordingly, and also that impact investment and sustainability are under-explored topics

with significant added value to tackling social and environmental challenges.

The overall goal of the project is to maximise the understanding and transfer of knowledge on impact, impact investment and sustainability to tackle societal and environmental challenges. The project objectives are to create a set of innovative educational tools for mentors and investors to enhance their skills and know-how to better support social entrepreneurs in their impact journeys in the incubation phase and to establish an immersive digital incubator platform, with an open access of the knowledge base of the developed tools for impact investors and mentors, while connecting them with the social entrepreneurs and their early stage projects.

Overall, the outcome of the i2 SustainIT project is a set of tools and resources embracing the impact investment and sustainability ecosystems supporting mentors by training them in the design thinking approach to integrate in their assistance and supporting investors to responsibly invest in social entrepreneurs for maximising social impact.



Moreover, the project will provide the basis for mentors, investors and social entrepreneurs to have a virtual space – incubator, connecting all the three groups and providing a platform for support as well as for investors to search for a pipeline of projects creating social impact.

The project will produce 4 outputs: Impact Measurement Guidelines (IMGuide); Design Thinking for Impact Incubation Toolkit (DTi2 Toolkit); Impact Investment & Sustainability Handbook (i2 Sustain Handbook); Digital Impact Incubator Platform (Di2 Platform).

Since the project is strongly focused on impact and sustainability, it provides direct positive impact in those dimensions through the primary target groups (mentors and investors) nurturing the secondary target group (social entrepreneurs/ responsible entrepreneurs) and increasing the investments in social impact, which in the long term will tackle the challenges we face in the 3 dimensions. Therefore, all the resources created during the project duration will eventually contribute to economic growth, reducing the negative impact on the environment and will foster the development of people, communities and cultures to achieve reasonable quality of life, healthcare and education across the globe. The digital platform that will be created will allow the development of such projects contributing not only to the life of the project after its end, but will ensure durability of the project beyond by resolving issues important for the world.



## I. Executive Summary

# Key Terms



### 1 Impact investment.

Impact investing refers to investments “made into companies, organizations, and funds with the intention to generate a measurable, beneficial social or environmental impact alongside a financial return”. Impact investments provide capital to address social and/or environmental issues.

### 2 Impact measurement and management.

Includes identifying and considering the positive and negative effects one’s business actions have on people and the planet, and then figuring out ways to mitigate the negative and maximize the positive in alignment with one’s goals.

### 3 Social Investment.

Usage of capital for generating financial returns, but with the primary purpose of generating social impact.

### 4 Societal impact.

The effect on people and communities that happens as a result of an action or inaction, an activity, project, programme or policy.

### 5 Impact measurement.

The process of quantitatively and qualitatively evaluating the impacts of an organization; the activities taken to evaluate and report on the financial and social change generated by an investment.

### 6 Sustainable business.

Enterprise that has minimal negative impact or potentially a positive effect on the global or local environment, community, society, or economy—a business that strives to meet the triple bottom line.



### 7 Sustainable Development Goals (SDG).

A collection of 17 interlinked global goals designed to be a “blueprint to achieve a better and more sustainable future for all”. The SDGs were set in 2015 by the United Nations General Assembly and are intended to be achieved by the year 2030.

### 8 Environmental, Social, and Corporate Governance (ESG).

Refers to the three central factors in measuring the sustainability and societal impact of an investment in a company or business. These criteria help to better determine the future financial performance of companies.

### 9 Return on investment (ROI).

Is a ratio between net income and investment. A high ROI means the investment’s gains compare favourably to its cost. As a performance measure, ROI is used to evaluate the efficiency of an investment or to compare the efficiencies of several different investments.

### 10 Social Return on Investment (SROI).

Is a framework for measuring and accounting for this much broader concept of value; it seeks to reduce inequality and environmental degradation and improve wellbeing by incorporating social, environmental and economic costs and benefits. SROI is about value, rather than money.

### 11 Sustainable metrics.

Measures of sustainability, and attempt to quantify beyond the generic concept. Though there are disagreements among those from different disciplines, these disciplines and international organizations have each offered measures or indicators of how to measure the concept.

### 12 Sustainable investing.

Directs investment capital to companies that seek to combat climate change, environmental destruction, while promoting corporate responsibility.

### 13 Socially Responsible Investment (SRI).

An investment strategy that seeks to consider both financial returns and social good.



## I. Executive Summary

# Why Impact Measurement Matters



Data has become an integral component of investment decisions, and impact investing is no exception. It is impossible to know whether an investment is effectively delivering impact without measuring and recording its progress.

Even as impact investing has expanded from a niche strategy into a \$500 billion global industry (equivalent to about €400 billion) in recent years, it is still relatively young. The industry's continued growth will rely in part on ensuring a consistent and effective method of impact measurement, especially as investors start demanding information about exactly how their dollars are moving the needle on the issues they target.

But standardizing this piece of the impact investing process is far from simple. From the unique complexity of each initiative to the variety of players proposing solutions, industry alignment has been difficult to achieve—and the high stakes mean development cannot be rushed.

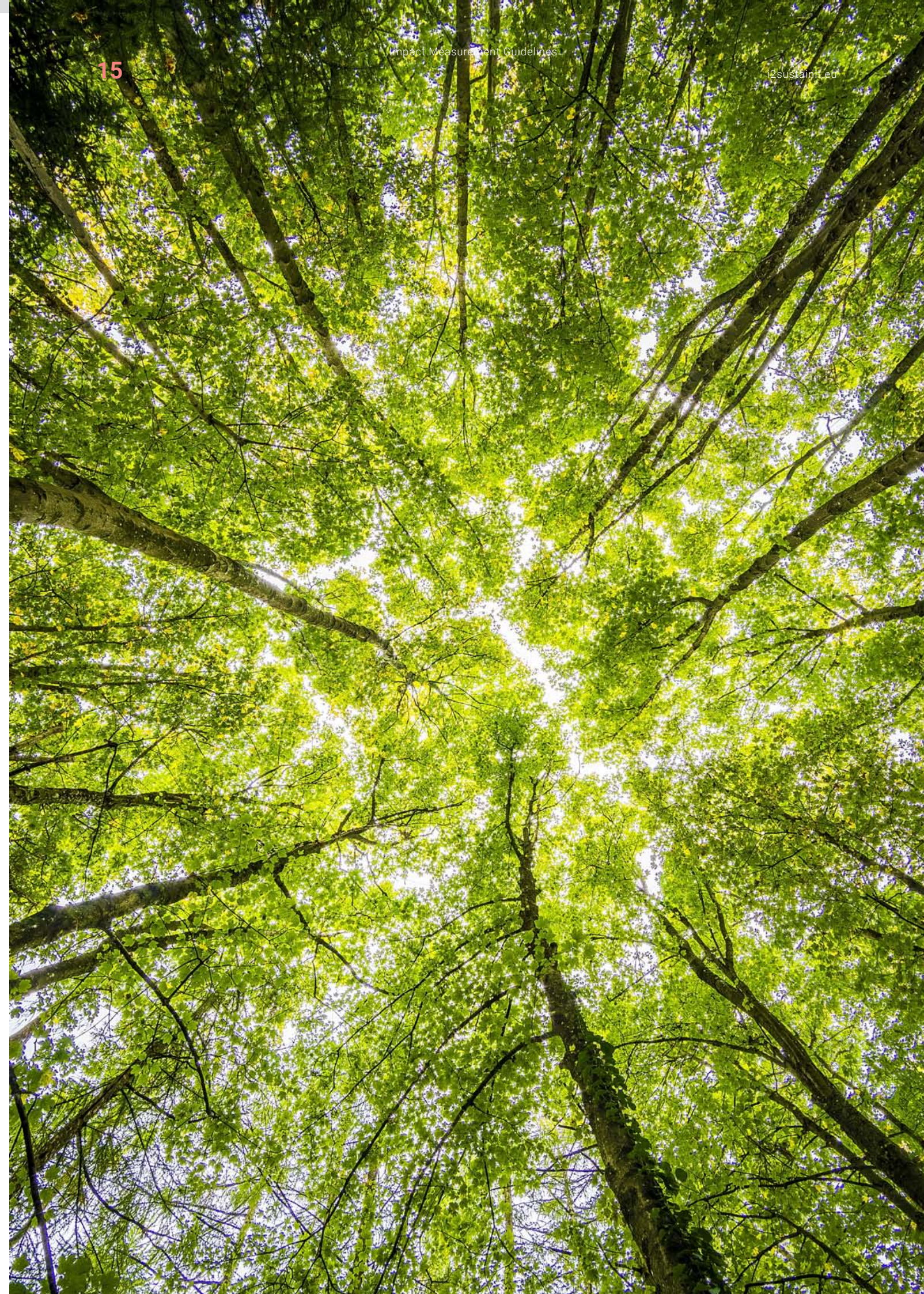
Data has become an integral component of investment decisions, and impact investing is no exception. It is impossible to know whether an investment is effectively delivering impact without measuring and recording its progress.

This is why investors need reliable, standardized data. Sophisticated investors


use this information to make decisions about specific investments as well as to inform their overall strategy, with the goal of feeling confident that they're realizing the greatest possible impact with their capital. From a bigger-picture perspective, impact measurement paired with thoughtful reporting builds industry knowledge of what works and what doesn't. In turn, well-designed reporting illustrates the progress made toward tangible outcomes and helps raise the industry's profile.

Despite the growing consensus around the need for uniform data, efforts to standardize remain fragmented.

With this report our aim is to provide a concise and comprehensive guide for investors and mentors on the various alternatives and frameworks for measuring the impact of their investment and activities.







## **II. STATE OF IMPACT MEASUREMENT**

## II. State of Impact Measurement

# Foreword



The Global Impact Investing Network (GIIN) defines impact investments as investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return. Impact investments can be made in both emerging and developed markets, and target a range of returns, depending on investors' strategic goals.

**Measurement of impact is central to impact investment. As the G8's Social Impact Investment Taskforce put it:**

***"The better we get at measuring impact, the more money will flow into impact investment" (2014).***

Impact measurement can be defined as the activities taken to evaluate and report on the financial and social change generated by an investment. Impact measurement is one of the defining characteristics of impact investing, as it demonstrates the commitment of investors to the social and environmental progress of their investments.

It also allows them to feed the knowledge gained back into the business to fuel data-driven decision-making. Success as defined in a traditional business can be easily gauged using established and readily understood financial measures. In comparison, the impact performance is more difficult to identify, quantify and measure.

A hallmark of impact investing is the commitment of the investor to measure and report the social and environmental performance and progress of underlying investments, ensuring transparency and accountability while informing the practice of impact investing and building the field. The Investors' approaches to impact measurement will vary based on their objectives and capacities, and the choice of what to measure usually reflects investor goals and, consequently, investor intention. In general, the components of impact measurement best practices for impact investing include the following :

- Establishing and stating social and environmental objectives to relevant stakeholders
- Setting performance metrics and targets related to these objectives, using standardized metrics wherever possible
- Monitoring and managing the performance of investees against these targets
- Reporting on social and environmental performance to relevant stakeholders

## Why measure?

Perhaps the most obvious reason for measuring impact is to understand the social or environmental outcomes of an investment after it has been made. However, analysts have highlighted a range of reasons for measurement, and this measurement helps guide the decision-making process at various stages of the investment. For instance, So & Staskevicius (2015) highlight four key objectives of measurement in their analysis of 20 impact investors' practices:

1. Estimating impact, pre-investment (during the 'due diligence' phase, where a potential investment or investee is audited);
2. Planning impact (selecting metrics and data-collection methods to monitor impact);
3. Monitoring impact, to help ensure success;
4. Evaluating impact, post-investment.

Thus, as well as providing accountability to investors and increasing investor confidence in an investment, effective measurement helps investors choose investments (by picking firms with the best environmental track record, for example) and helps explain reasons behind an investment's success, or flop, in creating impact.

There are strong business benefits to measuring impact. Through interviews with 30 practitioners (23 impact investors, six investees and one service provider), GIIN (2016) showed that impact data can help investors better understand their investees (e.g. preferences related to product and services) and drive revenue growth, for instance. It can also inform and improve the operational effectiveness and efficiency of an investee company or project, and help build reputation by earning trust with stakeholders.

Measurement is needed to understand the 'additionality' of an investment. This refers to whether impact would have occurred without the investment. In this sense, additionality defines impact. As Brest (2014) writes: "Just because an investee is doing great things doesn't mean that your investment will help it do more or better."





There are a wide range of measurement tools and approaches used within impact investment, and these are used by both investees and investors, as well as third party certifiers (e.g. for ecolabel certification). Research has found that investors tend to use a number of techniques that are suited to their specific needs (So & Staskevicius, 2015; Mudaliar, Schiff & Bass, 2016; Reeder et al., 2015). These include tools only used within impact investment – i.e. the Impact Reporting and Investment Standards (IRIS) and the Global Impact Investing Rating System (GIIRS) – and methods that are used more widely in investment and evaluation, including third-party certification. Many also use their own custom methods. For example, the Conservation Finance Alliance (2014) screened 23 investment funds with potential environmental benefits (such as investment in sustainable agriculture and clean technology), and found that over 50% used IRIS's metrics and many used them in combination with custom metrics designed for a specific fund.

The most commonly used approach to measuring impact is the 'Logic Model' (Nicholls, Nicholls & Paton, 2015), which is not specific to impact investment and is used more widely to evaluate programme effectiveness. It maps what is known as a 'theory of change', that is the process and stages from input (i.e. financial capital) to impact and is used by GIIRS as part of their process for rating the social and environmental performance of funds and firms.

In environmental management, a range of metrics which helps us understand impact (e.g. water quality) is already established. For this reason, Nicola (2013) argues that environmental projects may be particularly suited to impact investment through Social Impact Bonds (SIBs, or 'pay-for-success' bonds – see Box 1), more so than for social projects, which may be harder to measure.

**Social impact bonds (SIBs) feature heavily in literature on impact investment. They provide a model for private investment in public services and are also known as 'pay-for-success' or 'pay-for-performance' contracts. They are not to be confused with traditional bonds and are better described as contractual obligations. Only a relatively small number operate around the world – the UK has the largest number of social impact bonds, with 32 currently in operation. To date, they have focused on providing social services, but they also have good potential to be used for environmental projects (see 'Environmental impact bonds', below).**

**Social impact bonds essentially work in the following way: private investors (via an intermediary) provide upfront funding to the government for a service or intervention to address a social problem. The intermediary also coordinates the service provider. If the service is successful in its aims (i.e. it achieves a pre-defined level of impact), then the government provides the investors with a financial return. This payment is funded, at least partly, by the longer-term cost savings to government that arise from the service's positive outcomes. To date, there appear to be few evaluations of social impact bonds' impacts, but those that have been evaluated (Peterborough Prison (see below), London Homelessness and New York Riker's Prison) have been 'somewhat successful' (Flynn, Young & Carnett, 2015)**



## Challenges of the development of impact investment

Although the impact investment field has made progress, market observers and participants still face challenges in comprehending and navigating the market due to not such an extensive set of frameworks, along with lack of shared knowledge. This results in misunderstanding of the main common ways in impact investment, inefficiency in setting financial and impact objectives, and investors' expectations both financial and impact being misaligned.

Despite the work needed for the further development of impact investments, it is apparent that investors are interested in embracing impact investing, but a thorough investment strategy is hard to achieve. Nevertheless, there is a clear evidence that investors are willing to do social good through investments but aren't prepared and are not well equipped with easy-to-use instruments

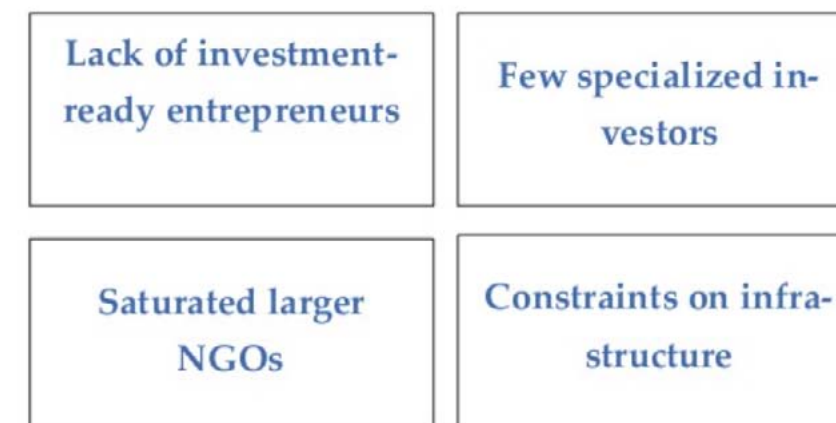


Fig 1. Description

The biggest challenge is lack of understanding how to use impact investment to meet the investors' financial and social goals, with limited information available and the sector difficult to understand, as well as how to evaluate and select investments as part of a broader portfolio.

Understanding how to effectively measure and manage impact is critical to ensuring impact investors are achieving their desired impact results to address the world's most pressing social and environmental challenges. Impact investors expect their efforts to generate both social and/or environmental good along with a range of financial returns. Just as a variety of financial indicators (profit and loss account, balance sheet and cash flow statement) help investors assess opportunities, make decisions and monitor investments, those seeking to generate non-financial returns use non-financial indicators (sustainability performance indicators/SPI, CSR, social and environmental return/ SER) to inform the investment process.

Below is an example of a Sustainable Growth Strategy which includes financial as well as non-financial indicators and goals. It can be used by investors to guide their decision making process.

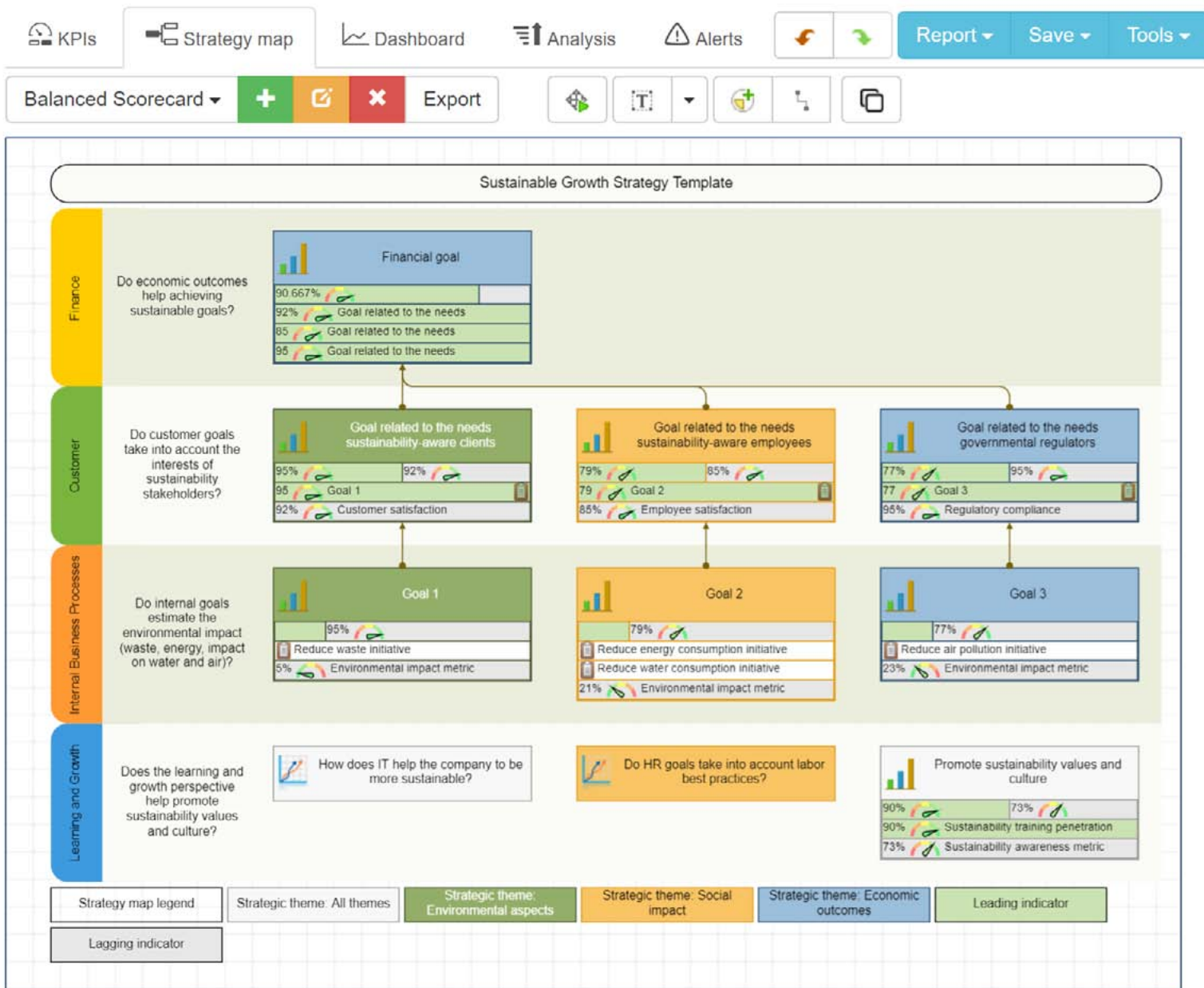


Fig 2: Sustainable Growth Strategy Template

When impact measurement is carried out effectively, it will not only provide access to finance but also support enterprise key performance indicators and its organisation's overall effectiveness. It is important that the vital work being done is not overshadowed and that impact measurement is done in a practical way.

There are several leading impact measurement systems, but in most cases investors and entrepreneurs align their goals to the UN Sustainable Development Goals and the ESG (Environmental, Social, and Governance), as it was already identified within the BASET project.

The 17 Sustainable Development Goals (SDGs) define global sustainable development priorities and aspirations for 2030 and seek to mobilize global efforts around a common set of goals and targets. The SDGs call for worldwide action among governments, business and civil society to end poverty and create a life of dignity and opportunity for all, within the boundaries of the planet.

A cooperation between GRI, UN Global Compact, and WBCSD have led to the development and publication of a comprehensive SDG Compass which aim is to provide guidance for companies on how they can align their

strategies as well as measure and manage their contribution to the realization of the SDGs. The developed SDG Compass Guide ([download English version](#)) presents five steps for companies to maximize their contribution to the SDGs. Companies can apply those five steps to set or align their course, depending on where they are on the journey of ensuring that sustainability is an outcome of their core business strategy. It is designed for use at entity level (companies, large enterprises), but it may be applied to products, site, divisional or regional level as required. Investors can use it to measure their portfolio companies' impact performance.

Another horizontal impact measurement is the concept of ESG - Environmental, Social, and Governance. The ESG analysis has become an increasingly important part of the investment process where investors incorporate ESG data into the investment process to gain a fuller understanding of the companies in which they invest. Investors are increasingly applying these non-financial factors as part of their analysis process to identify material risks and growth opportunities. ESG metrics are not commonly part of mandatory financial reporting, though companies are increasingly making disclosures in their annual report or in a stand-alone sustainability report. [Link](#)

There is not one exhaustive list of ESG examples as ESG factors are often interlinked, and classifying an ESG issue as only an environmental, social, or governance issue can be challenging, as the table below shows.

<b>Environmental</b> Conservation of the natural world	<b>Social</b> Consideration of people & relationships	<b>Governance</b> Standards for running a company
<ul style="list-style-type: none"> <li>- Climate change and carbon emissions</li> <li>- Air and water pollution</li> <li>- Biodiversity</li> <li>- Deforestation</li> <li>- Energy efficiency</li> <li>- Waste management</li> <li>- Water scarcity</li> </ul>	<ul style="list-style-type: none"> <li>- Customer satisfaction</li> <li>- Data protection and privacy</li> <li>- Gender and diversity</li> <li>- Employee engagement</li> <li>- Community relations</li> <li>- Human rights</li> <li>- Labor standards</li> </ul>	<ul style="list-style-type: none"> <li>- Board composition</li> <li>- <u>Audit committee</u> structure</li> <li>- Bribery and corruption</li> <li>- Executive compensation</li> <li>- Lobbying</li> <li>- Political contributions</li> <li>- Whistleblower schemes</li> </ul>

Table 1: ESG measurable factors according to CFA

There is not a standardized approach to the calculation or presentation of different ESG metrics. Investors can employ a variety of analytical approaches and data sources to address ESG considerations, including weighing client's interest and potential value. Understanding the relative merits and limitations of different metrics can help to form a more complete picture of ESG risks and opportunities. Investment professionals should use this ESG manual – A guide for Investment Professionals – to remember environmental, governance & social considerations. ([Download English version](#))

Coherent reporting can also combat the growing perception that some investments are being “impact washed,” or labelled as sustainable for marketing purposes regardless of their actual impact. “Encouragingly, impact investors are cognizant of this concern and emphasize the importance of greater transparency around impact to mitigate this risk,” Abhilash Mudaliar, Research Director at the GIIN, writes in the organization's 2018 annual survey.



The background features a dark grid pattern. A white line graph is overlaid on the grid, showing a city skyline at the top and several fluctuating data lines below it. The slide is divided into two large triangular sections: a light red one on the left and a blue one on the right.


# **III. EXISTING IMPACT MEASUREMENT FRAMEWORKS**

### III. Existing impact measurement frameworks



### INTRODUCTION

Making real social progress means using the right data - and lots of it - to evaluate outcomes, but caveats and misunderstandings abound, even among professionals in the impact measurement arena. Many organizations simply don't have a clear, evidence-based idea of how

or why their programs work, and different organizations have different ideas of what impact measurement entails. Before making important decisions about allocating resources, organizations need to first identify their impact program, where they want it to be, and how to get it there. 





### III. Existing impact measurement frameworks

## Global Impact Investing Network (GIIN)



The Global Impact Investing Network (GIIN) is a not-for-profit organization dedicated to increasing the scale and effectiveness of impact investing. The GIIN builds critical infrastructure and supports activities, education, and research that help accelerate the development of a coherent impact investing industry. For more information, visit [www.thegiin.org](http://www.thegiin.org)



Understanding how to effectively measure and manage impact is critical to ensuring impact investors achieve their desired impact results to address the world's most pressing social and environmental challenges. In this section, you will find guidance, information, tools, and other resources designed to help you navigate and implement impact management into your day-to-day operating practices.

The Global Impact Investing Network (GIIN) envisions a future world in which social and environmental factors are routinely integrated into investment decisions. GIIN introduces the concept of Impact Measurement and Management - includes identifying and considering the positive and negative effects one's business actions have on people and the planet, and then figuring out ways to mitigate the negative and maximize the positive in alignment with one's goals. Impact measurement & management is iterative by nature. Consider these four distinct actions to get started:

#### 1. Set goals & expectations

Goals should consider the effects an investment has on people and/or the planet and balance investor expectations for risk, return, liquidity and impact. IRIS+ allows investors to set impact goals either by Impact Categories and Impact Themes (per the IRIS+ thematic taxonomy), or through the UN Sustainable Development Goals.

#### 2. Define strategies

There are many pathways to achieving impact goals and meeting expectations. Investors should consider what pathways make the most sense for their portfolio, investment expertise, or client demand. It is also imperative to use evidence during this phase. To streamline this process, IRIS+ enables investors to select from a list of common Strategic Goals that have been identified in consultations with 400+ stakeholders as being common to any given Impact Theme. For example, "Improving Financial Health" is a common strategic goal for the Financial Inclusion theme, and "Improving Energy Alternatives for Cooking" is a common strategic goal for the Energy Access theme.

#### 3. Select metrics & set targets

Investors should use relevant output, outcome, and proxy metrics to set targets (as appropriate), track performance, and manage toward success. Impact metrics should ultimately deliver investment decision information, help learn and pivot when necessary, and strengthen the performance of investors' portfolio and investment strategy. IRIS+ includes Core Metrics Sets which are short list of key indicators for each Strategic Goal, and are backed by evidence and based on best practices across the industry. Acknowledging that each investment is different, Core Metrics Sets can be tailored to include specific metrics that are relevant to each investor and enterprise.

#### 4. Manage impact performance

Impact measurement & management is more than counting metrics. It means considering information about risks, returns, and impact to learn, adjust, and improve investment decision-making. This includes embedding feedback loops through the lifecycle of an investment, incorporating feedback from affected stakeholders, and disclosing impact performance data in a clear, consistent, and comparable way – all of which are addressed within IRIS+ Core Metrics Sets. To discover fit-for-purpose resources that can assist across impact measurement and management needs, visit the [Impact Toolkit](#).

To access practical how-to guidance to help advance your IMM practice, refer to [IRIS+ guidance](#).

Training programs for impact investors and fund managers are available at this link: [GIIN Training Program](#)

### III. Existing impact measurement frameworks

## Impact Measurement Project

The Impact Management Project (IMP) provides a forum for organisations to build consensus on how to measure, assess and report impacts on environmental and social issues. IMP convenes a Practitioner Community of over 2,000 organisations to debate and find consensus (norms) on impact management techniques.

It also facilitates the IMP Structured Network – an unprecedented collaboration of organisations that, through their specific and complementary expertise, are coordinating efforts to provide complete standards for impact measurement, assessment, and reporting.

Since 2016, the IMP has convened a Practitioner Community of over 2,000 enterprises and investors to build global consensus on how we talk about, measure and manage our ESG risks and positive impacts.

This consensus (or “norms”) provides a common logic to help enterprises and investors understand their impacts on people and the planet, so that they can reduce the negative and increase the positive impact.

IMP defines impact as a change in an outcome caused by an organisation. An impact can be positive or negative, intended or unintended. To understand and measure any impact, the Project introduces the five dimensions of performance.

## 5 dimensions of performance

● **What** tells us what outcome the enterprise is contributing to, whether it is positive or negative, and how important the outcome is to stakeholders.

● **Who** tells us which stakeholders are experiencing the outcome and how underserved they are in relation to the outcome.






● **How Much** tells us how many stakeholders experienced the outcome, what degree of change they experienced, and how long they experienced the outcome for.

● **Contribution** tells us whether an enterprise's and/or investor's efforts resulted in outcomes that were likely better than what would have occurred otherwise.

● **Risk** tells us the likelihood that impact will be different from what expected.

**IMPACT  
MANAGEMENT  
PROJECT**

The IMP reached global consensus that impact can be measured across five dimensions: What, Who, How Much, Contribution and Risk

Impact dimension	Impact questions each dimension seeks to answer
 <b>What</b>	<ul style="list-style-type: none"> <li>• What outcome is occurring in the period?</li> <li>• Is the outcome positive or negative?</li> <li>• How important is the outcome to the people (or planet) experiencing them?</li> </ul>
 <b>Who</b>	<ul style="list-style-type: none"> <li>• Who experiences the outcome?</li> <li>• How underserved are the affected stakeholders in relation to the outcome?</li> </ul>
 <b>How Much</b>	<ul style="list-style-type: none"> <li>• How much of the outcome is occurring - across scale, depth and duration?</li> </ul>
 <b>Contribution</b>	<ul style="list-style-type: none"> <li>• Would this change likely have happened anyway?</li> </ul>
 <b>Risk</b>	<ul style="list-style-type: none"> <li>• What is the risk to people and planet that impact does not occur as expected?</li> </ul>

To make impact management a reality, the IMP has developed a set of categories that provide information across the five dimensions. Produced by four working groups of 40+ organisations, these impact categories enable enterprises and investors to set goals and assess performance.

The impact data categories have not been designed to replace existing frameworks and standards. In fact, many enterprises and investors already collect data across the categories, but may have a different name for them.

**Instead, IMP believe the impact data categories are building blocks – if you are starting from scratch, you may want to build your impact management framework on top of them; if you already have an impact structure, then you may want to use the categories as a checklist to ensure that you are not missing any of the essential pieces for managing impact.**





Enterprises and investors can assess their impact performance by assessing and reporting 15 categories of data

Impact dimension	Impact data category	Description
What	1. Outcome level in period	The level of outcome experienced by the stakeholder when engaging with the enterprise. The outcome can be positive or negative, intended or unintended.
	2. Outcome threshold	The level of outcome that the stakeholder considers to be a positive outcome. Anything below this level is considered a negative outcome. The outcome threshold can be a nationally or internationally-agreed standard.
	3. Importance of outcome to stakeholder	The stakeholder's view of whether the outcome they experience is important (relevant to other outcomes). Where possible, the people experiencing the outcome provides this data, although third party research may also be considered. For the environment, scientific research provides this view.
	4. SDG or other global goal	The Sustainable Development Goal target or other global goal that the outcome relates to. An outcome might relate to more than one goal.
Who	5. Stakeholder	The type of stakeholder experiencing the outcome.
	6. Geographical boundary	The geographical location where the stakeholder experiences the social and/or environmental outcome.
	7. Outcome level at baseline	The level of outcome being experienced by the stakeholder prior to engaging with, or otherwise being affected by, the enterprise
	8. Stakeholder characteristics	Socio-demographic and/or behavioural characteristics and/or ecosystem characteristics of the stakeholder to enable segmentation
How Much	9. Scale	The number of individuals experiencing the outcome. When the planet is the stakeholder, this category is not relevant.
	10. Depth	The degree of change experienced by the stakeholder. Depth is calculated by analysing the change that has occurred between the "Outcome level at baseline" (Who) and the "Outcome level in period" (What).
	11. Duration	The time period for which the stakeholder experiences the outcome
Contribution	12. Depth counterfactual	The estimated degree of change that would have happened anyway - without engaging with, or being affected by, the enterprise. Performance of peer enterprises, industry or local benchmarks, and/or stakeholder feedback are examples of counterfactuals that can be used to estimate the degree of change likely to occur anyway for the stakeholder.
	13. Duration counterfactual	The estimated time period that the outcome would have lasted for anyway - without engaging with, or being affected by, the enterprise. Performance of peer enterprises, industry or local benchmarks, and/or stakeholder feedback are examples of counterfactuals that can be used to estimate the duration likely to occur anyway for the stakeholder.
Risk	14. Risk type	The type of risk that may undermine the delivery of the expected impact for people and/or the planet. There are nine types of impact risk.
	15. Risk level	The level of risk, assessed by combining the likelihood of the risk occurring, and the severity of the consequences for people and/or the planet if it does.

Investors have different intentions and constraints, which influence the impact goals they set and how they manage performance.

On the [IMP](#) page you can find more information on how investors measure their impact and description of the widely agreed-upon norms for communicating the impact goals of a portfolio and constructing a portfolio to meet them.





### III. Existing impact measurement frameworks

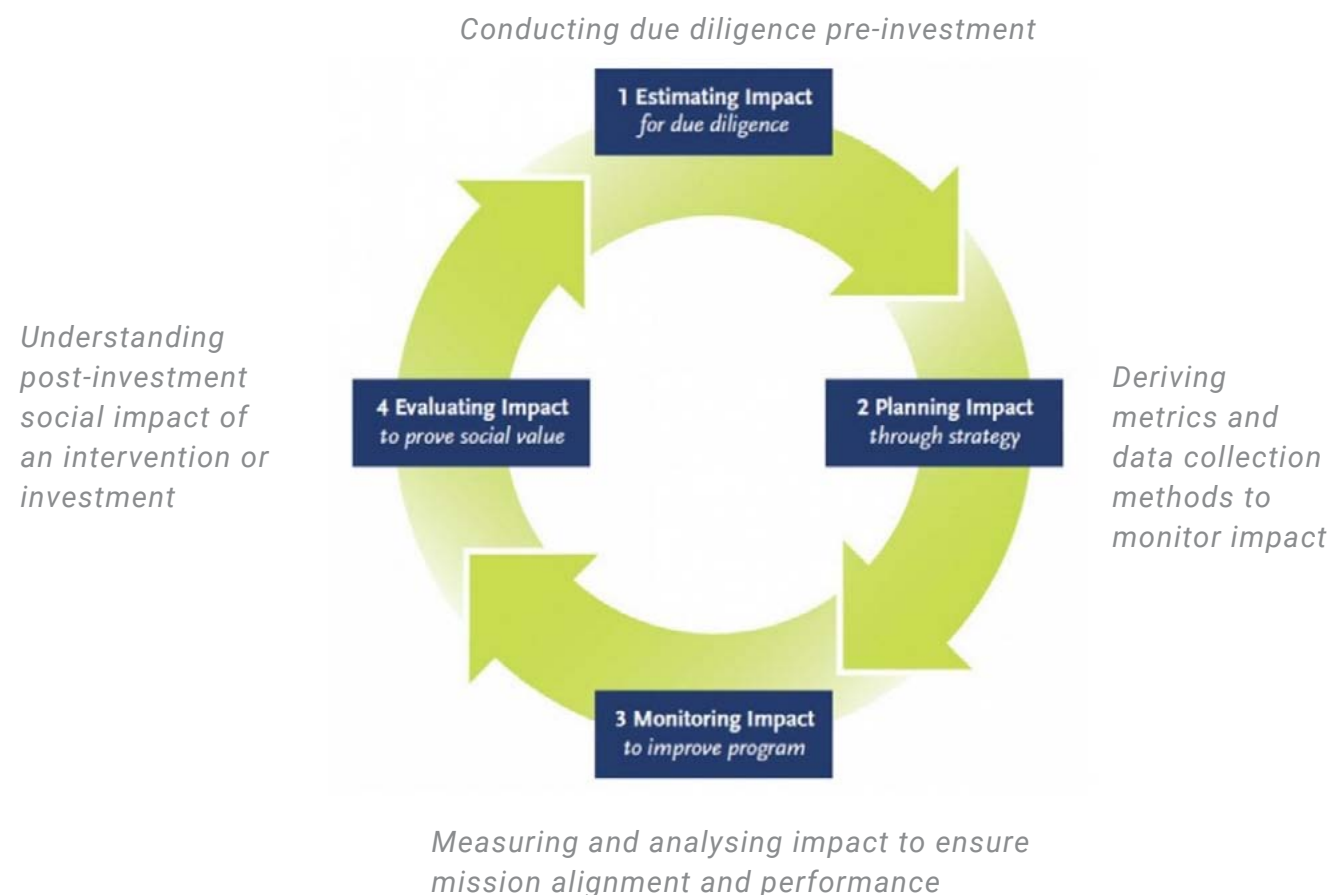
## Study of Harvard Business School

The aim of this study

was to deepen the understanding of the specific practices and methodologies that established impact investors use to measure the social impact generated by their investments, and to analyse the conditions under which each measurement method is most relevant. The intended audience for this analysis are the impact investors themselves, as well as social sector organizations, traditional funders, and evaluators.



Impact measurement efforts serve a number of different objectives throughout the investment cycle. The study found that measurement efforts can be logically grouped into four key measurement objectives :



Impact investors employ a number of methods to pursue the objectives outlined above. The research has categorized four impact measurement methods:

**1. Expected return** takes into account the anticipated social benefits of an investment against its costs, discounted to the value of today's value. This expected return metric can take various forms; examples include Social Return on Investment (SROI), Benefit Cost Ratio (BCR), and Economic Rate of Return (ERR).

**2. Theory of change and logic model** explain the process of intended social impact. Specifically, the logic model is a common tool used to map a theory of change of an organization, intervention, or program by outlining the linkage from input to activities, output, outcomes, and ultimately to impact.



**3. Mission alignment methods** measure the execution of strategy against mission and end goals over time; examples include social value criteria and scorecards used to monitor and manage key performance metrics.

**4. Experimental & quasi-experimental** methods are after the fact evaluations that use a randomized control trial or other counterfactual to determine the impact of the intervention compared to the status quo.



**HARVARD  
BUSINESS SCHOOL**





A graphic illustration of the proposed method is summarised below :

Method	Common application	Advantages	Disadvantages
<b>Expected Return</b>	<ul style="list-style-type: none"><li>• To estimate expected social return in assessing potential investments</li><li>• To monitor and evaluate the social performance of investments</li></ul>	<ul style="list-style-type: none"><li>• Can provide a disciplined approach for decision making</li><li>• Offers opportunity for organization to speak a common language</li><li>• Similarity with return on investment can help gain private sector trust</li></ul>	<ul style="list-style-type: none"><li>• May unfairly penalize interventions working with the most challenging problems and populations</li><li>• Can be perceived as inexact and constantly changing</li><li>• Expected return calculations are only as strong as the data that feeds them</li><li>• Risk of temptation in using expected return figure as standalone metric for funding decisions</li><li>• Not applicable to interventions without quantifiable benefits</li><li>• Does not take into account catalytic effects</li></ul>
<b>Theory of change and logic model</b>	<ul style="list-style-type: none"><li>• To estimate expected social return in assessing potential investments</li><li>• To monitor and evaluate the social performance of investments</li><li>• To understand path to intended impact as part of due diligence</li><li>• To provide a framework for goal setting</li><li>• To track and monitor progress of investment</li><li>• To provide targets for incentive schemes</li><li>• To provide a framework for illustrating impact logic in reporting</li></ul>	<ul style="list-style-type: none"><li>• Provides an easy to understand framework that is familiar in the social sector</li><li>• Is a versatile tool that can serve multiple purposes</li><li>• Allows investors to overlay dimensions that are important to mission</li><li>• Allows investors to identify underlying impact assumptions for further review as necessary</li></ul>	<ul style="list-style-type: none"><li>• Identifying indicators to assess outcomes can be challenging</li><li>• Lends itself to risk of reducing social change to a linear process</li></ul>

Method	Common application	Advantages	Disadvantages
<b>Mission alignment methods</b>	<ul style="list-style-type: none"><li>• To monitor impact investors' portfolio against its mission</li><li>• To monitor impact of investee against its mission</li></ul>	<ul style="list-style-type: none"><li>• Surveys and screens are inexpensive, straightforward ways to monitor mission alignment</li><li>• Scorecards may resonate with investors due to familiarity with balanced scorecard in business</li></ul>	<ul style="list-style-type: none"><li>• Survey results or scorecards are only as meaningful as the data collection methods or KPI metrics that they capture</li><li>• Scorecards may not allow for direct comparisons across different investments</li></ul>
<b>Experimental &amp; quasi-experimental methods</b>	<ul style="list-style-type: none"><li>• To assess outcome for payments in Social Impact Bonds and other impact investments</li><li>• To test hypothesis of an investor's theory of change</li><li>• To assess impact risk of a potential investment</li></ul>	<ul style="list-style-type: none"><li>• Experimental methods allow for robust cause-and-effect attribution</li><li>• Quasi-experimental methods can provide some attribution evidence with more flexibility and lowest cost</li><li>• Both of these methods can help to demonstrate additionality of impact</li></ul>	<ul style="list-style-type: none"><li>• Experimental methods can be expensive and resource intensive</li><li>• Experimental methods not suitable in many situations, e.g. environments that cannot be controlled, interventions that are insufficient to drive outcomes on their own, situations where randomizing beneficiaries may be unethical</li><li>• Quasi-experimental methods may be limited in their ability to rule out exogenous factors</li></ul>

Table 2: Impact measurement methods table

**Recognizing that investors vary in their level of maturity and resources - and that their investees may also vary in level of impact measurement sophistication - The Study proposes a framework that caters different integrated measurement models to each stage of investor and investee.**

The Study recommends impact investors to **map their own theory of change** to understand how their investments translate into intended impact, and to conduct necessary research or evaluations to validate assumption. The framework model also proposes a simpler version for those that are just starting out. As a first step, the researchers from Harvard Business School encourage investors to work with entrepreneurs to develop a **logic model** to map their venture's theory of change so the investor can understand and evaluate its path to impact. In the pre-approval stage, the Study suggests adopting **social value criteria** to rate investments, and to monitor the investee's progress post-investment.

The outlined “best practices integrated model” is most appropriate for a mature impact investor who is working with a sophisticated investee. In this model, it is envisioned that the **pre-investment process** involves a number of tools to screen candidates and conduct due diligence, including:

- Using an **SROI calculation** to compare the impact of potential investments
- Mapping out the potential investee's **theory of change** to understand how the investment will convert theory to action and to identify causal links
- Drawing upon **existing experimental or quasi-experimental studies** to test the hypothesis underlying the causal links

After due diligence, the investor works with the investee in:

- Determining **key performance indicators (KPIs)** to track on the monitoring **scorecard**.
- Gathering and analysing data on the KPIs post investment to monitor the social impact performance of the investee.
- If required, using a **quasi-experimental method evaluation in the evaluation stage**.

**The Study of Harvard Business School has developed recommendations related to each of the measurement methods.**

While some recommendations are for investors, many are applicable at a sector level and concern what the impact investing field can do to advance the effective adoption of these methods.

Expected return

The Study suggests that building a **clearinghouse of expected return figures and underlying assumptions** – or partnering with existing clearinghouses – would enable less established impact investors to gain access to data and evaluate their own ventures by comparison.

Experimental and quasi-experimental methods

**Drawing from and adding to “what works” databases** of evidence from previous experimental studies can add tremendous value to the community practices around a social issue. Drawing from **principles of low cost RCT's** can reduce the cost and efforts related to conducting experimental and quasi-experimental evaluations.

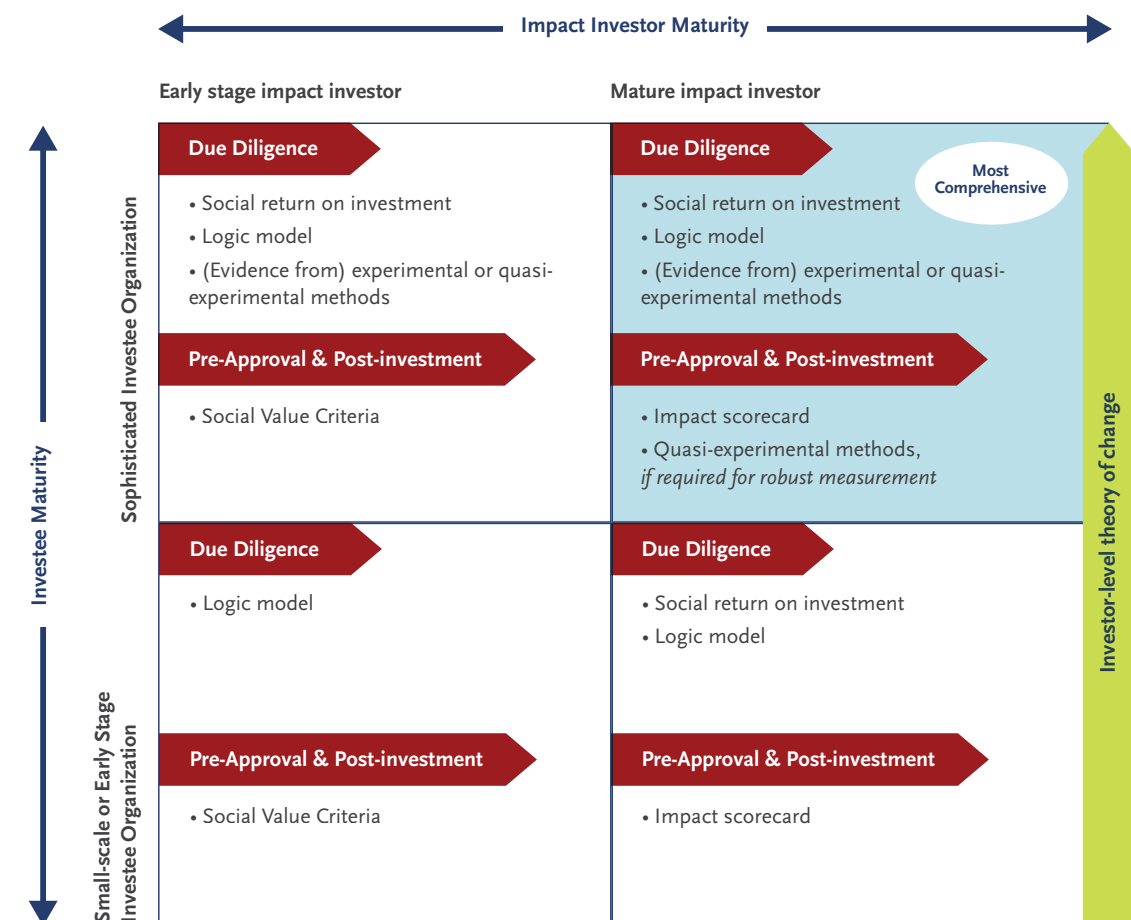


Fig 3. Integrated model of impact measurement

Theory of change and logic model

Similar to the standardization of output metrics, it is assumed that there is value in **knowledge sharing among organizations** to learn from each other's approaches and best practices on **leading indicators for outcomes**. There may also be opportunity to propose a common set of indicators for specific outcomes by funders or a collective of organizations. Impact investors should consider applying the logic model to **map out their own theory of change** at the portfolio level to articulate their own path to driving impact and to identify its underlying assumptions.

Mission alignment methods

Impact investors can **adopt scorecards** that align with their theory of change to identify and track key performance metrics for their investments; this can also be aggregated into a portfolio view for high level analysis and reporting. There is opportunity to increase the adoption of scorecards to effectively measure impact through forums and other educational events where established impact **investors showcase their scorecard templates and exchange ideas**.



### III. Existing impact measurement frameworks

## Social Impact Investment Taskforce

The Group of Eight (G8) refers to the group of eight highly industrialized nations—France, Germany, Italy, the United Kingdom, Japan, the United States, Canada, and Russia—that hold an annual meeting to foster consensus on global issues like economic growth and crisis management, global security, energy, and terrorism. The Working Group Under the direction of the Social Impact Investment Taskforce, the Impact Measurement Working Group was established, consisting of 24 impact investing and measurement practitioners.

Those who wish to implement impact measurement today face a variety of challenges. In light of this, the Working Group has identified four broad phases of impact measurement: Plan, Do, Assess and Review. Along with insight into the impact that an activity is generating, this process generates intelligence that can further enhance the measurement and investment processes.

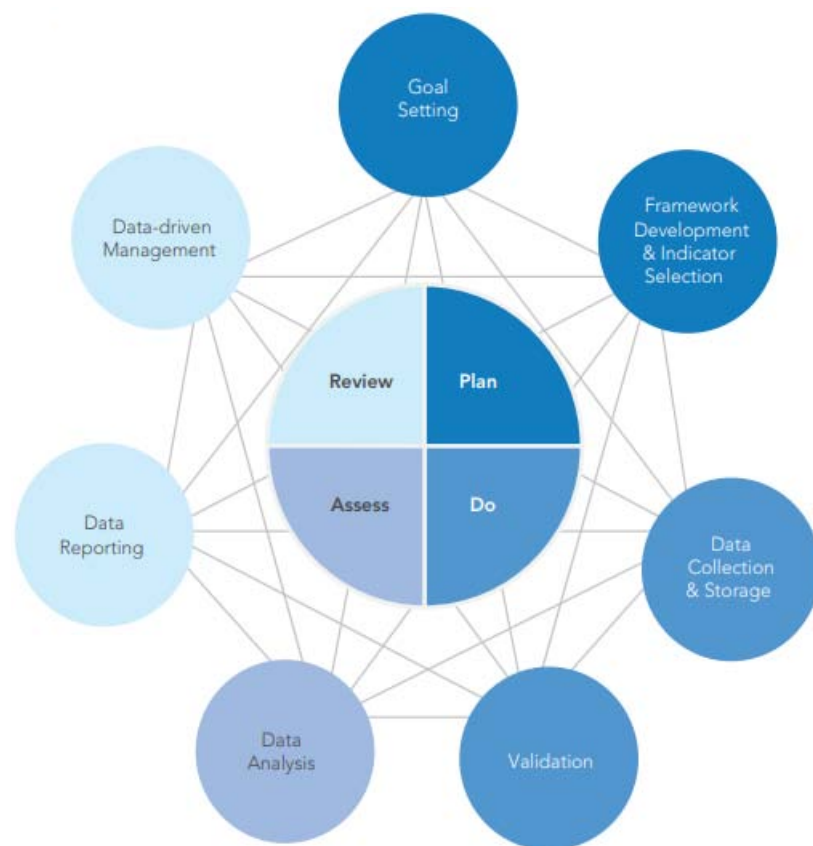


Fig. 4: Guidelines for Good Impact Practice

#### The Phases and Guidelines for Impact Measurement

From its research and analysis, the Working Group has pinpointed seven guidelines – or widely-accepted sets of activities – that underlie the four phases of impact measurement. These seven guidelines provide participants with a model for the effective definition, collection, and analysis of impact data.

#### SOCIAL IMPACT INVESTMENT TASKFORCE

Established under the UK's presidency of the G8

These guidelines and related actions are dynamic.

Performance measurement processes and the outputs of each step will interact and evolve continuously.

The sequence, frequency, and timing of each activity will also vary. Implementation of these guidelines will be unique to every organization, as they are likely to have their own measurement goals, resource constraints, and stakeholders to consider.

Nonetheless, these guidelines form a good foundation for any impact measurement framework.

	Guideline	Description
Plan	Set goals	<b>Articulate the desired impact of the investments</b> Establish a clear investment thesis/Theory of Value Creation <sup>11</sup> (ToVC) to form the basis of strategic planning and ongoing decision making and to serve as a reference point for investment performance
	Develop Framework & Select Metrics	<b>Determine metrics to be used for assessing the performance of the investments</b> Develop an effective impact measurement framework that integrates metrics and outlines how specific data are captured and used; utilize metrics that align with existing standards
Do	Collect & Store Data	<b>Capture and store data in a timely and organized fashion</b> Ensure that the information technology, tools, resources, human capital, and methods used to obtain and track data from investees function properly
	Validate Data <sup>12</sup>	<b>Validate data to ensure sufficient quality</b> Verify that impact data is complete and transparent by cross-checking calculations and assumptions against known data sources, where applicable
Assess	Analyse Data	<b>Distill insights from the data collected</b> Review and analyse data to understand how investments are progressing against impact goals
Review	Report Data	<b>Share progress with key stakeholders</b> Distribute impact data coherently, credibly, and reliably to effectively inform decisions by all stakeholders
	Make Data-Driven Investment Management Decisions	<b>Identify and implement mechanisms to strengthen the rigor of investment process and outcomes</b> Assess stakeholder feedback on reported data and address recommendations to make changes to the investment thesis or ToVC

Fig 4: Guidelines for Good Impact Practice 

### III. Existing impact measurement frameworks

## World Business Council for Sustainable Development / International Finance Cooperation



World Business Council for  
Sustainable Development



In 2006 WBCSD and IFC have joint forces to create a clear and practical measurement methodology that could be adapted to different business sectors, be used by operations anywhere in the world and be tracked over time. Unlike environmental impact assessments (EIAs) or environmental, social and health impact assessments (ESHIA) that are normally carried out as part of due diligence to determine future potential impacts arising from a greenfield or brownfield business investment, they wanted to be able to measure actual impacts at any stage in the life cycle of an operation.

The resulting Measuring Impact Framework is designed to help companies understand their contribution to development and use this understanding to inform their operational and long-term investment decisions and have more informed conversations with stakeholders.

The Framework's output is not designed to be rolled up for corporate reporting purposes. However, companies may choose to communicate results to external audiences and use the assessment to improve the quality of their reporting.

### Key features of the WBCSD Measuring Impact Framework:

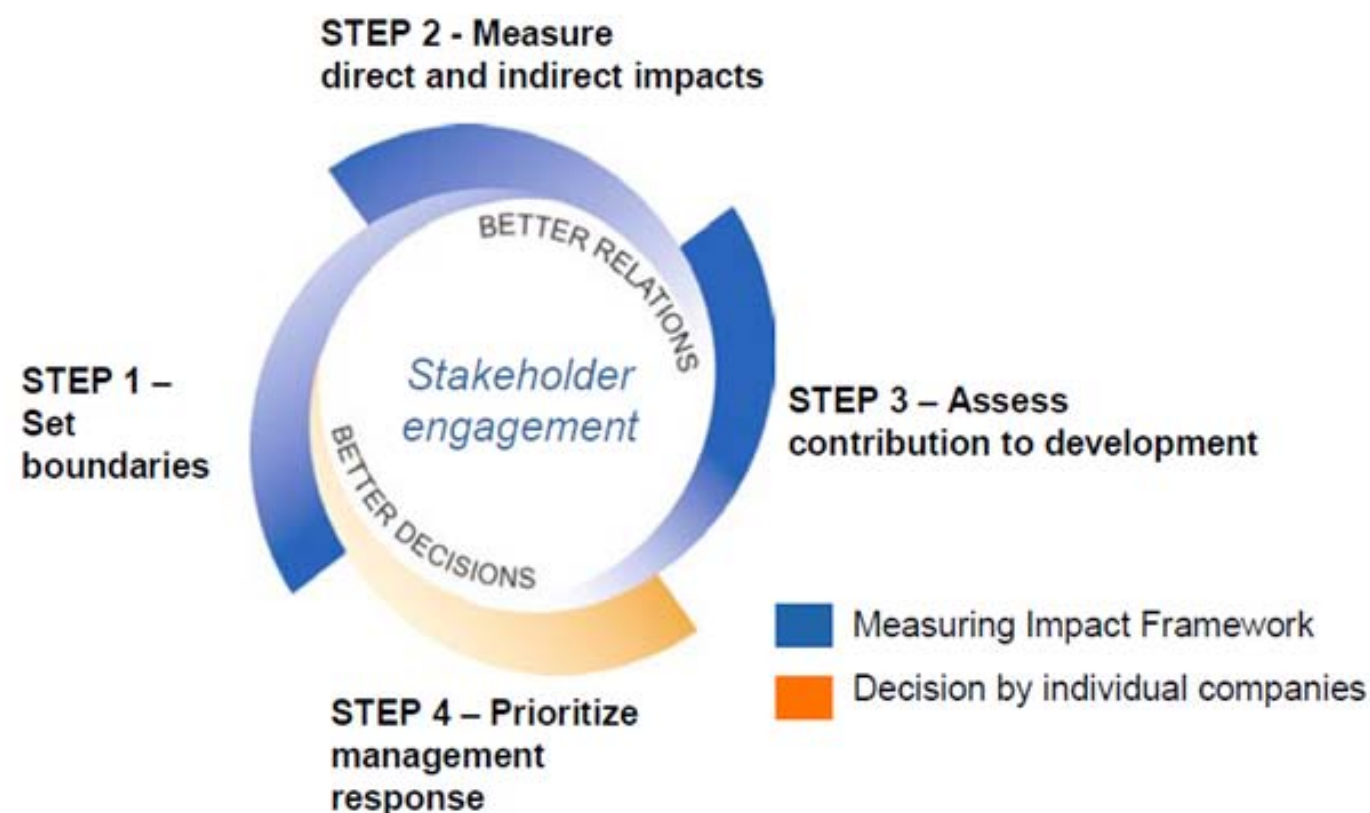
- **Grounded in what business does** - built by business for business
- **Moves beyond compliance** - it aims to answer questions about what business can contribute beyond traditional reporting
- **Complements existing tools** - it makes use of what is already out there (for example, the Global Reporting Initiative and IFC Performance Standards).
- **Flexible** - designed for any business and/or industry at any stage in its business cycle, operating anywhere in the world
- **Encourages stakeholder engagement** - it supports open dialogue with stakeholders to create a shared understanding of business impacts and societal needs, and to explore what business can and cannot do to address these needs the outcome for.

### Approach adopted in the Framework

The Framework is based on a four-step methodology that aims to merge the business perspectives of its contribution to development with the societal perspectives of what is important where that business operates. It is rooted in a business approach and begins with measuring what business does through its business activities. The business activities are grouped into four clusters:

1. Governance & Sustainability (Corporate Governance and Environmental Management)
2. Assets (Infrastructure and Products & Services)
3. People (Jobs and Skills & Training)
4. Financial Flows (Procurement and Taxes)





## STEP

1

**SET BOUNDARIES***"Define your business"*

Determine the scope and depth of the overall assessment in terms of geographical boundary and types of business activities to be assessed.

- 1.1 Identify the objective(s) for the assessment
- 1.2 Define the geographic area of the assessment
- 1.3 Collect development context information for the assessment area
- 1.4 Select the business activities to be assessed

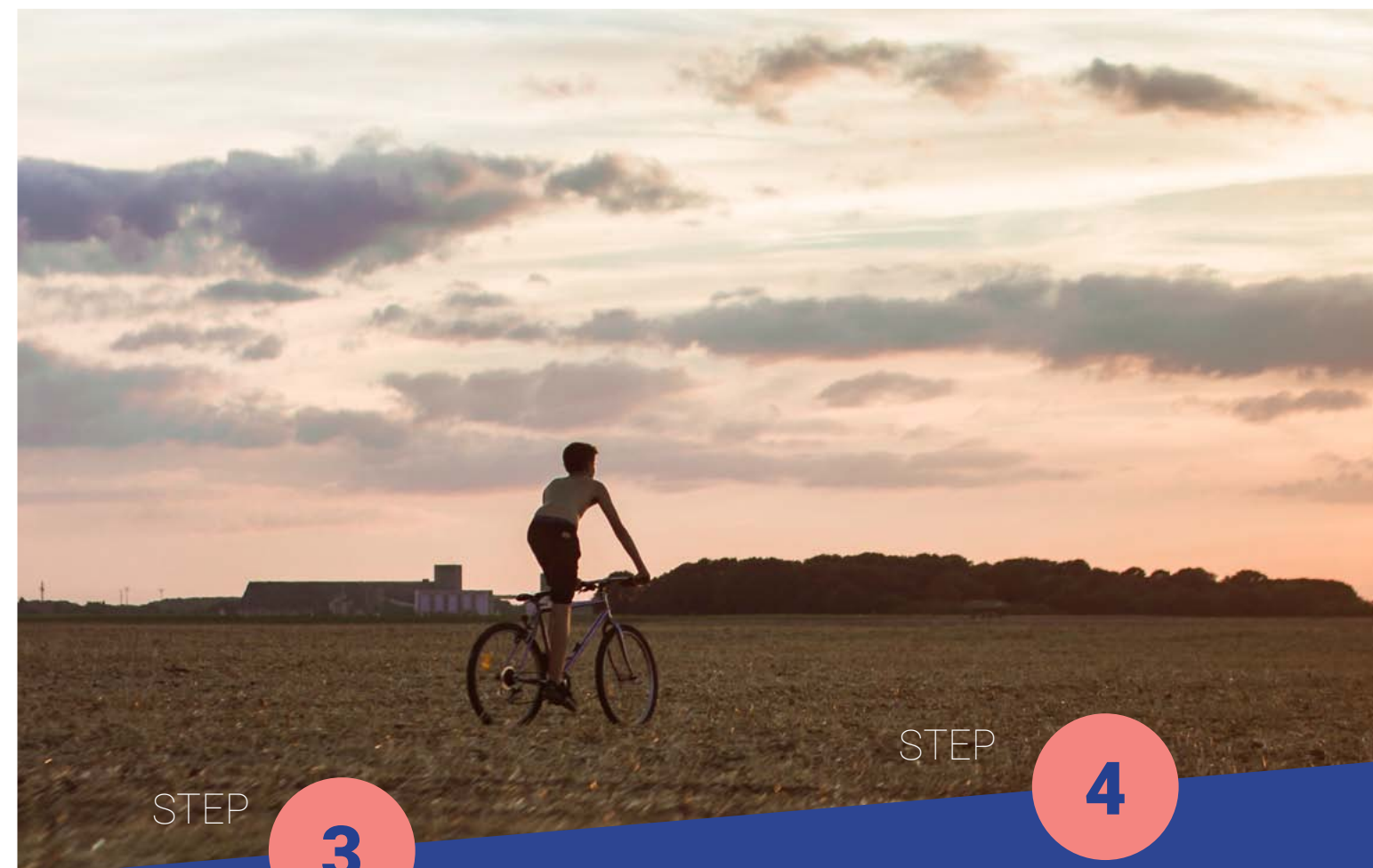
## STEP

2

**MEASURE DIRECT AND INDIRECT IMPACTS***"Measure your company footprint"*

Identify and measure direct and indirect impacts, mapping out what is within the company's control and what it can influence through its business activities.

- 2.1 Identify the sources of impact for each business activity
- 2.2 Identify relevant indicators for direct and indirect impacts
- 2.3 Measure impact



## STEP

3

**ASSESS CONTRIBUTION TO DEVELOPMENT***"Understand your footprint in the development context"*

Assess what the company's direct and indirect impacts contribute to the development issues/priorities in the assessment area.

- 3.1 Determine the level of stakeholder engagement
- 3.2 Engage with stakeholders to prioritize the development issues (optional)
- 3.3 Build hypothesis of the business contribution to development
- 3.4 Test hypothesis with stakeholders and refine the overall assessment (optional)

## STEP

4

**PRIORITIZE MANAGEMENT RESPONSE***"Make better-informed decisions"*

Extract the key risks and opportunities relative to the company's societal impact and based on this, develop the management response.

- 4.1 Identify priority areas for action
- 4.2 Consider possible management responses and prepare recommendations for management
- 4.3 Decide on way forward
- 4.4 Develop indicators to monitor progress



### III. Existing impact measurement frameworks

# The Investment Integration Project



TIIP's mission is to help institutional investors understand the feedback loops between their investments and the planet's overarching systems – be they environmental, societal or financial – that make profitable investment opportunities possible.

TIIP also provides these investors with the tools to manage the impacts of their investment policies and practices on these systems.

## TIIP THE INVESTMENT INTEGRATION PROJECT

TIIP offers investors a framework for where to focus and how to build an effective approach. Going beyond traditional returns metrics, the framework analyses how to consider and target appropriate goals. The TIIP proposal focuses on “system-level” investments, or big-picture issues like the United Nations’ Sustainable Development Goals.

### Key takeaways

#### SELECTING AN ISSUE

The first step for investors is to select an issue where they can truly make an impact. The report suggests that investors consider four factors to make that determination:

- Consensus on the issue's importance
- Relevance to investors
- Potential for effectiveness
- Uncertainty around the outcome

Consider, for example, an issue many investors are interested in: using their capital to mitigate climate change.

First, there is a clear consensus around the risks that climate change poses to people, planet, and the economy. This goal has relevance because without any intervention, climate change may cause long-term damage to investors' portfolios. Intervention has the potential for effectiveness, since reducing the speed at which the earth is warming will slow the impact of climate change.

Finally, there's uncertainty around the long-term impact of climate change, since it's unclear exactly how climate change will affect the global economy and investors. According to the TIIP criteria, all this makes mitigating climate change an investment area with a true potential for impact.

#### MEASURING EFFECTIVENESS

Once an issue has been selected, TIIP's impact measurement framework suggests that investors take a three-step approach to measure effectiveness:

- **Assess issues and set measurable goals** : Using the climate change example above, relevant goals might include global reductions in greenhouse gas emissions or the reduction of carbon dioxide concentrations in the atmosphere.
- **Assess tools, implementation effectiveness** : The report discusses three types of system-level tools: field-building tools, investment-enhancement tools, and opportunity-generation tools. For climate change, these tools might include joining organizations like the [Global Investor Coalition on Climate Change](#) or the [Climate Solutions Collaborative](#) that bring investors together to achieve climate change goals.
- **Measure influence** : In order to determine the effectiveness of an investment, it's important to understand its long-term influence on the issue and potential paradigm shifts around it. For climate change, the paradigm shift over time could be moving economies away from fossil fuels and toward renewable energy sources. Such shifts are difficult to measure, but there's evidence that it's happening. More corporations and financial institutions, for example, recognize the [Task Force on Climate-Related Financial Disclosures](#) as a baseline standard, the TIIP report notes.

#### SEEKING ADVICE

For investors just entering the impact space, TIIP's suggested process can provide a useful focus. As the report's authors write, “Much of what asset owners and managers encounter may seem foreign as it draws from the field of systems dynamics to bring into focus how investors, individually or collectively, can achieve system-level influence and paradigm change.”

But even with the steps outlined above, given the shift away from traditional investment-selection methods, it likely makes sense to seek help from a third-party expert. Working with a trusted advisor who's well-versed in the impact investing space can help ensure a strategy that's effective on all counts, from impact to returns.



### III. Existing impact measurement frameworks

## Principles for Responsible Investment



The PRI is the world's leading proponent of responsible investment. It works:

- to understand the investment implications of environmental, social and governance (ESG) factors;
- to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions.

The PRI acts in the long-term interests:

- of its signatories;
- of the financial markets and economies in which they operate and ultimately of the environment and society as a whole.

**The PRI is truly independent. It encourages investors to use responsible investment to enhance returns and better manage risks, but does not operate for its own profit; it engages with global policymakers but is not associated with any government; it is supported by, but not part of, the United Nations.**

Responsible investment is an investment strategy which integrates environmental, social, and governance (ESG) factors into investment analysis and decisions. It recognises that ESG factors can have an impact on the financial value of an investment and also that investments have an impact on the world around us.

What are the Principles for Responsible Investment? 

The six Principles for Responsible Investment are a voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating ESG issues into investment practice.

The Principles were developed by investors, for investors. In implementing them, signatories contribute to developing a more sustainable global financial system. The Principles for Responsible Investment were developed by an international group of institutional investors reflecting the increasing relevance of environmental, social and corporate governance issues to investment practices. The process was convened by the United Nations Secretary-General. The Principles are voluntary and aspirational. They offer a menu of possible actions for incorporating ESG issues.





# 6 Principles

## 1 Principle 1 We will incorporate ESG issues into investment analysis and decision-making processes.

Possible actions that each investor can take :

- Address ESG issues in investment policy statements.
- Support development of ESG-related tools, metrics, and analyses.
- Assess the capabilities of internal investment managers to incorporate ESG issues.
- Assess the capabilities of external investment managers to incorporate ESG issues.
- Ask investment service providers (such as financial analysts, consultants, brokers, research firms, or rating companies) to integrate ESG factors into evolving research and analysis.
- Encourage academic and other research on this theme.
- Advocate ESG training for investment professionals.

## 2 Principle 2 We will be active owners and incorporate ESG issues into our ownership policies and practices.

Possible actions that each investor can take :

- Develop and disclose an active ownership policy consistent with the Principles.
- Exercise voting rights or monitor compliance with voting policy (if outsourced).
- Develop an engagement capability (either directly or through outsourcing).
- Participate in the development of policy, regulation, and standard setting (such as promoting and protecting shareholder rights).
- File shareholder resolutions consistent with long-term ESG considerations.
- Engage with companies on ESG issues.
- Participate in collaborative engagement initiatives.
- Ask investment managers to undertake and report on ESG-related engagement.

## 3 Principle 3 We will seek appropriate disclosure on ESG issues by the entities in which we invest.

Possible actions that each investor can take :

- Ask for standardised reporting on ESG issues (using tools such as the Global Reporting Initiative).
- Ask for ESG issues to be integrated within annual financial reports.
- Ask for information from companies regarding adoption of/adherence to relevant norms, standards, codes of conduct or international initiatives (such as the UN Global Compact).
- Support shareholder initiatives and resolutions promoting ESG disclosure.

The PRI produces guides, case studies, webinars and events to inform investors on how to incorporate ESG considerations into investment decision-making and ownership practices in a systematic way, within each asset class. Here you can find investors guides to [climate change asset owners](#), [listed equity](#), [fixed income](#), [private equity](#), [real estate](#) and [screening](#).

## 4 Principle 4 We will promote acceptance and implementation of the Principles within the investment industry.

Possible actions that each investor can take :

- Include Principles-related requirements in requests for proposals (RFPs).
- Align investment mandates, monitoring procedures, performance indicators and incentive structures accordingly (for example, ensure investment management processes reflect long-term time horizons when appropriate).
- Communicate ESG expectations to investment service providers.
- Revisit relationships with service providers that fail to meet ESG expectations.
- Support the development of tools for benchmarking ESG integration.
- Support regulatory or policy developments that enable implementation of the Principles.

## 5 Principle 5 We will work together to enhance our effectiveness in implementing the Principles.

Possible actions that each investor can take :

- Support/participate in networks and information platforms to share tools, pool resources, and make use of investor reporting as a source of learning.
- Collectively address relevant emerging issues.
- Develop or support appropriate collaborative initiatives.

## 6 Principle 6 We will each report on our activities and progress towards implementing the Principles.

Possible actions that each investor can take :

- Disclose how ESG issues are integrated within investment practices.
- Disclose active ownership activities (voting, engagement, and/or policy dialogue).
- Disclose what is required from service providers in relation to the Principles.
- Communicate with beneficiaries about ESG issues and the Principles.
- Report on progress and/or achievements relating to the Principles using a comply-or-explain approach.
- Seek to determine the impact of the Principles.
- Make use of reporting to raise awareness among a broader group of stakeholders

PRI have developed the [PRI Collaboration Platform](#) to serve the needs of investors. The Collaboration Platform is a unique forum that allows investors to pool resources, share information and enhance their influence on ESG issues. It is also a hub for academics and investors to connect and engage with research. Posts include invitations to sign joint letters to companies and join investor-company engagements, proposals for research, calls to foster dialogue with policy makers and requests for support on upcoming shareholder resolutions.



The background image shows a person's hands and arms in a workspace. They are using a silver laptop with a black keyboard. The laptop screen displays a complex financial dashboard with various charts, including a bar chart with green and red bars, and a line chart. The person is also holding a smartphone in their left hand, which shows a similar financial interface with a candlestick chart and various data points. The image is overlaid with a large diagonal split: the top-left portion is a solid dark blue, and the bottom-right portion is a solid light red. The text 'IV. IMPACT MEASUREMENT TOOLS (REVIEW)' is written in white, bold, sans-serif capital letters on the red background.

## IV. IMPACT MEASUREMENT TOOLS (REVIEW)



## IV. Impact measurement tools (review)

### IRIS +



The GIIN offers IRIS+ as a free and public good to advance impact investing around the world  
<https://iris.thegiin.org/>

**IRIS+ is the generally accepted system for measuring, managing, and optimizing impact.**

**IRIS+ makes it easier for investors to translate their impact intentions into impact results.**



### Impact Compass Interactive Tool



Impact Compass Interactive Tool is developed by the Centre for Social Innovation at the Stanford Business School.  
<http://impactcompass.stanford.edu/>

**The impact compass is a quick and easy way to gauge an organization's impact using one's own assessment of its performance on six dimensions. The impact compass tool helps individuals conceptualize impact and compare the relative potential for impact of different jobs, programs, investments or donations in the context of limited access to impact studies and insider information.**



### The SDG Impact Assessment Tool



The SDG Impact Assessment Tool is a free online tool developed jointly by the Gothenburg Centre for Sustainable Development, the Chalmers University of Technology and the University of Gothenburg.  
<https://sdgimpactassessmenttool.org/>

**The SDG Impact Assessment Tool is a learning tool that visualizes the results from a self-assessment of how an activity, organisation or innovation affects the SDGs. It aims to stimulate the user to get a better understanding of the complexity of sustainable development and the different aspects of the SDGs. In the end you will be better equipped to prioritize actions ahead. The Tool helps you assess the impact of solutions, research activities, organizations, projects and other initiatives onto the Sustainable Development Goals (SDGs), hereafter called 'solutions'. With your own knowledge as base, you will be able to identify opportunities (positive impacts), risks (negative impacts) and knowledge gaps. At the end you will have a better understanding of how your solution relates to the SDGs and be better equipped to prioritize actions ahead.**







## IV. Impact measurement tools (review)

### B Impact Assessment



B Lab is a 501(c)3 nonprofit that serves a global movement of entrepreneurs using the power of business to solve social and environmental problems. BAnalytics is GIIRS rated.

<https://b-analytics.net/giirs-funds>

Investors and companies can use the B Impact Assessment to measure and manage their impact on workers, community, and the environment. With benchmarking against over 50,000 businesses around the world on over 300 indicators, companies can see how they stack up against top performers like Certified B Corporations.

The B Impact Assessment is:

- ✓ Confidential
- ✓ Comparable
- ✓ Customizable
- ✓ Credible
- ✓ Free



### The balanced scorecard (BSC)



The Balanced Scorecard Institute (BSI), a Strategy Management Group company, provides consulting, training, and professional certification services to commercial, government, and non-profit organizations worldwide.

<https://balancedscorecard.org/bsc-basics-overview/>

The balanced scorecard (BSC) is a strategic planning and management system.

The tool is not free of charge. Organizations use BSCs to:

- ✓ Communicate what they are trying to accomplish
- ✓ Align the day-to-day work that everyone is doing with strategy
- ✓ Prioritize projects, products, and services
- ✓ Measure and monitor progress towards strategic targets



### Impact Track



Measure, manage and communicate your social and environmental impact. Impact Track aims to help social organizations develop their impact. The platform provide tools to manage and communicate social results transparently. Impact Track thus connects social investors seeking to optimize their investments with social entrepreneurs seeking to share their impact.

<https://impacttrack.org/fr/#platform>

Impact track, the platform that facilitates the measurement and management of your social and environmental impact.

Whether you are a portfolio manager or a mission-driven organization, our platform adapts to your profile to allow you to measure and manage what really matters. The platform support investors and founders in three easy steps:

- ✓ Define indicators and impact framework
- ✓ Track and improve impact
- ✓ Value your impact and mobilize partners





# V. IMPACT MEASUREMENT GUIDE:

HOW DO INVESTORS  
CHOOSE THE RIGHT IMPACT  
MEASUREMENT MODEL FOR  
THEM?



## V. How do investors choose the right impact measurement model for them?

**This section of the IMGuide aims to provide investors with a step-by-step guide on how to build and maintain their measurement practice.**

*Sopact is a technology based social enterprise committed to helping organizations measure impact by directly involving their stakeholders.*



The proposed steps are not exhaustive and are a compilation of different sources and mainly a review of the e-book

### **“Actionable Impact Management”**

issued by SOPACT and the Asia Pacific Social Impact Centre at the [Melbourne Business School](#).

The short Four-step guide can be applied to all the above-mentioned (Section III and Section IV) impact measurement frameworks and tools.

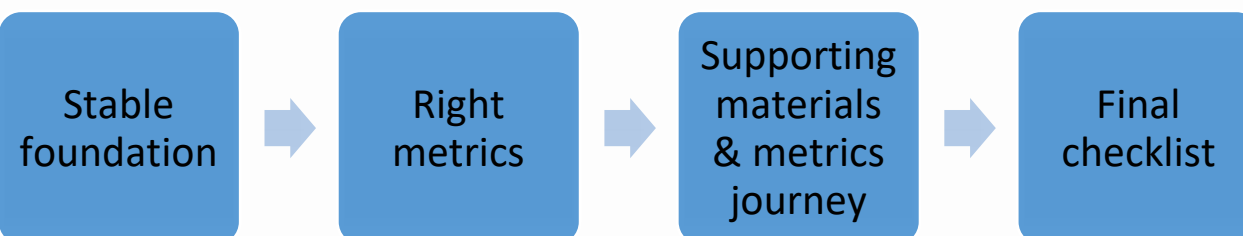
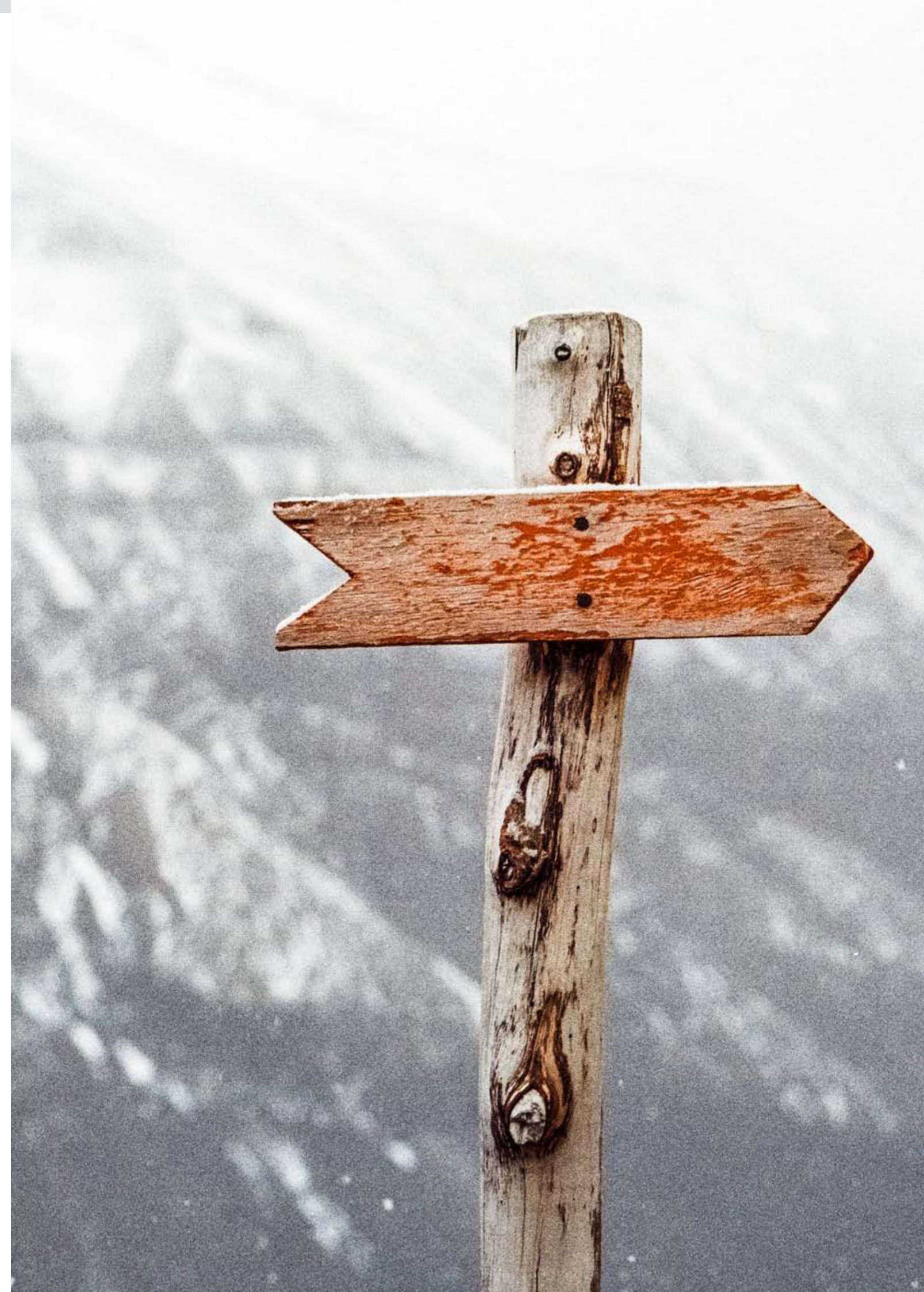


Fig 5. Four step guide







How do investors choose the right impact measurement model for them?

# Step 1 Lay stable foundations



To build a stable impact measurement practice with your investments, an investor should first lay the foundation. A good impact Vision, Mission and Goals statement will serve as a guide in all future impact-defining activities. It is important to make sure that these statements are always pertinent to the investor organisation.

- i. **Vision Statement:** The Vision statement depicts the ideal world your organization is working towards.
- ii. **Mission Statement:** Once the Vision statement is defined, you are ready to tackle the Mission statement, which answers for how your organization is working towards that Vision. If the Vision statement represents the future your organization works toward, the Mission statement is a clear definition of your organization's activities.
- iii. **Goals:** Goals are a series of milestones that your organization is working towards through your Mission to achieve the Vision statement you've crafted.

These statements should not be just nice looking statements on your website, but serious and useful tools. They are your reference points when you are integrating the impact measurement system that best apply your investment practice. What we measure is important because it shapes our approach to our intervention.

A key challenge for investors is the capacity to measure the intangible in impact deals. Many impact investors are currently using a variety of common practices, including the following:

- 1. Focus on outputs, meaning the activities produced by the investment, instead of outcomes, and on the actual social or environmental impact created by the investment;
- 2. Base confidence on intuition and judgment rather than hard metrics;

3. Use point in time metrics which consider the impact at one-time period versus over a full investment lifecycle.

But investment cannot be based solely on intuition. Therefore, impact measurement is needed to achieve more clarity in the growing realm of impact investing. The issuer and investor must be committed to measuring and reporting on the social and environmental performance and the progress of underlying investments, ensuring transparency and accountability.

There are many impact measurement frameworks and tools that have been developed in the last 10 years. The most prominent were described in the previous chapters. A key question is how investors should choose which framework best suits their needs. There is no one-sided answer to this question. We are presenting basic guidelines aiming to support investors decide for themselves.

MEASURE WHAT MATTERS WORKSHEET

Draft Metric Definition

Refer back to the Outcomes and Outputs in your Theory of Change

<b>Mission Critical?</b> Aligned to your Mission Statement?	
<b>Realistic to Measure?</b> Will this metric be logistically manageable? Is it cost-effective?	
<b>Already being Measured?</b> Are you already collecting data for this metric? Or is this data already collected and accessible?	
<b>Reason for Measuring</b> Is this for your own measurement needs or to report to an external entity?	
<b>Outcome Metric?</b> Is this metric measuring the results of your intervention (rather than activities)?	
<b>Worth Measuring?</b> Based on the information above, is there a strong case for this metric?	<div><div>YES Keep Going</div><div>NO Hold onto the metric for future or find a proxy metric</div></div>
<b>Notes</b>	

By measuring what matters, both investors and entrepreneurs are able to gain credibility with funders, donors, and the public. Not to mention, the insights one can gather.

The proposed metrics set is a grouping of metrics organized around a specific program or activity.

The recommendation is the investor and/or entrepreneur to work their own way through the entire process of defining one metrics set before moving on to the next.

Source: Measure What Matters Worksheet: Actionable Impact Metrics paper/ Metrics



Co-funded by the Erasmus+ Programme of the European Union



How do investors choose the right impact measurement model for them? 

## Step 2 Choose the right metrics



Organizations adopt metrics based on their specific context, activities, and objectives. Organizations may adopt standard metrics, custom metrics or create a metrics set. 

- **Standard metrics** : Generally established by research institutes, they tend to be categorised around thematic areas or organisation type. Examples of standard metrics include: IRIS, GIIRS, etc. These are the metrics presented in the Impact Measurement Frameworks summarized in this document. When adopting standardized metrics, the organizational strategy should be considered. For instance, if the impact investor is interested in global goals, it is helpful to consider the indicators provided for the Sustainable Development Goals (SDGs).
- **Custom metrics** : Sometimes based on standard metrics, these are created by an organisation to be more relevant to their particular context and intervention.
- **Metrics set** : A grouping of metrics organized around a specific programme or activity. This can be a good practice when an organization is managing a diverse portfolio.

Metrics should be relevant to the activities and objectives of the investment and investment portfolio. It might be appropriate to choose SMART indicators - specific, measurable, achievable, relevant and time-bound. When selecting standard metrics and/or developing custom metrics, it is helpful to consider the following guidelines:

Mission critical	Realistic to measure	Not already being measured	Reason for measuring	Outcome metric	Worth measuring
Aligned to your mission statement?	Will this metric be logistically manageable? Is it cost-effective?	Are you already collecting data for this metric?	Is this for your own measurement needs or to report externally?	Is this metric measuring the results of your intervention (rather than activities)?	Based on this information, is there a strong case for this metric?


Figure 5: Guidelines for selecting metrics (Adopted from Sopact) 

Standard metric alignment is very often the first choice of the investors. A good metric is challenging to write. There are two key reasons to align to existing standards:

Reason 1 :

You communicate your impact to a particular audience (within a particular field). Think of standards as languages for communicating with particular audiences (including your funding source(s)). The following page outlines some of the languages, but for example, if you need to communicate your impact to impact investors, 80 percent are likely to use IRIS metrics. There are lots of other languages as well: not-for-profit languages, sustainability languages, environment languages, women's empowerment languages, etc.

Reason 2 :

You want to learn the best practices for writing metrics. Extensive research and development has already been completed. Even if you end up tweaking the standard to fit your needs, there are lessons you can learn from the standards catalogues. 

The impact measurement frameworks and tools presented in this Guide (Section III and Section IV) are all standard metrics, which each investor can choose to align. It is always an option that one can combine metrics from different sources and thus creates his own, customized metrics. Below is an example of a worksheet that can help you align your metrics:

STANDARD METRICS ALIGNMENT WORKSHEET	
Program:	
Draft Metric Definition	Standard Metric Definition OR Custom Metric Final Definition
	If Standard, list which
	If Standard, list which
	If Standard, list which
	If Standard, list which

ACTIONABLE IMPACT MANAGEMENT | METRICS | 19

Whatever metrics/ targets you choose it is more important to understand how your operations' contribute to those targets. This means that you will need metrics that reflect your organization's immediate outcomes and outputs within the appropriate scope and scale, and a clear line of sight from those organizational outcomes to the larger targets from the chosen impact framework. If the chosen indicators don't suffice, you can also borrow metrics from other standards to complement them. Overall, the most important thing is to make sure that the metrics and indicators that you choose maintain the integrity of your results and reflect your context.

Fig 6: Standard Metric Alignment Worksheet - Source: Actionable Impact Management Framework





In addition to the criteria above, it is important to consider the balance of quantitative and qualitative indicators and data. While quantitative indicators can be aggregated and allow an understanding of breadth, data collected through qualitative indicators provide more depth of understanding and in some case can also be aggregated. When collecting data related to qualitative indicators, it is also important to ensure that the voice of the end client/user is captured.

Another approach that could help investors build their impact measurement practice is the proposed by the London School of Economics and Political Science: Characteristics of selected techniques for measuring impact

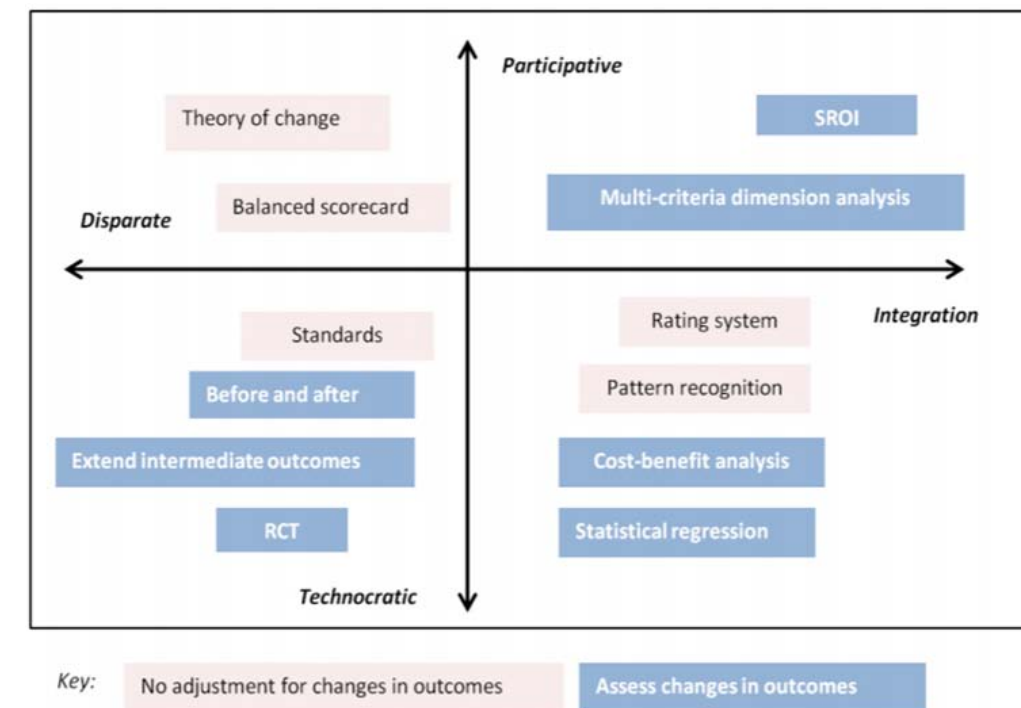


Fig. 7: Techniques for measuring impact. Source "Measuring Impact Preliminary insights from interviews with impact investors"




How do investors choose the right impact measurement model for them?

## Step 3 Build out supporting materials and map the metrics' journey

Once you have defined the metrics it is time to build out the supporting materials. These are materials / data that have helped you define your metrics and that you can refer to and benchmark with them.

A well-structured and well-documented data system will make your measurement process more accurate and secure.

If you are implementing impact measurement for the first time in your practice, your Baseline Metrics are the 'before' intervention measurement, in year zero of your program. This is what you will compare your metrics to as time goes on to identify the change that has occurred. You may want to be able to compare with areas outside of your intervention, such as national or regional averages. This is called 'benchmark data'. You might only have one metric that you want benchmark data for, or you may decide that it's needed for every metric. 

There are many places where you can find benchmark data depending on your needs and sector of activity. Usually these are NGOs, EU official websites, national agency websites with statistics, research groups or any other public source of information that can provide you with independent and unbiased statistics and/or information that you can refer to.

In order to structure your data SOPACT in their AIM Framework are recommending the following approach:

# METRICS DATA PIPELINE

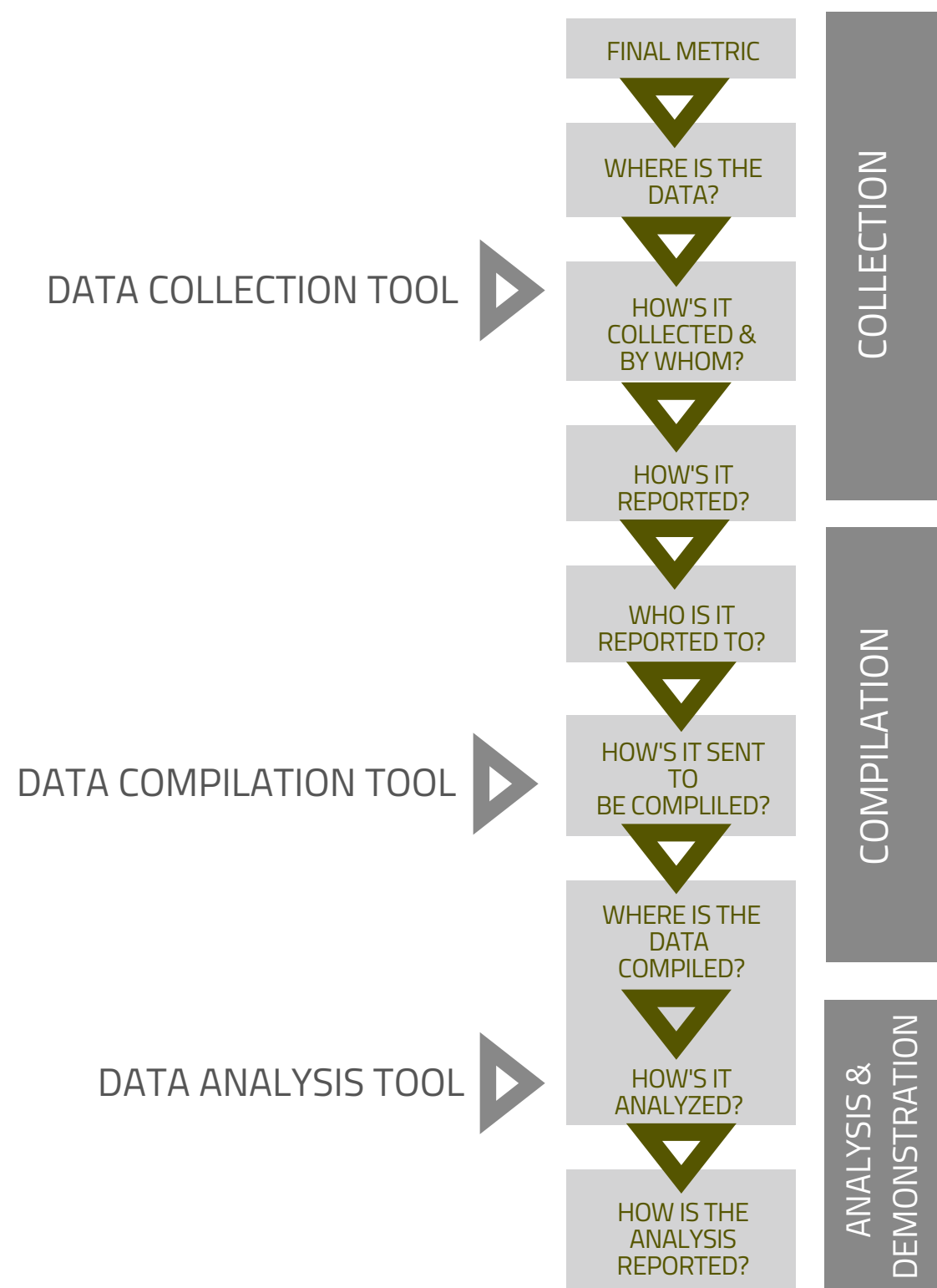


Fig. 8: Metrics Data Pipeline - Source: Actionable Impact Management / Metrics

You can use the proposed pipeline to structure and document your data before communicating it as impact metrics.

How do investors choose the right impact measurement model for them? 

## Step 4 Final assessment of the integrated impact measurement system



You have already defined your metrics, build out the supporting material and the data pipeline. The following checklist is a proposal that investors can use to assess whether the system is aligned as planned.



Checklist items	Description
The Effectiveness of your Intervention	Look back to your Vision, Mission, and Goals from Step 1: Are you doing what you claim to do? Your metrics should guide your intervention decisions and monitor the meaningful change resulting from them.
<b>The Audience: Have you aligned your metrics to the right audience?</b>	Internal Audience: Your impact story as told by the data is a powerful motivating force for your staff, and volunteers. External Audience: Your beneficiaries, your funders, your board, the public - effective impact communication to these audiences looks different and serves different purposes. By keeping these audiences in mind as we select our metrics, we will be better able to communicate our impact to them later. This is especially true of funders, when possible we want to communicate to them what we have found valuable to measure.
Quantitative and Qualitative	The numbers are important, but in order to have a comprehensive and compelling depiction of your impact, you need to supplement it with stories, quotes, photos, and drawings - anything that accurately portrays your impact story. This mix of qualitative and quantitative data creates a more comprehensive picture and helps build credibility.
<b>Outcome-Driven Analysis</b>	Outcomes are the results of your intervention. By grading your organization on its results rather than activities and inputs, you have a better understanding of the impact you are having. Keep in mind that your vision is a long-term one, and your true impact will be years in the making, so it may take time for collecting outcome data to fully understand whether and how you are moving things toward that vision.
Capacity for Measurement	When considering how realistic it is to capture data for any given metric, think about the following questions: Does your current infrastructure support data collection for this metric? If not, would the necessary changes be feasible? Is the collection of these data cost-effective? How important is this metric to your mission or funders?

Table 3: Investor checklist - Source: Adapted from the Actionable Impact Management



How do investors choose the right impact measurement model for them? 

## The 9 Principles for Impact Management – Alternative guidance



Useful approach that can guide impact investors are the 9 Principles which are intended to be a framework for investors for the design and implementation of their impact management systems, ensuring that impact considerations are integrated throughout the investment lifecycle.

They may be implemented through different types of systems, each of which can be designed to fit the needs of an individual institution. They do not prescribe specific tools and approaches, or specific impact measurement frameworks. The expectation is that industry participants will continue to learn from each other as they implement the Principles.

The Principles are scalable and relevant to all types of impact investors and sizes of investment portfolios, asset types, sectors, and geographies. The Principles may be adopted at the corporate, line of business, fund, or investment vehicle level. Asset managers with a diverse set of investment products may decide to adopt the Principles for only specific funds or vehicles that they consider impact investments and need not adopt the Principles for the entirety of their assets. As well, asset owners that invest in bonds, funds, and other investment vehicles may apply the Principles to their own investment processes. The Principles do not have to be followed by the Investee Company, fund, or asset.

**The way in which the Principles are applied will vary according to the type of investor. Asset owners and their advisors may use the Principles to screen impact investment opportunities. Asset managers may use the Principles to assure investors that impact funds are managed in a robust fashion.**

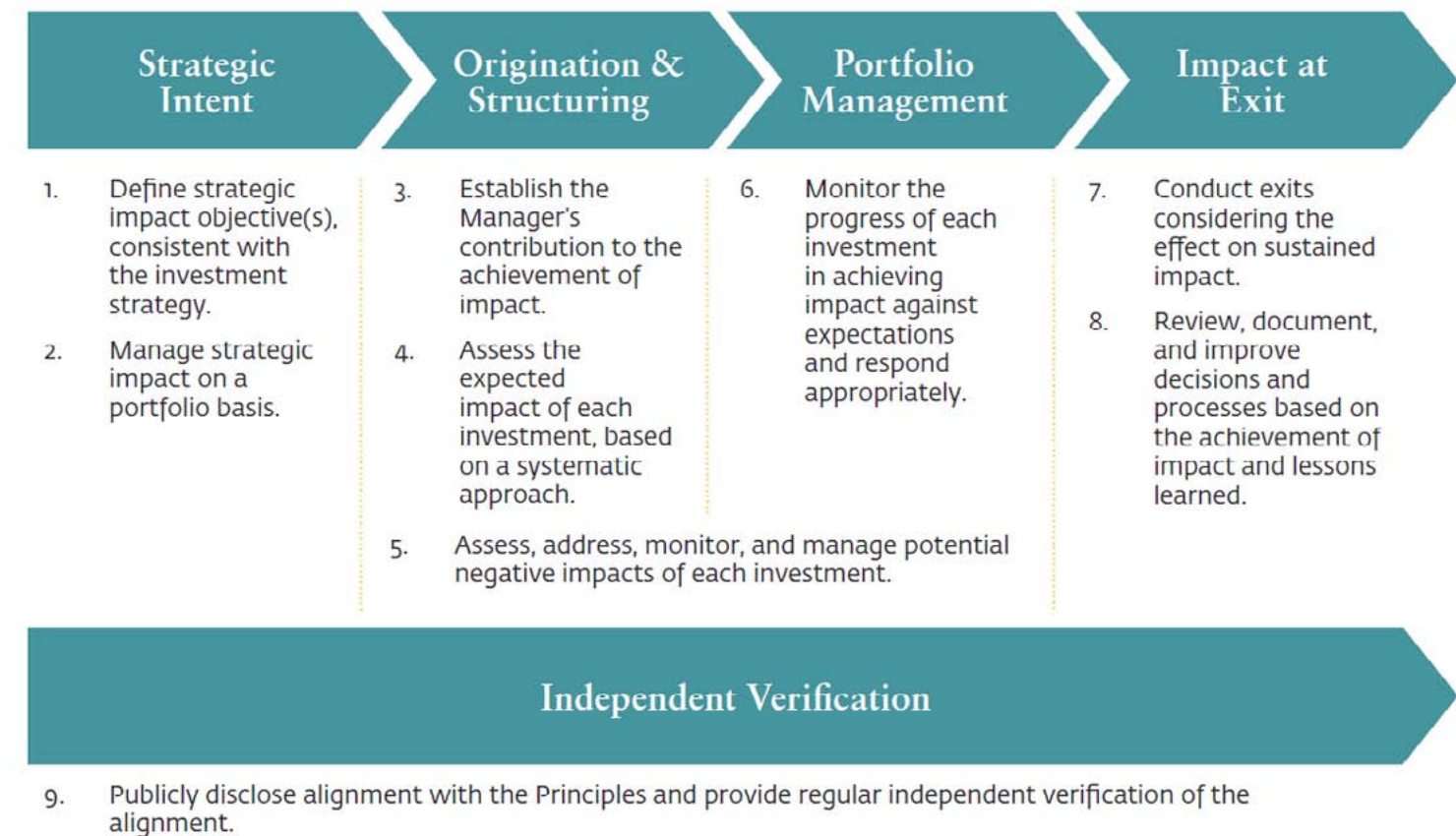


Fig. 9: The 9 Nine Principles for Impact Management. Source : Impact Principles

How do investors choose the right impact measurement model for them? 

## The 9 Principles for Impact Management – Alternative guidance

### PRINCIPLE 1

Define strategic impact objective(s), consistent with the investment strategy.

The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social or environmental effects, which are aligned with the Sustainable Development Goals (SDGs) or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that: i) the impact objectives and investment strategy are consistent; ii) there is a credible basis for achieving the impact objectives through the investment strategy; and iii) the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio.

### PRINCIPLE 3

Establish the Manager's contribution to the achievement of impact.

The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels. The narrative should be stated in clear terms and supported, as much as possible, by evidence.

### PRINCIPLE 2

Manage strategic impact on a portfolio basis.

The Manager shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognizing that impact may vary across individual investments in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.

### PRINCIPLE 4

Assess the expected impact of each investment, based on a systematic approach.

For each investment the Manager shall assess, in advance and, where possible, quantify the concrete, positive impact potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions: (1) What is the intended impact? (2) Who experiences the intended impact? (3) How significant is the intended impact? The Manager shall also seek to assess the likelihood of achieving the investment's expected impact. In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact varying from ex-ante expectations. In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager's strategic intent, the Manager may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards and follow best practice.



### PRINCIPLE 5

Assess, address, monitor, and manage potential negative impacts of each investment.

For each investment the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage Environmental, Social and Governance (ESG) risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice. As part of portfolio management, the Manager shall monitor investees' ESG risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.



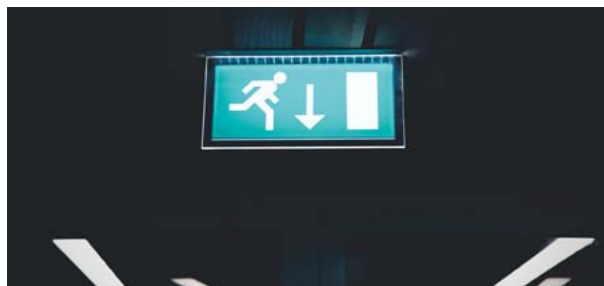
How do investors choose the right impact measurement model for them? 

## The 9 Principles for Impact Management – Alternative guidance

### PRINCIPLE 7

Conduct exits considering the effect on sustained impact.

When conducting an exit, the Manager shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact.



### PRINCIPLE 6

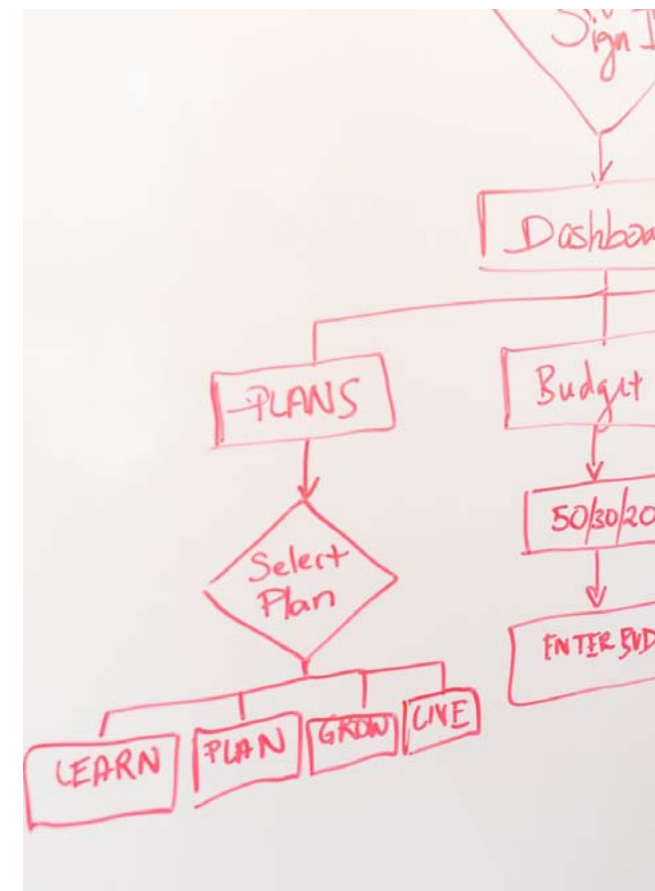
Assess, address, monitor, and manage potential negative impacts of each investment.

The Manager shall use the results framework (referenced in Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action. The Manager shall also seek to use the results framework to capture investment outcomes.

### PRINCIPLE 8

Review, document, and improve decisions and processes based on the achievement of impact and lessons learned.

The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes.



### PRINCIPLE 9

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


The Manager shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns.



How do investors choose the right impact measurement model for them? 

## Conclusions and additional guiding questions



If you are an impact investor, you are not only interested in making money but also seeing that your invested money helps to influence positive change. That means the ability to demonstrate returns in both financial and impact terms is critical. Adopted from [tccGROUP](#) we recommend prospective institutional impact investors to consider each of following critical questions at some point during the planning and investing process. 

- What is the primary driver for your interest in impact investing, and how do you see it fitting into your portfolio of investments? - refer to [Global Impact Investing Network](#)
- Do you have an Impact Investment Statement? - refer to [Guidelines for Good Impact Practice](#)
- What are your financial (investment return) and social or environmental objectives? - refer to [Global Impact Investing Network](#)
- What is your timeframe for realizing both investment and social return? - set realistic timeframe as social return might be slower
- How engaged do you want to be with the investee/s and with the social impact you create? - this should be stated in the impact statement ([GIIN](#))
- Do you currently have the capacity to plan, execute, and evaluate your impact investment/s?
- How do you plan to measure your outputs and outcomes? - refer to Section V, Step 2: Choose the right metrics (review of different approaches) and Section III

- After exiting an investment or concluding an engagement, what will success look like to you from both the financial and social perspective? - should be defined prior to investment decision and stated in impact vision and mission ([GIIN](#))
- When it comes to building your impact investment portfolio, do you know exactly what you are doing and why? - refer to Section V, Step 3: Build out supporting materials and map the metrics' journey
- Have you devised a method for measuring the success or failure of your impact portfolio? - refer to Section IV: Impact Measurement Tools (review)

Addressing these questions can give an organization some much-needed clarity and direction, in an increasingly crowded and complex field. The process can also flag areas of concern or opportunity, and confirm whether impact investing is in fact the right tool to use. Assuming the answer is yes – answering these questions can also help an organization begin to develop a social impact profile and or approach, for impact investing success.



The background of the slide features a photograph of several small green seedlings with two leaves each, growing out of dark brown soil in a tray. The tray is divided into sections by raised edges. The image is partially obscured by large, solid-colored geometric shapes: a light red triangle on the left and a dark blue triangle on the right, which meet at a diagonal line.

## **VI. CASE STUDIES**



VI. Case studies



The below described case studies aim to illustrate how the proposed measurement frameworks and tools are currently being applied by different investor segments.

TRIODOS **Organic Growth Fund**

Triodos Organic Growth Fund is a unique long-term evergreen fund – not driven by exits – that has built up a diversified private equity portfolio in leading organic and sustainable consumer goods-related businesses across Europe. Swedish company Naty is a market leader in environmentally friendly hygiene products for babies and mothers throughout the world. The investment supports Naty in its independent international growth strategy and strengthens its exemplary role.	
Investor Description	Triodos Organic Growth Fund, managed by Triodos Investment Management, offers investors the opportunity to participate in the expanding sustainable lifestyle and organic consumer sector in Europe. The fund typically takes a 15-25% minority stake in privately owned, sustainable consumer goods related companies, and delivers positive social and environmental impact by contributing to the long-term development of values-driven companies. With this fund, Triodos Investment Management is pioneering a new model for impact investing: mission-aligned private equity with a long-term focus, not driven by exits.
Purpose of Investment	Naty wanted to consolidate shareholders in favor of one strategic, mission-aligned shareholder. Furthermore, the investment by Triodos Organic Growth Fund supports Naty in its independent international growth strategy and strengthens its exemplary role.
Investment Impact Objectives	To enhance/ensure sustainable consumption.
Impact Metrics Tracked on Investment	<ul style="list-style-type: none"><li>• Percentage renewable content in products &amp; packaging</li><li>• Eco certification of suppliers and products</li></ul>

ACUMEN **Funds**

Acumen Fund invests patient capital in breakthrough businesses that provide the world’s poor with basic goods and services. Sproxil is a social enterprise that uses technology to help consumers verify the authenticity of their medication to avoid the use of counterfeit pharmaceuticals. Acumen Fund’s USD 1.79 million investment will support Sproxil’s expansion into India, evaluate expansion into East Africa, and develop further improvements in its technology.	
Investor Description	Acumen Fund is working to create a world beyond poverty by investing patient capital in breakthrough ideas, emerging leaders, and social enterprises that deliver critical, affordable goods and services to the world’s poor. Patient capital is are debt or equity investments in social enterprises that have long time horizons, tolerance for risk, and is complemented with a range of management support services. Since 2001, Acumen Fund has placed more than USD 60 million in social enterprises that provide access to water, health, energy, housing, and agricultural services to low-income customers in South Asia and East Africa. All returns are reinvested into Acumen Fund for future investments.
Purpose of Investment	Acumen Fund’s investment has been used for Sproxil’s expansion into India, expansion into East Africa, and development of further improvements in its technology.
Investment Impact Objectives	The investment in Sproxil aims to achieve significant social impact by empowering consumers to verify the authenticity of medications and eliminating the adverse health consequences and money wasted from the consumption and purchase of counterfeit drugs. Sproxil provides a cost-effective way to determine if a drug is counterfeit, which results in several key social benefits: improved health outcomes, reduced costs to patients, insurers, and governments, empowered consumers, and improved consumer trust. The company’s intended impact aligns with Acumen Fund’s aim as an investor to improve access to critical goods and services, particularly for low-income customers.
Impact Metrics Tracked on Investment	Acumen tracks the following impact metrics on this investment, including the following IRIS metrics (IRIS alignment noted in parentheses) : Units/Volume Sold (IRIS aligned - PI1263) Client Individuals (IRIS aligned - PI4060) Number of texts authenticating drugs as real versus fake





VI. Case studies



The below described case studies aim to illustrate how the proposed measurement frameworks and tools are currently being applied by different investor segments.

LGT Impact Ventures

LGT Impact Ventures invests in purpose-driven companies that have scalable business models and provide disadvantaged people with access to essential services, products, and livelihood opportunities in growth markets. Dr. Consulta provides high-quality, low-cost specialty healthcare and diagnostic services to Brazil’s low- to middle-income population. LGT Impact Ventures’ investment in Dr. Consulta has been used to expand the clinic network from one clinic to 10 clinics.

Investor Description	<p>LGT Impact Ventures (LGT IV) is a private equity impact investor targeting both financial return and positive social and/or environmental impact. LGT IV invests in purpose-driven companies that have scalable business models and provide disadvantaged people with access to essential services, products, and livelihood opportunities. Headquartered in Zurich with local teams in Latin America, Africa, India, Southeast Asia, China, and the UK, LGT IV focuses on sectors with investment opportunities in growth markets such as education, health, agriculture, energy, and information and communication technologies.</p> <p>To date LGT IV has invested over USD 60 million into 17 companies, improving the quality of life of 2.5 million disadvantaged people in 2015 alone.</p> <p>LGT IV is the impact investing arm of LGT, the world’s largest privately owned Private Banking and Asset Management group, with USD 146.3 billion assets under management as of June 30, 2016.</p>
Purpose of Investment	<p>The funds of LGT IV have been invested to expand the clinic network from one clinic to 10 clinics. Most of the cash was used to cover CAPEX infrastructure, such as ultrasound, electrocardiogram, echocardiogram, mammography and eye equipment, as well as CAPEX information technology and OPEX. Technology is key for Dr. Consulta clinics.</p> <p>Investments have been made, among others, to create a proprietary CRM platform to improve patient and doctor experience in the clinics as well as apps and a website.</p>

Investment Impact Objectives	<p>LGT IV’s objective for investing in Dr. Consulta is to provide one million medical services to underserved populations in Brazil by the end of 2016.</p> <p>In addition, through their investment in Dr. Consulta, LGT IV hopes to:</p> <ul style="list-style-type: none"><li>• Help individuals experience better overall health due to modern examination and diagnosis services, timely consultations, and a focus on preventative healthcare</li><li>• Provide better accessibility to health care services for underserved populations by encouraging patients to visit a doctor when they are sick, shorter waiting times at clinics, and services in close proximity to peoples’ homes</li><li>• Provide affordable, quality health care by offering services at low prices. On average, services are 63% cheaper than benchmark prices according to national insurance plans and medical associations. In addition, Dr. Consulta offers instalment payments over up to 24 months.</li></ul>
Impact Metrics Tracked on Investment	<ul style="list-style-type: none"><li>• Number of low-income patients served; IRIS - Client Individuals: Low Income ID: PI7098</li><li>• Number of medical services delivered</li><li>• Number of satisfied clients</li><li>• Number of repeat clients</li></ul>



VI. Case studies



More information and case studies can be found : [here](#)

FMO Entrepreneurial Development Bank

FMO, the Dutch development bank, invests to improve lives and livelihoods across the globe in sectors including food, water, and energy. Clean Energy (CE) is a special purpose vehicle designed solely to finance the construction of Mongolia's first wind farm.	
Investor Description	Founded in 1970, FMO is the Dutch development bank. FMO believes a strong private sector leads to economic and social development, empowering people to employ their skills and improve their quality of life. FMO specializes in sectors where its contribution can have the highest long-term impact, namely financial services, energy, agribusiness, food, and water.
Purpose of Investment	The investment into CE will finance the construction of the wind farm. FMO's funding will also finance the construction of 28 kilometres of transmission lines to bring the energy on to the Mongolian electricity grid. FMO initially provided a grant to assist in the business planning and feasibility assessment for the wind farm's construction. This capital was convertible to equity upon financial close.
Investment Impact Objectives	The Salkhit Wind Farm will increase access to and the share of renewable energy in Mongolia, and reduce the country's carbon footprint. It is expected to cut carbon emissions by 180 thousand tons, save 1.6 million tons of fresh water, and save 160 thousand tons of coal annually. The clean power generated by this 50 MegaWatt wind farm will service customers connected to the Mongolian central grid. The transaction, Mongolia's first significant renewable energy project and first new generation connected to the grid in 30 years, is also hoped to pave the way for increased private investment in renewable energy in the country.
Impact Metrics Tracked on Investment	FMO applies a proprietary scorecard to assess the nonfinancial performance of its investments, which takes into account environmental, social, and governance factors. Environmental metrics tracked on this investment include: Number of carbon emissions avoided; Water savings; Tons of avoided coal.



Below are described case studies from the partner countries of the i2SustainIT project. Each partner presented case studies that can support investors to improve their impact measurement practice

BlackPeak Capital

Bulgaria	
Investor Description	BlackPeak Capital is a co-investment growth equity fund focused on investing in high-growth Southeast European small and medium enterprises. BlackPeak Capital is funded by the European Investment Fund, part of the European Investment Bank, through the JEREMIE initiative for support of the SME enterprises in Bulgaria. They invest in equity, mezzanine, and other forms of hybrid capital to support the investment plans of dynamic regional companies. As a co-investment fund, BlackPeak Capital invests alongside other private institutional or individual investors on pari-passu terms. Our target investment ticket is between €1-8 million per transaction.
Investee Description	Humanita is a clothing recycling business established by Reiner Ziegmund, a German national living in Bulgaria. The Company is one of the leading second-hand clothing retail chains in Bulgaria, operating both locally and globally. The company exports to key markets for second-hand clothes including Europe, Africa, and Asia. It is also the leader in Bulgaria in the fast growing market of cleaning cloths production for industrial usage. The firm produces environmentally friendly, cotton cleaning items, complying with the requirements of the German standard DIN6150. Humanita has also implemented a nation-wide program for collection and recycling of used clothers aimed at supporting the Red Cross.
Purpose of Investment	The investment will help Humanita to construct a new sorting and recycling facility with capacity of up to 3 million items per month as well as establish online presence for the re-sale of second-hand clothing
Investment Impact Objectives	<ul style="list-style-type: none"><li>• Enhance sustainable consumption</li><li>• Enhance recycled clothing and ensure sustainable production</li></ul>







VI. Case studies

NEW Europe Venture Equity

Bulgaria	
Investor Description	New Europe Venture Equity, established in 2006, is a venture capital firm with investments in seed and growth stage technology companies based in Central and Eastern Europe. In a decade of joint investment experience, they have made investments in enterprise applications software, infrastructure software and industry vertical applications, as well as in web and mobile businesses. With their second fund, NEVEQ II they are also considering opportunities in other emerging technologies where they can help exceptional entrepreneurs deliver growth and performance, such as health, education and energy efficiency.
Investee Description	<p><u>Bee Smart Technologies/ BST</u> is a high-tech company aiming to bring breakthrough innovation to the global beekeeping industry with a clear value proposition – to improve overall honeybee health and decrease operating costs for beekeepers through smart integration of sensor technology and proprietary bio-based algorithms.</p> <p>BST has the mission to reverse the negative trend of honeybee mortality, protect the bees, and provide the data needed to support healthy colonies. The company has developed a device that integrates hardware and software to create a real-time medical record of any bee colony. Utilizing sensor technology and proprietary algorithms, BST gathers data directly from the hive, analyses it and presents it to beekeepers in an interactive dashboard. Whenever a hive is in danger, the system immediately alerts the beekeeper and shows what actions need to be taken to protect the bees. As a result, beekeepers have unprecedented access to knowledge about their colonies. By using BST's analysis, they can decrease their operating costs and prevent devastating losses of bees and money.</p> <p>To ensure the quality of its services, BST provides an end-to-end solution, handling all steps along the process - from obtaining the data to visually representing it in a meaningful and easy-to-use way. The product consists of hardware devices connected to a cloud-based software platform.</p>
Purpose of Investment	Implement go-to-market strategy for the US market and enhance production capacity.
Investment Impact Objectives	<ul style="list-style-type: none"><li>• Ensure the adoption of sustainable practices so that humans can co-exists with nature and re-establish the critical connection with the ecosystem that sustains us.</li><li>• Helped save beehives worldwide</li></ul>

NEW Vision 3 Venture

Bulgaria	
Investor Description	New Vision 3 venture is a new fund active since September 2019 and will invest EUR 23 million in 45 Bulgarian companies in growth and early stages. Their main fields of interest are Fin-Tech, AI, Blockchain Solutions and Shared Economy. They are looking for innovative technologies and business models with global application.
Investee Description	<p><u>Nasekomo</u> produces premium sustainable insect products for the feed and agriculture industries.</p> <ul style="list-style-type: none"><li>• Nasekomo deploy the principles of circular economy and have a zero-waste production</li><li>• Nasekomo lowers the carbon footprint of the feed industry</li><li>• Nasekom provides an alternative to fossil fuel based fertilizers</li><li>• Nasekomo deploy vertical farming to limit land use</li><li>• Nasekomo products naturally improve animal health</li><li>• Nasekomo help preserve the biodiversity and keep the value chain plastic free</li></ul> <p>Nasekomo insect production helps achieve several of the United Nations Sustainable Development Goals (UNSDGs):</p> <ul style="list-style-type: none"><li>• 12 Responsible Consumption and Production: Nasekomo uses the principles of circular economy to responsibly upcycle agro-industry by-products into animal protein, oil and fertilizer;</li><li>• 13 Climate Action: Nasekomo's production limits the carbon footprint of the feed industry and provides an organic alternative to chemical fertilizers;</li><li>• 2 Zero Hunger: Nasekomo uses vertical farming to reduce the land needed for their production. This land can then be used to grow crops to feed the increasing number of people on the planet;</li><li>• 14 Life below Water: Nasekomo proteins are an alternative to fish meal, which is produced from wild fish caught in our oceans. Thus, inclusion of more insect meal into animal feed will help preserve biodiversity and preserve the ecosystems supported by wild fish.</li></ul>
Purpose of Investment	The investment will allow Nasekomo to grow its presence on the market and increase its productivity via deploying robotics and data analytics. The company will also launch a new selective breeding program in order to provide the planet with continuously improving efficiency in transforming waste into insect-based products.
Investment Impact Objectives	<ul style="list-style-type: none"><li>• Enhance the rate of responsibly upcycled agro-industry by-products into animal protein, oil and fertilizer</li><li>• Limit the carbon footprint of the feed industry and provides an organic alternative to chemical fertilizers;</li><li>• Reaching mass production with vertical farming;</li><li>• Preserve biodiversity and the ecosystems supported by wild fish.</li></ul>



## VI. Case studies

### HTC Vive X

Greece	
Investor Description	HTC Vive X is an \$100 million fund for VR start-ups founded by HTC with the aim to boost both applications and use cases for Vive VR. VIVE X was established in 2016, and nowadays has become the most active investor in the VR/AR market, as it has accomplished more than 100 deals across around the globe. The ultimate aim of HTC Vive X is to step up X Reality ecosystem by inventing in the best startups around the world. To do so VIVE X provides the start-ups with funds, strategic support and expertise sharing.
Investee Description	<p><u>ORamaVR</u> was founded in 2016 and is a technoblast from FORTH (Foundation of Research and Technology- Hellas) and brings surgery to virtual reality. It is a simulation start up for experiential accelerated learning through exponential technologies. Using pioneering virtual reality technology, ORamaVR has developed an incomparable, proprietary multi-user software platform that shows students the “reality” of doing surgery. ORamaVR operates within health care education VR simulations through which users can be trained at home, while in universities up to 7 people can get remote connection. Training programs include specific surgeries, such as knee and hip arthroplasty, emergency injury scenarios, and dental implants. Also training on topics as as well as emergency trauma and basic clinical skills is also available.</p> <p>The VR software platform of the small but pioneering company has been procured and integrated in many educational systems by the medical schools of the Universities of Southern California (USC) in Los Angeles, New York (NYU), the University of Sydney, Geneva, as well as FORTH and the e-learning department of the Kapodistrian University of Athens. ORamaVR was awarded the prestigious FARE Award by the American Academy of Hip and Knee Surgeons (May 2018), as well as the second Innovation and Technology Award from the National Bank of Greece (also May 2018). In addition, the major technology companies Intel, Oculus, Google and HTC / Vive utilize the software and work with ORamaVR. It has also won the Auggie Award (AR &amp; VR Awards) for the greatest social impact of 2019.</p>
Purpose of Investment	The investment has been implemented to support start up companies with unique technological ideas in VR, as it is conceived that they can transform and upgrade the healthcare education .
Investment Impact Objectives	<ul style="list-style-type: none"> <li>• Transform medical education and training, through innovative virtual reality simulation and</li> <li>• Upskilling of the students will be transferred from the virtual to the real operating room and provide patients with improved surgeries with less errors</li> <li>• Awarded with Auggie Awards for the biggest societal impact (2019).</li> </ul>

### SRIW Société Régionale d'Investissement de Wallonie

Belgium	
Investor Description	<p>Société Régionale d'Investissement de Wallonie</p> <p>S.R.I.W. is a long-term investor with the following missions :</p> <p>To take holdings, in capital or in loans, in companies that are active in Wallonia</p> <p>To create added value through the companies in which it has holdings by financing their growth, their transmission, their energy and digital transition or their internationalisation</p> <p>To support the development of spin-offs and start-ups in emerging sectors with adapted financial offers and strategic support</p> <p>To maintain in Wallonia the main activities and decision-making centres of the large controlled companies, as well as to support them in their growth</p> <p>To support the companies in which it has holdings by providing them with specific skills and putting them in contact with its financial, industrial or commercial networks</p> <p>To develop lines of financial products that are perfectly adapted to the needs of the different stages of the life cycle of companies</p> <p>To intervene in specialised funds in order to strengthen its Belgian and international network, to give its holdings privileged access to certain financial players, and to strengthen its expertise in the sectors of the future</p> <p>To act proactively in order to encourage the creation of activities in certain sectors, in particular to complete certain links in the value chain or to gain entry to new markets</p> <p>To monitor the main market developments (growth sectors, disruptions etc.) and financing techniques, and on this basis, if necessary, to propose to the Walloon Government new actions in terms of economic policy, or measures aimed at facilitating economic development (training, regional planning, mobility, etc.)</p>
Investee Description	<p><u>Otary</u> is an energy player that is at the centre of the energy transition. They build a bridge between the offshore energy sector and the public at large, all the while maintaining an open and accessible attitude to expand the scope of renewable energy production.</p> <p>Otary is a partnership of eight Belgian companies active in the field of renewable energy. The team is composed of professionals who combine their experience, expertise and strengths to contribute to a sustainable future for all. Otary develops, finances, builds and manages offshore wind farms. They furthermore provide a broad range of services during an offshore wind project's life cycle.</p>
Purpose of Investment	TheSeaMade wind farm consists of two concession zones, Seastar and Mermaid. SeaMade will produce enough sustainable energy to power 485,000 Belgian homes on an annual basis.
Investment Impact Objectives	<ul style="list-style-type: none"> <li>• Enhance sustainable energy production and consumption</li> <li>• Expand the scope of renewable energy production.</li> </ul>





VI. Case studies

FEDERAL Holding and Investment Company

Belgium	
Investor Description	<p>The Federal Holding and Investment Company was created on 1 November 2006 as a result of a merger between the Federal Participation Company and the Federal Investment Company. The Federal Holding and Investment Company (SFPI-FPIM) centrally manages the federal government's shareholdings, cooperates with the government on specific projects and pursues its own investment policy in the interests of the Belgian economy. The core business of the SFPI-FPIM, on the one hand as an investment company and on the other hand as a holding company, is as follows: Acquiring equity in companies that are of strategic importance as far as federal policy is concerned, either making use of their own funds or by using funds that the State provides per project. In the latter case, the SFPI-FPIM acts "on a delegated assignment".</p>
Investee Description	<p>From its production facilities located in Skien, Norway and Flanders, Belgium, <u>Kebony</u> redefines standards in the timber industry and new possibilities for wood as a sustainable construction material. Kebony has sales and distribution across Europe spanning into North America and the rest of the world. Developed in Norway, the Kebony technology is an environmentally friendly, patented process that enhances the properties of sustainable softwood. Kebony is a low-maintenance material that does not require any additional treatment beyond normal cleaning. Kebony wood has no harmful effects on the environment. Production of Kebony is based on a liquid extracted from bio-waste and their factory produces to the most environmentally friendly standards. In the waste disposal phase, Kebony can be treated as regular, untreated wood. All goods delivered by Kebony are Swan Eco-labelled. The Swan is the official Nordic Eco-label, introduced by the Nordic Council of Ministers. The <u>Swan Eco-label's</u> vision is a sustainable society in which future generations can benefit from the same conditions and opportunities as we do today. An important step towards this vision is, with the help of eco-labelling, to help consumers choose the most environmentally friendly products. The Swan logo demonstrates that a product is a good environmental choice. The raw materials for Kebony are acquired from commercially managed forests with large timber harvests. All their suppliers hold certificates guaranteeing the origin of their timber. Kebony is FSC®-certified. The Forest Stewardship Council® (FSC®) works to improve forest management worldwide, and through certification it creates an incentive for forest owners and managers to follow best social and environmental practices. FSC® provides a connection between the forest and the end user, ensuring that products with the FSC® label uphold principles and criteria that adhere to the highest social and environmental benefits and considerations.</p>
Purpose of Investment	<p>To help the world to reduce CO2 by using the most aesthetic and ecological exterior wood – Kebony.Be the global no. 1 wood modification technology company</p>
Investment Impact Objectives	<ul style="list-style-type: none"><li>• Ensure the adoption of sustainable practices so that humans can co-exists with nature and re-establish the critical connection with the ecosystem that sustains us.</li><li>• Helped save trees and jungles</li></ul>

IPP Inventures Investment Partners

Belgium	
Investor Description	<p>Inventures Investment Partners (IIP) is a management company that manages the impact venture capital funds, Inventures I and Inventures II. IIP's mission is to produce attractive financial and social returns. Inventures I is a €15 million venture capital fund. It currently manages a portfolio of 12 early-stage and scale-up companies that focus on societal goals including health, education, environment, economic growth and social progress. The fund is closed for new investments, but Inventures II is just getting started. Inventures II SDG Growth is a venture capital fund with a target size of €50 million. It invests early-stage capital in smart and innovative European SMEs answering at least one of the United Nations Sustainable Development Goals (SDGs). They encourage co-investments to allow the eco-system to participate in the growth of the economy.</p>
Investee Description	<p><u>Bioceanor</u> offers innovative solutions for real time and predictive monitoring of water quality. Bioceanor develops tools to monitor and control the quality of environmental water. Their products and services are part of an ecological approach to preserve resources. In the aquaculture sector, they promote a better understanding of the surrounding environment and help to understand the impact of activities on the ecosystem. They strongly believe in the potential of aquaculture to feed an increasingly populated planet, but they also believe that the growth of aquaculture while respecting the environment is a sustainable approach that must be strongly supported.</p>
Purpose of Investment	<p>The investment will help Bioceanor to establish :</p> <ul style="list-style-type: none"><li>• Predictive Fish Farming in Mediterranean Sea</li><li>• Connected shrimp farming in Tahiti</li><li>• Smart Maintenance for oyster farming in Mediterranean Sea</li><li>• Coral Reefs surveillance in Moorea</li></ul>
Investment Impact Objectives	<ul style="list-style-type: none"><li>• Increase knowledge of environments and awaken consciousness.</li><li>• Campaigning for a better understanding of all aquatic environments and the impact of human activities on these environments.</li><li>• Finding solutions to reduce human footprint on the oceans.</li></ul>



VI. Case studies

BIG Issue Invest

United Kingdom	
Investor Description	<p>Fund type - Charity/Not-forprofit company</p> <p>The fund helps to scale up social enterprises serving a disadvantaged population in selected sectors.</p> <p>Founded in 2005, Big Issue Invest extends The Big Issue’s mission by financing the growth of sustainable social enterprises.</p> <p>Big Issue Invest offers social enterprises, charities and profit-with-purpose businesses loans and investment from £20,000 to £3 million. Since 2005, they have invested in more than 400 social enterprises and charities across the UK.</p> <p>Big Issue Invest currently manages or advises on over £250 million of impact funds, and is creating the UK’s first ‘Social Merchant Bank – ‘by social entrepreneurs, for social entrepreneurs’.</p> <p>They are also bringing the mainstream to social investment with the UK Equity Impact – Employment Opportunities Fund, in partnership with Aberdeen Standard Investments, and the UK Social Bond Fund, in partnership with Columbia Threadneedle. The latter is the first social investment fund offering daily liquidity and it has raised £185 million as of January 2020.</p> <p>Through partnering with Experian on The Rental Exchange, Big Issue Invest is also helping to pave the way for 3.4 million social housing tenants to potentially improve their credit files.</p> <p>BII provides finance to organisations that create positive social impact. Almost all of their investees are unable to raise mainstream finance. They have made more than 330 since 2005, over 50% of which were into organisations working in the 25% most deprived areas of the UK. 80% of the investees became more financially sustainable as a result of the investment.</p>
Investee Description	<p><u>Creative Seed</u></p> <p>The company started in 2009, initially in response to demand from community organisations and local authorities in the North East who wanted to develop high quality and spectacular community carnival style events with professional production quality. The Creative Seed is a dynamic carnival company, working nationally to deliver carnivals and festivals.</p> <p>They engage with community groups offering workshops and celebration events, bringing a fun, professional energy to every production. In their professional work we connect with other artists and carnival companies nationally and internationally.</p> <p>Creative Seed works in many different places, creating everything from large carnivals and festivals with stilt walkers, floats, large props and dancers, to more concentrated community events.</p>

Purpose of Investment	<p>Early stage lending:</p> <p>Since the investment, the Creative Seed have secured a second base in Sunderland and is evolving and working strategically with Sunderland BID, Sunderland City Council and Gentoo Housing Association to provide more opportunities for their local community.</p> <p>The new centre enables them to lay roots in the Southwick community. It also affords the opportunity to support artist residencies, and a space in which the company can mentor up-and-coming and emerging artists from the region, foster collaborations with local people, offer temporary studio space and the ability to exhibit and present work.</p> <p>The new centre enables them to lay roots in the Southwick community. It also affords the opportunity to support artist residencies, and a space in which the company can mentor up-and-coming and emerging artists from the region, foster collaborations with local people, offer temporary studio space and the ability to exhibit and present work.</p> <p>Creative Seed strives to give people the confidence to see beyond their immediate circumstances or social boundaries. They believe that everyone is an artist, and are committed to helping people to be creative throughout their lives. They aim to connect with people, showcase communities and their abilities and will to succeed.</p>
Investment Impact Objectives	<ul style="list-style-type: none"><li>• Provide opportunities for local communities</li></ul>





VI. Case studies

CLEARLY **Social Angels (CSA)**

United Kingdom	
Investor Description	<p>Fund type - Angels network</p> <p>Funding is available to ventures that provide some social benefit or assistance. The fund also provides business and financial advisory services.</p> <p>ClearlySo is Europe's leading impact investment bank, working exclusively with enterprises and funds delivering positive social, ethical, and/or environmental impact. Originally founded in 2008, ClearlySo is based in London, UK and has helped more than 150 enterprises and funds, helping raise over £450m in impact investment, from its extensive network of institutional investors and high-net-worth individuals. ClearlySo has also supported and informed thousands of other businesses and individuals about impact investing through events, advisory sessions and reports.</p> <p>ClearlySo envisions a world where the financial system is a powerful force for good and the impacts of businesses are considered in all investment decisions. The firm believes that impact has become the third dimension in investment decisions, and this is changing the financial system for the better. Businesses can be both high-return and high-impact – there is no trade off.</p> <p>ClearlySo has unparalleled access to institutional investors from across Europe and high-net-worth individuals from the UK. It uses these networks to help enterprises and impact funds in transactions ranging from £2 million to £30 million for enterprises and over £100 million for funds. The team is skilled in financial markets, yet uniquely capable of balancing financial considerations and impact. ClearlySo also manages the UK's largest impact-focused angel investing network.</p> <p>The firm has won several awards, including being awarded the Impact Investment Firm of the Year (2017) by the Green Finance and Innovation Awards and the Business Consultancy of the Year (2016) by the British Small Business Awards. It has worked on four of the deals that won the UK Business Angels Association Impact Investment of the Year award out of the past five years it has been awarded (including 2017).</p>
Investee Description	<p><u>Oddbox</u></p> <p>They are the UK's fruit and veg box that fights food waste. The company works closely with farmers and growers from all across the UK (and abroad), to rescue and fill up our boxes full of fresh, seasonal fruit and veg which are at risk of going to waste.</p> <p>Oddbox is a purpose-driven business that fights food waste on farms with innovative solutions. Its first solution is London's first wonky veg box subscription service, where it buys imperfect fruits and vegetables directly from local farms and markets for a fair price, delivers them to homes and offices for 30% cheaper than similar box services and donates up to 10% of its produce to charities that fight food poverty.</p> <p>Oddbox is a social impact business fighting food waste in UK's farms with innovative solutions and their solution is London's first wonky fruit and veg box scheme.</p>

Purpose of Investment	<p>ClearSo provided corporate finance advice and investor introductions to Oddbox. Oddbox secured a £3m investment from the Northern Venture Capital Trust Funds (VCTs), which are managed by Mercia.</p>
Investment Impact Objectives	<ul style="list-style-type: none"><li>• Expand nationwide</li><li>• Further develop its technology, including its 'personal impact' dashboard which allows consumers to view the amount of food waste, CO2 emissions and water they have helped to save.</li></ul>



VI. Case studies

Earth Capital

United Kingdom	
Investor Description	<p>Fund type - Private Equity and Venture Capital</p> <p>The fund provides growth capital and hands-on, long-term support to businesses in the sustainable technologies sectors.</p> <p>Earth Capital (EC) is part of the investment management group headed by the parent company Earth Capital Holdings.</p> <p>The focus of EC is sustainable investing, exclusively in sustainable technology within the climate change nexus of energy, food and water with a track record of strong returns. They invest capital globally in various industries including agriculture, clean industry, energy generation, resource and energy efficiency, infrastructure, waste and water.</p> <p>The EC group has developed a worldwide technology transfer platform to facilitate productive market entry for technology that aids in sustainable development, helping to mitigate risks, through local staff who act as active intermediaries between the numerous technology companies, local industrial and financial partners, and ensure that the right information, analysis and relationships can be brought to bear. These features enable the parties to more rapidly develop a working relationship of trust and transparency, helping to protect business IP and demonstrating a clear understanding of value, the foundation of long-term success.</p> <p>EC's Sustainability impact is measured through their award-winning proprietary Earth Dividend™ tool, which provides a consistent measure of the contribution to Sustainable Development. The Earth Dividend™ has been developed by EC's in-house specialists following a detailed benchmark of international best practice approaches to the assessment, reporting and assurance of Environmental Social and Governance issues. Not only does this work as a sustainable measurement tool, but also works to increase the resilience and value of their portfolio.</p>
Investee Description	<p><u>Propelair</u></p> <p>Propelair is a CleanTech company from Essex, UK. They manufacture the Propelair low-flush toilet specifically for commercial use - to provide a pragmatic solution that saves tons of water and energy fast. It is the world's lowest water-flush toilet. Washrooms generally account for around 90% of all water used in a commercial building, with toilets using almost half of the water. The goal of the company is to save the world's water resources, with every flush. Due to the growing scarcity of clean drinking water, this is a huge environmental emergency.</p> <p>The enabling technology used by Propelair is the use of patented air pump and closing toilet lid combination which seals closed, and retrofits to existing drainage system – does not require special plumbing.</p> <p>In terms of technology and IP validation - the company has patents in multiple global markets and is deploying in the UK with corporate, commercial, public sector and blue chip clients in fast food, motorway services, hospitals and commercial offices.</p> <p>There's huge potential applications in water savings, particularly in cities/urban areas and there's interest from overseas markets incl. South Africa, Dubai, HK, South East Asia.</p>

Purpose of Investment	<p>Earth Capital to assist the company's expansion into additional water-stressed markets across the Middle East, Australia, Hong Kong and Singapore.</p> <p>Propelair - to use this funding injection to roll out further innovations and product enhancements including product and installation cost reductions, product range growth, premium accessories, block detention and prevention, and the introduction of a smart connected toilet allowing the roll-out of a "Savings-as-a-Service" model.</p> <p>For Earth Capital, this follow-on investment is being funded through the firm's Nobel Sustainability Fund®, a multi-phase, multi-geography fund, which invests across the sustainable and impact private markets, accelerating companies for growth, expansion and subsequent acquisition.</p>
Investment Impact Objectives	<ul style="list-style-type: none"><li>• Reducing carbon footprint</li><li>• Lowering washroom operation costs</li></ul>





VI. Case studies

NESTA **Impact Investments**

United Kingdom	
Investor Description	<p>Fund type - Charity/Not-for profit company The fund invests almost exclusively in the technology sector. An impact investor. They make long term investments in organisations creating innovative products and services that aim to improve and protect quality of life for people who are, or who are at risk of being economically, socially or physically disadvantaged. Support enterprises that are seeking to make an evidenced positive change in the world and to deliver a financial return on capital for investors. Have an experienced team of investors with backgrounds in venture investment, technology development, public sector service delivery and social impact evaluation. Nesta Impact Investments have been investing for over 20 years in enterprises exploiting innovative technology to create societal and financial value with the unique insight and network that comes from being a core part of Nesta, the innovation foundation.</p>
Investee Description	<p>Featurespace Featurespace is the world leader in Enterprise Financial Crime prevention for fraud and anti-money laundering. Featurespace invented Adaptive Behavioral Analytics and created the ARIC™ platform, a real-time machine learning software that risk scores events in more than 180 countries to prevent fraud and financial crime. ARIC™ Risk Hub uses advanced, explainable anomaly detection to enable financial institutions to automatically identify risk, catch new fraud attacks and identify suspicious activity in real-time. More than 30 major global financial institutions are using ARIC to protect their business and their customers, including 4 of the 5 largest banks in the UK. Publicly announced customers include HSBC, TSYS, Worldpay, RBS NatWest Group, Contis, Danske Bank, ClearBank, Permanent TSB and Betfair.</p>
Purpose of Investment	<p>Nesta first invested £650k in 2010, becoming the company's first institutional investor. Since then, they have invested in 4 further funding rounds, investing £2.3m in total as the company has gone on to raise c.£80m from VCs including IP Group, Highland Europe, Insight, TTV, Merian and Invoke.</p>
Investment Impact Objectives	<p>The investments and support by Nesta Impact Investments helped Featurespace transition from a technical consulting company into a market-leading fraud detection provider, partnering and licensing its technology to some of the foremost players in the financial services industry across the globe.</p>

FUTURE **Planet Capital**

United Kingdom	
Investor Description	<p>Fund type - Private Equity and Venture Capital The fund invests growth capital into spin-outs and research that will bring about lasting meaningful impact. Future Planet is a global innovation platform connecting the world's largest investors to the best minds in order to address global challenges. It is an investor-led, co-investment platform giving the world's largest investors scale-efficient access to innovation. Investing in top university clusters they aim to address and profitably impact the world's biggest challenges; Health, Climate Change, Education, Sustainable Growth &amp; Security. At Future Planet they seek the intersection of high return and meaningful impact while addressing some of the world's biggest challenges. They believe achieving both high returns and meaningful Impact is possible through careful analysis and selection of investment opportunities. Impact drives returns and is at the core of what they do.</p>
Investee Description	<p>Navenio The Navenio solution, a spin-out of Oxford University, provides infrastructure-free indoor location solutions, the equivalent of GPS for use indoors, to power a range of apps and platforms in sectors including healthcare. Navenio is tackling the rising cost of healthcare with a tool that can increase workplace productivity by up to 100%, freeing up clinical resources for other high value tasks. Since the start of the COVID-19 pandemic, Navenio has formed strong relationships with multiple NHS organisations, as well as facilities management businesses and private hospital groups. The scaleup has so far improved inpatient and caregiver experience and transformed service lines of healthcare teams. Plans are set for Navenio to expand further and to ensure that efficiency and patient flow are not impacted at a time where hospitals can expect higher admittance rates.</p>
Purpose of Investment	<p>\$1.1 million investment from Future Planet Capital to help revolutionise healthcare efficiency worldwide.</p>
Investment Impact Objectives	<ul style="list-style-type: none"><li>• Mitigate infection rates in hospitals</li><li>• Roll out its technology to ensure 'right person, right place, right time', resulting in an increase in efficiency</li><li>• Stop cross contamination of teams travelling from select COVID-19 areas to parts of the hospital that are not treating the virus, a key issue limiting the ability of hospitals to continue other critical operations and procedures.</li></ul>



VI. Case studies

IMPACT Ventures UK (IVUK)

United Kingdom	
Investor Description	<p>Fund type - Private Equity and Venture Capital</p> <p>The fund invests in businesses addressing key social challenges for the disadvantaged population.</p> <p>Impact Ventures UK (IVUK) is an award-winning £36m fund that invests in enterprises to generate long-term social impact for disadvantaged communities alongside a financial return.</p> <p>The fund was launched by LGT Impact Ventures in association with Berenberg. The diverse investor base includes UK and European institutional investors, asset owners and private clients, reflecting the appeal of the fund across different sources of capital. It is one of the first social impact funds to attract investment from a UK local authority pension fund.</p>
Investee Description	<p><u>Homes for Good</u></p> <p>Homes for Good (HFG) provides a solution to the lack of affordable, quality housing to people with limited housing choice in and around Glasgow, and has ambitious plans to double its portfolio and expand its model to other parts of the UK.</p> <p>Since it was founded in 2013, HFG has not only pioneered the social lettings agency model within the private rented sector, but has built a strong reputation in the wider social and property investment sectors. It has attracted significant backing in excess of £12m to date from IVUK, Big Society Capital, Charity Bank and Social and Sustainable Capital.</p> <p>HFG bridges the gap in affordable housing between the social and private rented sectors, providing letting agency services to landlords and a unique and flexible tenancy support for the people who live in its 500 homes.</p>
Investment Impact Objectives	<p>IVUK was the first investor of HFG which has supported them from 2014 from the early stage of their growth. The investment from IVUK has allowed HFG to change lives for the better.</p> <p>Since it was founded in 2013, HFG has not only pioneered the social lettings agency model within the private rented sector, but has built a strong reputation in the wider social and property investment sectors. It has attracted significant backing in excess of £12m to date from IVUK, Big Society Capital, Charity Bank and Social and Sustainable Capital.</p> <p>Big Issue Invest (BII), the social investment arm of The Big Issue, made the most recent equity and debt investment of just over £3m from its Social Enterprise Investment Fund II (SEIF II) in Homes for Good. This is BII's largest investment from its SEIF II fund to date. It represents a landmark moment for HFG, with IVUK securing a successful exit.</p>
Impact Metrics Tracked on Investment	<ul style="list-style-type: none"><li>• House and support challenged people</li></ul>



## VII. VISION OF IMPACT MEASUREMENT



## VII. Vision of impact measurement



The Roadmap for the Future of Impact Investing: Reshaping Financial Markets presents a vision for more inclusive and sustainable financial markets and articulates a plan for impact investing to lead progress toward this future. Specifically, the Roadmap details six categories of action to drive progress toward the vision. For each category, the Roadmap describes specific actions needed, which stakeholders should lead on these actions, and a timeframe. Enacting the plan will require collective action by leaders from the entire impact investing ecosystem.

**“ By 2030, the world will be so different that we’ll have new challenges that need new approaches. ”**

Eric Savage,  
Co-Founder and President of Unitus Capital

The six categories of action:

- Strengthen the **identity** of impact investing by establishing clear principles and standards for practice
- Change the paradigm that governs investment **behaviour and expectations** about the responsibility of finance in society via asset owner leadership and updated finance theory
- Design **tools and services** that support the incorporation of impact into the routine analysis, allocation, and deal-making activities of investors
- Develop **products** suited to the needs and preferences of the full spectrum of investors, from retail to institutional and of various types of investees
- Increase supply of trained investment professionals and pipeline of investment-ready enterprises through targeted professional **education**
- Introduce **policies and regulation** that both remove barriers and incentivize impact investments

By design, the actions are focused on the near term: the next seven years. Impact investing is a fast-moving market, and the broader movement is immense. The Roadmap will require regular updates as the market makes progress towards the envisioned future.

The Roadmap was developed with the input of more than 350 individuals operating in the impact investing ecosystem around the world as well as from extensive desk research into progress in the field to date.

Learn more about this unabashedly ambitious vision as well as the actions the impact investing community needs to take on to exponentially enhance the scale and effectiveness of impact investing, and to accelerate progress towards this shared vision. Visit [roadmap.thegiin.org](https://roadmap.thegiin.org)

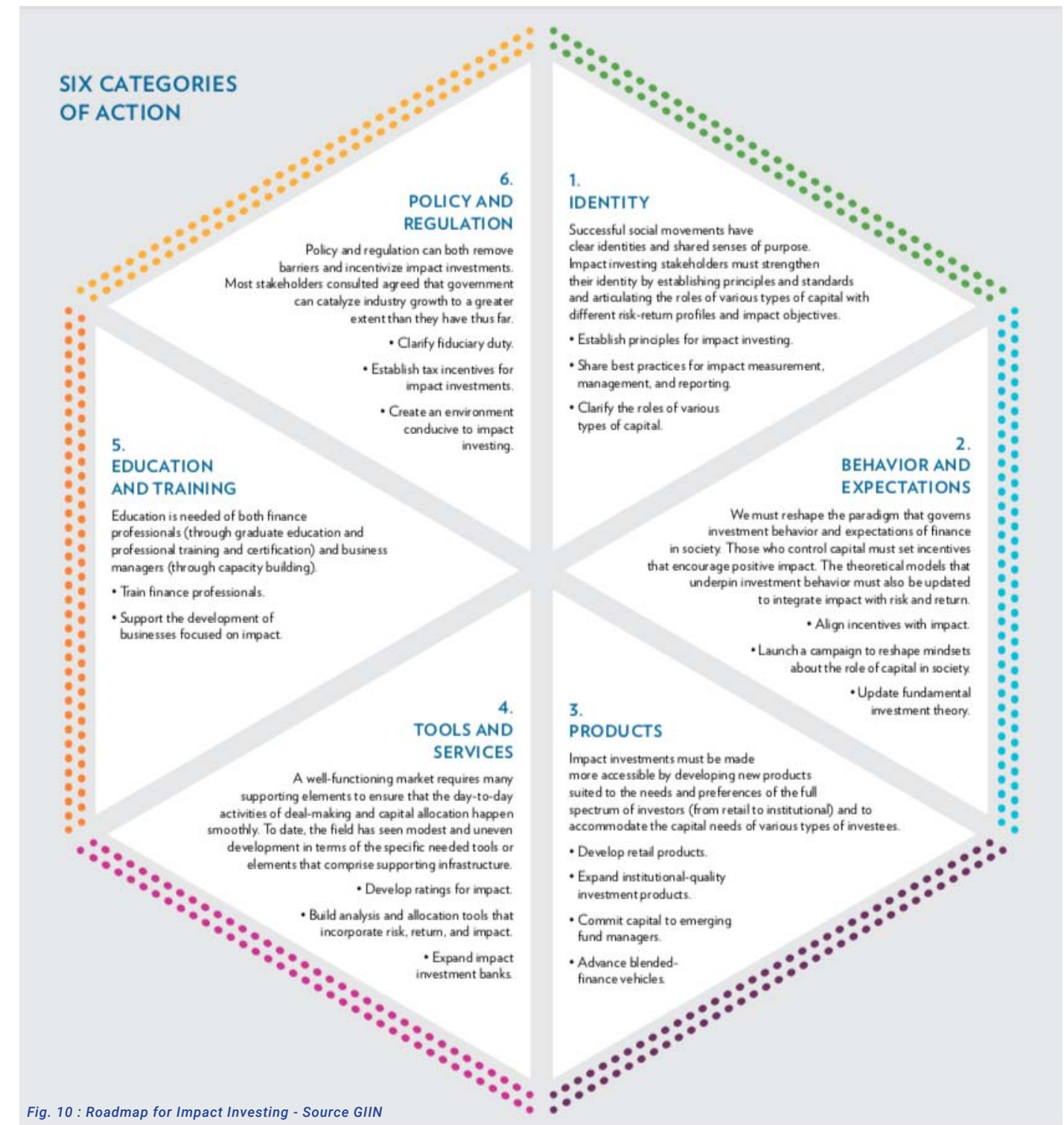


Fig. 10 : Roadmap for Impact Investing - Source GIIN





## VII. Vision of impact measurement

# Impact investment and Covid-19

While global investment is expected to fall sharply this year as a result of the coronavirus pandemic, impact investment – the funding of projects that generate a positive social or environmental impact, as well as a financial return – is tipped to hold relatively steady, and could play a key role in the recovery of emerging market economies.

In a sign of the depressed business sentiment that has accompanied the virus-related economic slowdown, UNCTAD, the UN's trade body, predicted in June that global foreign direct investment flows would fall by 40% this year, while greenfield investment and mergers and acquisitions had both dropped by more than 50% year-on-year in the first quarter.

However, the sentiment in impact investment – which is commonly directed at projects in the renewable energy, housing, health care and education sectors – appears to be more resilient.

According to a survey of 294 impact investors conducted over March and April 2020, a majority (57%) of respondents said they would maintain their 2020 investment plans, while 16% even expected to increase the amount of capital they invest. The report, published by the New York-based Global Impact Investing Network (GIIN), found that 20% were planning to decrease investment, while 7% were uncertain.

While sentiment may have hardened since the results came in, the survey nevertheless demonstrates a generally positive outlook in a challenging environment.

Indeed, the survey results have been reflected in several high-profile investment decisions. These include a move in May by Norges, the world's largest sovereign wealth fund, to divest from 12 companies engaged in oil and gas exploration, while Italian asset manager Azimut announced plans to raise €1bn for a social infrastructure fund to invest in care homes, schools and student housing.

These developments followed news at the beginning of the year that BlackRock, the world's largest asset manager, was aiming for a 10-fold increase in sustainable investments over the coming decade.

### Opportunities for collaboration

Although sentiment thus appears to be holding firm, Covid-19 has nevertheless brought about some unique challenges to impact investing.

Primarily, the economic climate has made the funding environment more difficult for socially minded entrepreneurs.

While this could complicate the implementation of certain projects, some impact investors are increasingly looking to collaborate with like-minded entrepreneurs and funds to better streamline and accelerate investment.

On May 12, 2020 GIIN launched an investment coalition, which aims to bring together various impact investing networks to address the large-scale socio-economic challenges of Covid-19.

By the end of the month, 97 investors – mainly asset managers, foundations and family offices – had expressed an interest in joining the coalition.

Elsewhere, the Covid-19 Investor Coalition, which consists of a group of more than 20 investors led by US venture capital firm Village Capital, has announced that it is looking to invest \$500,000 in various projects within the next few months, while the Tipping Point Fund on Impact Investing, another collaborative effort, announced in July that it will award \$752,000 in grants to eight organisations engaged in impact investing.

*"This is the moment to catalyse impact investing and demonstrate its utility in this worst-case scenario we are experiencing", Amma Gyampo, founding member of Impact Investing Ghana, a private sector-led body of the National Advisory Board, told OBG. "Impact investors are stepping in to fund areas that are likely to make the most significant longer-term mark on SME growth and the real economy – the essential sectors like tech, health, education, retail, logistics and agriculture."*

Echoing this sentiment, Tokunboh Ishmael, co-founder and managing partner at Nigerian investment firm Alitheia Capital, told OBG that projects with a social or environmental focus could be prioritised in light of the pandemic.

*"From a more macro or global perspective, the flow of funds that come from official development assistance could be repurposed for impact investments with the intention to not only solve Africa-centric problems but also to make a good return", she said.*

*"We have helped repurpose essential products and services to make them more accessible to the general public. When everyday folk can access the essentials and reach their potential, that's when the whole economy can thrive. Private companies can rise to the occasion and put more consciousness into their businesses to address these problems."*

### The impact on emerging markets

Although most impact investors are based in Europe and North America, their investment plays a major role in developing economies.

The World Bank's International Finance Corporation estimates that 30% of impact funds have invested in emerging markets, compared to 20% of conventional funds.

However, the GIIN survey suggested that the coronavirus pandemic had created some uncertainty about their appetite for emerging market risk. Of those who responded that they were looking to reduce their investment as a result of the coronavirus (20% of respondents), the overwhelming majority had assets in emerging countries.

On a more positive note, 58% of all respondents were looking to invest in sub-Saharan Africa in response to Covid-19, the highest figure globally; Latin America came in second with 41%.



# VIII. ADDITIONAL MATERIALS/ READINGS







## VIII. Additional materials/ readings

**1. SOPACT Academy** : Introduction to Impact Management: free online course ([access here](#))

**2. School for Social Entrepreneurs** : [Find a course](#) to help you develop your charity or social enterprise.

**3. OECD reports** on monitoring developments in ESG rating and investing: [ESG Investing: Practices, Progress and Challenges](#) and [ESG Investing: Environmental Pillar Scoring and Reporting](#).

**4. Price Water Cooper** work **ESG** investment covered from all angles—whether you’re an investor, a board member or a member of management: [Mind the gap: the continued divide between investors and corporates on ESG](#) and [ESG in the boardroom: What directors need to know](#)

**5. Global Impact Investing Network (GIIN)** works on impact measurement: [Sizing the Impact Investing Market](#)

**6. Report from the Investment Integration Project** : [Measuring Effectiveness – Roadmap to Assessing System-level and SDG Investing](#)

**7. Pacific Community Ventures in cooperation with GIIN and IMP** : [The Impact Due Diligence Guide](#)

**8. United Nations Department of Economic and Social Affairs Economic Analysis** : [Sustainable Development Outlook 2020: Achieving SDGs in the wake of Covid-19](#)

**9. The GIIN** : [The Impact Investing Market in the Covid-19 Context](#)

© All image credits belong to Pexels.com

### LEGAL NOTICE

The information and views set out in this report are those of the authors and do not necessarily reflect the official opinion of the European Union. Neither the European Union institutions and bodies nor any person acting on their behalf may be held responsible for the use which may be made of the information contained therein.

© **i2 SustainIT Consortium, 2020** 2019-1-UK01-KA204-061873  
**Reproduction is authorised provided the source is acknowledged.**



# Impact Measurement Guidelines

2019-2021

[www.i2sustainit.eu](http://www.i2sustainit.eu)



Co-funded by the  
Erasmus+ Programme  
of the European Union

## **“Impact Incubator for Nurturing Sustainability”**

Grant Agreement

2019-1-UK01-

KA204-061873

i2 SustainIT