MEASURING IMPACT

Subject paper of the Impact Measurement Working Group

SOCIAL IMPACT INVESTMENT TASKFORCE

Established under the UK's presidency of the G8

September 2014

Contents

Executive Summary 01

Introduction 02

Chapter 1: The State of Impact Measurement 05

Chapter 2: Impact Measurement Guidelines 07

Chapter 3: Guidelines in Practice 10

Chapter 4: Emerging Trends Affecting the Evolution if Impact Measurement 15

Chapter 5: A Long-Term Vision of Impact Measurement: Data Qualities and Supporting Conventions 18

Chapter 6: The Road Ahead 22

Conclusion 26

Appendices 27

EXECUTIVE SUMMARY

In recent years, impact investing has captured the attention of leaders in finance, philanthropy, business, and government seeking innovative ways to help solve some of society's most pressing issues. It harnesses the efficiency and discipline of private capital markets to address the root causes of social and environmental problems.

To solve problems on a global scale, we need global capital pools to respond. This means that, alongside the pioneering investors already allocating for impact, we need impact investment to find its formal place within institutional portfolios.

Impact measurement is central to the practice of impact investing and vital to the growth of the impact investing market. Measurement demonstrates the social impact that these investments are having, which further legitimizes the practice. Without it, effective impact investing could not occur. Effective impact measurement generates value for all impact investment stakeholders, mobilizes greater capital, and increases the transparency and accountability for the impact delivered.

Understanding this, the Working Group on Impact Measurement (Working Group), under the direction of the Social Impact Investment Taskforce established under the UK's presidency of the G8 (Taskforce), has produced this report. It provides guidelines for impact measurement to impact investors – current and future – who may be for profit or non profit, investing in ventures, as well as a vision for the evolution of impact measurement in the years ahead. The report is written for impact investing practitioners, by practitioners and impact measurement specialists.

Though these guidelines are for investors, they are equally valuable for investees. They are based on the fundamental principle that impact measurement should help impact organizations manage performance, learn, improve outcomes, and hold themselves accountable to those they aim to serve.

Those who wish to implement impact measurement today face a variety of challenges. In light of this, the Working Group has identified seven best practice guidelines which impact investors can integrate into investment management at the portfolio level as well as into specific deals, and together with their impact enterprises.

- Set Goals
- Develop Framework & Select Metrics
- Collect & Store Data
- Validate Data
- Analyse Data
- Report Data
- Make Data-Driven Investment Management Decisions

In addition to the industry's own deliberate efforts, the Working Group has identified three emerging external trends that will shape the development of impact measurement in the coming years. These are market convergence, financial quantification, and unforeseen external impacts.

According to the Working Group, an ideal future state of impact measurement revolves around the availability of material, reliable, comparable, 'additional,' and universal impact data. The Working Group also recognizes that an impact measurement 'convention' must be created to enable the development of these qualities.

In support of this vision, The Working Group calls on all participants in the impact investing and measurement ecosystem to:

1. Embrace "impact accountability" as a common value that lies at the heart of all impact investments
2. Apply measurement best practices across impact portfolios, deals, and investee organizations
3. Establish an "impact language" and data infrastructure that enables the application of these practices
4. Evolve the field through continued learning and the advancement of a shared impact measurement agenda

In a world where this vision for a robust impact measurement convention has become a reality, the value that is generated through impact measurement is clear and undisputed. Every stakeholder with an interest in contributing to societal change will have deployed – or will have facilitated the deployment of – capital toward impact. Meanwhile, the integrity of the impact investing market will be well understood, signalling the promise for a new level of accountability and transparency in global capital markets.

INTRODUCTION

In recent years, impact investing has captured the attention of leaders in finance, philanthropy, business, and government seeking innovative ways to address some of society's most pressing issues.

Impact investments – those that intentionally target societal and/or environmental impact along with financial return through specific outcome objectives and the measurement of their achievement – unleash the resources, efficiency, and discipline of the private capital markets address the root causes of these issues. As the practice matures, the potential to unlock capital from a newer, larger segment of investors to transform society is growing.

In June 2013, international leaders, as part of the G8 summit in London, established the Social Impact Investment Taskforce (Taskforce) to help accelerate the development of impact investing around the world. From the outset, the Taskforce has recognized the critical role that measurement plays in demonstrating the social and environmental impact of these investments. They also recognized that impact can only be measured if data is collected, examined, and reported in an efficient manner. Thus, the Taskforce established the Impact Measurement Working Group (Working Group) to facilitate the development of this practice across the impact investing marketplace.

The mandate of the Working Group is to offer impact measurement guidelines for impact investors, based on global best practices and to provide recommendations for the evolution of impact measurement in the years ahead. In line with this mandate, the Working Group has developed this report, which outlines a series of widely-recognized, concrete steps and considerations that impact investors, new and seasoned, can follow immediately in parallel with traditional investment management processes. In addition, this report offers a roadmap for future development and best practices.

This report comes from the collective insights and experiences of the Working Group, as well as from expert interviews and research reviews. By accumulating a variety of insights, this report aims to provide a concise, balanced foundation for current and future impact investors, who can be for-profit or non-profit. These include governments, foundations, corporates, and individuals who seeking to generate positive impact through investments into ventures that may be non-profits or for-profits.

In addition, this report provides valuable insight for investees, intermediaries, measurement and data service providers, policymakers, and other participants in the impact investing market.[1] The Working Group also anticipates that the perspectives shared in this report will bear considerable relevance for actors in mainstream capital markets.

Because impact measurement demonstrates an investor's true intent to have a positive impact, it is central to the practice of impact investing. Without it, effective impact investing cannot occur. Done right, impact measurement can:

- Generate intrinsic value for all stakeholders in the impact investing ecosystem
- Mobilize greater capital to increase the amount of aggregate impact delivered by impact investing
- Increase transparency and accountability for delivering on intended impact.

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. For an overview of Working Group members, see appendices.

1 See Chapter 1, Exhibit 2: Impact Investing & Measurement Ecosystem for an overview of players in this ecosystem, all of whom we consider secondary audiences for this report.

THE WORKING GROUP'S REPORT – OBJECTIVES, STRUCTURE, DESIGN, AND CONSIDERATIONS

Acknowledging that the market is still emerging, the Working Group has designed this report to offer best practice guidelines that impact investors can act on today, as well as longer-term recommendations to help further develop these guidelines in the future.

Report Objectives

To address the mandate of the Taskforce, this report:

- Provides practical guidelines on the basics of impact measurement that investors can implement immediately
- Demonstrates the application of impact measurement through a series of case studies
- Articulates a vision and roadmap for the future development of impact measurement
- Outlines concrete actions and calls upon specific stakeholders to advance roadmap priorities

The best practice guidelines aim to provide a common foundation for impact investors to adopt generally-accepted measurement practices in a way that is attuned to their own investment theses and operations. Understanding that each impact investment is unique, the Working Group's goal is to provide collaborative guidance from peers rather than impose a specific set of requirements.

With a vision of the qualities that data should have for impact measurement to reach its full potential, this report offers recommendations for the development of a long-term impact measurement convention. An impact measurement convention refers to "a standardized impact measurement and reporting system that enhances the availability of material, reliable, comparable, 'additional,' and universal impact data[2]." This convention enables the creation of impact data that will help attract more capital by determining whether an investment has a positive impact on society and the environment as well as quantifying how much impact it creates relative to other analogous investments.

In addition to a roadmap for the future development of impact measurement, this report also highlights the importance of action from key participants, such as civil society organizations and public sector institutions, to help gather the resources needed to develop such an impact measurement convention. The Working Group believes that since the impact investing field is committed to creating better impact accountability, it can work together to find a way to bear the cost of supporting appropriate impact practices.

Report Structure

This report is divided into six sections, which address the immediate and long-term considerations outlined above:

- **Chapter 1** – A brief overview of the state of impact measurement
- **Chapter 2** – Best practice guidelines that can be implemented today
- **Chapter 3** – Case studies which illustrate how these guidelines are currently being applied by different investor segments
- **Chapter 4** – A review of emerging trends that will likely shape the development of impact measurement
- **Chapter 5** – A vision of impact measurement in the long term
- **Chapter 6** – A roadmap and steps to achieve this long-term vision

Design & Consultation Process

To gather, summarize, and develop the recommendations put forth in this report, the Working Group went through a six-month consultative and research process, which included a review of over 60 industry publications and 45 interviews with experts within and external to the Working Group. A full list of experts interviewed is included in the appendix. The resulting guidelines for impact measurement aim to directly align with widely-recognized existing standards and best practices in impact measurement.

During this process, Working Group members met on four occasions to discuss feedback and guidance on their findings; they also shared this feedback with the co-chairs of the Working Group and a support team from Deloitte[3] on an ongoing basis.

Finally, insights and recommendations were tested with hundreds of ecosystem actors via other Taskforce Working Groups, the National Advisory Board (NAB) meetings of the Taskforce, as well as at the Global Impact Investing Network (GIIN) Benelux meeting in Antwerp among European-based

2 We define an "impact measurement convention" as "a standardized impact measurement and reporting system that enhances the availability of material, reliable, comparable, 'additional,' and universal impact data". See also Chapter 5: A Long-Term Vision of Impact Measurement: Data Qualities and Supporting Conventions

3 A team from Deloitte Consulting LLP and Deloitte & Touche LLP facilitated the report-writing process by conducting secondary research and WG member and industry expert interviews, reviewing and surfacing themes heard from the field, and working with the WG and co-chairs to iterate and refine content.

impact investors in April 2014, the GIIN Investors Council[4] Annual Meeting in May 2014, the Aspen Network for Development Entrepreneurs' Impact Measurement Conference in June of 2014, and by members of the SROI Network in July 2014.

Context and Considerations

Before diving into the report, it is useful to place the Working Group's objectives and efforts within the broader context of other current initiatives advancing impact measurement and accountability.

Recent activity around impact measurement and accountability from various communities is immensely exciting and demonstrates real potential to advance progress on this important practice. Examples from the community focused on Environmental, Social, and Governance (ESG) performance include successful efforts by the GRI and SASB[5] to enable reporting on the ESG performance of a business' operations and their products and services. Widely acknowledged examples of credible impact measurement initiatives in impact investing include IRIS[6], which provides a catalog of generally-accepted performance metrics that impact investors use to measure social, environmental, and financial success, and the EU Standard for Social Impact – informed by the European Venture Philanthropy Association (EVPA) practical guide[7] – which presents practical steps for both social enterprises and those that fund them to measure impact as well as common reporting criteria. For more examples see Appendix 3.

In comparison, the Working Group has focused on a distinct objective: the development of a set of guidelines for impact investors, broadly defined as those organizations that intentionally invest in funds, organizations, or companies that have a business model and/or produce products and services in order to generate positive social and environmental impact. In light of this targeted focus, the Working Group believes its work and shared learning is complementary to the broader evolving ESG reporting community and elevates the best practices outlined by the existing effective impact measurement efforts aimed to support impact investors, investees, and their beneficiaries.

It also worth noting that this report is meant to be a summary of Working Group recommendations and does not necessarily reflect the individual opinions of each Working Group member and report participant. While all Working Group members agree with the key tenets of this document, diverging opinions did emerge in certain areas.

Overall, this report reflects a shared commitment among the Working Group, investors, investees, and other impact investing stakeholders to work towards advancing the state of impact measurement. It is the hope of the Working Group that, together, market participants can contribute to better understanding and measurement of impact and that these individual efforts will lead towards greater convergence in the future.

4 The Investors Council involves a leadership group for active, large-scale impact investors which is convened by the GIIN on a regular basis
5 The Sustainability Accounting Standards Board (SASB) is an independent 501(c)3 non-profit. SASB's mission is to develop and disseminate sustainability accounting standards that help publicly-listed corporations disclose material factors in compliance with SEC requirements, as sourced from sasb.org; The Global Reporting Initiative (GRI) promotes the use of sustainability reporting as a way for organizations to become more sustainable and contribute to sustainable development, as sourced from globalreporting.org.
6 IRIS is the catalog of generally-accepted performance metrics that leading impact investors use to measure social, environmental, and financial success, evaluate deals, and grow the credibility of the impact investing industry, as sourced from iris.thegiin.com
7 Hehenberger, L., Harling, A-M., and Scholten, P. (2013). A Practical Guide to Measuring and Managing Impact. European Venture Philanthropy Association, as sourced from http://evpa.eu.com/knowledge-centre/publications/evpa-publications/

CHAPTER 1

THE STATE OF IMPACT MEASUREMENT

As impact investing has grown into a worldwide practice, the ability to measure and demonstrate the impact of portfolios, individual investments, and "impact organizations"[8] has become increasingly vital.

> "We have come a long way, but there is limited convergence around a common set of impact measurement practices. There is a real opportunity for the Taskforce and Working Group to offer up a simple set of guidelines on leading practices."
>
> **Working Group Member**

While more impact investors are embracing the practice, participants seeking to measure impact effectively and efficiently face some challenges:

- Impact measurement requires the integration of social and environmental considerations into deeply-rooted market dynamics and investment management processes
- "Impact" has a fluid definition, often varying across different investments and sometimes difficult or impossible to measure
- Impact measurement requires collaboration between multiple parties; currently, there remains a limited consensus around best practices
- Because impact measurement is still emerging as a global practice, an enabling infrastructure has yet to exist

The recommendations outlined in this report serve as an effort to drive convergence around a set of best practices and work through these potential barriers. Before deciding how and where to apply these guidelines, all participants should consider two key points of context: the wider ecosystem of impact investing participants and how the definition of "impact" evolves as an investment matures through what the Working Group calls the "Impact Value Chain."

DEFINING IMPACT IN A MULTI-ACTOR ECOSYSTEM

To understand how to measure impact and advance a model that can be better scaled across the industry, it is important to outline the various roles within the investment and impact measurement ecosystem.

There are three types of actors:

- Primary actors – those involved in the movement of capital
- Measurement and data service providers – those providing a direct, measurement-related service to primary actors
- Ecosystem actors – those who endeavour to strengthen the broader impact measurement field

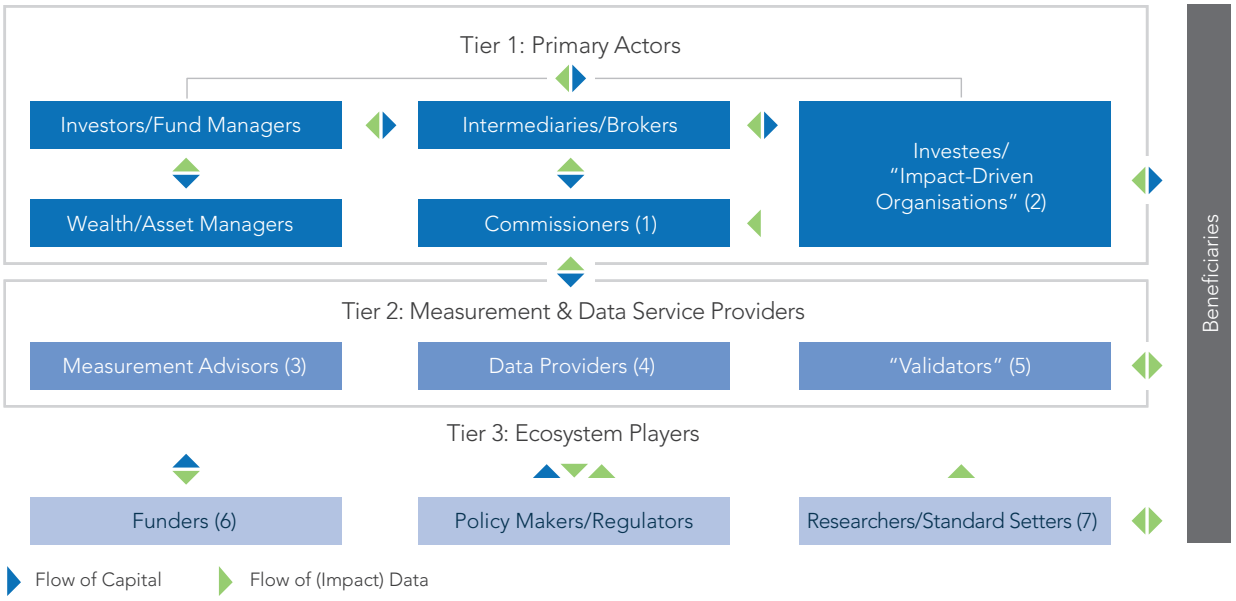
Each of these three types of actors plays a key role in the flow of assets and impact data available in a vibrant, active impact investing ecosystem:

DEFINING IMPACT: INTRODUCTION OF THE "IMPACT VALUE CHAIN"

An organization's definition of impact will depend specifically on its goals and the societal challenges it seeks to address. Moreover, this definition will evolve as an investment progresses, as new actions are applied, as changes appear, as new data is generated, and as the organization decides how to test this data within the appropriate contexts.

8 Impact organizations can be non-profit or for-profit organizations committed to achieve social and/or environmental goals and continuous impact measurement.

Exhibit 2: Illustrative Impact Investing & Measurement Ecosystem



(1) Commissioners are key actors in pay-for-success structures and therefore play an increasingly important role in impact investing as leading instigators of investment activity; (2) Investees include social enterprises and other impact delivery and not-for-profits organizations; (3) Measurement Advisors include monitoring and evaluation (M&E) experts, and social impact consultants; (4) Data Providers include outside (3rd party) suppliers of any and all services or products related to the sharing, aggregation and analysis of impact data; can be commercial in nature, and may include technology companies; (5) "Validators" include actors outside of primary organizations that support the validation (and where applicable/desirable, the verification) of data; (6) Funders include foundations, but can also include public sector organizations who provide funding to primary actors and service providers; (7) Researchers & Standard Setters include organizations and collaboratives that provide thoughtware, set field-and market-level agendas, principles, guidelines and standards; May involve think tanks, academic institutions, and initiatives such as UNPRI, GRI, SASB, among others

Many impact investing actors recognize a natural progression of an investment – the "impact value chain" – with growing levels of insight into an investment's impact.

The impact value chain traditionally starts with input-level data and progresses to activity, output, outcome, and impact-level data. Evidence of the extent to which an investment has made a meaningful difference increases moving to the right on the spectrum.

Ideally, impact should concern the long-term social and environmental benefits that an investment generates. There are additional challenges to doing this effectively and these are discussed in Chapter 5. Meanwhile, there is plenty that practitioners and investors can do to measure success and strengthen their impact measurement practices as they move along the spectrum.

Exhibit 3: Impact Value Chain[1]

	Input	Activity	Output	Outcome	Impact
Definition[2]	Resources that are deployed in service of a certain (set of) activities	Actions, or tasks, that are performed in support of specific impact objectives	Tangible, immediate practices, products and services that result from the activities that are undertaken	Changes, or effects, on individuals or the environment that follow from the delivery of products and services	Changes, or effects, on society or the environment that follow from outcomes that have been achieved
Illustrative Example	Investments to an impact organization (e.g., in a micro-finance institution)	Actions by an impact organization to attract clients (e.g., campaigns)	Number of clients served by an impact organization (e.g., loans extended)	Changes among clients (e.g., doubling of household income among MFI clients)	Changes in broader environment of the impact organization (e.g., less crime)
Illustrative Insight for Investors	Capital deployed (i.e., initial investment)	Activities undertaken to deliver on impact goals	Services rendered through impact capital provided	Income generated by beneficiaries due to impact capital	Impact on society due to impact capital

(1) The Impact Value Chain is built on the basic logic model, developed by Carol Weiss and Joseph Wholey
Weiss, C.H. (1972). Evaluation Research. Methods for Assessing Program Effectiveness. Prentice-Hall, Inc., Englewood Cliffs, New Jersey
(2) Definitions are adapted borrowing heavily from both he EU Standard for Social Impact (GECES report) and the European Venture Philanthropy Association's "A Practical Guide to Measuring and Managing Impact" publication

CHAPTER 2

IMPACT MEASUREMENT GUIDELINES

Through intensive examination of existing activity and emerging best practices, the Working Group has identified four phases that underlie the impact measurement process.

> "I recognize that there are a lot of handbooks and guidelines available in the field today, but have to admit that I sometimes lose the forest through the trees. If this initiative could provide me with a simple overview of the steps I need to go through to measure my impact effectively, that would be invaluable."

Early Stage Impact Investor

Along with an examination of these phases, this chapter introduces seven guidelines for creating a strong impact measurement framework which build on existing guidance; particularly the European Standard developed by the GECES impact measurement subgroup and aligns with existing global efforts such as the EVPA guide which practically includes the guidelines in a practical way.

THE FOUR PHASES OF IMPACT MEASUREMENT

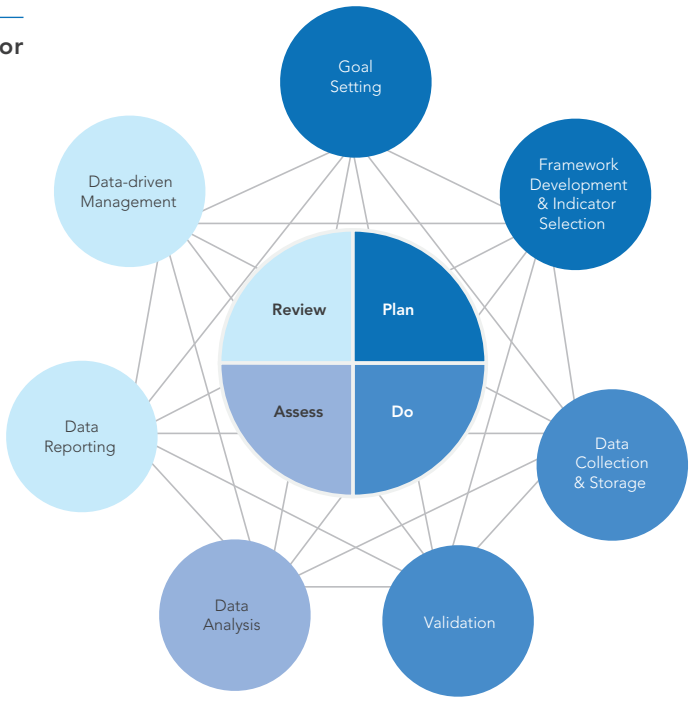
The impact measurement process involves four broad phases: Plan, Do, Assess and Review. Along with insight into the impact that an activity is generating, this process generates intelligence that can further enhance the measurement and investment processes.

"Plan" includes activities where investors and investees agree upon the impact they seek to achieve and the mechanisms they'll use to measure progress towards those shared objectives.[9] "Do" includes activities where investors and investees collect, share, store, and validate data at an investment, fund and/or portfolio level. "Assess" includes activities where investors analyse the quality, level, and efficacy of the impact that their work and the work of their investees has generated.[10] "Review" includes shared insights from impact measurement by investors and investees, as well as strategic decisions based on these insights and further evolution of measurement practices.

SEVEN GUIDELINES FOR BUILDING A STRONG IMPACT MEASUREMENT FRAMEWORK

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.

Exhibit 4: The Phases and Guidelines for Impact Measurement



9 The "Plan, Do, Assess, Review" framework is adapted from the work of Inspiring Impact, through their "Funders' Principles and Drivers of Good Impact Practice" and "The Code of Good Impact Practice" publications
10 Ibid.

Exhibit 5: The Seven Guidelines

	Guideline	Description
Plan	**Set goals**	*Articulate the desired impact of the investments* Establish a clear investment thesis/Theory of Value Creation[11] (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	*Determine metrics to be used for assessing the performance of the investments* 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**	*Capture and store data in a timely and organized fashion* Ensure that the information technology, tools, resources, human capital, and methods used to obtain and track data from investees function properly
	Validate Data[12]	*Validate data to ensure sufficient quality* *Verify that impact data is complete and transparent by cross-checking calculations and assumptions against known data sources, where applicable*
Assess	**Analyse Data**	*Distill insights from the data collected* Review and analyse data to understand how investments are progressing against impact goals
Review	**Report Data**	*Share progress with key stakeholders* Distribute impact data coherently, credibly, and reliably to effectively inform decisions by all stakeholders
	Make Data-Driven Investment Management Decisions	*Identify and implement mechanisms to strengthen the rigor of investment process and outcomes* Assess stakeholder feedback on reported data and address recommendations to make changes to the investment thesis or ToVC

(See fold-out entitled "Measuring Impact: Guidelines for Good Impact Practice" for detailed guidelines and their application.)

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.

KEY CONSIDERATIONS

When adopting the seven guidelines, there are a few critical factors for impact investors and investees to consider:

The readiness of investors and investees

Investors must assess how prepared they are to apply impact measurement practices across the board, including the portfolio, deal, and individual investment or investee organization level. Factors that can determine readiness include:

- **Impact measurement goals** – Is an investor trying to report on impact, strengthen decision making, and/or deploy payment-for-success structures?
- **Internal structure** – What resources are available for impact measurement?
- **External demands** – What impact measurement requirements do external stakeholders have?

Readiness applies to both investors and investees. Investors will be unable to assess the full impact if investees don't play their part.

It's also helpful to understand that, because investors rely on their investees to access impact data, a logical time lag between investee and investor reporting cycles is likely.

11 A theory of value creation has evolved out of the widely established Theory of Change / Logic Model as well as thinking from Michael Porter and Mark Kramer on Shared Value, and Jed Emerson on Blended Value.
12 Specific articles: http://www.realizedworth.com/2014/03/blended-value-shared-value-and-beyond-the-transformative-value-series.html; http://www.blendedvalue.org/wp-content/uploads/2004/02/pdf-nature-of-returns.pdf (Emerson, Jed; The Nature of Returns: A Social Capital Markets Inquiry into Elements of Investment and The Blended Value Proposition(HBS, Boston, MA, 2000)

The importance of taking a realistic approach While the guidelines are applicable and relevant to all impact investors, impact measurement approaches must be proportional to the available resources, scale, and stage of maturity of both the investors and investees.

For example, "payment-for-success" structures or social impact bonds often require third-party assurance and a valuation of social outcomes. In contrast, many earlier-stage investees don't require or don't have the resources for third-party assurance; thus, impact measurement goals for these investees should simply focus on establishing enough metrics to meet the reporting bar and only move to third-party data assurance when the capacity is available.

Engagement of stakeholders throughout the process

As discussed in Chapter 1, collaboration between multiple parties is essential for effective impact measurement that is valuable for all stakeholders. Thus, ongoing communication between an impact investor and all relevant actors[13] is central to the successful application of these guidelines and to overcoming potential barriers.

It is particularly important that investors' impact measurement approaches take into consideration the existing practices of investee organizations. Through ongoing engagement and collaboration, investors and investees can ensure that their impact metrics remain aligned and that they are both progressing towards their impact goals. In this way, investors and investees engage in a mutually beneficial impact measurement approach that is based in practice. Investors can play a constructive role in encouraging investees to strengthen and develop their practice, and to ensure this practice produces the data investors need for their own work. At the same time, investees and beneficiaries will need to develop relationships that facilitate data collection. Ecosystem actors play a critical role in strengthening the capacity of investors to assess, share, and manage their impact.

Evolving the impact measurement approach along the way

Most investors will not have every possible tool or resource available to them as they develop their impact measurement program. Nonetheless, proportionality[14] should not be used to justify poor impact measurement.

Investors and investees can start by establishing time- and resource-appropriate practices. As resources and capabilities increase between investor and investee over time, these practices can be adjusted.

Each organization will adjust their own measurement approach over time as they better understand the importance, frequency, and timing of each guideline activity in proportion with their investment and reporting needs.

Taking a measured approach rather than investing disproportionate time and resources upfront enables the benefits of impact measurement to be realized much sooner and allows for adjustments along the way.

13 See Chapter 1: The State of Impact Measurement for an overview of relevant / priority actors as it relates to impact investing and measurement
14 Processes and activities are appropriate according to the available resources, scale, and stage of maturity of both investors and investees; also see Chapter 5: A Long-Term Vision of Impact Measurement: Data Qualities and Supporting Conventions and Appendix 1: Glossary of Terms

In this section the working group presents five high-level case studies to bring the guidelines to life and highlight key issues that might arise in implementation. There are many tremendous examples of strong impact measurement worldwide; the case studies included in this report represent only a snapshot and are intended to illustrate how the guidelines are applied in different contexts, for diverse types of organizations, and for distinct types of impact investments.

Below, abbreviated case studies of the impact measurement approaches of five organizations – Bridges, Social Finance US and the New York State Social Impact Bond, Investisseurs & Partenaires, Oikocredit, and One Acre Fund – are presented to demonstrate how a diverse group of organizations have developed sound practices. In the accompanying document, Impact Measurement Guidelines id coetew Yse2stai603.3298 Tm[(.9(u)-6(10.8(e)0

Bridges impact measurement approach is also shaped by a variety of internal and external factors. Bridges' impact measurement has been internally strengthened by the involvement of pioneering thinkers in impact investing and impact measurement (its Board is made up of many such thinkers). Bridges also benefits from the support, expertise, and contact networks of the private equity companies that have backed it since inception. (The resources and expertise of these companies helped Bridges build its impact methodology).

Bridges' impact measurement approach is externally influenced in several ways by the fact that it, as well as its investees, are located in the UK and the United States. First, there is greater availability of impact data for counter-factual analysis in these countries. Second, the impact investing markets are relatively strong in these countries and therefore Bridges and its investees can learn from others in the field around them. Third, most of its investees are able to use electronic means for collecting, storing and managing their data, which is not always true in less developed contexts.

A hallmark of Bridges practice is that it significantly considers the existing operational and measurement practices of their investees when developing the specific impact measurement approach for an investment.

SOCIAL FINANCE US AND THE NEW YORK STATE SOCIAL IMPACT BOND (SIB)

Geography: United States

Sector: Criminal justice

Target Beneficiaries: High-risk, formerly incarcerated men

# of Metrics: 3 outcome metrics focused on changes in employment and recidivism

Draws from Common Impact Language (e.g., IRIS): None

Application of WG Guidelines: 7 out of 7

Overview

In 2013, the New York State government launched a Social Impact Bond (SIB) to improve employment and recidivism rates among 2,000 high-risk, formerly incarcerated men, in order to enhance public safety and reduce the fiscal costs associated with incarceration.[16] Through a competitive procurement process, the State selected Social Finance, Inc., a nonprofit social impact financing and advisory firm, to design and manage the project.[17]

Social Finance worked with Bank of America Merrill Lynch, which distributed the offering through its wealth management platform, to raise $13.5 million in impact investment capital from over 40 private investors and foundations. The funds will enable the Center for Employment Opportunities (CEO), a nonprofit employment service agency, to expand its evidence-based programs to 2,000 men under community supervision in New York City and Rochester. The SIB's minimum performance thresholds, which must be met to trigger payments to investors, are to increase the proportion of employed ex-offenders by 5 percentage points, and reduce incarceration by an average of 36.8 days per person. New York State is using a "pay-for-success" (PFS) contract, where taxpayer resources are used to pay investors only if the performance thresholds are reached. New York State will make performance-based payments on three outcome metrics focused on changes in employment and recidivism. Payments to investors will be proportional to the level of impact achieved. If the intervention fails to meet the minimum performance thresholds, the State will not repay investors.[18] A rigorous impact evaluation will be

16 In New York State, it costs approximately $60,000 on average to incarcerate an individual per year. Formerly incarcerated individuals have a high likelihood of returning to prison after their release. In 2013, nearly 24,000 individuals were released from New York State prisons. Over 40% return to prison within 3 years. SOURCE: Investing In What Works: "Pay for Success" in New York State, Increasing Employment and Improving Public Safety, March 2014, http://www.budget.ny.gov/contract/ICPFS/PFSFactSheet_0314.pdf
"Upon release, these individuals face myriad challenges – including barriers to employment and education, lack of access to health care, substance abuse treatment and mental health services, and homelessness – any and all of which can prevent a successful transition back to self-sufficiency and full productive participation in society. Failed re-entry has far-reaching consequences: recidivism takes an immeasurable toll on crime victims and their families and imposes high fiscal costs on taxpayers." SOURCE: Governor Andrew M. Cuomo, Building on Success: 2014 State of the State, pp. 175-176, January 2014, http://www.governor.ny.gov/assets/documents/2014-SOS-Book.pdf
17 General information and background in this case study comes from the sources listed, specific data points are attributed a single interviewee or source when relevant. Core sources: IMWG interview with Jill Scherer, Social Finance US Associate Director and Grants Manager in August 2014, "A Technical Guide to Developing Social Impact Bonds" (Social Finance, January 2013) Additional research also from Investing In What Works: "Pay for Success" in New York State, Increasing Employment and Improving Public Safety, March 2014
18 The Rockefeller Foundation funded a first-loss guarantee to protect up to $1.3 million of investor principal, or approximately 10 percent of the total capital raised. SOURCE: Impact Measurement Working Group (IMWG) interview with Jill Scherer, Social Finance US Associate Director and Grants Manager, August 2014

conducted using a randomised control trial (RCT) to assess the degree to which three related social outcomes of the project are met and payments are made.

The New York State SIB had four goals when developing its impact measurement approach and outcome metrics: 1) align with the State's policy objectives as well as CEO's theory of change[19]; 2) enable the State government to understand if the project resulted in public-sector benefits and cost savings; 3) make use of existing public-sector data and data management systems; and 4) build on the CEO programs' track record and existing evidence base of successful outcomes.

The selection of impact metrics aligns closely with the SIB's impact targets and was shaped by several contextual and internal factors. First, this innovative form of performance-based contracting and financing allows the government to purchase results (e.g., increase in employment) rather than purchase social services that may or may not achieve desired objectives, thus enabling more effective and efficient use of taxpayer dollars. For this reason, it was important that outcome rather than output measures were selected. Second, the nature of the public-private partnership is such that all parties to the transaction should be aligned around the project's desired social outcomes. Thus, it was critical to select metrics such as average number of days incarcerated per person that were meaningful to the State and service provider, while being easily measured and evaluated so that investors could have confidence in the calculation of financial return. Third, the project partners wanted to ensure that real societal changes would occur due to the intervention; the metrics therefore had to represent significant improvement for this population – such as proof of successful employment – and be indicative of long-term change.

INVESTISSEURS & PARTENAIRES

Geography: Based in Paris, invests in Africa

Sector: Multiple: transport, energy, construction

Target Beneficiaries: Multiple

# of Metrics: Depends on investee

Draws from Common Impact Language (e.g., IRIS): Investees required to report using IRIS indicators

Application of WG Guidelines: 7 out of 7

Overview

Founded in 2002, Investisseurs & Partenaires (I&P) is an impact investment group which invests in small and medium enterprises (SMEs) in 14 countries across Africa. It defines its mission as contributing to the development of a sustainable private sector in Africa and promoting a new generation of African entrepreneurs. I&P has invested in 50 companies to date, and has around €70 million under management.[20]

I&P's goals for its impact measurement approach are, in their words, "to enable better monitoring of investments, assess the impact that investees have on their communities, and facilitate performance reporting to investors"[21]

I&P's impact measurement approach is shaped by both its internal and external context. I&P's internal context is as a well-resourced impact fund led by leaders with investing and economic development experience – and how to measure impact in both fields.[22] Externally, their investee companies operate in Africa where they often face challenges around elements of impact measurement, including data collection (where electronic data collection and management is not an option) and lack of publically-available data for counterfactuals.

Since 2012 when they I&P launched its second fund (called I&P Afrique Entrepreneurs (IPAE)), I&P has invested considerably in building out is impact measurement approach including developing a detailed impact measurement methodology. From 2002-2012 they worked without a unified impact measurement strategy (although during this period they worked with investees to put ESG policies in place; this evolution is outlined further in the more detailed version of this case study in the appendix). Impact measurement became a greater focus because their founders thought having more impact data would be very useful to monitor their investments and it would be valuable for the entrepreneurs whom they support.

19 CEO's theory of change is that if the employment needs of persons with criminal convictions are addressed at their most vulnerable point – when they are first released from incarceration or soon after conviction – by providing life skills education, short-term paid transitional employment, full-time job placement, and post-placement services, they will be less likely to become reincarcerated and more likely to build a foundation for stable, productive lives for themselves and their families. SOURCE: "CEO Theory of Change," http://ceoworks.org/about/what-we-do/ceo-model-3/
20 Investisseurs & Partenaires ESG & Impact Policy and Management System Overview, May 2014
21 Deloitte interview with Elodie Nocquet, I&P Financial and ESG Officer, Pierrek Baraton, I&P Impact Assessment Officer
22 Investisseurs & Partenaires ESG & Impact Policy and Management System Overview, May 2014

OIKOCREDIT

Geography: Headquarters in The Netherlands, invests globally

Sector: Microfinance

Target Beneficiaries: Rural agricultural communities, women and low-income

# of Metrics: List of 44 metrics, mainly on objectives, practices, output, outreach, and outcomes

Draws from Common Impact Language (e.g., IRIS): MIX Market, Social Performance Taskforce, UNPRI, Client Protection Principles, ILO, and UNEP

Application of WG Guidelines: 7 out of 7

Overview

Oikocredit is a cooperative based in the Netherlands that has a strong regional/local presence and membership spanning the globe.[23] It offers loans and other investments to mostly microfinance institutions, cooperatives, fair-trade, and small- and medium-sized enterprises in developing countries. It is one of the world's largest sources of private funding for the microfinance sector, with €779 million in total assets and €595 million in capital outstanding.[24] Targeting rural agricultural communities and women, Oikocredit has 854 partners (including 566 microfinance organizations in which Oikocredit has invested) in almost 70 countries. Through its primary investments and through the microfinance institutions (MFIs) in which it invests, Oikocredit reaches 28 million beneficiaries worldwide.[25]

Oikocredit has four goals for its impact measurement approach: 1) to assess the social performance (impact) of their partner organizations; 2) to work with partner organizations to improve their impact measurement and delivery capabilities; 3) to inform members of the cooperative who seek a social return along with a financial return; and 4) to legitimately present the organization as a social investor.

Oikocredit's impact measurement approach is shaped by a variety of internal and external factors. First, given its structure as a cooperative of investors and its role as an intermediary, Oikocredit's impact measurement practices depend heavily on the participation of the MFIs in which it invests. Oikocredit's impact measurement activities therefore not only include advancing the application of impact measurement across its partners, but also supporting broader capacity-building efforts for a select number of partners to promote a culture of measurement across the MFI network.

In addition, Oikocredit's MFI partners work in diverse, (mostly) low- and middle-income countries, where impact measurement can be more challenging (e.g. operating in isolated rural areas where it can be difficult to collect data and where there is limited availability of public data). Given this external environment, Oikocredit caters its measurement processes, working with several of their MFI partners, to measure impact in a manner appropriate to their context and proportional to their available resources.

Oikocredit began to measure its impact in 2006 as a way to become more conscious of the degree to which it was achieving its social mission, and to align with several sector-wide initiatives, including those promoted and enabled by the Social Performance Taskforce and MIX Market[26]. Oikocredit has continued to refine its measurement practices since then, both through internal feedback and participation in broader measurement dialogues in microfinance. In 2010, Oikocredit made significant improvements in its data collection processes, and in 2013, the cooperative conducted its second third-party audit of its measurement systems. The rating report qualified Oikocredit's overall social performance as excellent.

23 General information and background in this case study comes from the sources listed here, specific data points are attributed when relevant. Core sources: Deloitte Team interviews, and ongoing correspondence in June 2014 with Kawien Ziedses des Plantes (Corporate Communications Manager), Robin Gravesteijn (Analyst Social Performance), Ging Ledesma (Social Performance and Financial Analysis Director) and Sonja Ooms (Programmes Managers, Social Performance & Credit Analysis Dept.). Information on Oikocredit's Social Performance Measurement also from Oikocredit's website (http://www.oikocredit.coop/what-we-do/social-return/) and in Oikocredit's 2013 Social Performance Report (http://www.oikocredit.coop/publications/social-performance-reports).
24 http://www.oikocredit.coop/
25 Oikocredit Social Performance Report (http://www.oikocredit.coop/publications/social-performance-reports)
26 The Social Performance Task Force consists of over 1,600 members from all over the world and every microfinance stakeholder group with the mission to engage with microfinance stakeholders to develop, disseminate and promote standards and good practices for social performance management and reporting. http://sptf.info. The Microfinance Information Exchange (MIX) delivers data services, analysis, research and business information on the institutions that provide financial services to the world's poor. www.themix.org

ONE ACRE FUND

Geography: Kenya, Rwanda, Burundi, and Tanzania

Sector: Agriculture

Target Beneficiaries: Small share-holder farmers

# of Metrics: 5 outcome metrics (in three areas: scale, impact and sustainability)

Draws from Common Impact Language (e.g., IRIS): None

Application of WG Guidelines: 7 out of 7

Description

Founded in 2006, One Acre Fund is a not-for-profit organization that supports rural farmers in East Africa and focuses on helping them increase their harvest yields and overall profits by improving their productivity at each level of the farming value chain. Its overall premise, or "theory of change" (TOC), is that by reducing various productivity barriers, farmers can increase their yields and therefore profits, ultimately lifting themselves out of poverty. To date, the organization has worked with more than 180,000 farmers across the region. One Acre Fund's specific business model consists of a bundle of four related services: delivery of farm inputs to rural clients, flexible financing for those inputs, agricultural training, and post-harvest support such as training on optimal storage practices. The impact goal from these services is $135 of profit per farmer per year of increased income from all One Acre Fund products and services.

One Acre Fund has three primary goals in developing its impact measurement approach:
1) to assess progress against its mission of moving African farmers out of poverty,
2) to identify actionable information to improve operations
and continue developing its program, and
3) to demonstrate the credibility of its approach.

One Acre Fund's impact measurement approach
is also shaped by a variety of internal and external factors. As a not-for-profit organization operating in rural East Africa with limited resources, One Acre Fund takes a highly pragmatic approach to impact measurement by focusing on 7 core outcome metrics which it believes are critical to assess whether it is achieving its intended mission. One Acre Fund does not customize its measurement for different investors/ funders, nor does it use a commonly accepted impact language or reporting framework.[27]

One Acre Fund has applied roughly the same impact measurement approach to its work since its founding, collecting outcome performance data focused on assessing farmers' changes in yields and income due to their program. While there has been some evolution in indicators selected over time (for example, in 2006-2007, they initially collected data on metrics around child nutrition and mortality), the core indicators applied (number of farmers served, dollar and percentage increase in take-home farm income, and percentage program sustainability) have not changed.

CHAPTER 4

EMERGING TRENDS AFFECTING THE EVOLUTION OF IMPACT MEASUREMENT

Through research and discussion, the Working Group has identified three emerging developments that will have an effect on how the future of impact measurement takes shape:

- **Market convergence** – the blurring of boundaries between impact investing and mainstream capital markets
- **Financial quantification** – the growing desire to quantify the financial value of the social and/or environmental impact of an investment
- **External impacts** – the need to factor the external impacts or effects of an activity (i.e., of the impact of economic activity on society) into measurement practice

The Working Group considers these developments "trends to watch," as opposed to milestones that must take place for impact measurement to progress. Indeed, there were mixed views among participants of the Working Group's research about how appealing and/or influential these developments are, as well as the extent to which each trend should be considered within an ideal future vision of impact measurement.

That being said, nearly everyone agreed that having the right support processes and frameworks in place to accommodate these trends would be beneficial to the overall development of impact measurement.

A list of additional reading and research for each of these trends is presented in the Appendix.

MARKET CONVERGENCE

The boundaries between the impact investing and traditional capital markets are becoming blurred as many actors in the latter have begun signalling an interest to integrate impact investments into their portfolios and services. This trend has two implications.

First, the convergence of these markets creates the opportunity to elevate impact within a larger universe of investors. This, in turn, creates the need for the development and integration of impact measurement practices, metrics, and systems that streamline entry for new investors.

Second, as new investors begin to explore impact investing, existing participants will need to scrutinize and clarify the types of investments that are recognized as impact investments. Greater clarity on what qualifies as an impact investment will help to avoid "green washing" and protect the integrity of the market. Thus, mechanisms being developed to support impact measurement should help maximize the upside of this market convergence, namely the attraction of new capital towards impact inventing and the establishment of impact as a material consideration in all investment decisions.

Likewise, these mechanisms should help minimize the risks around potential mislabelling of an impact investment. This involves the eventual integration and alignment of practices that can allow a range of investors to adopt social and environmental impact considerations into their portfolios. This action would also serve to protect the integrity of the impact investing market.

FINANCIAL QUANTIFICATION

Capital markets work best when all relevant parties can quantify and agree upon the financial value of a good being traded. The financial value of the social and environmental outcomes achieved by impact investments is not, for the moment, as easily quantifiable. But this is changing.

Currently, calculating the cost and/or return of an impact investment or outcome is often constrained by the intangible nature of many of these outcomes and the considerable resources often required to quantify and attribute these outcomes, which can put a financial strain on an organization.

Yet, participants recognize that quantification is essential for the growth of the marketplace. Greater insight into the financial value generated through impact will help increase the participation of new investors, who would have otherwise been restricted by a lack of information.

Exhibit 6: Financial Quantification across the Impact Value Chain

	Input	Activity	Output	Outcome	Impact
	Illustrative examples				
Qualitative	Description of inputs	Description of activity	Description of outputs	Case studies describing outcomes	Qualitative evaluation of impact
Quantitative	Volume of non-financial inputs	Volume of activity delivered	Numbers of outputs delivered	Outcomes measured using quantitative indicators	Impact measured using robust measurement framework
Financial	Financial value of incoming resources	Cost of activity	Cost per output	Cost per outcome; societal financial value of outcome	Societal financial value of impact

Though not without challenges, many actors are taking the first steps to measuring the financial value of social and environmental impact by estimating the costs around a societal issue, such as the cost to government of taking care of troubled youth, and comparing these to the investments made to achieve outcomes such as a reduction in youth unemployment.

Financial quantification may be possible across the impact value chain, as illustrated in Exhibit 6. For robust financial values to be attached to any of these elements first robust quantification is required. For example, it is only possible to attach robust financial values to outcomes once those outcomes have themselves been robustly quantified. We would expect financial quantification of outcomes and impact to become more feasible and more commonplace as the quantification of outcomes and impact also becomes more widespread.

Ultimately, greater insight into the societal impact of an investment can facilitate the monetisation of outcomes as well as more effective and efficient solutions. The rise of social impact bonds and other payment-for-success structures are a testament to an increase in the relevance of financial quantification of societal change.

The following diagram maps the financial indicators that play a role in developing financial quantification across the impact value chain introduced in Chapter 1.

From here, these indicators can be linked to participants in the impact measurement and investing ecosystem. See the appendix for more information.

The availability of reliable data to help determine of the cost and returns of an impact investment is essential for quantification. Thus, a future impact measurement convention should include mechanisms for providing the current cost of an issue to funders and/or governments (i.e., indicators 4, 7, 10 below), and for validating the effect of investments on these same outcomes (i.e., indicators 5-6, 8-9, and 10-11).

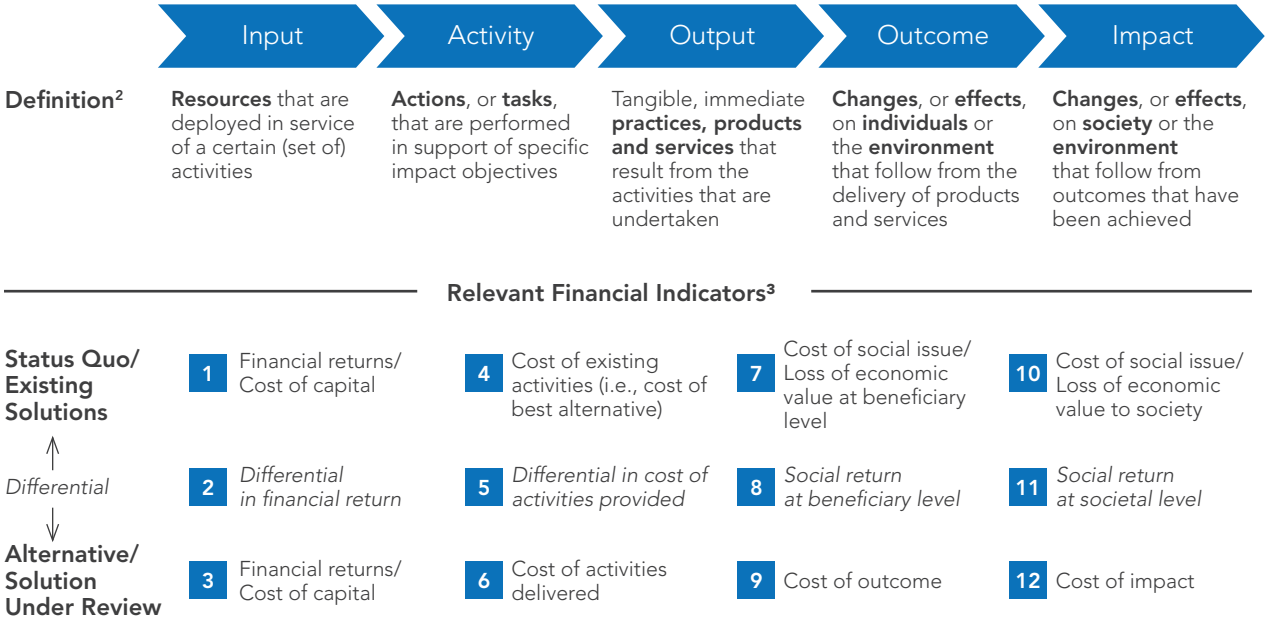
EXTERNAL IMPACTS

More than ever, companies are faced with the consequences of their work outside their sphere of influence, namely on society and the environment. These external effects – or externalities – do not play a material role in most investment decisions today. Yet, the Working Group's research has uncovered a clear business case and "impact case" to recommend the inclusion of externalities in impact measurement.

From the business side, institutional investors are increasingly exposed to costs from environmental damage and other external events. Costs associated to externalities often do not show up on a balance sheet, yet they can be significant in scale.

For example, in 2008 the estimated environmental costs from global human activity amounted to $6.6 trillion, equal to 11% of global GDP. These developments are encouraging companies and others to begin adding monetary value to things that had no value before, such as water pollution or underpayment. While there are costs associated to measuring externalities, many respondents agree that inclusion of this data can enhance a company's

Exhibit 7: Financial Indicators across the Impact Value Chain



(1) The Impact Value Chain is built on the basic logic model, developed by Carol Weiss and Joseph Wholey
Weiss, C.H. (1972). Evaluation Research. Methods for Assessing Program Effectiveness. Prentice-Hall, Inc., Englewood Cliffs, New Jersey
(2) Definitions are adapted borrowing heavily from both he EU Standard for Social Impact (GECES report) and the European Venture Philanthropy Association's "A Practical Guide to Measuring and Managing Impact" publication
(3) "Principal Impact Accounting Needs – In Draft", Sir Ronald Cohen, Deloitte Consulting LLP analysis, 2014

ability to proactively manage costs of operations, strengthen internal long-term risk management approaches, and develop innovations.

On the impact side, being transparent about the actual long-term cost of an investment to investors creates an incentive to consider the impact of a transaction on society alongside a potential short-term financial gain, when making an investment decision. As such, accountability to minimize the long-term environmental and/or social effects of doing business could then be carried by all, and reside with primary actors in capital markets as well as with the ecosystem players (e.g., governments and civil society) who have traditionally owned this role.

As with financial quantification, addressing these growing requirements means that access to reliable data is essential. Data related to the cost of externalities is a prerequisite to integrating these factors into investment decisions.

In addition, the establishment of mechanisms that make long-term costs visible today is important. Progress in information technology and science, as well greater coordination and agreement between actors have helped speed up this process in recent years. Yet, more can be done.

Processes and frameworks should be put in place to encourage ecosystem players, namely policy makers and regulators, to work together with primary investment actors. Likewise, they should encourage measurement and data service providers to establish mechanisms that incentivise investors to take a long-term view and make the costs of externalities transparent today.

CHAPTER 5

A LONG-TERM VISION OF IMPACT MEASUREMENT: DATA QUALITIES AND SUPPORTING CONVENTIONS

> "It is key to consider what future measurement system we would like to develop in order to be sure that we stay on track in building consensus around leading practices today. This is true for all individual actors in the field – individual investors, social enterprises, foundations – and for the market as a whole."
>
> **Impact Investor**

After an examination of the current state of impact measurement and the trends shaping its evolution, the next logical question is "What should a future vision of impact measurement look like?"

In this chapter, the Working Group describes an ideal vision, focused around the qualities that impact data should possess, as well as the impact measurement "convention" required to further develop these qualities.

Ultimately, a long-term impact measurement convention that can advance the industry closer to this future state is central to the development of a vibrant impact investing marketplace.

THE EVOLUTION OF A LONG-TERM IMPACT MEASUREMENT CONVENTION

The type of long-term impact measurement convention required to bring the desired qualities to impact data is at its very earliest stages. Yet, when looking at how a measurement convention came about in a comparable market – venture capital – it becomes apparent that there are likely four gradual stages[28]:

1. **Emergence** – the point when individual organizations develop their own practices
2. **Consensus** – where best practices emerge and increasing alignment occurs across organizations
3. **Standardization** – where standards for performance measurement and transparency gain traction
4. **Integration** – where standards become part of a market's formal infrastructure.

Here, these four stages of evolution are mapped to the existing state of impact measurement as well as the near-term and long-term visions of the Working Group in order to demonstrate where the practice is today and how it should evolve. To clarify, the near-term vision refers to the adoption of the guidelines set out in Chapter 2 while the long-term vision refers to the development of a more formalized impact measurement convention.

DATA QUALITIES– THE DESIRED OUTCOME OF A LONG-TERM CONVENTION

While there were some mixed views around the specifics of an ideal future state of impact measurement, most of the experts and practitioners consulted in the development of this report agreed that it should involve the availability of impact data that features a series of important qualities.

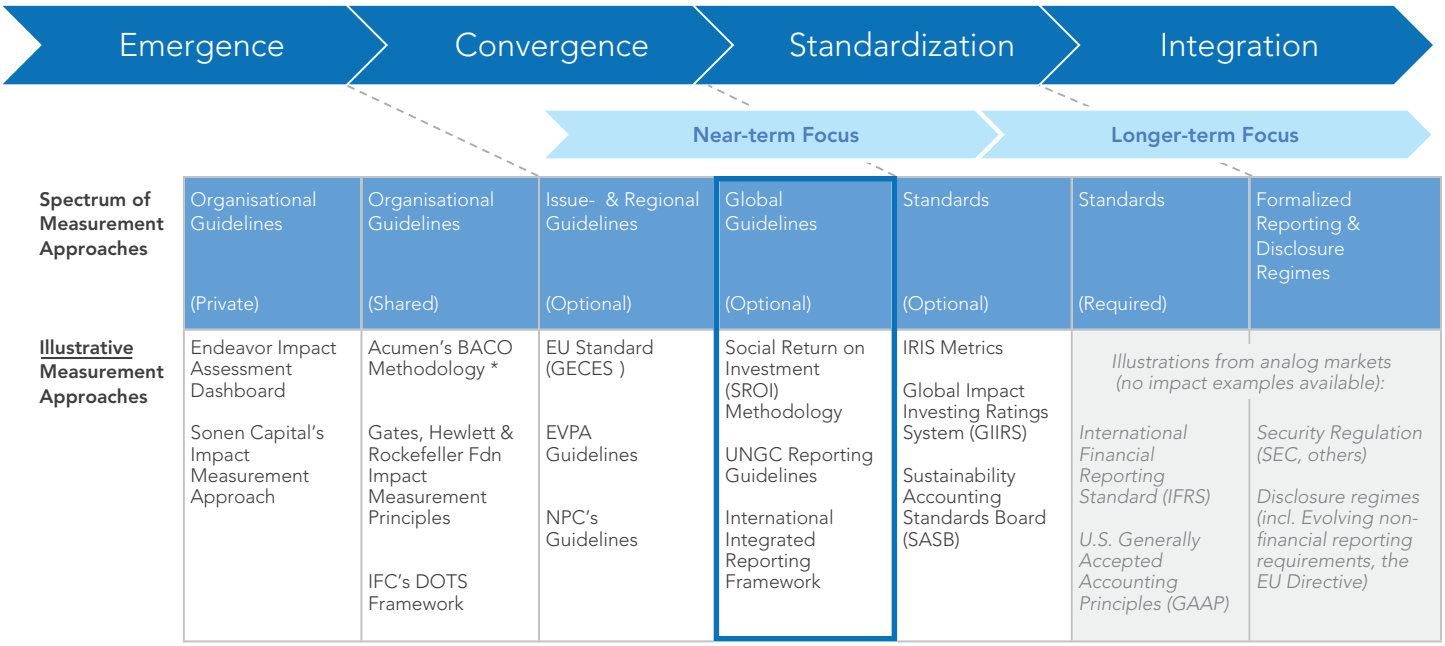
These qualities – materiality, reliability, comparability, 'additionality', and universality – would enhance the way investors evaluate societal impact to enable them to quantify and assign a financial value to this impact where possible.

Achieving these results is imperative to unlocking additional capital and further demonstrating the viability of impact investing. Thus, a future impact measurement convention should advance all of these qualities.

What is an 'impact measurement convention?'
The Working Group defines an impact measurement convention as "a standardized impact measurement and reporting system that enhances the availability of impact data" with desired qualities.

28 Stages are adapted from the general evolution of social movements – incl. from the essay "Four States of Social Movements" by Jonathan Christiansen, M.A. Christiansen, Jonathan, EBSCO Research Starters. EBSCO Publishing Inc, n.d. Web. 12 May 2014.

Exhibit 8: Market Evolution Spectrum[29]



Spectrum of Measurement Approaches	Organisational Guidelines (Private)	Organisational Guidelines (Shared)	Issue- & Regional Guidelines (Optional)	Global Guidelines (Optional)	Standards (Optional)	Standards (Required)	Formalized Reporting & Disclosure Regimes
Illustrative Measurement Approaches	Endeavor Impact Assessment Dashboard Sonen Capital's Impact Measurement Approach	Acumen's BACO Methodology * Gates, Hewlett & Rockefeller Fdn Impact Measurement Principles IFC's DOTS Framework	EU Standard (GECES) EVPA Guidelines NPC's Guidelines	Social Return on Investment (SROI) Methodology UNGC Reporting Guidelines International Integrated Reporting Framework	IRIS Metrics Global Impact Investing Ratings System (GIIRS) Sustainability Accounting Standards Board (SASB)	*Illustrations from analog markets (no impact examples available):* *International Financial Reporting Standard (IFRS)* *U.S. Generally Accepted Accounting Principles (GAAP)*	*Security Regulation (SEC, others)* *Disclosure regimes (incl. Evolving non-financial reporting requirements, the EU Directive)*

Exhibit 9: The Five Data Qualities

Quality	Definition	Detail	Convention Requirements
Materiality	*Data that features the relevance and authority to substantively influence an investor's assessment of an organization's ability to create financial, societal, and environmental value and to influence portfolio, deal, or enterprise-level management decisions.*[30] [31]	Many agree that material data is essential for demonstrating an investor's commitment and ability to generate tangible social and environmental impact and for measuring whether "impact intentionality" – a defining characteristic of impact investments – exists. There is much debate around what exactly should be considered material. While this report doesn't go into those details, practitioners and thought leaders generally agree that direct impact and external factors (i.e., the long-term, often unintended, societal consequences of doing business, such as carbon emissions and water use) should be considered.	A future framework should encourage investors to work with stakeholders to determine materiality and to further use and disclose material impact data as part of their regular impact management processes.
Reliability	*Data that is sourced and validated to ensure a high standard of integrity.*	The availability of reliable investment- and portfolio-level impact data instills the deep trust in the integrity of the market that is necessary to attract new entrants. It is worth noting that reliability depends on specific impact measurement goals as well as the internal and external context in which a participant operates.[32]	A strong impact measurement convention should enable sound data collection, reporting, and validation practices among impact investors.

30 Inclusion of "portfolio, deal, or enterprise-level management decisions" in this definition of materiality is based on practitioner and Working Group reactions to a more narrow definition. It is important to note that this exercise is not intended to create a new definition of materiality but rather to draw on the evolving definition of materiality in its broadest sense and include the context for the impact investment market currently. Other than our interviews with leading practitioners and standard setting organizations, reference material also included documentation from SASB, GRI and IR, including: "Materiality in the Context of the GRI Reporting Framework." Global Reporting Initiative. Global Reporting Initiative (GRI), n.d. Web. 12 May 2014. Technical Task Force of the International Integrated Reporting Council. Materiality: Background Paper for. Working paper. N.p.: International Integrated Reporting Council, 2013. Print. "Determining Materiality." Sustainable Accounting Standards Board. Sustainable Accounting Standards Board, n.d. Web. 12 May 2014.

31 For a discussion of the relationship of "materiality" and "proportionality" in impact measurement see the report "Proposed Approaches to Social Impact Measurement in the European Commission legislation and practice relating to: EuSEFs and the EaSI" GECES Sub-group on Impact Measurement, June 2014.

32 See Chapter 2: Impact Measurement Guidelines

Quality	Definition	Detail	Convention Requirements
Comparability	*Data that is derived following consistent standards or practices, making it possible to compare results from different investments*[33]	Comparability is key to creating an efficient marketplace where decisions between investment opportunities can be made in a timely manner, objectively, and with minimal costs. Gathering comparable data can be a complex process. This is particularly true when an investor seeks to compare performance at a later-stage outcome or impact level as well as across issue areas, sectors, markets and regions. The comparison of investment data must be handled with care; inaccuracies can lead to funds being diverted away from promising investment opportunities.	The use of consistent, common standards improves comparability. Yet, given the complexities noted in the details section, an element of flexibility should remain. A long-term convention should: • Promote broad alignment around the guidelines across market segments while recognizing that adaptation is required for segment-specific needs • Encourage use of a common language[34] that is recognized by impact investors • Develop infrastructure that makes it easy for investors to compare performance
'Additionality'	*Data that allow investors to assess the extent that an investment has generated results that would otherwise not have been realized.*	Greater insight into the effectiveness of impact investments against targeted outcomes is critical for the growth the market. Yet, establishing the extent to which an investment generates the desired impact can present the same challenges as those encountered when generating comparable data. Again, a participant's own impact measurement requirements and goals[35] will define the extent to which this will need to be measured. For example, payment-for-success structures must specifically demonstrate the financial value of the social and/or environmental outcomes achieved, in addition to other impact metrics. Likewise, an early stage venture in an emerging market may not have this requirement, but instead can demonstrate the impact of its work when it can establish that its outcomes exceed that of similar programs in a comparable region.[36]	Investors should be given the tools and resources to determine the extent to which contribution, or attribution, is achieved within performance data. In addition, a convention should support those investors for whom it is desirable to quantify the financial value of their impact results.
Universality	*Data collection practices that are applied consistently across markets, geographies, and sectors.*[37]	To achieve a truly global marketplace, impact investing must move towards standards and practices that are consistently applied across geographies and sectors. This development becomes more vital when considering broader trends around the convergence of capital markets. This convergence calls for the need to make impact a key consideration when a business is being valued in the mainstream capital markets. Yet, because the various contexts for measurement standards and practices differ so significantly, a singular standard would be neither realistic nor advisable.	A convention should provide processes, tools, and resources that systematically connect market segments where feasible and opportune.

33 Definition is based on those used within financial accounting
34 An impact language refers to a taxonomy or collection of indicators and/or metrics that are generally accepted by a given community as effective in measuring towards desired objectives
35 See also Chapter 1: The State of Impact Measurement and Chapter 2: Impact Measurement Guidelines
36 See Chapter 1: The State of Impact Measurement for greater detail on the exact definitions of "outcomes", "outputs", and other types of data along an "impact value chain"
37 The IMWG does not envision that impact data about investees would be publicly available. Public data on companies is only "universally available" in traditional public markets – while in private markets, where most of impact investing takes place) there are still no requirements for universal availability of company level data. Therefore, when this report references "universal" as a quality here it refers to data that is accessible to impact investors globally and across sectors – although the data may be proprietary to private or industry specific data platforms.

DEVELOPMENT OF DATA QUALITIES OVER TIME – A FEW CONSIDERATIONS

These qualities for impact data – and the impact measurement convention required – will necessarily develop in stages and over time.

The sequential development of these qualities results from the fact that they are quite interrelated. For example, the attributes that make data material will affect how the data is derived, thus affecting its reliability and comparability. Likewise, universality can only occur if data is already material, reliable, and comparable. Understanding this, it makes sense that the first three qualities would have to further develop before the last two can start making meaningful progress.

The development of these qualities will also be influenced by investors' goals as they relate to impact measurement today. Thus, it is likely that they will progress at different rates – some will be developed in the short- to medium-term, others in the longer-term.

To summarize, the development of these data qualities will benefit greatly from the emergence of an impact measurement convention that:

- Encourages investors to define and disclose material impact data[38] as part of their regular investment management process
- Enables sound data collection, reporting, and validation practices across the investment cycle and among impact investors
- Provides a common measurement language that is recognized by impact investors, as well as an infrastructure that makes it easy for investors to compare performance
- Offers tools and resources to determine the extent to which additionality is achieved, and supports those investors for whom it is desirable to quantify the financial value of their impact results
- Promotes alignment around the guidelines across market segments while allowing for adaptation.

38 For more information on this topic, see materiality discussions from SASB, GRI and IR, including: "Materiality in the Context of the GRI Reporting Framework." Global Reporting Initiative. Global Reporting Initiative (GRI), n.d. Web. 12 May 2014. Technical Task Force of the International Integrated Reporting Council. Materiality: Background Paper for. Working paper. N.p.: International Integrated Reporting Council, 2013. Print. "Determining Materiality." Sustainable Accounting Standards Board. Sustainable Accounting Standards Board, n.d. Web. 12 May '14

CHAPTER 6

THE ROAD AHEAD

To bring reporting and data standards up to the qualities and levels outlined in Chapter 5, the Working Group has translated the concepts that form the core of a long-term impact measurement convention into a concrete set of near-term and longer-term priorities for leading actors in the impact investing ecosystem.[40]

> "To achieve systems change and advance the impact measurement field effectively, all actors need to work together."
>
> **World Business Council for Sustainable Development (WBCSD)[39]**

The extent to which the recommended guidelines are adopted, and the speed at which a long-term impact measurement convention is achieved, will depend on how each stakeholder acts on and contributes to four overarching long-term priorities:

#1: Embrace impact accountability as a common value – commit to hold oneself and each other accountable for advancing the intended impact

#2: Apply best practice guidelines – commit to apply the seven guidelines in one's portfolio, deals, and/or organizations

#3: Establish a common language & data infrastructure – commit to align to existing standards and to contribute to the creation of a shared language and data systems

#4: Evolve the field through ongoing learning and adaptation – commit to maximize the utility of organisational- and market-level measurement approaches every step of the way

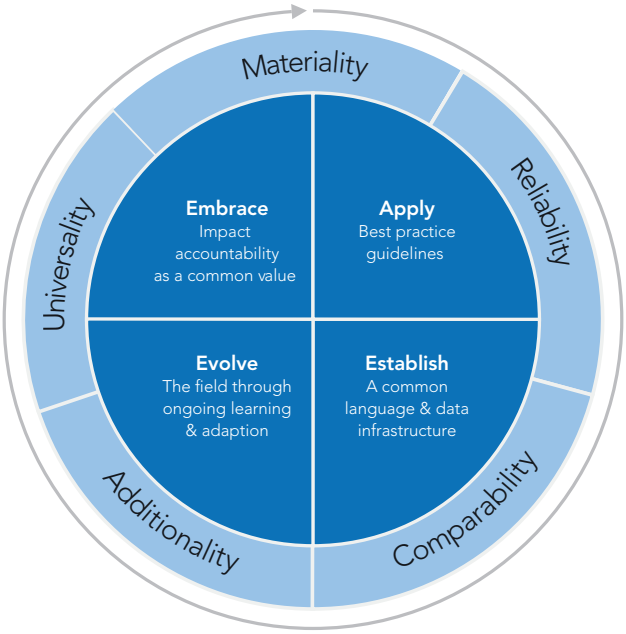
Below, each priority is outlined further, along with the ways that specific impact investing market actors must play a key role to play and in advancing each of these long-term priorities in order to achieve a successful impact measurement convention.

#1: EMBRACE IMPACT ACCOUNTABILITY AS A COMMON VALUE

WHY: Unless impact investors hold themselves and each other accountable for living up to their commitments to invest with intent for impact, the integrity of the field will be compromised.

WHAT: While many impact investors and investees increasingly understand that impact measurement is important, not everyone acknowledges its inherent link to impact accountability and the resulting benefit for all involved and the field as a whole, dampening a sense of urgency about integrating impact measurement into the heart of impact investing practices. Investees often have mixed feelings about measurement because, while it should help them achieve financial and societal objectives, it can feel like a burden which distracts them from their core operations. Similarly, while investors increasingly understand the importance of impact measurement, too many of them still view it as part of monitoring and evaluation activities rather than a way to improve and increase their impact.

Exhibit 10: Roadmap Priorities Framework



39 Comments from interview with Rodney Irwin and Anne-Leonore Boffi from the WBCSD on March 28th.
40 See Chapter 1 for an overview of the ecosystem

WHO:

- **Investors, investees, and intermediaries** must be transparent about the impact goals to which they will hold themselves accountable, and to ask partner organizations to follow their example
- **Measurement and data service providers** must offer standards, certifications, and other accreditation tools that identify and celebrate those that have solid impact measurement practices and/or show strong impact
- **Policy makers and regulators** to establish corporate forms that recognize impact as a meaningful and material performance goal

#2: UNDERSTAND AND APPLY BEST PRACTICE GUIDELINES

WHY: Awareness and understanding of these guidelines is critical to market-wide application of leading impact measurement practices.

WHAT: The Working Group's research shows that among impact measurement pioneers there is consensus about impact measurement best practices. However, despite the availability of a wide range of measurement handbooks and tools through organizations like EVPA the GIIN, these best practices are not yet applied consistently.

WHO:

- **Investors, investees, and intermediaries** must review and integrate the guidelines into their core investment and measurement processes in a way that aligns with their goals and is appropriate to their operating environment
- **Measurement and data service providers** must embrace and integrate the guidelines in the methodologies they adopt and recommend to clients
- **Funders, researchers, and standard setters** must provide financial and/or direct assistance to organizations that have an aspiration to adopt the guidelines yet lack the resources to do so

#3: ESTABLISH A COMMON LANGUAGE AND DATA INFRASTRUCTURE

WHY: The absence of a common impact language[41] and supporting data infrastructure is a major barrier to achieving comparable and accessible impact data. A critical mass of impact investors aligned with a common impact language enables effective data sharing, aggregation, and analyses that can unlock more capital and improve capital allocation for the greatest collective impact.

WHAT: Impact reporting systems, languages, and data platforms designed to advance a common impact measurement language and data infrastructure include the GIIN's IRIS catalog, the Global Impact Investing Ratings System (GIIRS), and data platforms such as MIX and GIIRS/B Analytics.[42] In addition, a range of organizations inside and outside of the impact investing market have started working to align languages.[43] Illustrative alignment efforts include efforts by the Donor Committee for Enterprise Development (DCED), the Social Return on Investment (SROI) Network, the World Business Council for Sustainable Development (WBCSD), the GECES subgroup on social impact measurement, and the Global Impact Investing Network's "Standards Working Groups"[44]. While many of these systems are aligned or coordinated, to date no single system of standards or data infrastructure has reached the critical mass necessary for widespread adoption, limiting results comparability and benchmark data.

WHO:

- **Investors, investees, and intermediaries** must use existing impact measurement standards and share their impact data
- **Measurement and data service providers** (including data and technology providers) and funders must collaborate on identifying, funding, and supporting proven data solutions, tools, and resources

41 An impact language refers to a taxonomy or collection of indicators and/or metrics that are generally accepted by a given community as effective in measuring towards desired objectives

42 IRIS is the catalog of generally-accepted performance metrics that leading impact investors use to measure social, environmental, and financial success, evaluate deals, and grow the credibility of the impact investing industry, as sourced from iris.thegiin.com; GIIRS is a comprehensive and transparent system for assessing the social and environmental impact of companies and funds with a ratings and analytics approach analogous to Morningstar investment rankings and Capital IQ financial analytics, as sourced from giirs.org; MIX Market is a data hub where microfinance institutions (MFIs) and supporting organizations share institutional data to broaden transparency and market insight, as sourced from mixmarket.org. All of these organizations strive to provide a common language and data infrastructure for the field.

43 SROI is a framework based on social generally accepted accounting principles (SGAAP) that can be used to help manage and understand the social, economic and environmental outcomes created by your activity or organization, as sourced from thesroinetwork.org; the Donor Committee for Enterprise Development (DCED) is a membership group of donors and intergovernmental agencies focused on private sector development (PSD). The DCED has developed a Standard for Results Measurement which provides a practical framework for programs to monitor progress towards their objectives and better measure, manage, and demonstrate results, as sourced from iris.thegiin.org; WBCSD is a CEO-led organization of forward-thinking companies that galvanizes the global business community to create a sustainable future for business, society and the environment. All of these organizations work towards alignment and field-building activities within the impact investing market.

44 Ibid.

- **Policy makers and regulators**
  - must use common data platforms to share data that illuminates broad social and environmental needs and where appropriate the cost of various impacts to society
  - must encourage other data providers to aggregate and share their impact data

#4: EVOLVE THE FIELD THROUGH ONGOING LEARNING AND ADAPTATION

WHY: As the practices of impact measurement and impact investing are still emerging, it is critical the whole ecosystem of players act as market stewards, guiding the evolution of impact measurement practices.

WHAT: Market stewardship should include efforts to advance impact measurement best practices and push for ongoing adaptation and improvement. Organizations with the appropriate expertise and resources can come together and drive a market-wide measurement agenda, convene interested stakeholders, and launch initiatives that advance impact measurement in line with stakeholder experience.

WHO:

- **Investors, investees, and intermediaries** must strive to continuously improve impact measurement practices and learn from one another
- **Measurement and data service provider**s must join with leading investors and intermediaries as well as ecosystem players to align language and data systems
- **Funders, researchers, and standard-setters** must act as stewards of impact measurement and provide thought leadership, support dialogues that enable market actors to share experiences, and work with them to improve measurement over time

This ongoing learning and evolution is not only about sharing insights, but also about impact investors and others holding themselves accountable, in the long-term, to the three core purposes of impact measurement:

- Generating intrinsic value from measurement for all stakeholders
- Mobilizing greater capital to increase the amount of aggregate impact delivered by impact investing
- Increasing transparency and accountability for impact delivered.

The Working Group calls on investors to continuously assess whether they are measuring impact in a way which achieves these three purposes, not only for themselves but for the field as a whole.

Exhibit 8 provides a more detailed view of the actions required of, as well as specific implications for various market participants.

Ultimately, this future impact measurement convention can only be achieved if equal commitment and attention is paid to each of these priorities – embrace, apply, establish, evolve. That said, the four priorities are highly interdependent, non-sequential, and progress in one area is likely to drive success in others. For example, the Working Group does not envision that broad application of best practice guidelines must be achieved to then drive greater acceptance of impact accountability as a value in the market.

Rather, as more impact investors and investees adopt impact accountability, they will be further motivated to measure impact across their portfolios. Similarly as impact investors apply impact measurement best practices, they are likely to embrace and integrate impact accountability to a deeper extent.

The Road Ahead

Requirements for a Future Desired Future State	Call for Action	For Investors	Other Ecosystem Players	Promising existing Initiatives
For impact investing to reach its full potential, an impact measurement convention must emerge to: 1. Encourage investors to define and disclose material impact data as part of their regular investment management process 2. Enable sound data collection, reporting, and validation practices across the investment cycle and among impact investors 3. Provides a language that is recognized by impact investors – as well as an infrastructure that ma☒custasyll fod				

CONCLUSION

The Working Group developed this report based on its conviction that impact measurement is critical to the success and evolution of the impact investing market and that without it effective impact investing cannot occur.

As such, this report is about more than just measurement – it's about the future of the impact investing market and its tremendous potential to harness entrepreneurship, innovation and the power of private capital markets for public good.

The Working Group and the Taskforce believe that if the industry can mobilize actions and drive progress in implementation of the recommendations outlined in this report, it can increase the impact that society achieves in addressing the paramount societal and environmental challenges of our era.

To some, the guidelines may seem technical or narrow at times; yet, they provide an effective approach to clearing some of the hurdles to successful impact measurement. The Working Group believes that application of these guidelines within a broader agenda for action is immensely powerful.

The Working Group has been excited to be part of this important effort to strengthen impact measurement globally. This report is not the culmination of its efforts, but rather the beginning to a broader movement and a call to action for governments, foundations, corporates, and individuals seeking to generate positive impact to adopt a consistent approach new to measuring and valuing impact.

The guidelines, vision, and actions outlined are both realistic and bold. They are intended to guide to the future state of impact measurement and to motivate market stakeholders as they begin measuring impact and investing in achieving it.

The Working Group is inspired to join with others in this journey and is confident that collaborative efforts on these recommendations will achieve tremendous change.

APPENDIX 1 – GLOSSARY OF TERMS

Additionality	Referring to the extent to which an investment has made a difference and has resulted in change *Source: Multiple sources*
Comparability	Data that has been derived following consistent standards, methods, and practices, making it possible to compare outputs or statements with those of prior periods, those of other investments and/or portfolios of investments *Source: Definition is based on those used within financial accounting*
(Social) Enterprise	A form of hybrid organization that pursues a social mission using business methods *Source: Stanford Social Innovation Review*
Impact	The reflection of social [and environmental] outcomes as measurements, both long-term and short-term, adjusted for the effects achieved by others (alternative attribution), for effects that would have happened anyway (deadweight), for negative consequences (displacement), and for effects declining over time (drop-off) *Source: GECES Sub-group on Impact Measurement, Proposed Approaches to Social Impact Measurement, par 4.7*
Impact Investing	Investments made into companies, organizations, and funds with the intention to generate social and environmental impact alongside a financial return *Source: the Global Impact Investing Network (the GIIN)*
Impact Investor	Any organization acting in its capacity as an investor to intentionally generate social and/or environmental impact alongside a financial return *Source: the Global Impact Investing Network (the GIIN)*
Indicator	A sign (metric, collection of metrics, etc.) that shows the condition or existence of something *Source: Merriam Webster*
Investee	An organization in which an investment has been made. Can involve range of players, including social enterprises (see above), corporates, and NGOs
Materiality	Data that is of such relevance and importance that it could substantively influence the assessments of providers of financial capital with regard to the organization's ability to create value over the short-, medium, and long term *Source: Adapted from Integrating Reporting (IR) definition of materiality*
Metric	A defined unit of measurement; a system or standard for measurement *Source: Merriam Webster*
Outcome	Social effect (change), both long-term and short-term achieved for the target population as a result of the activity undertaken with a view to social change taking into account both positive and negative changes *Source: GECES Sub-group on Impact Measurement, Proposed Approaches to Social Impact Measurement, par 4.7*
Output	The tangible products or services from the activity (of the social enterprise): effectively the points at which the services delivered enter the lives of those affected by them (GECES) *Source: GECES Sub-group on Impact Measurement, Proposed Approaches to Social Impact Measurement, par 4.7*
Proportionality	Processes and activities are appropriate according to the available resources, scale, and stage of maturity of both investors and investees *Source: GECES Sub-group on Impact Measurement, Proposed Approaches to Social Impact Measurement (see relationship to "materiality", par 8.15)*
Reliability	Data that accurately reflects underlying information and has an evidential underpinning *Source: GECES Sub-group on Impact Measurement, Proposed Approaches to Social Impact Measurement, par 4.21, 12.3.2*
Social Finance	Investments intended to generate positive impact alongside financial return Source: JP Morgan Social Finance
Stakeholder	Any party interested, financially or otherwise, in the social enterprise or the outcomes and impacts it achieves *Source: GECES Sub-group on Impact Measurement, Proposed Approaches to Social Impact Measurement*
Theory of Change /Investment Thesis	The means (or causal chain) by which activities achieve outcomes, and use resources (inputs) in doing that *Source: GECES Sub-group on Impact Measurement, Proposed Approaches to Social Impact Measurement*
Universality	Data that is applied consistently across markets, geographies, and sectors *Source: Deloitte research, Working Group interviews*

APPENDIX 2 – IMPACT MEASUREMENT WORKING GROUP MEMBERS & OBSERVERS

The Impact Measurement Working Group and its Observers is comprised of 29 leading thinkers in impact investing and measurement, with representatives across sectors and geographies, and spanning the industry, including private investors, foundations, academics, non-profits, and intermediaries. Luther Ragin Jr., President and CEO of the GIIN, and Tris Lumley, Director of Development of NPC, serve as the Working Group's Co-Chairs.

Working Group Members

Clara Barby	Bridges Ventures, UK
David Carrington	Chair, Inspiring Impact Programme Board, UK
Jim Clifford OBE	Bates Wells Braithwaite Impact, UK
Mathieu Cornieti	AFIC, FR
Alnoor Ebrahim	Harvard Business School, US
Karim Harji	Purpose Capital, CAN
Lisa Hehenberger	European Venture Philanthropy Network, EUR
Diana Hollmann	GIZ, GER
James Hopegood	European Commission, EUR
Bart Houlahan	B Lab, US
Carla Javits	REDF, US
Cyrille Langendorff	Credit Cooperatif, FR
Cécile Lapenu	CERISE, FR
Ian Learmonth	Social Ventures Australia, AU
Tris Lumley (Co-Chair)	NPC, UK
Elleke Maliepaard	DEG, GER
Caroline Mason CBE	Esmée Fairbairn, UK
Kelly McCarthy (Secretariat)	GIIN, US
Jeremy Nicholls	SROI Network, UK
Lila Preston	Generation Investment Management, UK
Luther Ragin, Jr. (Co-Chair)	GIIN, US
Andreas Rickert	Phineo, GER
Abigail Rotheroe (Secretariat)	NPC, UK
Yasemin Saltuk	JP Morgan, UK
Barbara Scheck	Hamburg University, GER

Working Group Observers

Sir Ronald Cohen	Chair, Social Impact Investment Taskforce, UK
Jonathan Greenblatt	The White House, US
Antonella Noya	OECD, FR
Rebecca Thomas	Sir Ronald Cohen's Office, UK

All advisors to the Impact Measurement Working Group serve as individuals, sharing their personal and professional expertise. The organizations listed alongside the advisors are for identification purposes only.

APPENDIX 3 – IMPACT MEASUREMENT WORKING GROUP TEAM

Secretariat

Kelly McCarthy, Manager of IRIS at the GIIN, led the secretariat that managed the day-to-day activities of the Impact Measurement Working Group and facilitated outreach and consensus-building activities amongst external impact investing membership groups. Abigail Rotheroe, Consultant at NPC, managed outreach with EU-based stakeholders, coordination with the Cabinet Office, and facilitated consensus-building activities with the other Taskforce working groups. Nadine Dorvelus, Executive Assistant at the GIIN, provided administrative support and coordination to the entire team.

Research and Consultation

The research, consultation, and operations of the Impact Measurement Working group benefited from a six-month pro-bono engagement with Deloitte Consulting LLP and Deloitte & Touche LLP. Led by Carolien de Bruin, team members included: Jessie Duncan, Ben Funk, Kristen Sullivan, and Tony Siesfeld. We are deeply appreciative to each of them for their energy, professionalism, and diligence.

Special Thanks

We are truly grateful for the enthusiasm, contributions, and steadfast commitment of our many fellow co-shapers of this work. We are grateful for the outstanding collaboration and contributions of Jim Clifford, Alnoor Ebrahim, Jonathan Greenblatt, Lisa Hehenberger, and Jeremy Nicholls, who went well beyond the call of duty to ensure the overall report was sound. We are also grateful to the collective (and unvarnished) insights and experiences into the everyday practice of impact measurement of Clara Barby and Caroline Mason. Thanks very much to Sam Duncan at LeapFrog and Darin Kingston at d.Light for sharing the perspectives of those on the front line. We thank GIIN team members Melody Meyer, who provided invaluable advice, thought-partnership, and served as a trusted point of clarity along the way, and Ellen Carey and Sarah Richards for their invaluable contributions to contents of this report. And a special note of appreciation to Sarah Gelfand of IPIHD for her clarity of vision many months ago in what this effort could be. We are grateful to Kieron Boyle, Alexandra Meagher, and Claire Michelet at the UK Cabinet Office, for their critical and steadfast support. And, of course, we are deeply grateful for the leadership, energy, and vision of Sir Ronald Cohen and the members of the Social Impact Investment Taskforce, in partnership of Rebecca Thomas. Thank you for inspiring a body of work that seeks to strike the right balance of being "practical yet aspirational" in its aim to shift the paradigm of investing.

All errors and omissions are our own.

APPENDIX 4 – EXTERNAL CONTRIBUTORS & CONSULTATION

The following organizations and conferences contributed to the engagement and consultation process by co-hosting events, panels, working sessions, and briefings:

- ANDE Metrics from the Ground Up Conference, Washington DC
- GIIN Members' Meeting at Bank Degroof, Antwerp
- Investors' Council Annual Meeting, New York
- SROI Network
- Social Impact Investment Task Force National Advisory Boards and Working Groups

Hundreds of individuals contributed input to this effort through their involvement at one of the above events, the review of the report, or written feedback. We'd like to recognize the following individuals in particular for their collective contributions via individual interviews and case studies:.

External Interviews

Tom Adams	Acumen
Hewson Baltzell	MSCI
Anne-Leonore Boffi	World Business Council Sustainable Business (WBCSD)
Daniel Brewer	Resonance
Bastian Buck	Global Reporting Initiative (GRI)
Roger Bullen	Evidence-Based Social Investments (EBSI) Ltd. (previously Essex County Council)
Paul Dickinson	CDP
Genevieve Edens	Aspen Network of Development Entrepreneurs
John Elkington	Volans Venures (previously SustainAbility)
Sarah Forster	Big Issue Invest
Jessica Fries	The Prince's Accounting for Sustainability Project
Brett Galimidi	Social Venture Technology Group
Robin Gravesteijn	Oikocredit
Katherine Hill	Acumen
Marcus Hulme	Big Society Capital (Social Outcomes Matrix)
Rodney Irwin	World Business Council Sustainable Business (WBCSD)
Alan Knight	Integrated Reporting (with experience at GRI, SROI, IIRC)
Ging Ledesma	Oikocredit
Elodie Nocquet	Investisseurs & Partenaires
Sara Olsen	SVT Consulting
Sonja Ooms	Oikocredit
Curtis Ravenel	Bloomberg LP
Jean Rogers	SASB
Robert Rubinstein	TBLI Group
Jill Scherer	Social Finance US
Kim Siegal	One Acre Fund
Lenora Suki	Bloomberg LP
Jake Velker	One Acre Fund
Peter White	World Business Council Sustainable Business (WBCSD)
Brian Whittaker	LankellyChase Foundation, Social Impact Investors Group (SIIG)
Karen Wilson	OECD
Kawien Ziedses des Plantes	Oikocredit

APPENDIX 5 – RESOURCE/RESEARCH LIBRARY

These tables serve as a list of additional reading, research and guides around the Working Group's recommended guidelines and the emerging trends affecting the development of impact measurement.

Guideline	Resources	Author/Organisation	Source
All 7 Guidelines	A Practical Guide to Measuring and Managing Impact	European Venture Philanthropy Association (EVPA)	http://evpa.eu.com/knowledge-centre/publications/evpa-publications/
	Proposed Approaches to Social Impact Measurement	GECES Sub-group on Social Impact Measurement	http://ec.europa.eu/internal_market/social_business/docs/expert-group/20131128-impact-measurement-subgroup_en.pdf
	The Good Investor: A Book of Best Impact Practice	The Good Investor	http://www.goodinvestor.co.uk/
Set Goals	Inspiring Impact: The Code of Good Impact Practice	Inspiring Impact, NCVO	http://inspiringimpact.files.wordpress.com/2013/02/code-of-good-impact-practice-mar-2013.pdf
	Guide to Evaluating Capacity Development Results	The World Bank	http://wbi.worldbank.org/wbi/document/guide-evaluating-capacity-development-results
	Toniic E-Guide to Early Stage Global Impact Investing	Toniic Institute	http://www.toniic.com/toniic-institute/early-stage-e-guide/#top
	Guidebook for Impact Investors: Impact Measurement	Purpose Capital	http://purposecap.com/project/guidebook-for-impact-investors-impact-measurement/
	Guidelines for Impact-Oriented Reporting	Social Reporting Standard (SRS)	http://www.social-reporting-standard.de/wp-content/uploads/2011/09/SRS_Leitfaden_120716_en.pdf
	Assessing Impact	Rockefeller Philanthropy Advisors	https://www.rockpa.org/document.doc?id=156
Develop Framework & Select Metrics	Inspiring Impact: The Code of Good Impact Practice	Inspiring Impact, NCVO	http://inspiringimpact.files.wordpress.com/2013/02/code-of-good-impact-practice-mar-2013.pdf
	Guide to Evaluating Capacity Development Results	The World Bank	http://wbi.worldbank.org/wbi/document/guide-evaluating-capacity-development-results
	Building a Performance Measurement System	RootCause	http://www.rootcause.org/resources2/building-a-performance-measurement-system-a-how-to-guide
	Building your Impact Measurement Framework: NPC's Four Pillar Approach	NPC	http://www.thinknpc.org/publications/npcs-four-pillar-approach/
	Toniic E-Guide to Early Stage Global Impact Investing	Toniic Institute	http://www.toniic.com/toniic-institute/early-stage-e-guide/#top
	Guidebook for Impact Investors: Impact Measurement	Purpose Capital	http://purposecap.com/project/guidebook-for-impact-investors-impact-measurement/
	Measuring Socio-Economic Impact: A Guide for Business	World Business Council for Sustainable Development (WBCSD)	http://www.wbcsd.org/impact.aspx
	Catalogue of Approaches to Impact Measurement	Social Venture Technology Group (SVT Group)	http://svtgroup.net/wp-content/uploads/2011/09/SROI_approaches.pdf
	Double Bottom Line Project Report	Catherine Clark, William Rosenzweig, David Long, Sara Olsen, with The Rockefeller Foundation	http://www.riseproject.org/DBL_Methods_Catalog.pdf
	Evaluation Principles and Practices	The William and Flora Hewlett Foundation	http://www.hewlett.org/uploads/documents/EvaluationPrinciples-FINAL.pdf
	Guide to Actionable Measurement	Bill and Melinda Gates Foundation	https://docs.gatesfoundation.org/Documents/guide-to-actionable-measurement.pdf
	Selecting Indicators for Impact Evaluation	United Nations Development Programme (UNDP)	http://www.undp.org/eo/documents/methodology/rbm/indicators-Paperl.doc
	Toniic E-Guide to Impact Measurement	Toniic Institute	http://www.toniic.com/e-guide-to-impact-measurement/

Guideline	Resources	Author/Organisation	Source
Data Collection & Storage	Inspiring Impact: The Code of Good Impact Practice	Inspiring Impact, NCVO	http://inspiringimpact.files.wordpress.com/2013/02/code-of-good-impact-practice-mar-2013.pdf
	Guide to Evaluating Capacity Development Results	The World Bank	http://wbi.worldbank.org/wbi/document/guide-evaluating-capacity-development-results
	Building a Performance Measurement System	RootCause	http://www.rootcause.org/resources2/building-a-performance-measurement-system-a-how-to-guide
	Toniic E-Guide to Early Stage Global Impact Investing	Toniic Institute	http://www.toniic.com/toniic-institute/early-stage-e-guide/#top
	Measuring Socio-Economic Impact: A Guide for Business	World Business Council for Sustainable Development (WBCSD)	http://www.wbcsd.org/impact.aspx
Validate Data	Guide to Evaluating Capacity Development Results	The World Bank	http://wbi.worldbank.org/wbi/document/guide-evaluating-capacity-development-results
Analyse Data	Inspiring Impact: The Code of Good Impact Practice	Inspiring Impact, NCVO	http://inspiringimpact.files.wordpress.com/2013/02/code-of-good-impact-practice-mar-2013.pdf
	Guide to Evaluating Capacity Development Results	The World Bank	http://wbi.worldbank.org/wbi/document/guide-evaluating-capacity-development-results
	Toniic E-Guide to Early Stage Global Impact Investing	Toniic Institute	http://www.toniic.com/toniic-institute/early-stage-e-guide/#top
Report Data	Inspiring Impact: The Code of Good Impact Practice	Inspiring Impact, NCVO	http://inspiringimpact.files.wordpress.com/2013/02/code-of-good-impact-practice-mar-2013.pdf
	Guide to Evaluating Capacity Development Results	The World Bank	http://wbi.worldbank.org/wbi/document/guide-evaluating-capacity-development-results
	Building a Performance Measurement System	RootCause	http://www.rootcause.org/resources2/building-a-performance-measurement-system-a-how-to-guide
	Guidelines for Impact-Oriented Reporting	Social Reporting Standard (SRS)	http://www.social-reporting-standard.de/wp-content/uploads/2011/09/SRS_Leitfaden_120716_en.pdf
Make Data-Driven Investment Management Decisions	Building a Performance Measurement System	RootCause	http://www.rootcause.org/resources2/building-a-performance-measurement-system-a-how-to-guide
	Toniic E-Guide to Early Stage Global Impact Investing	Toniic Institute	http://www.toniic.com/toniic-institute/early-stage-e-guide/#top

Emerging trend	Resources	Author/Organisation	Source
Market Convergence	From the Margins to the Mainstream – Assessment of the Impact Investment Sector and Opportunities to Engage Mainstream Investors	World Economic Forum	http://www3.weforum.org/docs/WEF_II_FromMarginsMainstream_Report_2013.pdf
	Integrated Analysis: How investors are addressing environmental, social and governance factors in fundamental equity valuation	UNPRI	http://www.unpri.org/viewer/?file=wp-content/uploads/Integrated_Analysis_2013.pdf
Financial Quantification	Revolutionising Philanthropy: Impact Investment	Sir Ronald Cohen	http://www.ronaldcohen.org/sites/default/files/26/Sir%20Ronald%20Cohen%20Mansion%20House%20Speech%2023JAN14.pdf
External Impacts	Universal Ownership: Why environmental externalities matter to institutional investors	UNEP/PRI	http://www.unepfi.org/fileadmin/documents/universal_ownership_full.pdf
	The Business Case for True Pricing: Why you will benefit from measuring, monetizing, and improving your true impact	True Price, Deloitte, EY, PWC	http://trueprice.org/wp-content/uploads/2014/04/The-Business-Case-for-True-Pricing-Consultation-Report.pdf