Impact Management for Everyone

A rubric for creating assisted workflows

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From interesting objects in the landscape...
...to a meaningful image

When viewed from the place of Nelson Mandela's capture by the police

(29°28'06.1"S 30°10'15.7"E)

50 columns, built 50 years after arrest

(5 August 1962)

Be alert to different perspectives

Impact is in the eye of the beholder

Fact (x1) + Interpretations (∞) = Insights (∞)
• Current focus is shifting from *measuring* impact towards *managing* impact
  • From counting “what” happens to understanding “why” things happen
  • Once you understand the “why” you’ll be better informed to decide “what“ is important to measure
  • Empowered to select appropriate indicators yourself, and which are best to inform decision making

• How to harmonise impact management according to 3 aspects (axes / dimensions):
  • A common journey
  • Different pathways for making the journey
  • Levels of evidence required
A common journey for impact management is emerging

1. Establish Goals
2. Identify Indicators
3. Set Targets
4. Select Strategies
5. Measure
6. Analyse

For example:

  1. Set Goals
  2. Select Framework & Metrics
  3. Collect & Store Data

- **Bridges Impact+/ Skopos Impact Fund (2016)**
  1. Establish Goals
  2. Identify Indicators
  3. Set Targets
  4. Select Strategies
  5. Measure
  6. Analyse

- **UN SDG Impact Finance (2018)**
  1. Establish Intent
  2. Identify Objectives, Metrics & Indicators
  3. Define Targets & Select Strategies
  4. Measure, Collect & Validate Data
  5. Analyse & Evaluate Data
  6. Report & Disclose Results
  7. Use Results to Inform Decision-Making

Repeat as cycle/ continuous improvement
## The common journey aligned with industry processes

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</thead>
<tbody>
<tr>
<td>PLAN</td>
<td>Road Map</td>
<td>Introduction, Sourcing and Screening</td>
<td>Submit IPO Application to Exchange</td>
<td>Voluntary pledges or legislative/ regulated obligations</td>
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<td>Problem Identification</td>
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<td>Country Analysis</td>
<td>Due Diligence</td>
<td>Review Application</td>
<td></td>
<td>Select label/ reporting regime/ regulatory domicile</td>
<td></td>
<td>Policy Formulation</td>
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<tr>
<td>Strategic Planning</td>
<td>Investment Analysis (Potential) and Valuation</td>
<td>Vetting/Due Diligence (Incl Impact Report e.g. SSX)</td>
<td>Define Targets &amp; Select Strategies</td>
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<td>Policy Adoption</td>
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<tr>
<td>DO</td>
<td>Implementation</td>
<td>Investment Decision, Term Sheet, and Capital Deployment</td>
<td>Admission to Exchange</td>
<td>Measure, Collect &amp; Validate Data</td>
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<tr>
<td>CHECK</td>
<td>Evaluation</td>
<td>Post-investment Monitoring, Evaluation, and Value Building</td>
<td>Develop indices and tracking benchmarks</td>
<td>Analyse &amp; Evaluate Data</td>
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<td>Policy Evaluation</td>
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<tr>
<td>ACT</td>
<td>Closure</td>
<td>Exit/ Refinance</td>
<td>Exchange traded products for retail/ institutional investors</td>
<td>Capital price discovery/ consumer action/ shareholder action</td>
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<td>Evidence-based policy design/ re-design</td>
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1. **Establish Intent**

2. **Identify Objectives, Metrics & Indicators**

3. **Define Targets & Select Strategies**

4. **Measure, Collect & Validate Data**

5. **Analyse & Evaluate Data**

6. **Report & Disclose Results**

7. **Use Results to Inform Decision-Making**

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UN SDG Impact Finance (2018)
Common journey - different stakeholders, different data needs

I am an institutional asset owner

I am a fund manager

I am a foundation

I am a social enterprise

I am a venture philanthropist

I am a policy writer for the public sector

I am a corporation listed on a stock exchange

I am a private investor

I am an NGO/NPO charity

I am a foundation

I am a private investor

I am a social enterprise

I am a venture philanthropist

I am a policy writer for the public sector

Definition of impact + purpose for data = mandate for impact management

Impact management methodology

Less intense

Prescriptive requirements/ standardisation/ factual

More intense

Descriptive specification/ customisation/ interpretive
## Spectrum of mandates for impact management

<table>
<thead>
<tr>
<th>Less intense</th>
<th>Impact management methodology</th>
<th>More intense</th>
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</table>

### What evidence do we have that a theory of change works?

- Don’t consider impact
- Do no harm
- Benefit stakeholders
- Contribute to solutions

### Inputs
- Negative
- Responsible

### Outputs
- Potential
- Sustainable

### Stakeholders
- Principles
- Purpose

### Outcomes
- Evidence
- Value
- Contribution
- Materiality

### Impact
- Impact first
- Indicator
- Target
- Thematic

### Principles
- Sustainable
- Impact first

### Purpose
- Impact

### Evidence
- Value
- Contribution
- Materiality

### Value
- Evidence
- Contribute to solutions

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### Materiality
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### Impact
- Impact
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### Contribute to solutions
- Do no harm
- Benefit stakeholders
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- Impact first

### Contribute to solutions
- Contribute to solutions

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- Impact first
- Indicator
- Target
- Thematic

### Principles
- Sustainable
- Impact first

### Purpose
- Impact
**Discrete pathways for the impact management journey**

Select pathway that suits your definitional framework and mandate for impact management methodology

- **Agnostic**
  - Do not consider impact
- **Avoid harm**
  - Know what you do not want
- **Want good**
  - Know what you do want
- **Show good**
  - Describe what happens by enumerating outputs
- **Explain why**
  - Understand why outputs happen based upon specific inputs and actions
- **Assess effects**
  - Enumerate the intended effects of actions on stakeholders
- **Interpret impact**
  - Enumerate positive and negative outcomes, intended and unintended

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**One fact** (x1) | **Many interpretations** (∞)

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Less intense | Impact management methodology | More intense

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Design of the pathways was informed by UNSIF undertaking a pilot to segment market activity (enterprises, investments, funds and portfolios). The delineation is based upon the practicalities of discretely and unambiguously codifying attributes that are objective and independently observable.
Common journey + pathways of methodological intensity

Pathways of methodological intensity

- Agnostic
- Avoid harm
- Want good
- Show good
- Explain why
- Assess effects
- Interpret impact
Impact Management for Everyone – Application of a Rubric

• **Common Processes > Quality Assurance**
  e.g. to enable a UNDP country office representative to communicate to a fund manager what processes they are expected to follow to be compliant with UNSIF requirements, and to provide auditors with a framework to check compliance

• **Common Functionality > Software**
  e.g. to define the functionality for impact management software that vendors are expected to provide, to meet UNSIF requirements, and to enable accreditation of impact management software

• **Basis for Data Interoperability > Reporting**
  e.g. to inform design of data architectures, enable the production of comparable data for identifying legitimate claims of impact and progress towards the SDGs

• **Resource Allocation > SDG Prioritisation**
  e.g. if a company/ fund prioritises say SDG 5, and recognises contributions towards SDGs 10 & 12, then it should spend more resources on managing the impact relating to SDG 5 (methodological intensity and level of evidence), less on SDGs 10 & 12, and at least a minimum level of doing no harm (negative screen) on the other SDGs
Different levels of evidence

Select the level relevant to your:
- Perspective
- Context
- Reason for assessing impact
- Rigour of data required, etc

vii) Published and peer reviewed
vi) Published in academic or research journal
v) Statistically rigorous analysis
iv) Multiple studies or time-series analysis
iii) Single case study or story-telling
ii) Expert opinion or rating or label
i) Circumstantial evidence or stakeholder opinion

(Aligned with levels of evidence for academic research)
The end – thank you

Karl H Richter
Head of Research and Knowledge