

**NAVIGATING IMPACT
MEASUREMENT
AND MANAGEMENT
A MAPPING OF
IMM INITIATIVES**

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INTRODUCTION

As the impact ecosystem grows over time, an increasing number of initiatives have been developed to enable organisations to structure their impact measurement and management (IMM) strategies and to follow common processes and practices.

However, the heterogeneity of actors in the ecosystem has led to a diversity of principles, standards, frameworks, sets of indicators and tools to measure and manage social impact¹. Such a diverse set of initiatives entails certain complexity as practitioners need to dedicate time and effort to understand what initiatives are more adequate to their strategies and objectives.

On a positive note, this degree of heterogeneity allows for certain flexibility since different actors can select the procedures to measure and manage their impact that best fit their needs, strategies, and resources. To develop its IMM approach, an organisation needs to analyse what are the initiatives in the market and how they could be of support. This assessment should not have the goal of identifying the right initiative, but of understanding the purposes of each initiative, the complementarities among them and the learnings they can bring to the organisation investing *for* impact. Investors need to make sure the selected initiatives will enable significant learning, better informed decision-making, and subsequent impact maximisation. In addition, the organisation should assess the resources needed to follow them and/or comply with them.

Some initiatives aim at enhancing a common language across different sectors and stakeholders, bringing alignment and homogenisation to the impact ecosystem, while others are more sector-specific. The different initiatives do not only vary in terms of *end users*, but also in terms of their purpose. High level principles, standards and frameworks comprise what to look at when measuring and managing impact, whereas more specific methodologies can help with particular elements, like having a detailed view of a specific entity, measuring impact at portfolio-level, or setting up the right indicators.

As such, many investors *for* impact use one or more initiatives and combine them, creating their own framework and methodology.

By structuring the IMM practices around specific frameworks, following practice standards and signing high-level principles, investors *for* impact can demonstrate to a wider range of stakeholders that they are following a rigorous IMM process, being transparent and accountable. The following pages of this publication overview some initiatives listed in alphabetical order.

¹ EVPA purposely uses the term “social” for the sake of simplicity, but here “social” means “societal” as the impact may be social, environmental, medical or cultural.

IMM INITIATIVES FOR INVESTING FOR IMPACT

This section maps the most relevant IMM initiatives and what are the different steps, principles and standards that are relevant to each part of the investment journey. Each principle, dimension or standard is mentioned in a phase of the investment journey where it is especially relevant for practitioners, but this does not mean it is not applicable during other stages as well.

The initiatives are listed in alphabetical order, including brief descriptions for each of them. It is important to stress that these initiatives are all relevant and complementary to each other. This overview should not be seen as a list from which you select one or two items, but rather as a set of initiatives that collectively help develop and improve the IMM systems of investors for impact. In the report “Navigating impact measurement and management – a guide through the investment journey”² the complementarities among different IMM initiatives are explored in practice.

² For more information, please consult: <https://evpa.eu.com/knowledge-centre/publications/navigating-impact-measurement-and-management>

LEGEND



- EVPA1** Step 1. Setting objectives
- EVPA2** Step 2. Analysing stakeholders
- EVPA3** Step 3. Measuring and monitoring results
- EVPA4** Step 4. Verifying and valuing impact
- EVPA5** Step 5. Reporting



Operating Principles for Impact Management

- OPIM1** Principle 1. Define strategic impact objective(s), consistent with the investment strategy.
- OPIM2** Principle 2. Manage strategic impact on a portfolio basis.
- OPIM3** Principle 3. Establish the Manager's contribution to the achievement of impact.
- OPIM4** Principle 4. Assess the expected impact of each investment, based on a systemic approach.
- OPIM5** Principle 5. Assess, address, monitor and manage potential negative impacts of each investment.
- OPIM6** Principle 6. Monitor the progress of each investment in achieving impact against expectations and respond appropriately.
- OPIM7** Principle 7. Conduct exits considering the effect on sustained impact.
- OPIM8** Principle 8. Review, document, and improve decisions and processes based on the achievement of impact and lessons learned.
- OPIM9** Principle 9. Publicly disclose alignment with the Principles and provide regular independent verification of the alignment.

SOCIAL VALUE INTERNATIONAL

- SVI1** Principle 1. Involve stakeholders
- SVI2** Principle 2. Understand what changes
- SVI3** Principle 3. Value things that matter
- SVI4** Principle 4. Only include what is material
- SVI5** Principle 5. Do not overclaim
- SVI6** Principle 6. Be transparent
- SVI7** Principle 7. Verify the result
- SVI8** Principle 8. Be responsive

IMPACT MANAGEMENT PROJECT

- DI.WHAT** Dimension of impact: WHAT
- DI.WHO** Dimension of impact: WHO
- DI.HOW MUCH** Dimension of impact: HOW MUCH
- DI.CONTR** Dimension of impact: CONTRIBUTION
- DI.RISK** Dimension of impact: RISK

SDG Impact

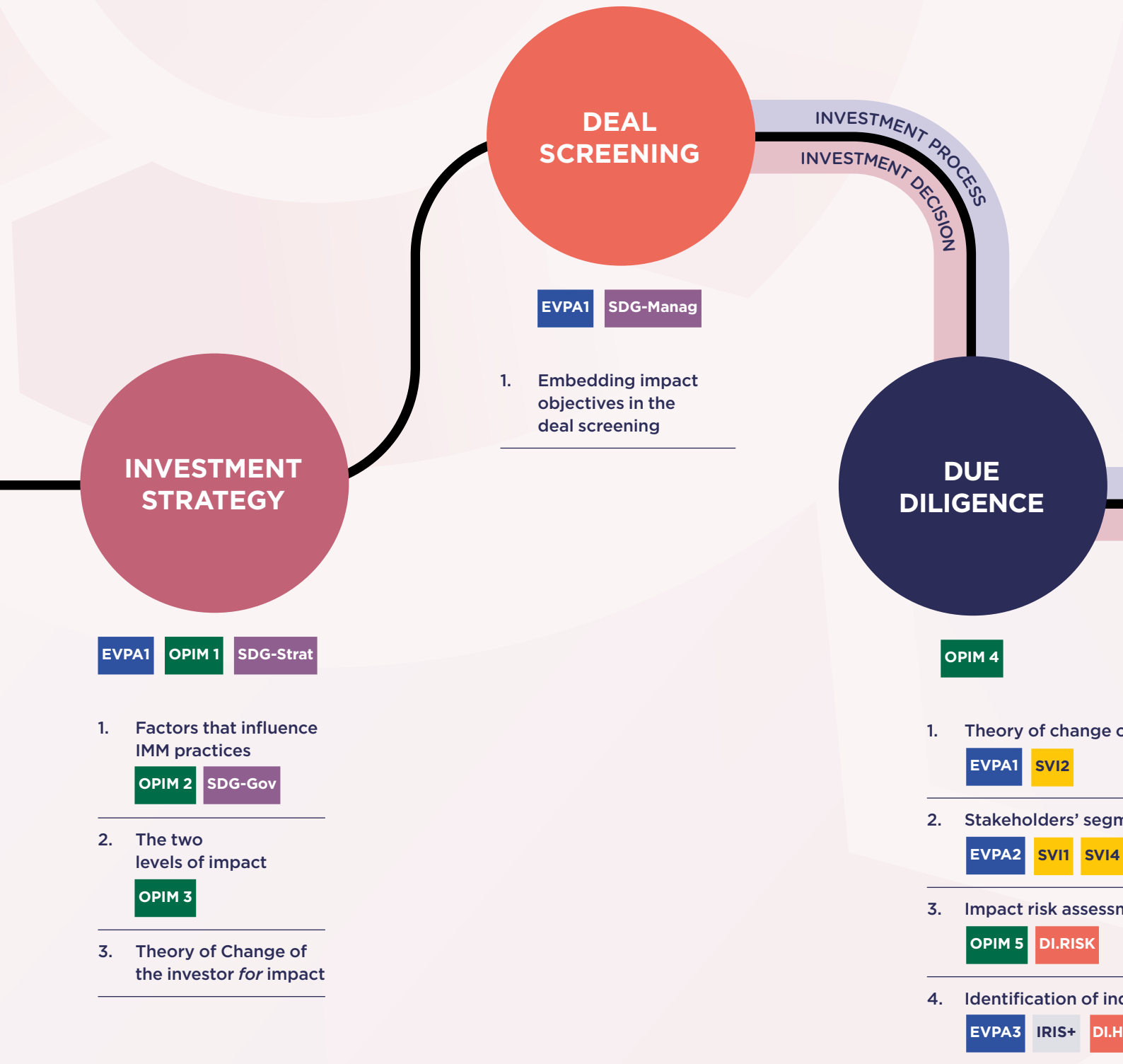
- SDG-Strat** SDG Impact Standards on strategy
- SDG-Gov** SDG Impact Standards on governance
- SDG-Manag** SDG Impact Standards on management approach
- SDG-Transp** SDG Impact Standards on transparency





**MAPPING OF
IMM INITIATIVES
ACROSS THE
INVESTMENT
JOURNEY**

MAPPING OF IMM INITIATIVES ACROSS THE INVESTMENT JOURNEY



INVESTMENT MANAGEMENT

OPIM 6

1. Impact monitoring

EVPA1

2. Verifying, valuing and learning

EVPA2

EVPA4

DI.CONTR

OPIM 8

OPIM 9

SVI3

SVI5

SVI7

SVI8

3. Impact reporting

EVPA5

SDG-Transp

SVI6

GRI

AND DEAL STRUCTURING

EXIT

OPIM 7

1. Understanding investor's contribution

EVPA4

2. Preserving impact after exit

of the investee

mentation and assessment

DI.WHO DI.WHAT

ment

icators

OW MUCH COMPASS



INITIATIVES

EVPA:

FIVE-STEP PROCESS

EVPA has developed a five-step approach to measuring and managing impact, which can be applied by both investors and investees, and which is presented in EVPA's *“Practical Guide to Measuring and Managing Impact”*.

Step 1 consists in setting objectives. Investors for impact should define their own impact objectives, and also set long-term impact objectives together with the investees under scrutiny. **Step 2** entails the stakeholder segmentation and analysis. **Step 3** is about defining outputs, outcomes, impact, selecting indicators and monitoring the progress towards or away from the intended outcomes. **Step 4** consists in verifying and valuing the impact that has been generated. **Step 5** consists in reporting back to the relevant stakeholders and the broader community.

Tags: frameworks

<https://evpa.eu.com/knowledge-centre/publications/measuring-and-managing-impact-a-practical-guide>



GLOBAL REPORTING INITIATIVE:

GRI STANDARDS



The GRI Standards are the most widely used standards for sustainability reporting. They support organisations understanding, disclosing and communicating their impact on economic, environmental and social issues. They enable comparability between organisations and aim at improving transparency and accountability of companies and investors.

Tags: standards sets of indicators

<https://www.globalreporting.org/standards/>

IMPACT MANAGEMENT PROJECT:



FIVE DIMENSIONS OF IMPACT

The Impact Management Project (IMP) provides a forum for building global consensus on measuring, assessing and reporting impacts on people and the natural environment. Between 2016 and 2018, consensus was reached with a diverse community of over 2,000 practitioners that impact can be defined as *the change in outcome (positive or negative) caused by an organisation, directly or indirectly, wholly or partially, intended or unintended*, and measured across five dimensions³:

1. **What** identifies the change in outcomes emerging from investors and investees' activities, and how relevant they are to stakeholders.
2. **Who** assesses the types of stakeholders affected by the outcomes and how underserved they are in relation to them.
3. **How Much** captures the scale, depth and duration of the outcomes.
4. **Contribution** relates to the estimated change that would have happened anyway without the enterprise or investor engaging with the stakeholder. This can be assessed across depth and duration.
5. **Risk** assesses the type and level of risk that may undermine the delivery of the expected impact for stakeholders.

The role of the Impact Management Project concluded in 2021 and gave way to the Impact Management Platform, a web tool that aims to support practitioners to manage their sustainability impacts – including the impacts of their investments. The platform clarifies the actions of impact management and explains how standards and guidance can be used together to enable a complete impact management practice. For this reason, the web tool presents a set of actions that structure the process of impact management. The platform has been created both for organisations and investors: while the part on the former is available, the section on investors will be released in 2022⁴.

Tags: **frameworks**

<https://impactmanagementproject.com/>

3 More information about the five dimensions of impact and other aspects of the impact management norms can be found here: <https://impactmanagementproject.com/impact-management/impact-management-norms/>

4 For more information, please consult: <https://evpa.eu.com/news/2021/the-impact-management-platform>

OPERATING PRINCIPLES FOR IMPACT MANAGEMENT



Operating Principles for
Impact Management

The Operating Principles for Impact Management is a set of nine principles which compliance ensures the integration of impact considerations throughout the investment process. They provide a framework for the design and implementation of impact management systems. They are gaining momentum as a standard for impact investors and they are applicable to all types of capital providers, asset classes, sectors, and geographies.

The nine Operating Principles for Impact Management are:

1. Define strategic impact objective(s), consistent with the investment strategy.
2. Manage strategic impact on a portfolio basis.
3. Establish the Manager's contribution to the achievement of impact.
4. Assess the expected impact of each investment, based on a systemic approach.
5. Assess, address, monitor and manage potential negative impacts of each investment.
6. Monitor the progress of each investment in achieving impact against expectations and respond appropriately.
7. Conduct exits considering the effect on sustained impact.
8. Review, document, and improve decisions and processes based on the achievement of impact and lessons learned.
9. Publicly disclose alignment with the Principles and provide regular independent verification of the alignment.

Tags: [principles](#)

<https://www.impactprinciples.org/>

SDG IMPACT STANDARDS



The SDG Impact Standards fill the gap between high-level principles and concrete methodologies by providing guidance on how to integrate SDG impacts across the investment strategy and the investment process. They are conceived as a best practice guide and a self-assessment tool. The application of the indicators can be verified through external assurance and demonstrated with the SDG Impact Seal.

The four impact standards are (i) strategy, (ii) management approach, (iii) transparency, and (iv) governance. Each standard includes a series of indicators whose achievement allow the organisation reaching the standard. Three sets of standards are available for (i) private equity funds, (ii) bonds, and (iii) enterprises. SDG Impact has also collaborated with the OECD to launch the standards for development finance, which are structured around the same four standards⁵.

Tags: guidance standards certifications sets of indicators

<https://sdgimpact.undp.org/practice-standards.html>



⁵ **OECD/UNDP** (2021), OECD-UNDP Impact Standards for Financing Sustainable Development, OECD Publishing, Paris

SOCIAL VALUE INTERNATIONAL:

PRINCIPLES OF SOCIAL VALUE AND SOCIAL RETURN ON INVESTMENT (SROI)

The Principles of Social Value, developed by Social Value International (SVI), are a set of principles that enable organisations to optimise and be accountable for their impact⁶.

The application of the principles (i) reduces the risk of over claiming positive impact; and (ii) increases the completeness and accuracy of the information being used for making decisions.

The 8 Principles of Social Value are:

1. Involve stakeholders
2. Understand what changes
3. Value things that matter
4. Only include what is material
5. Do not overclaim
6. Be transparent
7. Verify the result
8. Be responsive

The 8 Principles of Social Value are embedded in the Social Return on Investment methodology (SROI)⁷, which allows measuring societal outcomes and representing them with a monetary value, and estimates how much social value has been created relative to the capital deployed. SROI can be used to evaluate investments that have already taken place or to forecast the impact of potential investments.

6 For more information, please consult:
<https://static1.squarespace.com/static/60dc51e3c58aef413ae5c975/t/6108fb9e9556bc39e39a084a/1627978654297/Social-Value-Principles-and-Accountability.pdf>

7 **Nicholls, J., Lawlor, E., Neitzert, E., and Godspeed, T.**, (2012), "A guide to Social Return on Investment". The SROI Network. Available at: <https://www.socialvalueint.org/guide-to-sroi>

The SROI analysis is carried through 6 steps:

- 1. Establishing scope and identifying key stakeholders.
- 2. Mapping outcomes.
- 3. Evidencing outcomes and giving them a value.
- 4. Establishing impact.
- 5. Calculating the SROI.
- 6. Reporting, using and embedding.

Tags: frameworks principles methodologies standards certifications

<https://www.socialvalueint.org/principles>

<https://www.socialvalueint.org/guide-to-sroi>



THE GIIN: COMPASS



The COMPASS methodology developed by the GIIN is focused at enabling impact comparability at the investment or at fund level. COMPASS includes consideration of the context in which investments are made, as well as the role or contribution of the investor. It includes three formulas to measure (i) investees' effectiveness, (ii) investments' proportional impact and (iii) investors' effectiveness. The methodology does not say what indicators should be used to capture the impact, but it encourages weighting the impact results against the enterprise value and – if measuring the investment's proportional impact or the investor's effectiveness – the amount invested.

Tags: [methodologies](#) [metrics](#)

<https://thegiin.org/research/publication/compass-the-methodology-for-comparing-and-assessing-impact>

THE GIIN: IRIS+



IRIS+ is an impact accounting system that enables investors to collect and manage data for informed decision-making. This system includes the IRIS Catalogue of Metrics, which includes standardised metrics compiled across the SDGs, as well as evidence-backed and stakeholder-tested core sets of metrics. Using standard metrics to capture their impact enables investors compare performance between similar activities.

Tags: [methodologies](#) [metrics](#) [sets of indicators](#)

<https://iris.thegiin.org/>

ABOUT EVPA

EVPA is a strong community of around 300 member organisations from 30+ countries sharing the same vision and a common goal: creating positive societal impact through the practice of investing for impact.

Established in 2004, EVPA is proud to have initiated this movement in Europe. Over the years, we have been contributing to a thriving impact ecosystem and a growing market engaging social investors, foundations, corporations and policy makers in supporting social innovators and maximising their impact.

We enable our members to connect and learn from each other to achieve deeper societal impact through investments. We build the impact ecosystem at international, European, national and local levels. As a strategic partner of the European Commission in advancing this sector, we share insights, develop knowledge and training, and shape public policies to make the investing for impact movement in Europe stronger.

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INVESTING FOR IMPACT