

# Impact management

## Impact Management Framework

Our global team uses a standardized impact management framework to guide them through the full life-cycle of an engagement.

### Framework objectives

- Support deal teams to assess and manage the impact of pipeline and portfolio organizations
- Provide transparency and insights to learn and improve the effectiveness of solutions
- Evaluate impact to increase our confidence that we are fulfilling our mission
- Report to our stakeholders

The core of the framework was built on the basis of two highly recognized concepts:

- United Nations Millennium Ecosystem Assessment<sup>1</sup> defining the five constituents of human wellbeing
- Kellogg Logic Framework<sup>2</sup> to describe the Theory of Change of solutions through logical relationships between resources, activities, outputs and outcomes

### Impact is built into our investment process

#### 1. Assess potential for positive impact

At the beginning of a due diligence exercise (DD), our teams use the "Positive Impact Threshold," a quick-screen tool for positive social and environmental impact, to do a preliminary assessment whether or not a solution meets our high-level impact criteria. If the solution passes that hurdle, the regional teams conduct on-site impact assessments as part of the overall DD. During this stage the teams collect evidence of the effectiveness of solutions at delivering positive social impact. The stronger the cause-and-effect link, the higher the chances for a positive investment decision.

#### 2. Agree on positive impact objectives

During deal execution stage, we define binding objectives with the organization:

- Agree on key output and outcome indicators (using IRIS taxonomy<sup>3</sup>) and define goals for the next three years
- Impact milestones which trigger tranche payments
- Means of verification and reporting format/frequency
- Capacity building in impact measurement & evaluation

Funds can be allocated to capacity building to support organizations to improve their systems and processes with regard to impact measurement and reporting.



Impact Fellow Junjie Crisante providing data collection training to KFI field staff.

### 3. Impact Measurement and Validation

Portfolio organizations provide updates on their impact performance as part of the regular quarterly reports. Performance data is stored in our social impact data management tool. The quarterly reporting process ensures regular assessment of performance against targets. This hands-on approach enables us to:

- Collaboratively learn and improve the impact of solutions
- Adhere to good governance principles to achieve our mission

To ensure that portfolio organizations deliver the intended impact, we apply a variety of methods:

- Self-reported data from organizations
- Site visits as part of our post-investment monitoring
- Collaboration with researchers to independently evaluate the positive impact of solutions
- Adhere to industry standard impact measurement frameworks such as Grameen's "Progress Out Of Poverty Index" (PPI)

### 4. Keep our stakeholders informed

The following information is provided to report on the progress of our engagements to our stakeholders:

- Annual impact report
- Annual update on our website
- Quarterly reports to investors and donors

<sup>1</sup> [www.millenniumassessment.org](http://www.millenniumassessment.org)

<sup>2</sup> [www.wkkf.org](http://www.wkkf.org)

<sup>3</sup> [iris.thegiin.org](http://iris.thegiin.org)