EVALUATING IMPACT INVESTING IN AFRICA:

EXECUTIVE COURSE SYLLABUS 2016

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Modules

Preface

It was my great honor to have chaired and moderated the executive training workshops in Johannesburg in 2015 and Accra in 2016 that piloted the modules for this course. Financial support of the workshops was provided by The Rockefeller Foundation, the CLEAR Centre for Anglophone Africa, the Venture Capital Trust Fund, and the International Development Research Centre. Representatives of a wide range of stakeholders—including private equity funds, charitable foundations, non-profit funds, government ministries, universities and more—participated in these dynamic educational events, listening, presenting, learning together and co-creating new knowledge.

This knowledge creation process must continue. Impact investing and other forms of innovative finance are an important part of Africa's future. We must ensure that these funds and vehicles actually hit their targets, generating new income and opportunities for households in need of improved well-being and sustainable livelihoods. Evaluation and monitoring, or impact assessment, can and should be a driver in holding impact investors accountable and helping them become more effective, while, especially, strengthening African-owned funds and networks.

This course is an innovative tool for undertaking these crucial tasks. It is provided on an open-source basis. We encourage African educational and investment institutions to adapt and deliver it, and continue to build its content and constituency across the continent.

His Excellency Dr. Sulley Gariba

Founding Director, Institute for Policy Alternatives

Ghana's High Commissioner to Canada

Acknowledgements

We are grateful to the many individuals who made important contributions to the development of this course, including: Godfred Amewu, Charles Amoatey, Neissan Besharati, Jennifer De Bien, Arjaan De Haan, Dylan Edwards, Khwezi Fudu, Sulley Gariba, Fauziah Ibrahim, Hamdiya Ismaila, Nancy MacPherson, Martha Melesse, Thandeka Mhlantla, Refilwe Mokoena, Rob Moore, Veronica Olazabal, Stephen Porter, Thobeka Poswa, Laila Smith, Sue Szabo, Khotso Tsotsotso, and Sonja Vanek.

Introduction

This is the syllabus for an executive course on evaluating impact investing in Africa. It is designed for professionals in finance and investment, business management and acceleration, social enterprise, social innovation, development, philanthropy, public policy, university research and program evaluation. The impact investing field is defined as the range of products, services and actors that intentionally seek a social or environmental impact as well as a financial return in the deployment of capital.

The modules for the course are organized around three broad themes—building the field of impact investing, measuring the success of impact investments, and understanding the special issues emanating from the African context—all of which can, and should, be mutually reinforcing processes. While impact investing in Africa today is characterized by much dynamism and innovation, its scale remains modest and locally owed funds still are fewer and smaller than foreign ones. Likewise, there is an array of methods and tools to assess the outputs of individual impact investments and portfolios, but less practice in examining medium- and longer term outcomes and impacts, both intended and unintended. This course aims to enable participants to explore and understand these issues as they build new skills and knowledge.

The course was developed through a three-year collaborative project involving the CLEAR Centre for Anglophone Africa at the University of the Witwatersrand, GreaterCapital, the Ghana Institute of Management and Public Administration, the Venture Capital Trust Fund, the Institute for Policy Alternatives and E.T. Jackson and Associates. Funding for the project was provided by the Evaluation Office of The Rockefeller Foundation, the International Development Research Centre, and the CLEAR Centre. The modules on which the course is based were tested in workshops in Johannesburg and Accra. Instructors and facilitators in these workshops included H.E. Dr. Sulley Gariba (Chair of both workshops), Dr. Laila Smith, Ms. Hamdiya Ismaila, Mr. Godfred Amewu, Dr.Charles Amoatey, Mr. Neissan Besharati, Ms. Refilwe Mokoena and Dr. Martha Melesse.

Course Overview

The 20 modules of the course are organized in three parts. The first part of the course focuses on building the field. The course begins with consideration of the impact investing industry in sub-Saharan Africa in the context of the global industry, which currently manages some $80 billion in assets held by foundations, private equity funds, banks, development finance institutions and non-profits. Modules examine the various actors in the industry, the structure and strategies of impact-oriented funds and how to track their social performance, the importance of institutional investors for scaling the industry, investee businesses designed to generate social impact, and ways and means of building robust, African-owned ecosystems to promote the growth and effectiveness of impact investing.

The second part of the course focuses on the theme of measuring success, and examines strategies and tools for evaluating individual impact investments, portfolios and programs. Using a combination of international and African experiences, and drawing on the work of development evaluators and impact analysts alike, modules cover the broad menu of methods and tools available, the use of theory of change, the importance of gender-based analysis, the application of standards in the evaluation process, and the issue of assessing and reporting on additionality.

The third part of the course focuses on special topics. These topics include modules on development impact bonds, managing negative and unintended outcomes, a case study of impact evaluation, job quality, mission preservation at exit, tools for assessing household impacts, and the link between impact investing and the Sustainable Development Goals.

Educational Approach

The educational approach taken in this course is first, to provide participants with best-practice international knowledge on field-building and evaluation in impact investing. Second, local instructors and speakers present leading-edge analysis and experiences from Africa. And third, through small-group work, participants own ideas are mobilized to create new knowledge to meet African challenges and opportunities. This approach demands that course instructors not only master the international and African content of the modules, the instructors must also be skilled facilitators. Encouraging productive group work by participants, animating plenary sessions where the groups report on their ideas, and summarizing and recording that new knowledge, are all tasks to be undertaken by the instructors. The instructors may wish to engage assistants to help with these tasks.

This approach, clearly, is rooted in a model of face-to-face learning. However, that does not preclude adapting these modules for online or distance learning, through webinars or other means. In fact, it is possible to employ the same content, speakers (by video) and readings for each module, but revise the exercise so that it can be carried out by online participant groups. Experience suggests that the mandates and outputs of such online group exercises must be very clear, precise and contained if they are not to trigger successive rounds of comments and create for both instructors and participants an unmanageable workload. Nonetheless, it is very possible to adapt this course to online delivery for executive or graduate education purposes.

Pre-Requisites

Participants should be active in professional activities within the impact investing industry per se or in related areas such as finance and investment more generally, business, social enterprise, development, philanthropy, public policy, or evaluation. The course is aimed at participants who are seeking basic knowledge and skills in impact investing field-building and evaluation. However, the material can also be adapted for participants seeking more advanced knowledge. In addition to the relevance of their professional activities, participants must commit their time for the full period of the delivery of the course. Finally, they should have strong reading and analytic skills, and a willingness and ability to participate in small group work.

Certification

For participants who satisfactorily meet the requirements of the course, a certificate of completion will be conferred by the host institution. That institution may make arrangements to link completion of the course to the acquisition of credit toward other professional or academic programs.

Learning Objectives

The learning objectives for the course are to enable participants to:

1) Better understand, participate in and lead the further development of the impact investing industry in Africa at the local, national and pan-African levels;
2) Gain new knowledge and skills in designing, managing and utilizing evaluation and monitoring projects and systems for impact investments, portfolios and programs;
3) Critically examine special issues of significance in the field-building and evaluation processes of the field, and build solutions for addressing these issues.

The expectation is that with these new skills and knowledge, the participants will continue to animate field-building and evaluation in impact investing over their careers in the private, public, non-profit and academic sectors.

Assignments and Tasks

Course participants will be evaluated on three basic criteria:

1) Full attendance at all sessions of the course;
2) Thorough preparation for each module; and
3) Full, good-faith participation in the group exercises.

In the executive version of this course, these are the prime assignments, tasks and evaluation elements. In an adaptation of the course to a graduate or undergraduate degree program, major written assignments would be required and should conform to the academic standards of the host institution.

Expectations

Course participants are expected to fully commit to and participate in the educational process of the course. They are required to prepare for each module by reviewing the main readings. They are also required to attend all lectures and presentations. And they are required to participate in good faith and with their best ideas in the group exercises associated with each module. This includes practising respectful listening to peers as well as making productive contributions. In this effort, they must agree to serve as group chair or rapporteur at least once during the course. If a participant fails to meet these requirements, it will result in the foregoing of a certificate of completion of the course.

Policies and Responsibilities

The delivery of this course is governed by the policies and responsibilities set out by the host institution.

Module 1: Introduction

Topic

This is a course on evaluating impact investing in Africa. Impact investments, the Global Impact Investing Network states, "*are investments made into companies, organizations, and funds with the intention to generate social and environmental impact alongside a financial return*." In this $80-billion industry worldwide, asset owners and asset managers deploy debt, equity and grant financing in viable businesses that create social and environmental value in sectors as diverse as agriculture, health, housing, renewable energy and water. Often these investors pool their capital with others in structured investment funds with thematic specializations and professional management. Systematically and independently evaluating the performance of fund portfolios and individual investments along what is termed the impact value chain is essential for accountability, learning, improvement and de-risking. Innovative and cost-effective methods and tools for assessing results can be drawn from both the profession of development evaluation and the impact analysts in the industry. The key to achieving good results, in fact, lies in business models of social-purpose investee funds or firms, like Business Partners Limited, a fund that targets growth-oriented SMEs in southern Africa and Farm Shop, the Kenya-based social enterprise that manages a network of community-level agribusiness dealerships that provide inputs and advice for smallholder farmers. Effective evaluation is also crucial for building the broader field of impact investing in countries and regions. In Africa, it is especially important to develop industry ecosystems with strong local ownership and control and substantial and sustainable scale. There are other questions that need to be addressed, as well, including: How can impact investing evaluation be designed and executed with a bias in favour of the poor? How does evaluation relate to three key investment-decision drivers—risk, return and exit? How can evaluation provide insights into and advance the issue of gender equality in impact investing? And who should pay for what types of evaluations and monitoring activities? There are many indications that impact investing can play an important role in mobilizing private, public and philanthropic capital for Africa's sustainable development. And evaluation, for its part, can play an important role in holding all stakeholders to account and in optimizing the benefits generated by the industry.

Tool

Fauziah is a 26-year-old mother of four primary-school-age children (two boys and two girls) living in a village in northern Ghana. With an annual household cash income of $900, she and her husband farm small plots of dry, savannah land leased to them by the local Chief. Fauziah badly wants access to affordable electricity. For one thing, it would enable her children to read and do their school work in the evenings, and perhaps go on to secondary school, and maybe even further. For another, it would enable the local health clinic to refrigerate critical medicines to fight malaria, diarrhoea and other deadly diseases. Consequently, even though the clinic is crowded and under-staffed, her family's prospects of staying healthy would improve substantially.

There are two ways she may be able to access the electricity her family requires. First, she has heard that a local microfinance program will soon offer low-interest loans to help households buy and install their own solar panels. This system would power their lights at night. Second, she has also heard that a large-scale solar farm is to be built outside the regional capital, Tamale, to supplement existing megawatt capacity. But it isn't clear whether the solar farm's electricity will be made available to her health clinic 50 kilometres away, or whether the project will serve only government offices, bigger businesses and the residents of Tamale itself.

Far away, in Ghana's national capital city, Accra, and in the capitals of America and Germany, the designers of impact investment funds are calculating the risks and returns of mobilizing and deploying capital for these two purposes. Will they design these funds so that Fauziah's family can thrive, or will they focus more on the needs of middle class and elite consumers and institutions in the urban areas? Will they aim to contribute directly, and more rapidly, to achieving the targets of the Global Goals, or will they design funds that will contribute indirectly and over a longer period of time? For their part, Fauziah and her family need deep results, and they need them now, not later.

Exercise

Form small groups and choose a chair and rapporteur for each. Take five minutes to read the foregoing scenario. Please discuss the following questions and record your responses on flip charts or slides. What are the advantages and disadvantages of setting up an impact investment fund that will make loans to microfinance institutions to make low-interest loans to poor households to buy their own solar panels? What are the advantages and disadvantages of major development finance institutions and banks investing in a large-scale solar farm to supplement the power supplies of public and private institutions in the regional capital? Are there creative solutions for meeting Fauziah's needs and those of the institutions? Your rapporteur will have five minutes to present your group's ideas in a facilitated plenary session.

Readings

Jackson, E.T. and K. Harji. Evaluating Impact Investing Website. 2016.
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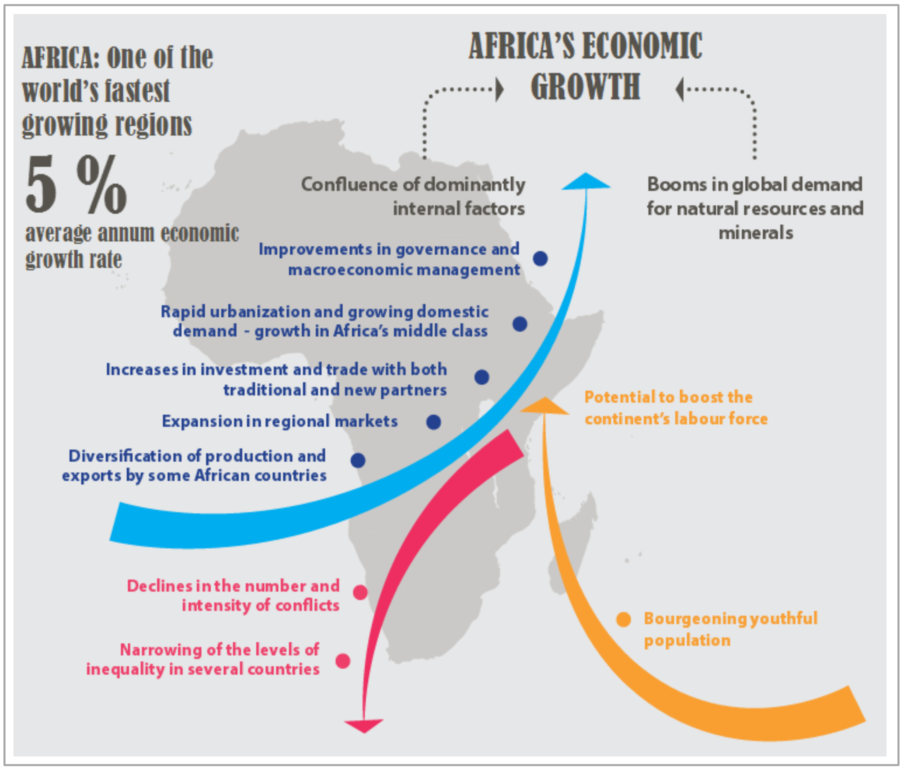
Module 2: Impact Investing in Africa

Topic

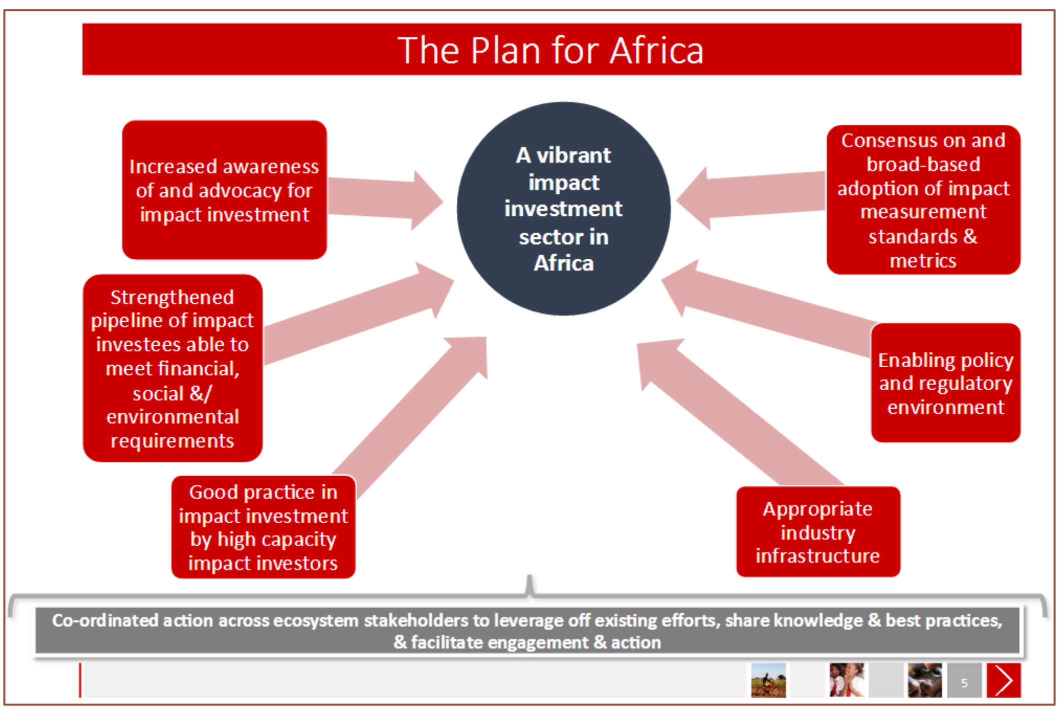
The past five years have witnessed the substantial growth and diversification of the impact investing industry in Africa. The continent is one of the world's fastest growing regions, with abundant human and natural resources alongside domestic and international political complexity, high youth unemployment, and, recently, stagnant commodity prices. International research has consistently identified Africa as a favourite destination for capital seeking social or environmental impact. From private equity funds targeting SMEs like Business Partners Limited and Cadiz Investments in South Africa, to the Tony Elumelu Foundation in Nigeria and the public-private Venture Capital Trust Fund in Ghana, to the Kenyan advisory firm Open Capital and Senegal's Presidential Task Force on Impact Investing, innovation and dynamism have characterized the industry's evolution on the continent. Specialized research units have also emerged, such as the Bertha Centre for Social Innovation and Entrepreneurship and its African Investing for Impact Barometer at the University of Cape Town, and the Centre for Impact Investing at the Ghana Institute of Management and Public Administration, as well as the CLEAR Centre on evaluation for Anglophone Africa at Wits University. However, this growth has been uneven and, in fact, slow in terms of gaining real scale and sustainability. The largest funds still tend to be owned and controlled by American and European investors. The Northern development finance institutions have generally avoided high risk investments and have been inconsistent in measuring their additionality. Further, as elsewhere in the world, impact assessment practices in Africa are overly reliant on tracking outputs and documenting stories, placing relatively less emphasis on outcomes and impacts per se. Moreover, there are significant differences across the various regions in the amount and type of capital being deployed, the nature and sophistication of the market, and the types of social needs for the populations that live and work in each. While East Africa continues to dominate impact investing activity, Southern Africa has also been a site of major activity, with West Africa showing strong potential and promise. The nature of impact investing in each region varies significantly in terms of the engagement of international institutions and local actors, that is, private equity investors, financial institutions, funds and development finance institutions. At the same time, each market operates in its own unique context, defined by distinct institutional capabilities and policy environments, and a range of "adjacent" efforts to promote entrepreneurship, youth employment, social development, and other state-led objectives. As such, impact investing operates in Africa at the intersection of traditional development assistance (bilateral and multilateral), new forms of development finance, and state-led financing for social and environmental programs. One initiative that has crystalized both the obstacles and opportunities facing the industry has been co-led by the African Union and UNDP, which together issued the 2015 Cape Town Declaration on Impact Investment in Africa. In response to the "*challenges that have impeded the growth of the impact investment sector in Africa*," the Declaration called for the establishment of an Africa-wide network; the launch of dynamic advocacy program; development of a pipeline of feasible investment deals; adoption of appropriate policies and regulations; increased sector-wide capacity, including an Africa impact investment fund or fund of funds; establishment of a robust industry ecosystem; and "*development and adoption of clearly defined and agreed upon impact measurement standards, monitoring and evaluation processes, and professional practice*." Finally, in general, the launch of the Global Goals (or Sustainable Development Goals) may point the way to scaling up blended (public, private and philanthropic) financing in Africa through structured, pooled funds focused on SDG goals and targets, especially hard-asset opportunities involving renewable energy and water and sanitation infrastructure, and affordable housing.

Tools

Africa's economic performance since the turn of the twenty-first century



Source: Hamdok 2015



Source: Mokoena 2016

Exercise

There is debate in some quarters in Africa as to what exactly constitutes an impact investment in this part of the world. Some investors take the view that, in a broad context of widespread poverty and unemployment, virtually any investment constitutes an impact investment. On the other side of the argument, other investors seek assurance that their investees target and generate benefits specifically for the poor and vulnerable within African communities. The purpose of the present exercise is to examine the different perspectives and positions in this debate. Form small groups. Choose a chair and a rapporteur for each group. Over a 30-minute session, half the room will be assigned to make the case for this statement, and the other half will be assigned to make the case against this statement: "*Every investment in Africa is an impact investmen*t." Each group should discuss their rationale, and the implications–if any–for how to measure the impact of an impact investment. Record your answers on flip charts or slides. Your rapporteur will have five minutes to present your responses in a facilitated plenary session.

Readings

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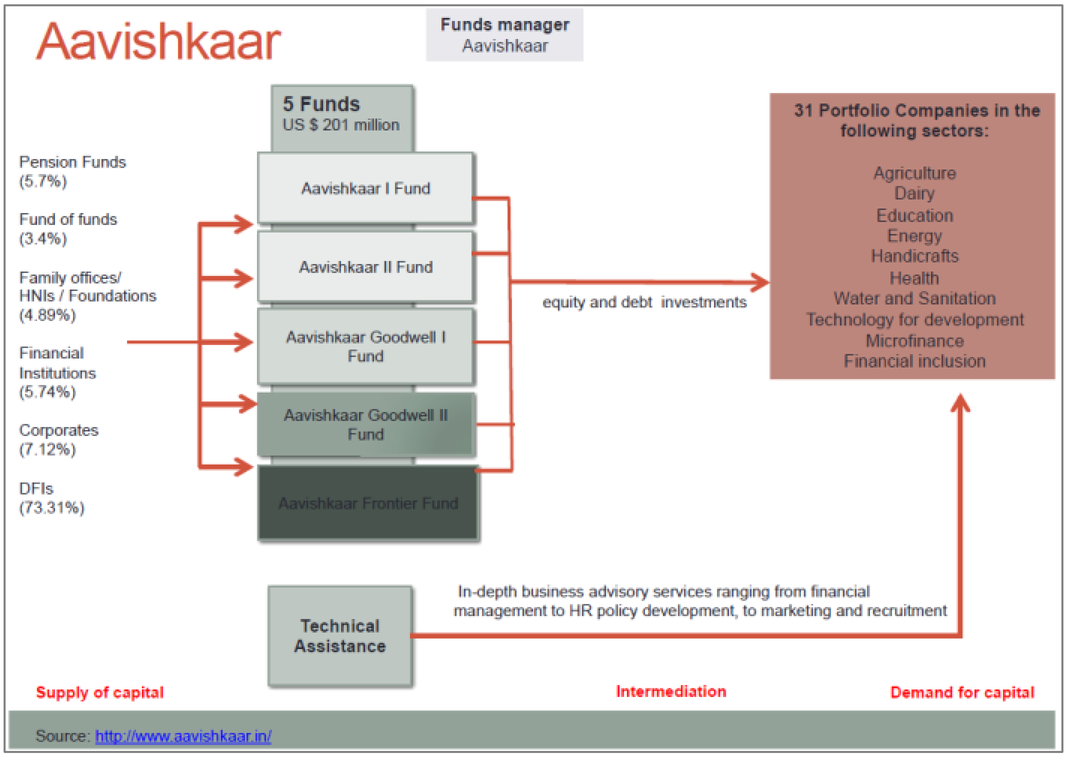
Module 3: Institutional Investors

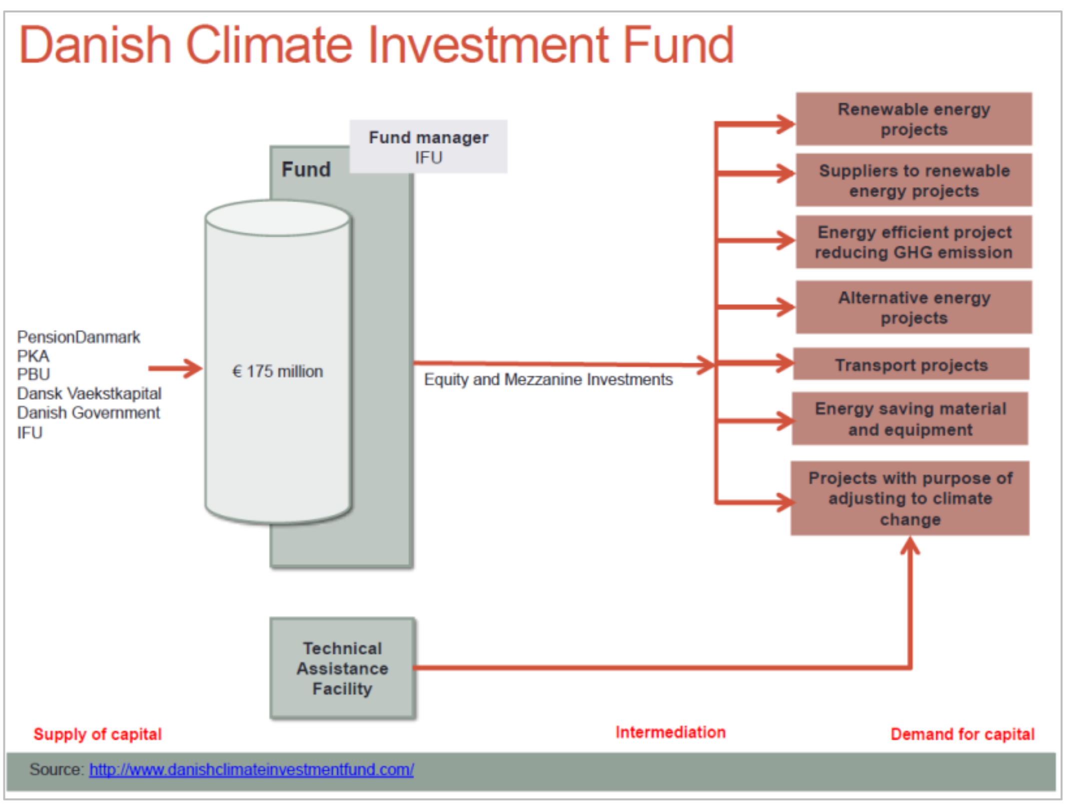
Topic

One of the key challenges, and opportunities, for expanding impact investing in Africa relates to finding effective ways of mobilizing the capital of institutional investors. Pension funds, in particular, have very specific requirements: generally, they seek to place their capital in large-scale, long-term, often less risky investments with clear exit pathways. One vehicle that has succeeded in this regard is the Danish Climate Investment Fund which, spurred by the participation of Denmark's aid program and managed by its development finance institution, raised more than $220 million from public and private pension funds in Denmark for major clean energy and climate change adjustment projects involving Danish companies, like the Lake Turkana Wind Farm in Kenya and wind and solar farms elsewhere on the continent; the fund offers its institutional investors a 12% annual rate of return over its ten-year life-cycle. In another notable example, the New York State Common Retirement Fund plans to invest $5 billion over the next five years in private equity funds and fund of fund vehicles focused on energy projects in Africa, encouraged by the US Department of Labor's recent guidance on economically targeted investments. In Africa itself, South Africa's largest pension fund, the Public Investment Corporation, invested about $80 million to buy 20% stakes in two solar power stations in Northern Cape Province; together, these stations will add 200 megawatts of electricity to the national grid. In addition, South Africa's Metal Industries Benefit Funds Administrators committed up to R1 billion to invest in clean energy. The National Union of Mineworkers supported this decision but called for local-content requirements in sourcing equipment for the construction of green energy plants and associated civil works. Outside of the green energy sector, for a decade, Northern institutional investors have placed capital in a series of microfinance funds run by the Dutch group ACTIAM, that in turn invest in microfinance institutions in Eastern Europe, Asia and the Americas. In Australia, supported by a first-loss provision by the national government, the non-profit pension fund, Christian Super, made an AUS $6 million equity investment the Community Finance Fund that finances social enterprises. A final case is that of Aavishkaar, an Indian-owned private equity fund that invests in early stage and growth businesses in Asia, and whose diverse group of investors include pension funds.

Tools



Source: Koenig and Jackson, 2016



Source: Koenig and Jackson, 2016

Exercise

In your country, the public sector pension fund for government employees has large assets and is a major force in the national economy. Generally speaking, it has been a risk-averse investor, comfortable with large-scale infrastructure projects, housing projects and other real estate initiatives. They favour co-investing with other investors and prefer investments of $25-50 million in size over ten years, yielding above market rates of return. Form small groups, choosing a chair and rapporteur. Your group has been tasked to make a presentation to the public sector pension fund to convince them to allocate up to 5% of their assets to investments that generate social and environmental benefits as well as stable financial returns. Three sectors of interest to the pension fund are renewable energy, affordable housing, and water and sanitation systems. How should you approach this presentation? What will you emphasize? What opposition to your pitch do you anticipate and how will you address it? Record your responses on flip charts or slides. Your rapporteur will have five minutes to present your group's ideas in a facilitated plenary.

Readings

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Module 4: Impact Enterprises

Topic

The investees that receive impact investments are sometimes called impact enterprises. Impact investments are intentional investments into companies, organizations and funds (which, in turn, invest in companies) that are designed to deliver social impact alongside a financial return. These investments span a range of sectors, including renewable energy, education, housing, microfinance, agriculture, and many others. And they involve placing capital, in the form of either debt or equity, in a diversity of organizational and legal structures, including non-profits, cooperatives, and for-profit social businesses. These investee businesses produce impact in a variety of ways, particularly by selling products or services that meet the needs of low-income populations (e.g., providing access to products/services that were not available before, increasing affordability, reaching low income segments via new sales or distribution channels, etc.), creating employment among poor or vulnerable groups (e.g., employing individuals who face barriers to employment, either directly within the enterprise or within the supply chain), or generating new market solutions or opportunities (e.g., inventing a new technology to prevent a specific disease in rural areas, or providing a mobile technology solution to allow customers to access transparent information on prices and costs). Investees seek impact investments at various stages of their lifecycle–which include ideation, business model validation, start-up, and scaling–as their needs and opportunities evolve. In order to receive impact investments, and indeed to improve their own social and environmental performance, investees must devote resources and time to assessing and reporting on the social value their services and products create. Such monitoring and evaluation systems and practices cannot be burdensome, over-built or too expensive, yet they must be credible, precise and robust.

Tools

One such impact enterprise is Farm Shop. Farm Shop is a social enterprise based in Kenya that uses a micro-franchise model to provide, on a sustainable and affordable basis, smallholder farmers with the inputs and knowledge they require to be productive. With the support of USAID and several American foundations, the company plans expansion across East Africa and elsewhere on the continent. Franchisees operate community-level agro-dealerships that offer extension services and advice as well as inputs to local smallholders. "*Drawing on the principles of successful franchising around the world, we are building a franchise network of agri-dealers located in rural, undeserved areas of Kenya*", say Farm Shop's leaders. "*Our retail shops are clean, modern, and professionally managed. We provide all the tools that smallholder farmers need to be successful, whether that's high-quality hybrid seeds, affordable financing, soil-testing services, or cutting-edge shop becomes the hub of everything new and innovative in agriculture*." Farm Shop's plan for the future is ambitious. "*Our near-term goal is to reach 500 shops in Kenya, serving a minimum of 250,000 farmers and indirectly benefitting at least 1 million Kenyans. To guide us there we have brought together a team of seasoned specialists and young professionals with the skills and passion to turn the Farm Shop vision into a reality*."

Exercise

Form small groups; choose a chair and a rapporteur for each group. Review the Farm Shop case. Read the Dichter et al article. Over a 30-minute session, discuss the following questions: 1) As Farm Shop scales up to 500 shops across Kenya, what are the key factors it should consider in strengthening its monitoring and evaluation system and practices? 2) If Farm Shop decides to study the extent to which its franchisees are serving poor smallholders, in what ways could it use the lean data approach reported by Dichter et al? Record your answers on flip charts or slides. Your rapporteur will have five minutes to present your responses in a facilitated plenary session.

Readings

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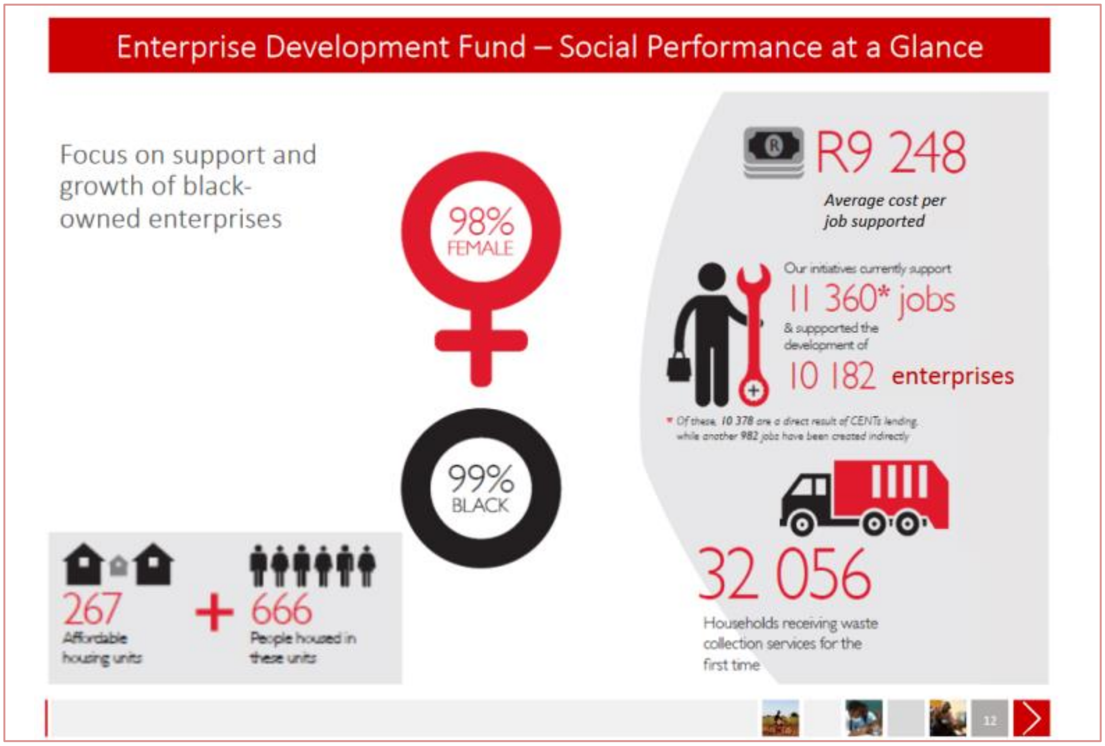
Module 5: Fund Assessment

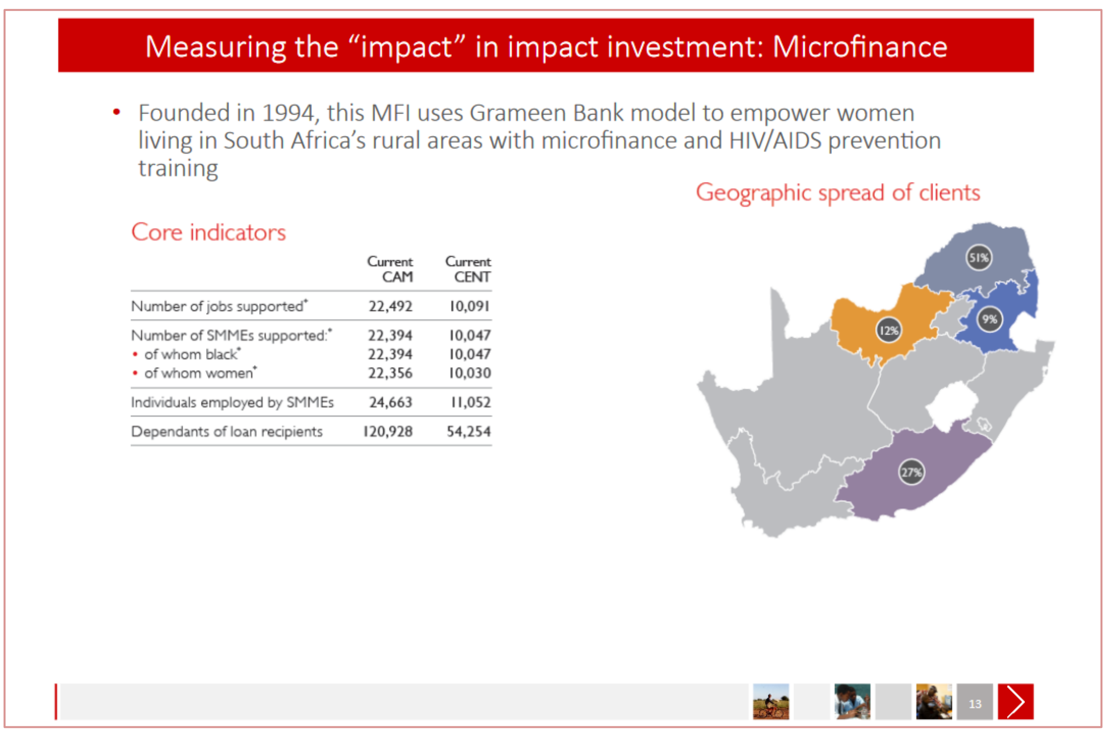
Topic

GreaterCapital is a Cape Town-based social enterprise providing consulting services in impact investing, corporate social investment, and the civil society sector that is linked to GreaterGood, a charitable trust, and affiliated with the African Management Services Company (AMSCO). GreaterCapital has worked with Cadiz Investments to assess the social performance of the Cadiz High Impact Fund and the Cadiz Enterprise Development Fund. The High Impact Fund invests in affordable housing, transportation and SME finance, while the Enterprise Development Fund prioritizes affordable housing, microfinance, ICT and SME finance. The priorities of these funds are aligned with the Sustainable Development Goals and South Africa's national development plans. Accordingly, in the case of the Enterprise Development Fund, GreaterGood helps Cadiz track key metrics for the number of Black-owned businesses supported, number of women-owned businesses, numbers of jobs and businesses supported, and number of households receiving key services (e.g., waste management). In playing this role, Mokoena observes, GreaterCapital has learned that: the intentions of both the investor and investee inform the indicators that are selected for evaluation and monitoring; social performance targets and their means of verification should be reflected in investment agreements; standardized indicators are desirable to the extent they are appropriate; there should be a distinction among outputs, outcomes and impact; there are costs and it should be clear who pays for what components of the assessment process; and feedback loops for continuous improvement by the fund and investees are key in the assessment process, as well. AMSCO's Edwards underscores the importance of tracking social impact in order to: unlock new sources of capital, learn and improve investment processes, differentiating your fund for investors, and meeting the accountability requirements of investors, boards of directors, and governments, among others. He notes that there are tools developed by major development finance institutions for integrating environmental, social and governance indicators into front-end due diligence of prospective investments. He goes on to highlight a number of other standards and methods which may be drawn upon for social impact (or social "outcome", as he suggests it might be more appropriately called) assessment, including the Global Reporting Initiative, the Impact Reporting and Investment Standards (IRIS), the Global Impact Investing Rating System (GIIRS), Benefit (B) Corporation Certification, Social Return on Investment, and the Progress Out of Poverty Index. Like Mokoena, Edwards underscores the fundamental importance of the parties ensuring that social reporting metrics and protocols are explicitly structured into the terms of the investment deal.

Tools



Source: Mokoena 2016



Source: Mokoena 2016

Exercise

Take 15 minutes to read the presentations of Mokoena and Edwards on the work of GreaterCapital/ AMSCO in social impact assessment. In plenary, prepare your answers to the following questions: What, in your view, are the strengths and weaknesses of the approach to social impact assessment outlined by Mokoena? What would you anticipate to be the biggest obstacles to collecting and analyzing useful data on the social performance of investees? How would you address those obstacles? A facilitated plenary discussion will provide the forum for your responses.

Readings

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Module 6: Ecosystem Development

Topic

The impact investing ecosystem comprises asset owners, asset managers, investee businesses and service providers. While there has been some notable progress in beginning the process of building national ecosystems in Africa, there are three challenges that must be addressed in a forthright and creative fashion. First, these ecosystems are too small and fragile. Funders must come together to accelerate their growth. Second, notwithstanding some impressive exceptions, African-owned funds, in particular, are also too small—and too few in number relative to funds owned by and based in the Global North, no matter how progressive or effective the latter may be. This issue requires serious attention, but, especially with the launch of the Sustainable Development Goals, building a robust network of large, African owned impact funds over the next 15 years should be quite possible. Finally, young African professionals need to see a viable path in impact investing and innovative finance on which they can build productive and rewarding careers and, at the same time, sustain their families. While these challenges are formidable, much is known about how to build vibrant, resilient networks and industries. Moreover, it is increasingly clear that disciplined and transparent evaluation and monitoring of funds and investments can help build high performing national impact investing industries.

Cases

South Africa and Ghana provide two different sets of ecosystem challenges and opportunities. With its highly developed financial and industrial sectors, and extensive activity on responsible investing and corporate community investment, South Africa has seen the development of leading-edge impact funds like Business Partners Limited and Cadiz Investments as well research and training of fund managers by the Bertha Centre at the University of Cape Town. However, the impact investing ecosystem remains fragile and fragmented, though the Southern African Impact Investing Network, animated by the firm GreaterCapital, aims to address these issues and build new networks elsewhere in southern Africa. For its part, Ghana faces the challenges associated with small financial and industrial sectors and a smaller economy overall. Nonetheless, a diverse group of stakeholders are active in the impact investing space, including private equity funds like the Oasis Fund, foreign DFIs, non-profits and foundations, policy makers and researchers. One of the key players in the effort to build impact investing in Ghana and across West Africa is the Venture Capital Trust Fund, a public-private partnership that targets SMEs and has expertise in angel investing, as well.

Exercise

Form small groups; each choose a chair and a rapporteur. The instructor will assign the case of South Africa to half of the groups and the case of Ghana to the other half. Over a 30-minute session, the groups are asked to answer the following questions: Overall, what are the priorities for building a national ecosystem in the impact investing industry that will be robust, scaled and sustainable? What resources are needed, from which actors, to address these priorities over the next five to ten years? Finally, how can industry leaders build a career path into this ecosystem for young local professionals in business, finance, public policy and development? Record your answers on flip charts or slides. Your rapporteur will have five minutes to present your responses in a facilitated plenary session.

Readings

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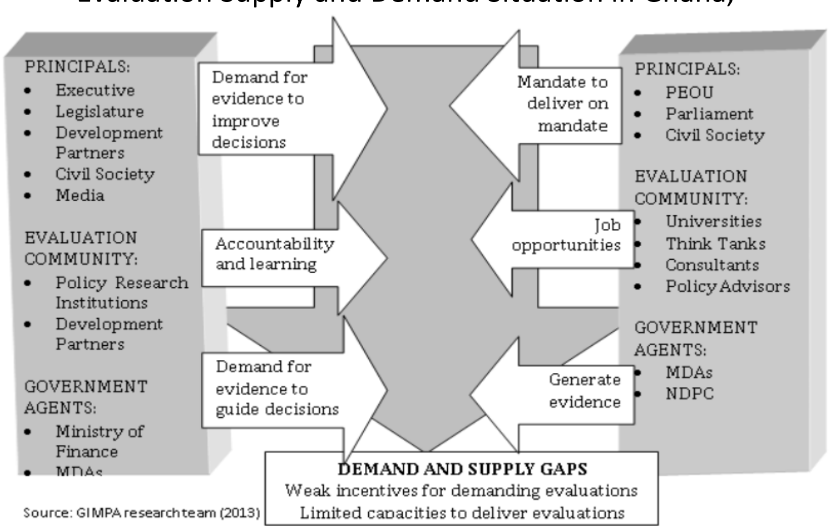
Module 7: Evaluation Approaches

Topic

Recent years have seen the beginnings of an ongoing conversation, and steps toward increased mutual understanding, between the fields of development evaluation and impact analysis. With roots in the public sector, and enabled—indeed, demanded—by Northern development agencies, development evaluation as a professional field is powered by national and global associations, national governments, the UN system, accreditation, graduate and executive training programs, journals and conferences. Its orientation is to accountability for public funds, thoroughness and a focus on development results. For its part, impact analysis (also known as impact measurement or assessment) as a field of practice has grown out of impact investing, social innovation and social enterprise, and is promoted by the Global Impact Investing Network and its Impact Reporting and Investment Standards system, the Global Impact Investing Rating System, Northern foundations and private fund managers. Where development evaluation has become a mature field, with an older, experienced membership, impact analysis is an early-stage area of practice with younger members, technology-driven tools and more of a private-sector culture. The convergence of these two streams is being animated by practitioners and researchers seeking to build on and blend the strengths of both fields through innovative forms of practice, methods and tools. From the perspective of the CLEAR Centre for Anglophone Africa, Smith argues that development evaluation offers impact investing in Africa a 50-year track record, a stronger focus on beneficiaries than on investors, better alignment with local and national development goals, a bridge between the public and private sectors, participatory engagement of citizen and civil society, and more rigorous methods and tools for impact evaluation. In South Africa, key policy drivers promoting impact investing and its evaluation include, for example, the Black Business Empowerment Act, the Code of Responsible Investing in South Africa and tripartite-oriented national development frameworks. Two promising sites in that country for blending development evaluation and impact analysis include corporate social investment (CSI) by the mining and retail sectors and major development finance institutions, including the Development Bank for Southern Africa and the BRICS' new development bank.

Tool

Evaluation Supply and Demand Situation in Ghana,



Source: Amoatey, 2016, adapted from GIMPA Research Team, 2013

Exercise

The graphic above depicts the system of supply and demand for development evaluation generally in Ghana. Form small groups and choose a chair and rapporteur for each. Then answer the following questions in your group: Given that the development evaluation profession is established in that country, how should the impact investing industry prepare development evaluators to become effective M&E specialists in impact investing? Are there new skills, knowledge and tools that these professionals need in order to be of optimum use to the impact investing ecosystem and to individual funds? What is the best way to deliver training to this group of professionals? Record your answers on flip charts or slides. Your rapporteur will have five minutes to present your group's ideas in a facilitated plenary.

Readings

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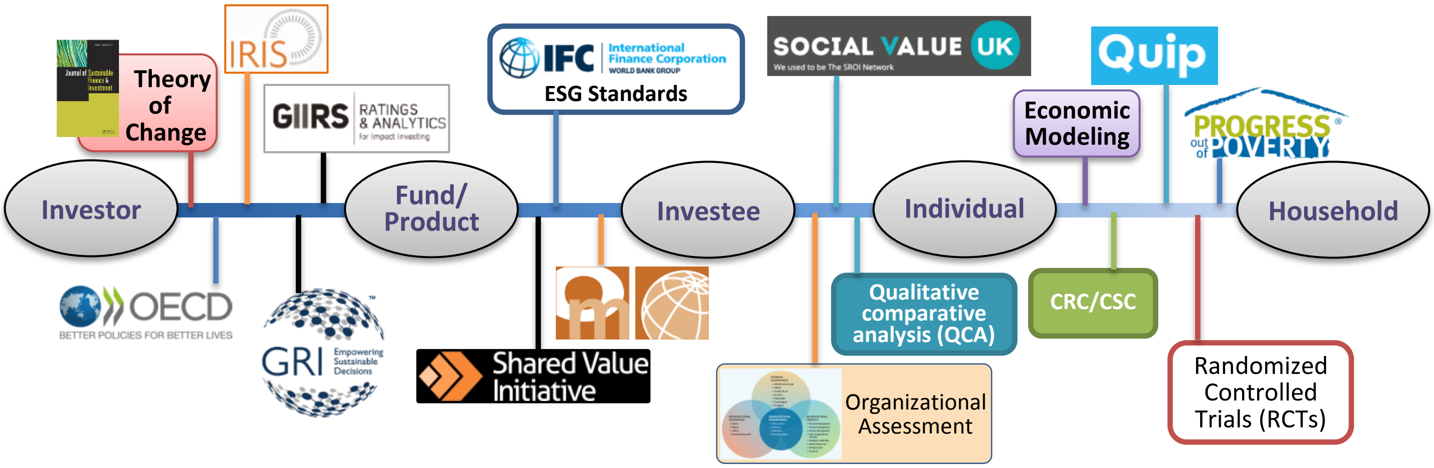
Module 8: Methods and Tools

Topic

There are several key issues to consider in selecting appropriate methods and tools for evaluating impact investing. While impact measurement is often thought of as necessary to *prove* impact, it can and usually should also be used to *improve* impact. It is also important to recognize that the term "impact" has a specific definition in the development evaluation field that is not always well-understood in the impact investing field. Consequently, many common approaches focus on the output-level, with limited analysis of outcomes and impact. In addition to a range of methodological challenges around the relevance and validity of the various approaches used in the field, there are "real world" pressures of too little time, money, and capacity. Over the last five years, however there has been important progress in putting in place the "building blocks" of impact measurement. The Impact Reporting and Investment Standards (IRIS) have created a common taxonomy and shared language for output indicators. They are part of a larger ecosystem of initiatives linked with the Global Impact Investing Ratings System (GIIRS) for funds, and the B Analytics Ratings for enterprises (B Corp). Furthermore, a set of investor guidelines and frameworks have also been developed, along with increasing adoption of theory of change as an approach to clarify and communicate the intended impact sought by investors or investees. However, even as these tools are progressively utilized and refined, an array of additional, often complementary techniques are being developed and tested, in specific regions, sectors and organizations to add to the store of methods already available in the fields of development evaluation and social impact assessment. The practitioner seeking to evaluate impact investing in Africa, therefore, can now choose from a well-developed menu of methods and tools that can be tailored to specific purposes, timeframes and budgets and to focus on specific units of analysis (e.g., fund portfolio, individual investment, investee, individual participant or household) and modes of stakeholder engagement. A robust, but pluralistic, approach to methods selection can draw on tools for both qualitative and quantitative data collection and analysis. Some notable techniques currently used in the impact investment industry include case studies, social return on investment, household surveys using the Pathways out of Poverty Index, and randomized clinical trials or other quasi-experimental methods, all, increasingly, enabled by technologies such as SMS messaging, more advanced smart-phone applications, micro-narratives, sensors and more.

Tool

Methods and Tools



Source: E.T. Jackson and Associates Ltd., 2016

Exercise

Prior to the session, re-read the J.P. Morgan report referenced below, which presents an approach to impact measurement for investors. Form small groups and choose a chair and rapporteur for each. Discuss the following questions: 1) What were two examples of methods or tools that you found to be useful and applicable to impact investing in your country? Please explain. 2) Did you find that anything was missing from the methods and tools presented in the report? Please explain. Record your responses on flip charts or slides. Your rapporteur will have five minutes to present your group's ideas to a facilitated plenary.

Readings

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Module 9: Theory of Change

Topic

Underlying every impact investment is a theory of change, either explicit or implicit. By mobilizing and deploying their capital, and monitoring it as it travels to its investee business and then onward to the investment's beneficiaries, the impact investor expects certain economic, social or environmental, and financial, results to be achieved. Indeed, the investor raises funds precisely on the basis of these expected results. As Morra Imas and Rist note, a theory of change is a model that specifies, usually visually, the underlying logic, assumptions, influences, causal linkages and expected outcomes of a program or project. Through the collection and analysis of quantitative and qualitative data, this model can be tested against the actual process experienced and results attained by the intervention. It also can be compared against the theories of change of other models. Evaluation and monitoring can be used to interrogate the theory of change critically, to assess its appropriateness, relevance, validity and accuracy, and to strengthen it—or discard and change it. The Impact Measurement Working Group of the G8 Social Impact Investment Task Force has proposed a general logic model, entitled the Impact Value Chain, to depict the logic, flow and types of results expected for the impact investment process. A complex, multi-level, theory of change was developed to evaluate the Rockefeller Foundation's Impact Investing Initiative. Most impact investment funds provide prospective investors and investees with an explicit theory of change, or investment strategy, against which their performance can be assessed. This assessment can be made at the level of the individual investment or at the level of the fund's portfolio as a whole. Theory of change analysis can be employed in combination with other development evaluation strategies, such as utilization-focused, developmental or participatory evaluation to carry out more systematic assessments. In a more participatory approach, for example, theory of change can be used as the focal point for dialogues with downstream beneficiaries—particularly, owners and employees of investee enterprises and their households, and the communities in which investee businesses operate—to examine intended and unintended, and positive and negative, impacts among these stakeholders.

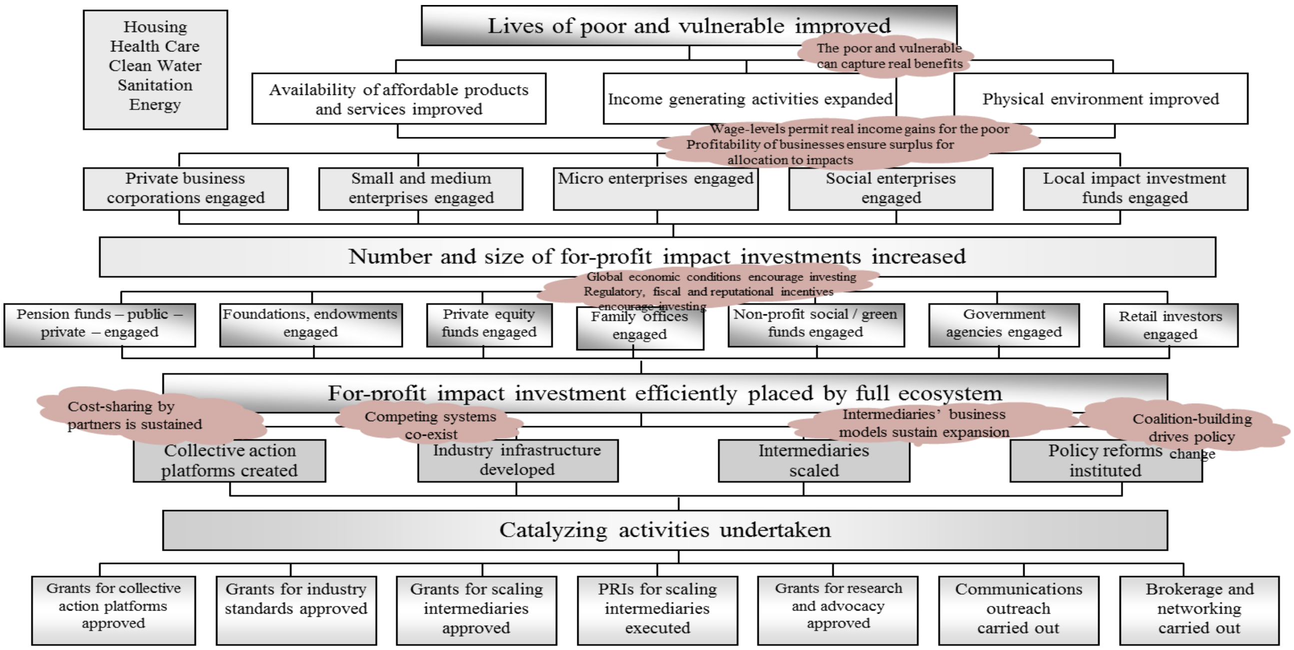
Tools

The Impact Investing Process

	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

Source: Social Impact Investment Taskforce, 2014

Theory of Change



Source: Jackson and Harji, 2012

Exercise

DFID's Impact Program is based on an ambitious theory of change that aims to encourage the deployment of impact capital in higher risk contexts and with earlier stage businesses. Watch the video presentation of the DFID theory of change. Form small groups and choose a chair and rapporteur for each group. Each group is asked to answer the following questions: What are some of the key measures of success in this theory of change? What barriers or challenges are likely in collecting data to test this theory of change? What are some effective ways of overcoming those challenges? Record your responses. Your rapporteur will have five minutes to present your group's ideas to a facilitated plenary.

Readings

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Module 10: Gender Equality

Topic

Gender equality is a deeply held value among many development organizations, African and foreign. Here the concept of gender equality also may refer to equality in terms of gender identity, particularly among LGBT persons. However, the impact investing industry has been slow to devote serious attention to this issue. One notable exception is Root Capital, a US-based non-profit impact investment fund that has loaned nearly $800 million to 500 farmer's organizations worldwide in the space it calls the "missing middle" of development finance—working capital facilities that are too large for microfinance institutions to provide but too small for commercial banks—often securing its loans with the inventories of its borrowers. With the support of a feminist investor, Root Capital has placed a gender lens over its entire portfolio and now tracks a set of gender-inclusive indicators. In the process, the organization has initiated an action research program on the role of women as "hidden influencers" in the agricultural value chain. In general, development evaluators and impact analysts can and should combine forces to promote the integration of a gender-equality perspective in the practice of evaluating impact investing. Moreover, some gender issues require separate treatment and analysis. There is an array of resources to tap for this work, including EvalGender, a coalition of multilateral agencies and evaluation associations promoting the demand, supply and use of equity-focused and gender-responsive evaluations. It is crucial that evaluations in the impact investing space collect and analyze gender-disaggregated data, remaining alert to different patterns of results across women and men, *and* embed gender analysis across all aspects of the evaluation design.

Tool

Root Capital Gender Outcome Metrics

	2010	2011	2012	2013
# of gender-inclusive clients	**50**	**89**	**107**	**80**
% gender-inclusive clients of total number of clients	**29%**	**46%**	**52%**	**31%**
Amount disbursed to gender-inclusive clients	**USD 24M**	**USD59M**	**USD 59M**	**USD 42M**
% amount disbursed to gender-inclusive clients of total amount disbursed	**30%**	**53%**	**49%**	**35%**
number of female producers reached	**5K**	**58K**	**71K**	**114K**
% female producers of total producers	**3%**	**28%**	**33%**	**28%**

Source: Root Capital 2014

Exercise

Root Capital works invests in dozens of investee associations and cooperatives in agriculture sector in Africa. The organization wishes to carry out a comparative study of the downstream results of its gender-inclusive versus non-gender inclusive clients. Its hypothesis is that there will be stronger indicators of improved well-being in the households of female producers than in the households of male producers and that those effects will be especially strong in the households of female producers in gender-inclusive client organizations. This hypothesis is based on research from microfinance and development economics suggesting that women are more committed than men to directing new household revenue into increased access to education, health and nutrition for their children and adult family members. Form small groups and choose a chair and rapporteur. Your group has been asked to advise Root Capital on the design of this study and to use both qualitative and quantitative methods. The study will be paid for by a local foundation in concert with a foreign development agency. Please record your answers to the following questions: 1) What are the key factors to consider in designing this study? 2) What methods and tools could be used? 3) How should Root Capital use the findings and recommendations of the study? Your rapporteur will have five minutes to present your group's ideas in a facilitated plenary session.

Readings

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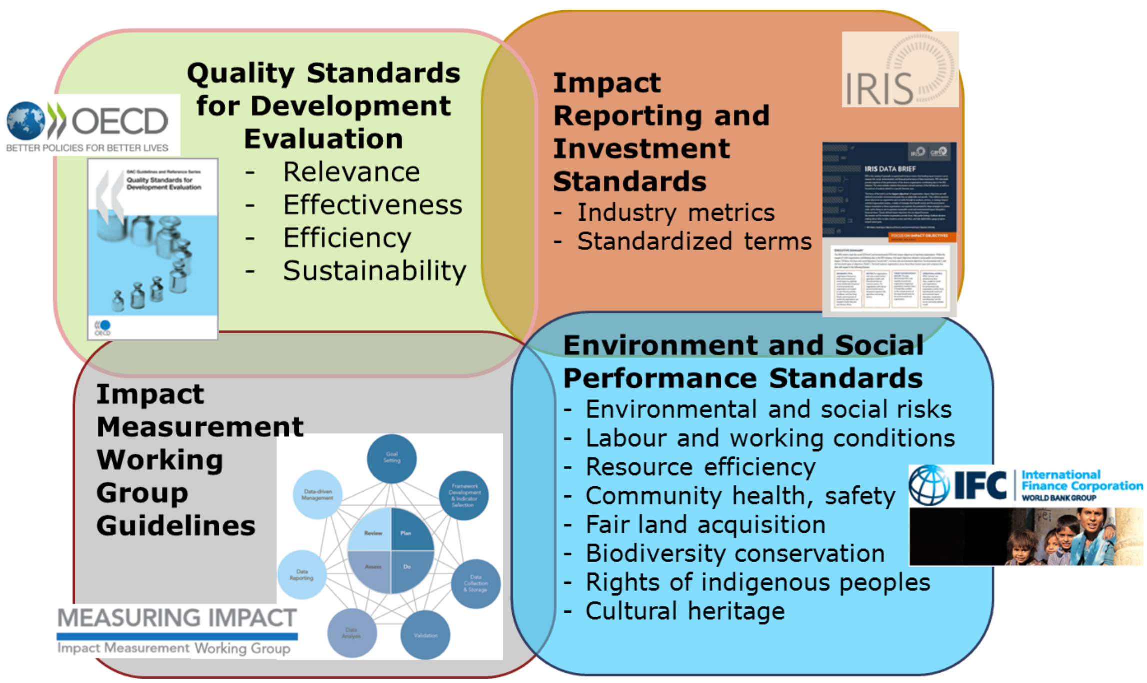
Module 11: Standards

Topic

As a result of creative and disciplined work in a variety of fields and organizational settings, there are several sets of standards that can and should be applied in the evaluation of impact investing programs, funds and individual investments. The OECD has published a set of quality standards for development evaluation—focused on relevance, effectiveness, efficiency and sustainability—that development agencies have been using for many years. The International Finance Corporation has promoted a set of Environmental and Social Performance Standards for investments in private companies in developing economies; a number of Northern DFIs apply these standards in their deal selection, monitoring and reporting. In the impact investing industry, there has been nearly a decade of work on the Impact Reporting and Investment Standards that define common industry metrics and standardized terms. In addition, the Impact Measurement Working Group on the 2014 G8 Task Force on Social Impact Investment highlights the impact value chain as a common theory of change for the field, and proposes a set of activities for assessing the social impact of impact capital. All of these standards, and others, have strengths and weaknesses. But there are two outstanding issues. First, these standards have not been integrated and so remain fragmented in their practical application. And second, some of these standards are expensive and time-consuming to apply. They thus require a subsidy to implement. Perhaps more important, however, is the fact that none of these standards is home-grown in Africa. What kind of standards, it may be asked, does Africa want?

Tools

Setting standards for evaluating impact investing



Source: E.T. Jackson and Associates Ltd. 2016

Exercise

Form small groups and choose a chair and rapporteur for each. You have 30 minutes for this exercise. Review the elements of each of the sets of standards. The core question for your group is: For African stakeholders, what kind of standards for evaluating impact investing are needed in your country? Are new standards needed or can you adapt existing sets of standards? What is unique and different about the standards that are needed for Africa? What is not different? Record your responses. Your rapporteur will have five minutes to present your group's responses to a facilitated plenary session.

Readings

Development Assistance Committee. *Quality Guidelines for Development Evaluation,* Organisation for Economic Cooperation and Development, Paris, 2010.
https://www.oecd.org/development/evaluation/qualitystandards.pdf

Global Impact Investing Network. *Impact Reporting and Investment Standards*. New York, No Date.
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http://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/ifc+sustainability/our+approach/risk+management/performance+standards/environmental+and+social+performance+standards+and+guidance+notes

Jackson, E. and K. Harji. Setting Standards in Evaluating Impact Investing: What Does Africa Want? *Evaluation for Africa*, March 29, 2016. http://africaevaluation.org/Africa/2016/03/29/setting-standards-evaluating-impact-investing-africa/

Module 12: Additionality

Topic

Brest and Born argue that additionality is at the very heart of impact investing. They argue that "*for an investment or non-monetary activity to have an impact, it must provide additionality—that is, it must increase the quantity or quality of the enterprise's social outcomes beyond what would otherwise have occurred*." They further make the case that, in order to demonstrate additionality, it is useful to present counterfactual evidence "*on what would have happened if a particular investment or activity had not occurred*." For their part, Bridges Ventures distinguishes between investor-level additionality, or the extent to which the investor was integral to the development or performance of the investment, and enterprise-level additionality, which involves the investment enabling the investee to deliver a greater or higher quality of outcome than without the investment. Development finance institutions have been particularly concerned with additionality in their work, particularly when public funds are used to incentivize private capital to participate in development investments. However, in practice, DFIs have not done very well in demonstrating or reporting on their additionality. Some commentators have proposed a more expansive definition of additionality to facilitate the evaluation of all of the vectors of change that may be triggered by additionality.

Tool

Types of Additionality

Types of additionality	Examples
Financial	Offering better terms, longer maturities, countercyclical finance, lower price, subordination, holding riskier portfolios, providing smart subsidies, guarantees and other to enhance returns and reduce risks.
Aggregation	Supporting projects at regional or global level for aggregation of opportunities, diversification of risk and cross boundary sharing of experience.
Signalling	Providing a stamp of approval, providing credibility, attracting other investors, acting as honest broker.
Knowledge	Strengthening the quality of the investment model and technology; sharing knowledge building the capacity of local partners, facilitate technology transfer, publicly share experiences and learning (beyond project boundaries).
Demonstration	Support innovative pacesetter to de-risk new business models; attracting capital in lower income, fragile countries and frontier markets that are not (yet) able to attract significant level of commercial capital.
Poverty	Influencing design to reach lower income market segments; reduce inequalities, improve local participation, generate employment of the Bottom of the Pyramid (BoP).
Standards	Promoting high environmental, social and governance standards in investee companies, financial institutions, funds and at industry level.
Market building	Strengthening policy environment, build eco-systems and support market infrastructure, generate market data and support industry research.

Source: Koenig and Jackson 2016, based on Mustapha et al 2014

Exercise

At your table, for 10 minutes, individually review the tool reproduced here. Then think about an impact investment fund or individual investment or investee that you have been involved with or with which you expect to be involved in the future. How would you propose to collect data to demonstrate additionality for any two of the types of additionality listed in the tool? More specifically, how would you approach the task of presenting counterfactual evidence to demonstrate additionality for the two types? What methods would you use? What conditions would need to be in place to permit this to happen? Organize and write down your responses in preparation for the plenary discussion on this topic.

Readings

Brest, P. and K. Born. Unpacking the Impact in Impact Investing, *Stanford Social Innovation Review*, 14, August, 2015, 4-5. http://ssir.org/articles/entry/unpacking_the_impact_in_impact_investing

Bridges Ventures. *Investing for Impact: A Strategy of Choice for African Policymakers*, Bridges Ventures and African Private Equity and Venture Capital Association, London, 2014. http://bridgesventures.com/wp-content/uploads/2014/05/BV_ACVA_Report_FINAL_090414_printer_friendly.pdf

Heinrich, M. *Demonstrating Additionality in Private Sector Development Initiatives*, Donor Committee on Enterprise Development, Oxford, 2014. http://www.enterprise-development.org/wp-content/uploads/DCED_Demonstrating-Additionality_final.pdf?id=2400

Koenig, A. and E.T. Jackson. *Private Capital for Sustainable Development: Concepts, Issues and Options for Engagement in Impact Investing and Innovative Finance*, Danida Evaluation Department, Copenhagen, 2016. See especially chapter 3 and Annex F. http://um.dk/en/danida-en/results/eval/Eval_reports/evaluation-studies/publicationdisplaypage/?publicationID=E15693B2-6449-4AB1-A33A-BC8BE0067D42

Koh, H., A. Karamchandani and R. Katz. *From Blueprint to Scale: The Case for Philanthropy in Impact Investing*, Monitor Group and Acumen Fund, 2012. http://acumen.org/content/uploads/2013/03/From-Blueprint-to-Scale-Case-for-Philanthropy-in-Impact-Investing_Full-report.pdf

Norfund. *Evaluation of the Norwegian Investment Fund for Developing Countries*, Norfund Report 1, Oslo, 2015. http://www.norfund.no/getfile.php/136301/Documents/Homepage/Reports%20and%20presentations/Evaluation%20of%20the%20Norwegian%20Investment%20Fund%20for%20Developing%20Countries.pdf

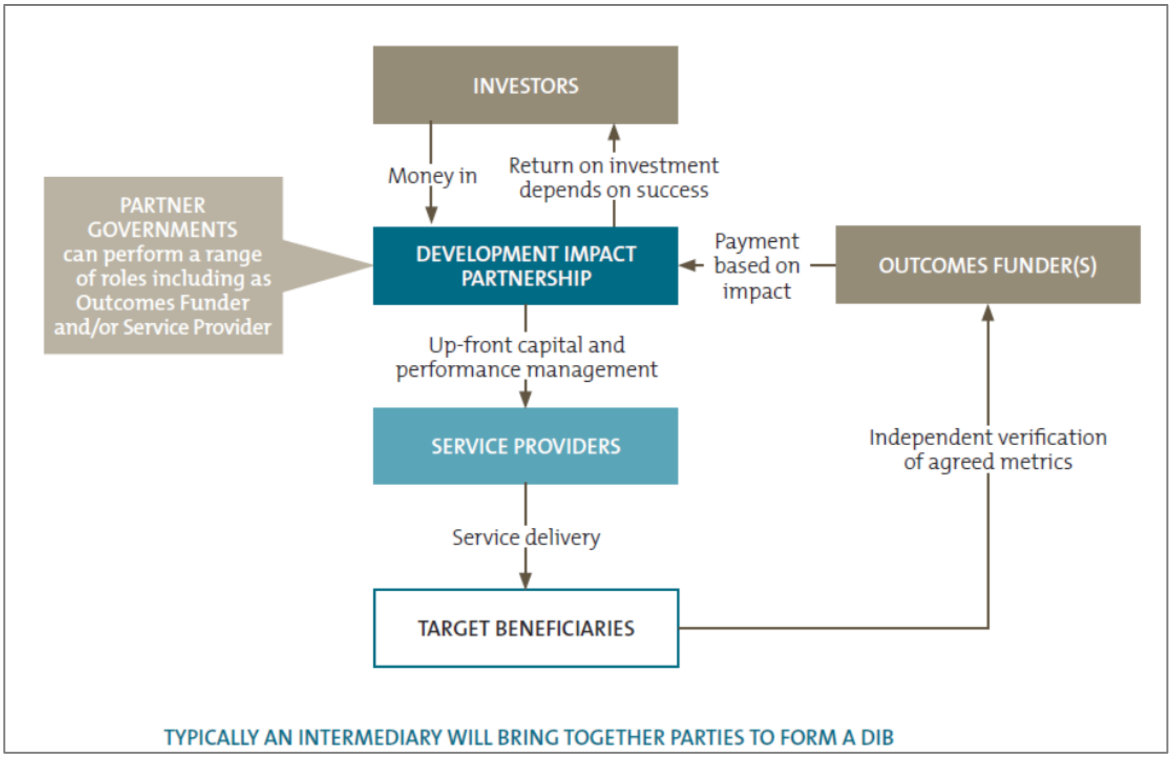
Module 13: Development Bonds

Topic

Governments, development agencies and foundations around the world are experimenting with a variety of models that involve the linking of payments to the achievement of results. The monitoring and evaluation of those results are key elements in such models. For example, writing with reference to US foreign assistance, Savedoff et al highlight an approach called "Cash on Delivery (COD) Aid," which "*offers a fixed payment to recipient governments for each additional unit of progress toward a commonly agreed-upon goal (e.g., $200 for each additional child who completes primary school and takes a standardized test)*." In this model, the outcome measures or units of progress are negotiated and embedded in the aid agreement, and are independently verified at regular intervals. Another approach that has been the subject of considerable experimentation and debate in the developed economies is that of the social impact bond (SIB), also sometimes called a social benefit bond or social performance bond. Its developing-economy analogue is the development impact bond (DIB). In fact, these are not bonds in the technical sense of that term; rather, they are actually pay-for-success, or pay-for-results, contracts. In a development impact bond (as in a SIB), the capital of private impact investors is mobilized through a partnership structure to fund a social program that is implemented by a non-governmental organization or private company. Development agencies, foundations and the government de-risk these deals through first-loss provisions or other enhancements, and may act as co-investors. The parties to the DIB sign on to achieve certain outcome targets. If these targets are achieved through the implementation process, the investors receive their principal capital as well as an attractive financial return. But if the targets are not achieved, the investors do not receive their financial return and may even lose some of their principal, depending on the arrangement. The achievement of outcomes is verified and reported on by independent evaluators. In some cases of SIBs, evaluation teams have employed quasi-experimental design with control groups. An early DIB experiment was created in Mozambique to fight malaria in a community where mine workers live. The Bertha Centre at the Graduate School of Business in Cape Town hosts a unit specializing in impact bonds that carries out research and advises the public and private sectors on the application of the SIB/DIB model in South Africa and elsewhere on the continent to other health issues, reconciliatory justice and early childhood education, among other areas. However, DIBs (like SIBs) are specialized, small-scale, micro-oriented and labour-intensive in both their design and execution, and therefore appeal to a limited pool of stakeholders. Moreover, these mechanisms can be hampered by the unrealistic results expectations set by proponents in order to attract investors. Nonetheless, they constitute a creative tool for generating targeted social results and their application can spur progress at the local level under the appropriate conditions.

Tool

Structure of a Development Impact Bond



Source: Savekoff et al, 2015

Exercise

One of Africa's first DIBs, the Mozambique Malaria Performance Bond, involved a $25 million pay-for-success contract that provided impact investors with a 5% return if malaria were reduced by 30% in a pilot area of Maputo province where mine workers were falling sick to the disease. If the target was not achieved, investors would receive only 50% of their principal and no interest. Risks and returns were shared by Nando's, Anglo American, the Coca-Cola Foundation, Dalberg and the Ministry of Health. Form small groups and choose a chair and rapporteur for each. Your group has been asked to design a similar development impact bond to fight malaria in a district with mining communities in your country. What are the key factors you must address in the design with respect to each of the stakeholder groups involved? How do you decide what terms to offer the investors? What methods should be used to monitor and evaluate the results of this DIB? Record your responses on a flip chart or slides. Your rapporteur will be given five minutes to present your group's ideas in a facilitated plenary.

Readings

Bertha Centre. *Social Impact Bonds Could Boost Development and Jobs*, Graduate School of Business, University of Cape Town, 2014. http://www.gsb.uct.ac.za/s.asp?p=530

Han, L. Malaria in Mozambique: trialling payment by results, *The Guardian*, Washington, DC, 31 March 2014. https://www.theguardian.com/global-development-professionals-network/2014/mar/31/malaria-control-payment-by-results

Patton, A. Impact bonds in Africa–a whole different story, *Inside Out*, 2013. http://insideoutpaper.org/impact-bonds-in-africa/

Rosenberg, T. An Investment Strategy in the Human Interest, *The New York Times*, June 19, 2013. http://opinionator.blogs.nytimes.com/2013/06/19/an-investment-strategy-in-the-human-interest/?_r=0

Savedoff, W., R. Perakis and B. Schwanke. *Shifting the Foreign Aid Paradigm–Paying for Outcomes*, Center for Global Development, Washington, DC, 2015. http://www.cgdev.org/publication/ft/shifting-foreign-aid-paradigm-paying-outcomes

Module 14: Negative Outcomes

Topic

Much attention in impact investing and other forms of innovative finance is placed on the positive outcomes expected of and achieved by such interventions. However, as in all fields, things can go wrong. Businesses can fail. Portfolios can underperform. Funds may be stolen. A calamity, like an accident, or even a fatality, may occur on a project. Some years ago in India, there were suicides by microcredit borrowers despondent because of their mounting debt. These issues are challenging enough in their own right, and require substantive solutions. But when such negative or unintended outcomes also become media stories another dimension is added to how they must be managed. While such outcomes are not usually extreme in nature, is important for leaders in the impact investing field, and those who undertake impact assessment in that space, to be prepared to deal with a range of these situations—and, in fact, to expect them.

Case

In East Africa, a social enterprise producing organic tea, and with a strong orientation to women's empowerment, receives several high-profile investments from non-profit and DFI investors. The business does well for five years, but inattention to management issues and aggressive new market entrants reduce its business viability, to the point where it has to be shut down, at least temporarily. The investors and owners are reassessing the business. It may be restructured and re-launched—or it may be closed altogether. (This scenario is based on an actual case in Africa).

Exercise

In small working groups for 30 minutes, after choosing a chair and a rapporteur, please answer the following questions:

1) How should the investors, on whose websites the enterprise figures prominently, communicate about this investment to their investors and to the general public?
2) What should be done with the enterprise itself?
3) How should this situation be treated by the monitoring and evaluation team?

Report back to the plenary and share your responses via a five-minute presentation by your rapporteur. The instructors will facilitate the plenary session and will record the responses from all groups.

Readings

Bank, D. and D. Price. Unintended Consequences: How a strategic investment steered an educational-technology startup into trouble, *Stanford Social Innovation Review, Special Supplement*, *14(3),* 2016, 11-13. http://ssir.org/articles/entry/unintended_consequences

Jackson, E.T. Evaluating Social Impact Bonds: Questions, Challenges, Innovations and Possibilities in Measuring Outcomes in Impact Investing, *Community Development: Journal of the Community Development Society*. *44(5)*, 2013,1-9.
http://www.tandfonline.com/doi/pdf/10.1080/15575330.2013.854258

Shah, S. and M. Pease. *Diverse Perspectives, Shared Objectives: Collaborating to Form the African Agricultural Capital Fund*, Case Study, Global Impact Investing Network, New York, June 2012. https://thegiin.org/knowledge/publication/diverse-perspectives-shared-objective

Speakers

Local or international speakers who are willing to speak frankly about failures or other types of negative outcomes and how to address them when they happen.

Module 15: Impact Evaluation

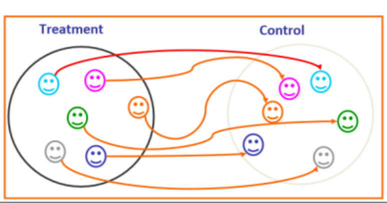
Topic

While it is grant-based rather than investment-based per se, corporate social investment (CSI) by mining companies in South Africa is a large and dynamic area of activity in that country. South Africa's biggest company, Anglo American, spends about R600 million annually on CSI projects, a budget for social interventions that is larger than those of either the World Bank or the British or Japanese aid programs in South Africa. In his case study, Besharati reports on an evaluation of the impact of Anglo American's education programs in communities in and around the company's platinum mines during the period 2010-2014. Working closely with local education officials, Anglo American's platinum subsidiary, Amplats, made R100 million in CSI grants to strengthen 137 schools, focusing on enrichment and supplementary classes, and additional teacher training, especially in mathematics, sciences and business. The programs also funded some infrastructure (e.g., new schools, labs) and equipment. The evaluation sought to determine the extent to which the Amplats-funded interventions were successful in improving education outcomes and pass rates in the targeted schools. This case is noteworthy in terms of both its evaluation methods and its substantive findings. With respect to its methods, the study used a mix of both qualitative and quantitative data collection and analysis tools. The evaluation team employed theory of change analysis, semi-structured interviews and focus groups on site in the field, together with econometric and interrupted time series analysis. To create a counterfactual, the team used propensity score matching to artificially create a control group from the larger population of schools that did not receive the Amplats program with schools with similar characteristic but that did received the intervention. With respect to its findings, the evaluation found that, contrary to expectations, proximity to a mine was a more powerful factor in explaining educational performance than whether a school had received an Amplats program. Indeed, schools nearest mines fared comparatively worse in terms of pass-grade performance even when they themselves had benefited from an Amplats program. In seeking to explain these results, the evaluators concluded that the mines generated distractions for students, such as pollution and protests; local parents channelled too many ill-prepared students into maths and sciences programs in under-resourced classes; and also that, "*generally, the company tried to do too many things in too little dosages, thus reducing the chance to make a deep and lasting impact*."

Tool

Creating the counterfactual:
Propensity Score Matching (PSM)

- This is a popular impact evaluation technique
  - used before in South Africa's education sector (World Bank, 2010)
  - used in ex-post evaluations where a lot of data is available
- Artificially constructs a control group by matching/pairing schools which received treatment to one or more schools in the bigger population based on similar characteristics



Result: The groups is almost identical (statistically similar) except for the fact that one received the treatment (Anglo programme) and the other didn't

Interpretation:
Mines Put Learners Back!

Result Type	Mean	Standar Dev	Effect Size	Increase/Decrease in Pass
Overall Pass	60,5%	21%	-0,142616	-3,5%
Bachelor Pass	14,5%	15%	-0,148472	-2,5%
Maths Participation	52,5%	25%	0,1166759	4%
Physics Participation	39%	22%	0,0189296	1%
Maths Pass	45%	26%	-0,170577	-4%
Physics Pass	57,5%	26%	-0,144918	-4%
Maths Excell	18%	17%	-0,179578	-2%
Physics Exell	12%	18%	-0,154661	-2%

Source: Besharati 2016

Exercise

Take 20 minutes to read the Besharati presentation. One additional aspect of this case is that the evaluation team gave a series of public presentations on its findings to the company, government, and academia. The study also was featured in media stories. Given the complex design of the study, and its finding that the CSI interventions were not able to improve student outcomes, it must have been a challenge to prepare for these presentations and media interviews. If you were the Principal Investigator of the evaluation, how would you prepare? How would you describe the study's methods and findings to a general audience? How would you summarize them for Anglo American itself? What post-study action would you encourage, by which stakeholders? Prepare to discuss your answers in a facilitated plenary session.

Readings

Besharati, N.A. *Platinum and Passes: Lessons from evaluating Impact CSI*, Presented to the Executive Workshop on Evaluating Impact Investing Entitled Building the Field, Measuring Success, CLEAR Centre for Anglophone Africa, Venture Capital Trust Fund, GIMPA Centre for Impact Investing, Institute for Policy Alternatives, International Development Research Centre, and the Rockefeller Foundation, Accra, 2016. http://www.evaluatingimpactinvesting.org/wp-content/uploads/Besharati-Evaluation-Mining-Accra-2016.pdf

See the full evaluation report: N.A. Besharati. *Platinum & Passes: The Impact of Mining Investments on Education Outcomes in South Africa*, Research Report 16, SAIIA, Wits School of Governance, SA, May 2014. http://www.saiia.org.za/research-reports/519-platinum-passes-the-impact-of-mining-investments-on-education-outcomes-in-south-africa/file

Rogers, P. *Overview: Strategies for Causal Attribution*, Methodological Briefs Impact Evaluation No. 6, Office of Research-Innocenti, Unicef, New York, 2014. https://www.unicef-irc.org/publications/pdf/brief_6_overview_strategies_causal_attribution_eng.pdf

Module 16: Job Quality

Topic

Almost all impact-oriented investment vehicles—development finance institutions, private equity funds, foundations and non-profit funds alike—track the quantity of jobs their investments create or preserve. While their definitions of employment generated may vary, these funds usually report their achievements in this area for individual investments and also for their portfolios as a whole. However, few funds in either emerging economies or the Global North analyze or report on the *quality* of the jobs they create or save. But useful research is provided by PCV InSight on measuring job quality among investee companies of community development finance institutions (CDFIs) in the United States. For the US context, the consulting group InSight proposes that a quality job must have at least three of the following five elements: a living wage, basic benefits (e.g., paid leave, health insurance, a retirement savings plan), career-building opportunities (i.e., support for in-house or external training and professional accreditation, opportunities for advancement), wealth-building opportunities (e.g., profit-sharing), and a fair and engaging workplace (e.g., scheduling, equal treatment, consultation, performance reviews). While this definition is clearly context-specific, some of its principles and categories may in fact be relevant to jobs in African economies. Indeed, in the African context, a living wage, health and retirement benefits, training and advancement, profit-sharing, and fair and equal treatment in the workplace are all key indicators of job quality, as well. Added to this, perhaps, could be housing allowances, safe and healthy working conditions, freedom from sexual, ethnic or religious bias or harassment, and safe and affordable transport to and from work. Some employers, in the mining sector for example, may also provide low-cost or free medicines for specific diseases, notably HIV/AIDS. In any case, as a World Bank study of Kenya underscores, the widespread informality of African SMEs relegates African workers to low-wage, low-productivity jobs. The Bank calls for increased public investment in education and innovation and the incorporation of more African SMEs in global value chains in order to increase the productivity of small businesses and the quality of jobs they offer. In the years ahead, as efforts are made across the continent to address this issue, evaluators of impact investment funds and programs should be ready with cost-effective tools to measure job quality and to make their findings available not only to individual funds but to the impact investing ecosystem in their countries, to key industrial sectors and to government policymakers.

Tool

Framework to Measure the Number and Percentage of Quality Jobs

	A QUALITY JOB PROVIDES:				
FOR EACH OF THE FIVE COMPONENTS OF A QUALITY JOB:	A LIVING WAGE	BASIC BENEFITS	CAREER-BUILDING OPPORTUNITIES	WEALTH-BUILDING OPPORTUNITIES	A FAIR AND ENGAGING WORKPLACE
1) SELECT SEVERAL QUESTIONS TO ASSESS WHETHER A JOB EMBODIES EACH COMPONENT →	E.g., What is the wage paid to each employee?	E.g., Does your company offer employees paid leave? Health insurance? A retirement savings plan?	E.g., Does your company pay for the cost of obtaining relevant credentials? What percentage of positions have been filled by internal candidates within the last 12 months?	E.g., Does your company offer an annual bonus plan? Do you offer an employee stock ownership plan, phantom stock, or stock appreciation rights? Do you offer a financial wellness program?	E.g., What is your employee turnover rate? Can staff set their schedules to accommodate family or personal priorities? How many days in advance are employees informed of their schedule?
2) DECIDE HOW YOU WILL DETERMINE WHETHER A JOB EMBODIES EACH COMPONENT →	E.g., Must equal or exceed the living wage at the country level	E.g., Must offer paid leave AND either health insurance OR retirement savings to a majority of employees	E.g., Must support at least 10% of employees to obtain credentials, or fill 20% of positions with internal candidates	E.g., Must answer "yes" to at least two out of the three questions above	E.g., At least two of the three must be true: 1) Annual turnover rate is below 10%; 2) Staff can set schedules; or 3) Staff are informed of schedules one week in advance
3) DETERMINE THE NUMBER AND PERCENTAGE OF JOBS CREATED THAT EMBODY EACH COMPONENT →	74 out of 200 jobs supported by borrowers (37%)	50 out of 200 jobs supported by borrowers (25%)	42 out of 200 jobs supported by borrowers (21%)	24 out of 200 jobs supported by borrowers (12%)	46 out of 200 jobs supported by borrowers (23%)

Source: InSight at Pacific Community Ventures 2016

Exercise

Form small groups and choose a chair and rapporteur for each. Take ten minutes to review the InSight table above. Then answer the following questions: What for you are the key elements in a good quality job in your economy? How would you measure these elements? What indicators and data collection and analysis procedures would you use? Record your group's responses on flip charts or slides. Your rapporteur will have five minutes to present your group's responses to a facilitated plenary.

Readings

Commons Consultants. *The Pitfalls of Innovative Private Sector Financing: Emerging Lessons From Benchmarking of Investment Funds Supported by Aid Agencies*, Summary Report, Copenhagen, 2015. http://www.norfund.no/getfile.php/Documents/Homepage/Reports%20and%20presentations/External%20reports_flyers/Pitfalls%20of%20Innovative%20Private%20Sector%20Financing_Commons%20Consultants_final_150826.pdf

European Development Finance Institutions. Joint International Finance Institutions Communiqué: Contributing to Creating More and Better Jobs. Brussels, 2013. http://www.edfi.be/news/news/29-joint-international-finance-institutions-communique-contributing-to-creating-more-and-better-jobs.html

InSight at Pacific Community Ventures. *Moving Beyond Job Creation: Defining and Measuring the Creation of Quality Jobs*, San Francisco, 2016. https://www.pacificcommunityventures.org/wp-content/uploads/sites/6/2016/04/Quality-Jobs_Moving-Beyond-Job-Creation.pdf

World Bank, *Kenya Economic Update: Informal Should Not be Normal*, Nairobi, March 2016. http://documents.worldbank.org/curated/pt/888091467988907587/pdf/104289-NWP-PUBLIC-Kenya-Economic-Update-Copy.pdf

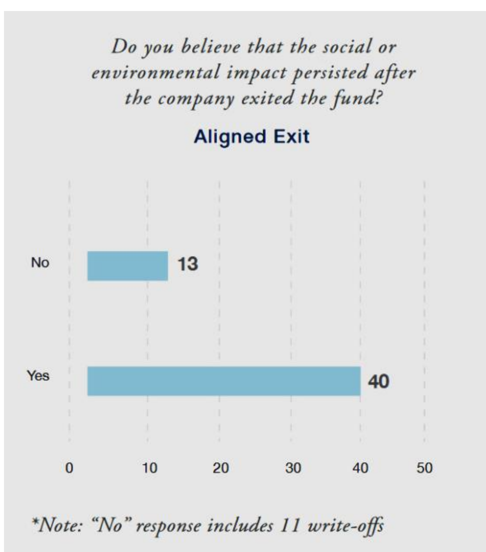
Module 17: Mission Preservation

Topic

Like all investors everywhere, impact investors base their decisions on their analysis of an investment's projected risk, its expected return—in their case, both social and financial—and, importantly, the provisions offered for *exiting* the investment. Moreover, an impact investor generally sees it as their duty to preserve their impact mission by selling their units, shares or loan agreements to a buyer that will maintain that same social or environmental mission, often embedding these impact obligations in the investment documents themselves. This is sometimes referred to as mission preservation at exit. However, what happens when an impact investor is forced, perhaps by a lack of choice among buyers, to sell their investment to a buyer that is not committed to preserving the original mission? This is a real dilemma faced by the holders of maturing impact investments. It is important to note that there is a role here for monitoring and evaluation, both prior to the sale and after it. Prior to the sale, M&E specialists can gather data that to show the extent to which social or environmental targets are being achieved, the barriers constraining their achievement, the costs of maintaining the mission, and its benefits to the investee, the beneficiaries and the investors themselves. All of this information can be useful in communicating the multi-dimensional value of the mission to prospective buyers. And in the period following the sale of the investment, assuming the M&E function is maintained, those same specialists can, along with others, help steward the mission through the transition to new ownership of the investment—as well as provide an ongoing stream of information to the new investor. New research has begun to illuminate the nature of, and factors at play in, the exit process in the impact investing industry. This research is shedding light on the role that impact assessment can play in this process, as well.

Tool

Perceptions of mission preservation after exits (Investor Survey)



Source: Musto et al, 2015

Exercise

For ten years, a European development finance institution has held an equity investment in a local water infrastructure company in a cluster of communities in a Southern African country. Along with other DFIs, this investor has been a strong and consistent advocate of the investee company maintaining high standards of water quality in its operations. Now the DFI's investment has matured and it must exit. The only potential buyer of the investment is a foreign company that is interested in selling water equipment to the local authorities. The prospective buyer is not at all interested in water quality, and in fact has been taken to court in another country for permitting industrial pollution of the water there. The DFI must decide whether to sell to this firm and, if so, under what conditions. Form small groups and choose a chair and rapporteur for each and then develop your answers to the following questions: What is the range of exit options the DFI should explore? What conditions should the seller embed in the purchase agreement? To what extent could the seller use the M&E function to strengthen the mission before and after the sale? Your rapporteur will have five minutes to present your group's responses in a facilitated plenary.

Readings

Cambridge Associates and the Global Impact Investing Network. *Introducing the Impact Investing Benchmark*, New York, 2015.
https://thegiin.org/assets/documents/pub/Introducing_the_Impact_Investing_Benchmark.pdf

Gray, J., N. Ashburn, H. Douglas and J. Jeffers. Great Expectations: Mission Preservation and Financial Performance in Impact Investing, *Wharton Social Impact Initiative*, Wharton Business School, University of Pennsylvania; Philadelphia, PA. 2015. http://socialimpact.wharton.upenn.edu/wp-content/uploads/2013/11/Great-Expectations_Mission-Preservation-and-Financial-Performance-in-Impact-Investing_10.7.pdf

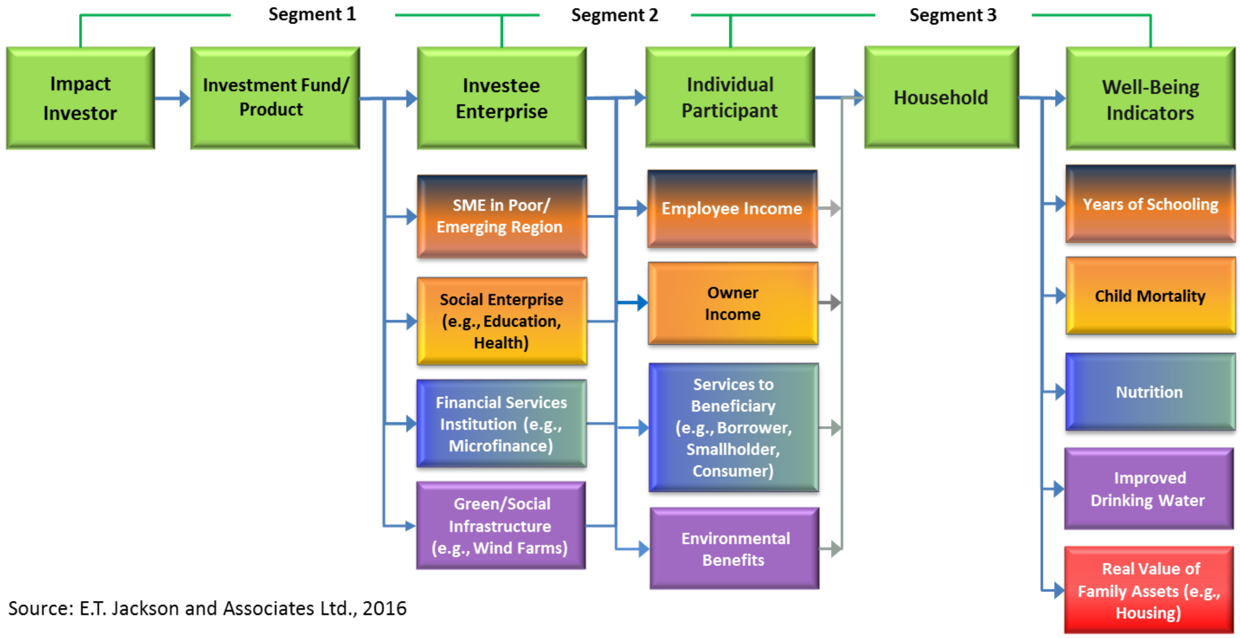
Module 18: Household Impacts

Topic

In many important respects, all development is local. That is, the processes of poverty reduction, or livelihoods creation, that matter most take place at the micro level of individuals and their households. However, for too many impact assessment processes in the impact investing industry, the analysis stops at the investee enterprise—and the household remains invisible and under-analyzed, if it is analyzed at all. Alternatively, ultimate impacts in a theory of change are framed at the broadest, societal level, with the household again left out of the frame. Yet longstanding research on poverty from other fields—agricultural economics, development economics and gender studies, to name three—underscores the fundamental importance of the household as a key unit of analysis for evaluation and monitoring of any development intervention, including impact investments. Indeed, when new revenue is generated from a job with an investee company, or from surplus accruing to the owner of an investee firm, that revenue almost always, in whole or in part, flows into the beneficiary's household. How that household converts, or fails to convert, this incremental revenue into, for example, increased access to education programs or health services for its children, more protein-intensive foods for family meals, hard-asset improvements to the family home (e.g., a new roof or extension), or investment in the inventory of a new family business (e.g., vegetable trading, small-motor repair) determines to a great degree the ability of that household to cope with and reduce its poverty conditions and create better livelihood pathways for its members. Systematic evaluations of impact investments therefore must be based on theories of change that incorporate the household and employ data collection and analysis tools that are sensitive to changes within that unit of analysis and are cost-effective. One example is the Progress Out of Poverty Index, a field-based observational tool for which the Grameen Bank has developed a mobile application. A second tool also originally tested in Asia is the Citizen Report Card, which enables individuals to assess the effectiveness and efficiency of the services and products they use. A third example is the Qualitative Impact Assessment Protocol, or QUIP, which examines self-reported attribution through streamlined semi-structured household interviews and focus groups. Other poverty research points to specific, granular and well-tested household-level metrics that can be used. Emerging thinking on the broadest range of impact evaluation strategies, such as that by Rogers and Peersman, and Stern et al, can be tapped in designing household-level assessments. Such impact-evaluation strategies may include, but are not at all limited to, randomized controlled trials or other counterfactual designs. In fact, impact-evaluation designs which take into account contextual factors, and which are capable of assessing positive and negative, direct and indirect, and intended or unintended results of an impact investment, are especially appropriate at the household level.

Tool

Impact Investment Results Chain



Source: E.T. Jackson and Associates Ltd., 2016

Exercise

An impact investment fund in East Africa makes equity investments in and provides loans to small and medium-sized businesses in poor regions. It has been making these investments for five years, and has been an active and public advocate for SMEs as vehicles for poverty reduction. Now some of the fund's own investors—a local foundation and a foreign DFI—want to better understand the link between SMEs and households in the poverty reduction process and have commissioned an impact evaluation. You and your colleagues are asked to serve as consultants to the team designing the evaluation. Form small groups, choose a chair and rapporteur, and take 30 minutes to answer the following questions: What are the top three to five issues you recommend be examined in the evaluation? What obstacles do you anticipate the evaluators will encounter when they collect data in the field? How can they overcome or minimize these obstacles? Record your responses on flip charts or slides. Your rapporteur will have five minutes to present your group's advice on these questions, in a facilitated plenary session.

Readings

Alkire, S., C. Jindra, G. Robles and A. Vaz. *Multidimensional Poverty Index – Summer 2016: Brief Methodological Note and Results*, University of Oxford, 2016. http://www.ophi.org.uk/wp-content/uploads/OPHIBrief_42_MPI_meth_note_2016.pdf

Copestake, J. *The Qualitative Impact Assessment Protocol*, Centre for Development Studies, University of Bath, 2016. http://www.bath.ac.uk/cds/projects-activities/qualitative-impact-assessment-protocol-QUIPS11/index.html

Grameen Foundation. *Progress Out of Poverty Index*, Website: http://www.progressoutofpoverty.org/

Rogers, P. and G. Peersman. Impact evaluation: challenges to address, *Better Evaluation*, 23 January, 2015. http://betterevaluation.org/blog/impact_evaluation_1

Stern, E. et al. Broadening the range of designs and methods for impact evaluation, *Better Evaluation*, 2012. http://betterevaluation.org/resources/overview/impact_evaluation_methods

World Bank. *Citizen Report Card and Community Score Card*, Washington, DC., Undated. http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTSOCIALDEVELOPMENT/EXTPCENG/0,,contentMDK:20507680~pagePK:148956~piPK:216618~theSitePK:410306,00.html

Module 19: Evaluation Costs

Topic

There is a cost to evaluating impact investing. Who should pay for it? In development evaluation in Africa, aid agencies and governments—the public sector—have been the main funders of evaluation and monitoring systems, consultant studies, and some evaluation associations. In impact investing, impact investment funds themselves typically provide money in their core business models to cover the costs of front-end evaluation, known as due diligence, monitoring and reporting on key output indicators (investee financial performance, jobs created, etc.) and social impact stories of selected investee firms, entrepreneurs or communities. However, there are limits to the M&E costs that small (or even large) funds can cover. Further, impact investors often require their investees to collect data on core metrics on a quarterly or annual basis. But investees must devote the bulk of their time to making their businesses successful, and that is challenging enough. Still further along the results chain are the households of beneficiaries: employees and customers of investee companies, and members of the communities in which investees are located. The costs of detailed micro-level studies of the effects of impact investments on these households can rarely be incorporated into the business models of either funds or investees. Such studies require substantial, stand-alone grant funds. Among the actors in the impact investing ecosystem whose financial resources should be mobilized to pay for more systematic studies at this point on the results chain, and on other points, as well, are development agencies, governments, non-governmental organizations, charitable foundations, development finance institutions, banks, pension funds and major corporations. Each national ecosystem must find an appropriate solution to paying for the costs of evaluating impact investing funds and vehicles, investees and affected households. Further, in order to optimize the benefits of this funding, industry leaders must ensure that the findings of all evaluations are fed back, in transparent and timely fashion, into the ecosystem in order to strengthen the effectiveness of all actors in the field. Finally, for all evaluation and monitoring strategies and methods, this is an exciting moment in which to mobilize innovative information and communication technologies to achieve cost efficiencies and novel functionality at the same time. Visualization, mobile-phone data collection, micro-narrative applications and intelligent infrastructure—the possibilities are growing every day.

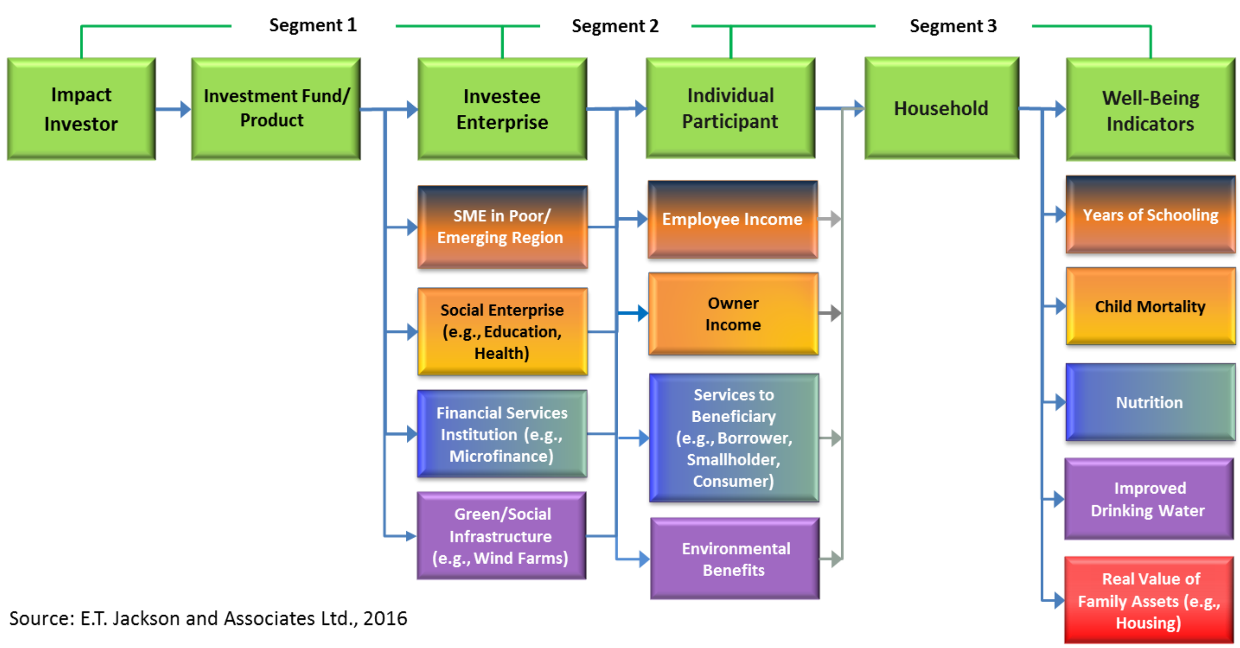
Tools

Impact Investing Ecosystem

ASSET OWNERS	ASSET MANAGERS	DEMAND-SIDE ACTORS	SERVICE PROVIDERS
• High net worth individuals/families • Corporations • Governments • Employees • Retail investors • Foundations	• Investment advisors • Fund managers • Family offices • Foundations • Banks • Corporations • Venture funds • Impact investment funds/intermediaries • Pension funds • Sovereign wealth funds • Development finance institutions • Government investment programs	• Corporations • Small and growing businesses • Social enterprises • Cooperatives • Microfinance institutions • Community development finance institutions	• Networks • Standards-setting bodies • Consulting firms • Non-governmental organizations • Universities • Capacity development providers • Government programs

Source: Karim Harji and Edward Jackson (2012) Accelerating Impact: Achievements, Challenges and What's Next in Building the Impact Investing Industry.

Impact Investing Results Chain



Source: E.T. Jackson and Associates Ltd., 2016

Exercise

Form small groups and choose a chair and rapporteur for each. Your group task is the following: You represent a group of impact investment funds that have come to the realization that more detailed and systematic evaluation of the results of their investments is required. The group of funds proposes, first, a series of organizational assessments of successful and unsuccessful investee firms in a sample of sectors (e.g., agriculture, clean energy, etc.) and, second, annual household impact evaluations in a sample of poor regions where investee companies employ workers and sell products and services. Your team is planning a presentation to secure funding commitments for these studies. You are presenting to senior officials from two bilateral development agencies and their development finance institution, your country's ministry of industry and its main development finance institution, a foreign foundation, a major national bank, a public pension fund, and a coalition of local NGOs. Please answer the following questions: What benefits flowing from these proposed evaluations will you emphasize in your presentation? What objections do you expect to hear from your audience, and how will you respond to those objections? Record your responses on flip charts or slides. You have 30 minutes for this task. Your rapporteur will have five minutes to present your group's ideas in a facilitated plenary.

Readings

Dichter, S., T. Adams and A. Ebrahim. The Power of Lean Data, Stanford Social Innovation Review, Winter 2016, 36-41. http://ssir.org/articles/entry/the_power_of_lean_data

Raftree, L. *Benefits, barriers and tips for ICT-enabled M&E*, April 2013. Website: http://lindaraftree.com/2013/04/17/benefits-barriers-and-tips-for-ict-enabled-me/

Raftree, L. and M. Bamberger. *Emerging Opportunities: Monitoring and Evaluation in a Tech-Enabled World*, ITAD and the Rockefeller Foundation, 2014. https://assets.rockefellerfoundation.org/app/uploads/20150911122413/Monitoring-and-Evaluation-in-a-Tech-Enabled-World.pdf

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Module 20: Global Goals

Topic

Nearly a decade after the launching of the impact investing industry by the Rockefeller Foundation and its partners, the field is growing, but it has not yet reached its full potential. Indeed, the latest research by the Global Impact Investing Network shows that impact investing assets worldwide have reached the $80 billion mark and will likely soon hit $100 billion. However, the funding gap that is required to implement the 17 Sustainable Development Goals, or Global Goals, over the next 15 years is of a different order of magnitude. It is estimated that more than *$2 trillion per year* is required, mainly from the private sector, over and above funds provided by aid and taxes, to pay for full-scale SDG implementation. At the same time, though, if impact investing itself is framed and structured to explicitly address specific SDG targets, such as food security, health or renewable energy, perhaps the industry can, by 2030, grow its asset base to $500 billion. This would require, in practice, creating 500 funds each $1 billion in size over the next decade and a half, or 50 funds with assets of $10 billion each. This is ambitious, but, given what is at stake globally, and the accelerating momentum for major partnerships, it is not impossible. In any case, matching impact capital with the Global Goals favours thematic or sector-oriented funds and approaches. Moreover, from an evaluation point of view, aligning fund metrics with SDG targets and indicators is very feasible. So is holding fund managers and their investees accountable for achieving meaningful results toward SDG targets, and reporting on that performance. There is, therefore, a large and important opportunity here for the role of impact assessment as the industry gains scale over the next 15 years.

Tool

Sustainable Development Goals	Outcomes Targeted	Examples of Vehicles	Opportunities for Growth
2 ZERO HUNGER	• Food security ensured • Malnutrition ended • African House productivity and incomes doubled	• African Agriculture Capital Fund • Grassroots Business Fund • Root Capital • AgDevCo	• Scaling • Replication • Institutional capital • HNW capital
3 GOOD HEALTH AND WELL-BEING	• Maternal mortality reduced • Preventable under 5 deaths eliminated • Epidemics (AIDS, malaria) ended	• Global Health Investment Fund • African Health Fund • Essential Capital Consortium Fund	• Scaling • Replication • Institutional capital • HNW capital
4 QUALITY EDUCATION	• Primary/secondary education for all • Access for all to affordable TVET/VocEd/university • Increased number of youth with employable skills	• Omidyar Network involved in Bridge International Academy • Blue Orchard RXEFA	• Scaling • Replication • HNW capital
5 GENDER EQUALITY	• Gender discrimination ended • Gender violence eliminated • Harmful practices (FGM) ended	• Root Capital Portfolio Analysis • Women's loan funds	• Replication • HNW capital
6 CLEAN WATER AND SANITATION	• Safe, affordable water for all • Adequate hygiene, sanitation for all • Water quality improved	• Private Infrastructure Development Group	• Scaling • Replication • Institutional capital • HNW capital
7 AFFORDABLE AND CLEAN ENERGY	• Affordable, reliable energy for all • Share of renewable energy increased • Energy efficiency rate doubled	• Danish Climate Investment Fund • Green for Growth Fund (GGF) • Althelia Climate Fund	• Scaling • Replication • Institutional capital • HNW capital
8 DECENT WORK AND ECONOMIC GROWTH	• Full employment, decent work for all • Formalization, growth of SMEs • Youth un/under employment reduced	• Business Partners Limited • Aavishkaar • Ghana Venture Capital Trust • LeapFrog Investments • Global Innovation Fund	• Scaling • Replication • Institutional capital • HNW capital

Source: E.T. Jackson and Associates Ltd., 2016

Exercise

Break into small groups, and choose a chair and a rapporteur for each. Focus on SDG 2, whose longer form is "*End hunger, achieve food security and improved nutrition and promote sustainable agriculture*." How would you evaluate the success of an impact investment fund that aimed to contribute to the achievement of SDG 2? What key indicators would you use to measure results? What types of data would you collect, and what methods would you use to collect them? Write up your group's recommendations on a flip chart. Your group's rapporteur will be given five minutes to present your work to the plenary.

Readings

Bannick, M. and P. Goldman. *Priming the Pump: The Case for a Sector-Based Approach to Impact Investing*, Omidyar Network, Redwood City, 2012.
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Ofir, Z. Evaluation in the SDG Era: Lessons we ignore at our peril, *Evaluation for Development*, March 21, 2016. http://zendaofir.com/evaluation-in-the-sdg-era/

Sonen Capital. 2015 *Annual Impact Report: Lessons from the Field*, Sonen Capital, San Francisco, 2016.
http://www.sonencapital.com/thought-leadership-posts/2015-annual-impact-report/

United Nations. *Sustainable Development Goals*, New York, 2015.
http://www.un.org/sustainabledevelopment/

About the Authors

Edward T. Jackson is President of E.T. Jackson and Associates, Senior Research Fellow at Carleton University and Honorary Associate of the Institute of Development Studies. A former Associate Dean of Public Affairs at Carleton University, he has advised Denmark's Ministry of Foreign Affairs, Global Affairs Canada, the International Development Research Centre, MasterCard Foundation, the Rockefeller Foundation, the Swiss Agency for Development and Cooperation, and the World Bank, and has lectured and published extensively on innovative finance and its evaluation.

Karim Harji is Director of Research with E.T. Jackson and Associates and Co-Founder and Director of Purpose Capital, an impact investing advisory firm. An advisor to the Rockefeller and MasterCard Foundations, he served on the Impact Measurement Working Group of the G8 Social Impact Investment Task Force. Mr. Harji is the lead author of the landscape study *Accelerating Impact*, has lectured at Oxford, Ryerson, Toronto and York universities, and is a co-founder of the new Topical Interest Group on Market-Based Solutions of the American Evaluation Association.

About the Partners

The Rockefeller Foundation

For more than 100 years, The Rockefeller Foundation's mission has been to promote the well-being of humanity throughout the world. Today, The Rockefeller Foundation pursues this mission through dual goals: advancing inclusive economies that expand opportunities for more broadly shared prosperity, and building resilience by helping people, communities, and institutions prepare for, withstand and emerge stronger from acute shocks and chronic stresses.

E.T. Jackson and Associates

E.T. Jackson and Associates Ltd. is an international management consulting firm providing professional services in strategic planning, organizational learning and performance assessment to grant-makers and investors in the public interest. With a track record of award-winning work in Africa and Asia, the firm specializes in impact investing, microfinance, social enterprise, civil-society organizations, gender equality, local governance, and basic and higher education.

International Development Research Centre

IDRC was established by an act of Canada's parliament in 1970 to help developing countries find solutions to their challenges. A leader among the world's top funders of development research, the Centre wields considerable influence in this field. The world's most prominent government and private donor agencies consistently seek out IDRC for collaboration. These donor partnerships account for a significant and increasing share of the Centre's programming.

Institute for Policy Alternatives

Based in Tamale in northern Ghana, IPA is a leader in citizen-oriented research and evaluation. The Institute has facilitated citizen accountability tools, including community score-cards and citizen report cards, in such areas as local governance, potable water, sanitation, health care, social insurance, and disability issues. In recent years, the Institute has supported the development of courses on evaluating impact investing and on learning and evaluation in collective action movements.

CLEAR Centre for Anglophone Africa

Housed at the School of Governance within the University of the Witwatersrand in South Africa, the CLEAR Centre for Anglophone Africa works to develop and promote the use of evaluation in evidence-based policy making to accelerate equitable development. Drawing on global and regional best practices, the Centre strengthens the supply and demand for evaluation simultaneously and generates knowledge that contributes to a community of scholars and practitioners.

Venture Capital Trust Fund

The Venture Capital Trust Fund mobilizes private and public capital through a series of venture capital financing companies that provide low-cost financing for small and medium-sized businesses across Ghana. A leader in innovative finance in West Africa, the Trust Fund has commissioned research on the potential of impact investing in Ghana and co-founded the GIMPA Centre for Impact Investing. It also runs the West African Angel Investor Network.

GIMPA Centre for Impact Investing

Based at the Business School of the Ghana Institute of Management and Public Administration, the GIMPA Centre for Impact Investing provides advocacy, research and support services in the area of impact investing in Ghana and the West African region, with a special interest in impact measurement. The Centre has received support from the Venture Capital Trust Fund, the Tony Elumelu Foundation and the Rockefeller Foundation, and cooperates with the Global Impact Investing Network.

GreaterCapital

GreaterCapital is a Cape Town-based social enterprise that provides strategic consulting services on social and economic development to international agencies, companies and their corporate social investment divisions, civil society organisations, asset managers, the public sector and social businesses. Focused on pragmatic solutions for sustainable development, GreaterCapital works closely with the GreaterGood South Africa Trust and is affiliated with the African Management Services Company.