EFFECTIVE IMPACT MEASUREMENT

A primer guide on impact measurement and management
March 2021

innovest Advisory
Impact Through Innovation

PEARL INITIATIVE

About Innovest Advisory

Innovest Advisory seeks to unleash the power of public and private capital to address some of the world's most challenging issues through rigorous focus on impact. Our purpose is to support the creation and scaling of sustainable market-based solutions to development challenges in line with the United Nations Sustainable Development Goals (SDGs) and other internationally recognised frameworks, bringing our extensive impact experience from the development sector into the evolving impact investment field.

Innovest partners with public and private impact stakeholders to develop targeted impact strategies and frameworks across thematics ranging from financial inclusion to agribusiness and healthcare, and across the spectrum of investors ranging from development finance institutions to private equity funds. By deeply understanding our client's mission and impact objectives, we together establish clear impact frameworks that amplify their impact objectives and unlock aligned investors and strategic partners.

We provide impact strategy, impact design and impact measurement and verification services to impact investment funds, private wealth and corporates as well as engagement in market development efforts through awareness raising and advocacy and professional training services.

To learn more about Innovest and partnership, please visit us at www.innovestadvisory.com or contact us at info@innovestadvisory.com

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About Pearl Initiative

Business leaders from across the Gulf Region formed the Pearl Initiative in 2010 to create a non-profit vehicle for the Private Sector to collectively embenquiries@pearlinitiative.orgrace the business case in adopting higher standards in corporate governance, accountability and transparency to enhance business innovation, opportunity and value creation.

With over 40 regional and international partners, the Pearl Initiative brings together business, policy and social sector decision-makers to share best practice and help maximise sustainable and inclusive growth across the region. The Pearl Initiative also supports Gulf-based university students to identify and embrace strong ethics and integrity as they embark on their future careers.

The Pearl Initiative's Governance in Philanthropy programme was developed to support corporate and institutional donors striving to be more strategic and impactful in their giving. Through community engagement and research, the programme promotes improved governance standards in the Gulf Region's philanthropic ecosystem. The programme is supported by the Bill & Melinda Gates Foundation and King Khalid Foundation in Riyadh, Saudi Arabia.

As part of the programme, the Pearl Initiative have launched the Circle platform, our Centre for Philanthropic Governance, where we house bespoke guides and resources to help scale the impact of giving across the Gulf Region.

To learn more about the Pearl Initiative and partnership, kindly reach out on enquiries@pearlinitiative.org or visit our website.

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Introduction

The world is starting to wake up to the magnitude and importance of addressing global challenges, individuals and organisations are embracing the urgency and sense of duty to actively contribute to solutions. Increasingly, private capital and resources are being intentionally focused to tackle global challenges through targeted philanthropy and investment-based approaches. For impact investors, capital can be utilised as a force for transformative impact - going beyond what can be achieved through traditional models of development aid and philanthropy.

As the largest ever intergenerational transfer of wealth takes place, older generations are starting to consider their legacies whilst the next generation is more conscious about how they live their lives. Many next-generation capital holders want their money to have a positive impact on the world, and core to this intention is a commitment to measure, understand and improve impact.

Moreover, effective impact measurement and management (IMM) capabilities are essential to ensure legitimacy and accountability of philanthropic and impact investment initiatives. Agreed-upon impact measurement conventions have begun to take shape, with resources being developed to provide further guidance on effective implementation strategies for measurement and management. However, ongoing fragmentation remains one of the key challenges to the industry.

> "If we regard impact investing as our rocket ship to social change, impact measurement is our navigation system"
>
> SIR RONALD COHEN, CHAIRMAN, GLOBAL STEERING GROUP FOR IMPACT INVESTMENT AND THE PORTLAND TRUST

Whilst philanthropists and impact investors tend to pursue diverse impact objectives, they seem to universally agree on the importance of IMM. As the market grows and matures, funders and stakeholders are demanding increasingly nuanced insights into impact performance. However, a huge capability gap still exists with much debate comprising the "right" way to measure and manage impact.

Technology has been a driver of this movement, providing greater access to information and visibility of real time global challenges, but crucially it may also be leveraged to help deliver measurable positive impact to address these real time challenges. Effective IMM must draw upon various technologies and tools to become scalable, effective and reliable. However, it must be driven by extensive development and contextual knowledge.

Figure1: What is Impact Measurement & Management (IMM)

Impact Measurement
Impact measurement is the process of assessing how much social and environmental impact has occurred and the proportion of observed impact that has been caused by an organisation's actions.

Impact Management
Impact Management is the process of overseeing the creation and measurement of impact, identifying relevant risks that may prevent the achievement of impact and restructuring an organisation's activities based on results to maximise impact. Together, IMM is used by impact-driven social enterprises, organisations and investors, to better understand and improve their impact.

Key Principles

- Data collection
- Stakeholder focus
- Finding additionality & causality
- Cost efficient
- Flexibility
- Theory of change driven
- Measure what matters: outcomes not outputs

State of Impact Measurement & Management

The Growing Addressable Market

Historically, societal challenges were primarily perceived as issues that fell under the public sphere to address. However, there is a growing understanding that philanthropy has a vital role to play in supporting and scaling the work conducted in the wider ecosystem. This understanding, along with the increase of private wealth has largely influenced the exponential growth of global philanthropy in the past two to three decades. Increasingly, philanthropic wealth owners are looking to establish more strategic means for the deployment of their funds to ensure the greatest amount of impact is reached. In the Gulf Region, there has been rapid involvement in the sector to institutionalise philanthropy through tracking, measuring, and evaluating the influence of impact investments.

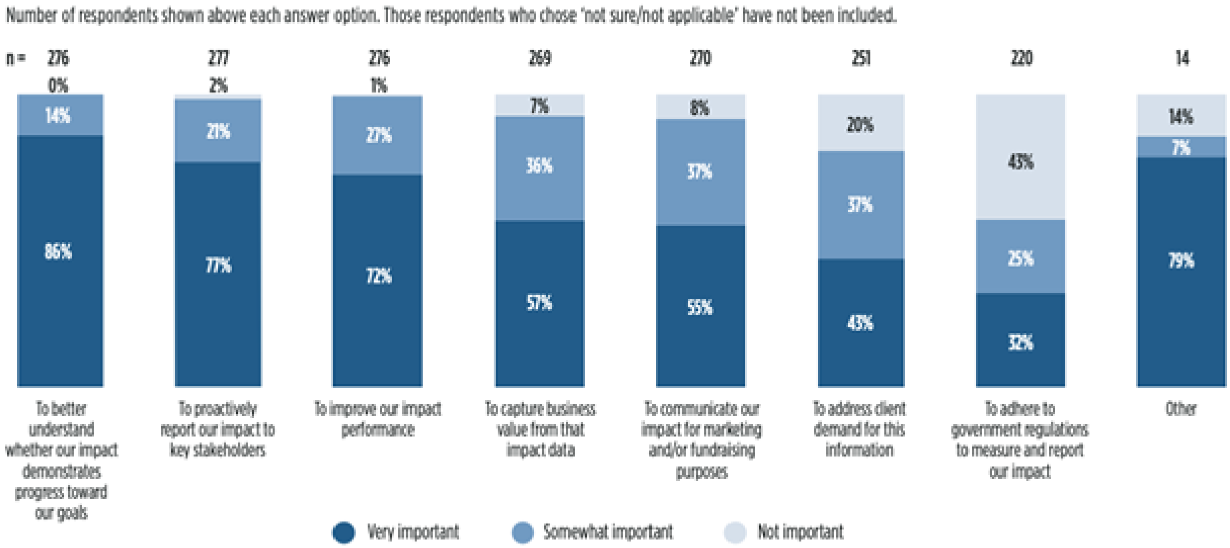
In addition, the impact investment sector represents a massive and growing industry, currently valued at $704 billion by Global Impact Investment Network (GIIN).[1] Many intentional impact investors see effective IMM strategies as essential, not least to avoid reputational risk and accusations of impact-washing. In parallel, the International Finance Corporation (IFC) led Operating Principles to Impact Management - that aim to set an industry standard for impact management within the impact investment sector - has gathered 110 signatories covering over $342 billion assets. These signatories have committed to embedding a comprehensive set of impact management procedures, including setting impact goals, theories of change, impact due diligence assessments and screens, impact measurement, reporting and independent verification of their processes.

Independent verification, or assurance, is highly coveted by both overlapping investor groups. Principle 9 of the Operating Principles stipulates that signatories need to "publicly disclose, on an annual basis, the alignment of its impact management systems with the Principles and, at regular intervals, arrange for independent verification of this alignment." Meanwhile, GIIN's latest state of impact measurement survey[2] found that 53% of GIIN's 278 surveyed impact investors use external consultants for at least one IMM task, including 51% for in depth impact evaluations and 34% to verify results.

Nearly universally, respondents said that IMM is important for understanding whether they are making progress toward their impact goals (100%) indicating 'very' or 'somewhat' important; improving their impact performance (99%), and reporting impact to key stakeholders (98%). Interestingly, a significant share also cited IMM as a key process for capturing business value (93%), marketing or fundraising (92%), and addressing client demand for impact information (80%).

[1] Global Impact Investing Network 2020 Annual Impact Investor Survey, June 2020
[2] Global Impact Investing Network The State Of Impact Measurement And Management Practice (Second Edition) January 2020

Figure2: GIIN Graph - Reasons for measuring and managing impact



Note: 'Other' motivations include to adhere to certification schemes, to demonstrate the value of a dual mission, to gather data on impact progress, and to promote learning and awareness.
Source: GIIN, The State of Impact Measurement and Management Practice, Second Edition

Why Measure Impact

In this diverse world of impact investment with a myriad of different thematic approaches, the reason for measuring impact is simple. We want to know if what we do works and importantly, to improve what we do. To do this, evidence must be collected to prove that a project, organisation or business is achieving their stated mission, as predicted in a logical theory of change. This information can then be used to improve impact performance, communicate it to stakeholders and improve credibility among partners and networks.

According to GIIN's recent impact measurement surveys into impact investor views on IMM, most agree that IMM is more than just "nice to have". Rather, many see it as a "need to have". Although all projects can benefit from impact measurement, specific demand is being driven by impact fund managers and other impact investment vehicles who are under increased scrutiny and stakeholder pressure to report their impact.

A failure to articulate expected impact and to transparently measure and report results to stakeholders may mean fund managers, project managers and organisations face material reputation risk via accusations of "impact washing".

Beyond this, collecting data can add value for all stakeholders, including businesses, customers and end beneficiaries of impact. For example, social purpose organisations such as NGOs, foundations and social enterprises can use IMM to work towards mission related targets. Moreover, impact measurement frameworks can be used to manage and improve impact, allowing organisations to review where interventions have met impact expectations on a revolving basis, redesigning their approach to achieve impact outcomes more effectively for beneficiaries. Redirecting operational strategy to better focus on mission objectives, can also drive performance and ensure funds are allocated efficiently.

Furthermore, communicating impact to stakeholders allows organisations to grow supportive partnerships. Telling a strong story about impact through empirical data adds credibility to an organisation's mission and values. In a connected, social media-driven landscape, impact measurement can also improve effective marketing and business reputation to create loyalty and trust. Importantly, these elements of transparent impact measurement mean that projects or organisations claiming to be achieving impact can be held accountable to their agreed impact targets.

Toward Best Practices in Impact Measurement

Robust impact measurement methodologies are those that work in line with the client needs and assess what data can reasonably be collected and what claims about impact outcomes can be tested with available evidence.

Impact measurement processes that target simplicity and alignment with existing frameworks, while maintaining rigorous measurement as prioritised by the Impact Management Projects have the best chances of success.

Impact Measurement Strategies

Impact measurement can be carried out across a range of data gathering strategies that flexibly meet the needs of different client expectations, resources and preferences on IMM, while maintaining common themes throughout the service. Impact measurement processes are similar across all these strategies, with the key difference being the depth of the evidence gathered.

Figure 3: The four levels of IMM depth

FULL IMPACT MEASUREMENT	ADDITIONALITY	OUTCOME MEASUREMENT	OUTPUT MEASUREMENT
Using comprehensive impact surveys, randomised control trials and other evaluation techniques to gain a full understanding of true impact	Measuring changes in key outcomes of beneficiaries over time compared to control samples, using statistical tools to make this a valid comparison where impact data is imperfect	Measuring changes in key outcomes of beneficiaries over time, comparing where this is correlated with actions of investees	Tracking outputs and using evidence, case studies, secondary literature to assess the likely affect this has on outcomes of beneficiaries

Full Impact Measurement and Additionality could be employed to support the delivery of longitudinal research by research partners or other organisations with interests aligned to the client's impact strategy, which may in fact enable the client to amplify its own impact.

Figure 4: Guiding frameworks

	PRINCIPLES	FRAMEWORK	STANDARDS
PURPOSE	Rules and best practices to ensure overall integrity of processes & behaviours	Methodologies and conceptual frames to organise IMM	Taxonomy and metrics to specific industries, themes &interventions
SCOPE	General	General	Industry
EXAMPLES	• IFC Operating Principles • UN PRI	• SDGs • IMPs Five Dimensions • Lean Data • G8 Impact Measurement Working Group Report	• IRIS+ • UNDP SDG Impact Practice Assurance Standards

Correlation between two events simply indicates that a relationship exists, whereas causation more specifically says that one event causes the other. So when impact measurement observes correlations between impact investment and impact performance, this doesn't imply causation. Omitted variables bias, selection bias and reverse causality may drive a 'counterfactual effect', which is the impact that would have happened in the absence of an intervention.

To explain this, the table below may help. It looks at the self-reported health status for individuals out of five and whether they have visited a local health clinic that aims to bring essential medical facilities to an underserved rural community.

Figure 5: Measuring the counterfactual

GROUP	SAMPLE SIZE	MEAN HEALTH STATUS
ATTENDED CLINIC	7774	3.21
DIDN'T ATTEND CLINIC	90049	3.93

On the face of it, this table might suggest that health clinics cause people to get sicker. This is, of course, completely wrong, and misses the fact that individuals who attended this health clinic were already less healthy. Statisticians call this 'selection bias' and it is the same reason that only studying living people is not a good way to get information on the causes of mortality.

Similarly, a study that tracks individuals over time might find a correlation between poor health and visiting a health clinic, but this would omit things like their immune system, exposure to illness and lifestyle that both a) make people go to hospital and b) increase their chances of getting ill.

Impact Strategy Development

Setting Impact Goals

Clearly defined and achievable impact goals are critical to impact measurement. It allows projects and organisations to set targets and benchmarks where progress can be measure against. Given the complexity and wide range of global challenges and opportunities, setting impact goals can seem overwhelming. For individuals with established values, as well as organisations with a clear mission, impact goals will likely emerge more quickly. For others, this process could involve more reflection and facilitation.

Impact goals could be driven by a range of factors such as heritage, family, faith, legacy or experiences. Moreover, these goals could aim to leverage a specific or favoured approach such as innovation, awareness raising or providing a direct service. Many family philanthropists and impact investors also pursue impact goals to engage the next generation.

Given the personal and personalised nature of impact goals, they can be quite complex. There is a need to choose thematics and lenses that align with interest, knowledge and ability to support. Impact themes could be a specific industry sector such as energy or health or it could focus on a specific issue such as community development or social justice. On the other hand, an impact lens is a specific view or perspective applied across all assets of an impact investor. For example, a foundation may apply a gender-lens to all its projects and investments, meaning the foundation will consider how the project or investments affect the underlying conditions of gender-equality. Some lenses, such as climate, touch such a wide range of sectors that they can be applied in multiple ways.

The United Nations Sustainable Development Goals provide a broad taxonomy to decide on a thematic, and according to GIIN they are used by 71% of impact investors to create impact goals. However, it is also important to create more specific objectives – move away from macro impact goals and towards micro impact goals. Other useful frameworks could include the concept of Doughnut Economics which sets out our need to ensure our economic and social activities occur within the ecological capacity of the planet. For instance, the ecological ceiling can inform how investors can consider environmental themes.

For innovative philanthropists and impact investors, additional variables can be useful to iterate and define impact goals in this context. Impact intensity and impact risk considerations can help individuals and organisations to decide how influential impact goals will be in shaping investment decisions. Intensity may drive willingness to target deeper, more system level goals, take on more investment risk and use non-traditional investment tools. Impact risk should be considered in addition to investment risk and describes how comfortable an organisation or funder is with the possibility that targeted impact will fail to happen. The Impact Management Project (IMP) identifies nine types of impact risk, including evidence risk (lack of high-quality data), drop-off risk (that positive impacts do not endure), and unexpected impact risk (significant unexpected positive or negative impacts occur).

There are many approaches to setting impact goals, including creating a vision and mission statement through a process similar to a business process. Another approach would be the Impact Management Project's impact framework to answer key questions about the goals such as what outcomes does the effect relate to, who experiences the effect, how much occurs, to what extent have you contributed to the impact and what risks may prevent impact? (See Figure 6). For setting impact goals, the "what", "who" and "how much" dimensions are most important, whilst "contribution" and "risk" considerations become more important as the theory of change is developed.

Articulating impact goals is key to impact measurement, and allows an organisation, project or impact investor to determine the specific investment tools to frame, measure, analyse and achieve these goals.

Figure 6: IMP Framework

WHAT	WHO	HOW MUCH	CONTRIBUTION	RISK
What outcomes does the effect relate to, and how important are they to people or the planet experiencing it	Who experiences the effect and how undeserved are they in relation to the outcome?	How much of the effect occurs in the time period?	How much does the effect compare and contribute to what is like to occur anyway?	Which risk factors are material, and how likely is the effect different from the expectation?

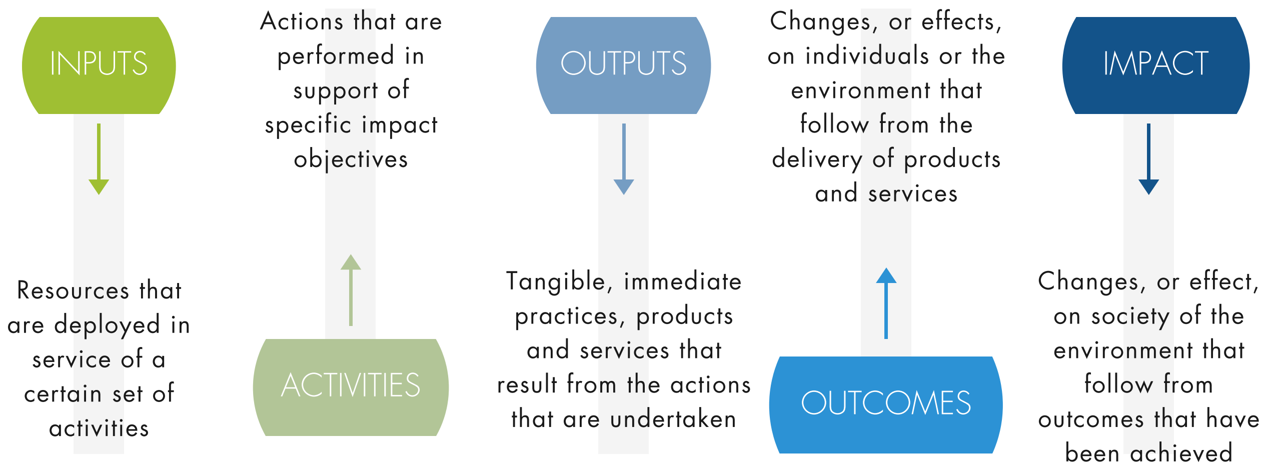
Theory of Change

Impact goals function as an important guiding point from which to develop a logical model of how impact occurs, known as a theory of change. A theory of change articulates the intended changes for people, issues, and systems to achieve impact goals (see Figure 7). It helps make explicit the connections and logic between activities - what you will do in terms of deploying financial and nonfinancial contributions, outputs - the short-term direct results, outcomes and impacts - the longer-term shifts that occur either directly or indirectly. The theory of change can be complex, but not necessarily. Other common components of a theory of change may include an analysis of market and impact context as well as other models such as economic business and customer journey.

There are some key limitations to the theory of change to consider, such as only being able to map out SMART (specific, measurable, achievable, realistic, time-based) impact goals which are not always possible to define. For instance, a logical chain model may not be able to demonstrate the channels to achieve an end to systemic racism as an impact goal. In this approach, it may be more appropriate to aim to end discriminatory employment practices or pay gaps.

Crucially for impact measurement, outcomes are important to define clearly. A theory of change should inform the selection of methods, indicators and standards used to measure and evaluate success, while aligning short and long term measurement efforts.

Figure 7: Theory of Change Logical Model

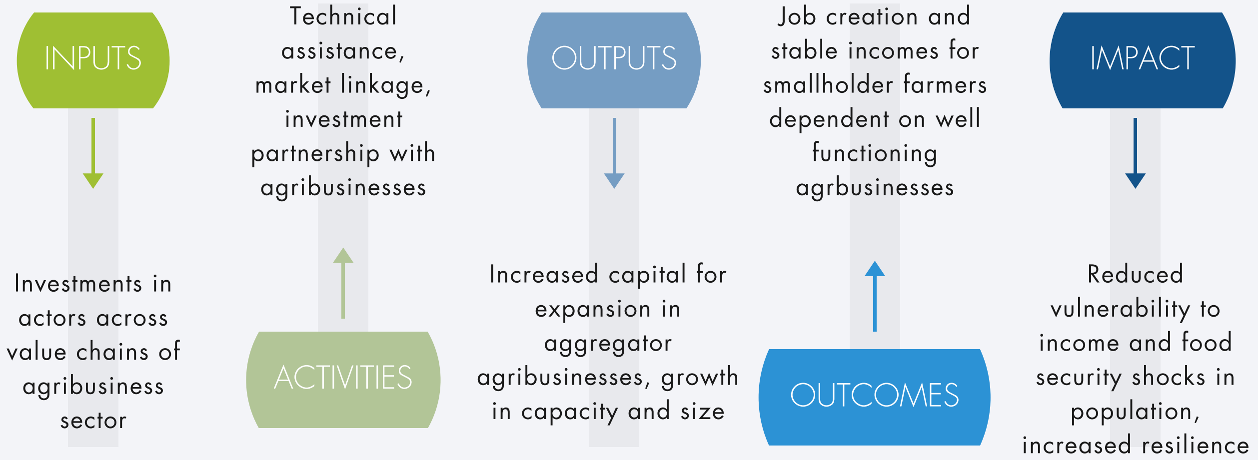


Case Study: Novus Capital

Novus Capital Limited is a financial services firm that specialises in commercial projects in the East and West African region which are underserved by both debt and equity products to finance growth, acquisition and expansion. Novus Capital Partners has extensive local and international networks in these regions as well as deep business expertise. Novus is currently designing the $30-50 million Novus Impact Investment Fund I, its first impact fund, which will focus on investments in the financial inclusion, agribusiness and energy access sectors in Kenya, Tanzania, Uganda and Ghana. Novus plans to operate a donor funded $3 million technical assistance facility alongside the fund.

Innovest is serving as the impact advisor to the Novus team, helping to develop the Novus Impact Fund to ensure that the fund delivers effective and verifiable social impact. To achieve this, Innovest has developed an Impact Measurement and Management (IMM) framework along the themes of employment, health and food security. Such objectives will be built out and codified to provide Novus with timely outcomes data to support analysis and decisions regarding the intended and unintended impacts of their investments. Below is the high-level logical model that was developed for Innovest as part of Novus' Theory of Change.

Figure 8: Theory of Change Logical Model - Case Study



Impact Measurement Framework

If the theory of change is the bridge connecting impact goals to the initiative or portfolio investment, then the impact measurement frameworks act as a test to see if these projects or portfolio investments are achieving these impact goals.

Alignment with the UN Sustainable Development Goals is critical to benchmark. This helps leaders to coordinate effort and to demonstrate that the initiative is working towards the SDGs. Although one drawback to this approach is that the measurement may be limited to macro-indicators, in order to overcome this, it is possible to choose micro-indicators that are reasonably aligned with the macro-indicators.

An outline impact measurement framework matrix effectively aligns the outcomes defined in the theory of change with key performance indicators (KPIs) and the broader impacts. At this stage it is essential to develop a list of KPIs which are feasible. They should be broad enough to cover metrics which relate to the outcome and impact while being specific enough that they are relevant to the organisation or project. The GIIN's IRIS+ system can be very useful in determining these KPIs and alignment with the SDGs. Often, these suggested KPIs will need to be closely evaluated and adapted by the organisation or project team based upon their feasibility and relevance.

Once the outcomes and their KPIs have been defined, these can be linked to impact effects. These impact effects should demonstrate the broader impacts on society, the environment, or the organisation, depending on the outcome they are achieved as a result of. For example, "national improvements in financial literacy rates" or "equitable access to healthcare" or "project replication across neighbouring countries". When aligning outcomes and impacts with SDGs, it is important to look at the specific SDG targets and their specific indicators, highlighting those which are most relevant.

Case Study: Integrating Impact Measurement into an Impact Fund

Developing World Markets and the Displaced Communities Fund

Developing World Markets (DWM) is a leading U.S.-based emerging markets fund manager, with private debt and private equity investments in over 200 impact institutions and 60+ emerging and frontier markets. Over the last two decades, DWM has deployed over $2 billion to financial institutions to mobilize the private sector to achieve positive social change for vulnerable communities. Innovest Advisory has partnered with DWM to pursue the Displaced Communities Fund, a private equity fund strategy that will invest in refugee and migrant-inclusive businesses, with a focus on financial institutions seeking to pilot or expand product and service offerings to refugees who are internally displaced as well as migrant communities.

The Fund will seek commercial risk-adjusted returns and significant, measurable impact to displaced populations through focused investment criteria, rigorous due diligence, active governance, and independent impact assessments. The Displaced Communities Fund aims to develop innovative financing tools for displaced persons by including mutually agreed-upon commitments and displacement-inclusive impact targets at the time of initial investment, and by integrating impact targets into the incentive structure for both the investees and the fund manager.

Innovest is serving as the impact advisor to the fund where it has designed the theory of change, impact metrics and impact measurement framework which will enable the fund to prove that its investments are having a significant, measurable impact on displaced and host populations around the world. Impact evidence will serve as proof of the efficacy of this investment model and stimulate replication by others and increased capital flows into deplacement inclusive investments.

Impact Management

The Most Important 'M'

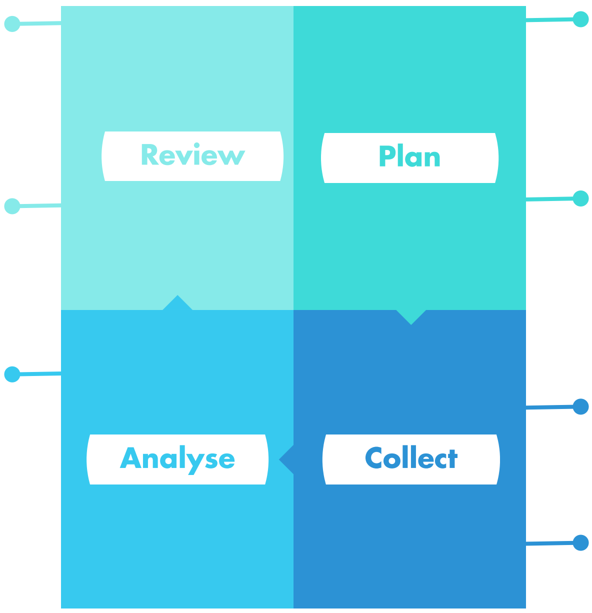
Effective management of the measurement process allows organisations to take action to adapt processes and ultimately improve outcomes. Importantly, management processes should be embedded throughout the process of inventing, creating and measuring impact - rather than to simply review at the end of cycle. Impact management can ensure that inputs and activities are maximised, enabling organisations and projects to "manage forward" by establishing processes that are likely to improve impact over time. It is important to understand the impact measurement process in order to put the theory of change into practice. After the initial planning stages, the project can begin to collect and aggregate data.

Figure 9: The Impact Measurement and Management Process

7- Improvement
Identify and implement mechanisms to strengthen the rigor of investment process and outcomes

6- Reporting
Share progress with key stakeholders

5 - Data Analysis
Distill insights from data collected



1- Goals and Outcomes Selection
Articulate the desired impact of the investments

2 - Metrics Definition
Determine the metrics to be used for assessing the performance of the investments

3 - Data Collection
Capture and store data in a timely and organised fashion

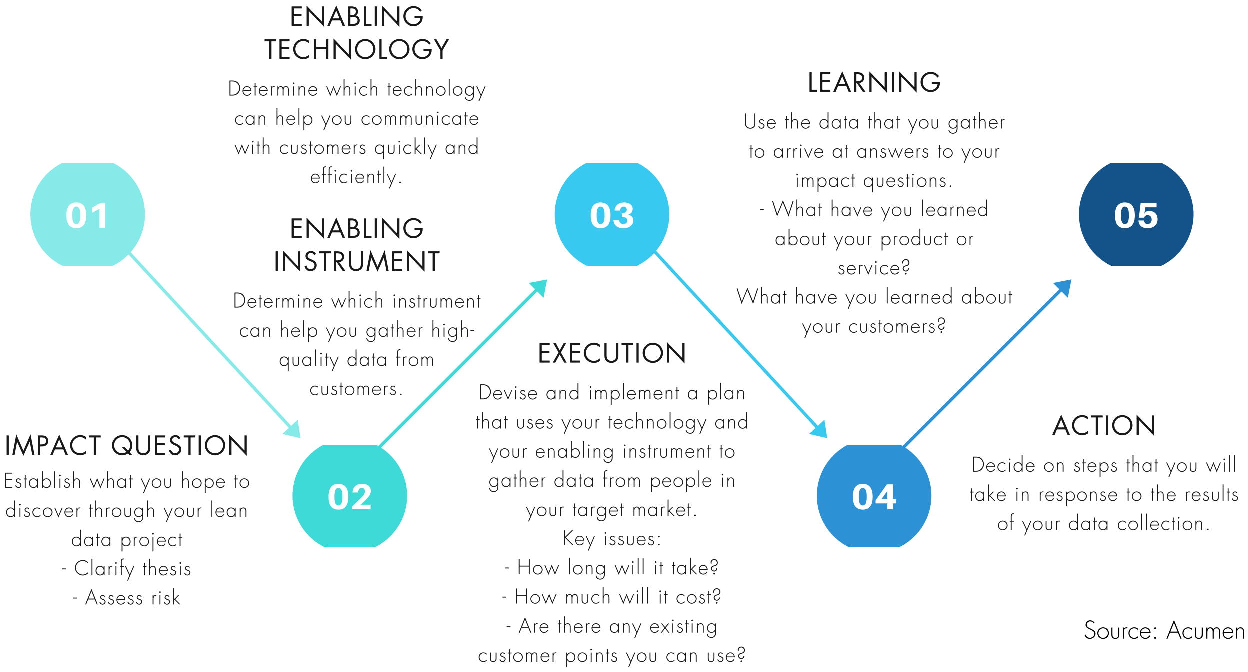
4 - Data Validation
Validate data to ensure sufficient quality

Data Collection Methods

When considering lean data collection methods, it is important to ensure that the data collected is useful to everyone in the impact value chain - including investors, fund managers, entrepreneurs and customers. This data needs to be readily available and dynamic. It should also be actionable, and able to drive real time decisions at all levels of the impact value chain. Traditional approaches to impact measurement are often not appropriate for beneficiaries, who may receive lengthy, repeated surveys with irrelevant or even offensive questions. Traditional approaches tend to report big numbers rather than specific beneficiary focused information, which can be more revealing in terms of capturing the actual impact of a project or investment. As a result, traditional approaches to impact measurement often produce unreliable data with low response rates driven by a lack of understanding or ability to answer questions. Lean data approaches address these problematic beneficiary touch points, ensuring that their experience is a central consideration in data collection methodologies.

A lean data mindset ensures that the customer comes first - data collection must create value for the beneficiaries; data collection must be low cost - to favour a balance of efficiency and rigor; finally, it must be dynamic and usable, enabling stakeholders to use the data to inform decision-making.

Figure 10: Lean Data Collection Process



Source: Acumen

Once data has been collected and validated, a more comprehensive analysis can be undertaken to uncover stakeholder and beneficiary impacts. Effective analysis enables individuals and organisations to learn from the data to improve the delivery of activities, fundraising and accountability back to stakeholders. Reporting and dashboarding the analysis and findings would be a crucial output at this stage of the process.

Case Study: Data Collection in Challenging Contexts

KIMS Microfinance

The onset of the Somali civil war in 1991 saw an exodus of Somalis in search for better opportunities. Between 1990 and 2015, the Somali diaspora increased from 850,000 to 2 million people according to UN estimates, with the biggest expat Somali communities found in neighbouring Kenya, Ethiopia and Yemen. Despite this civil unrest, Somalia has maintained a healthy informal economy, based mainly on livestock, remittance/money transfer companies and telecommunications.

KIMS Microfinance, Somalia's leading privately owned shariah compliant microfinance institution, aims to contribute to the economic and social development of Somalia through the provision of high-quality microfinance services to enterprises via a professional, customer-centric and commercially viable business model.

Innovest has played a key role in establishing and growing KIMS Microfinance, our Managing Director Justin Sykes conceptualised and executed the concept of a "pro poor" financial inclusion social enterprise on behalf of Silatech Foundation and in partnership with a consortium of UAE based Somali businessman and U.K. DFID under their SEED II Somalia initiative. Initial design work included market supply / demand studies to determine the market opportunity for a new private microfinance institution in Somalia, consultations with relevant stakeholders including government, civil society groups and funders and consideration of social enterprise models and embedding of social mission into the business.

KIMS aims to enhance local economic development in Somalia by providing high-quality diversified microfinance services to low-income, economically active youth, women, displaced and rural communities, offering savings, microenterprise and SME financing. Since 2014, KIMS has disbursed over $18m in financing to 18,200 clients, with an active portfolio of $4.8m disbursed to 5,300 clients. The business intentionally seeks to make a profit to ensure sustainability but reinvests all profit back into its social mission. KIMS Microfinance has strong environmental and social components to their mission, including serving youth, displaced individuals and women as well as offering loans for education and clean energy.

Innovest has supported KIMS to develop their impact storytelling capabilities focusing on the development of their online presence, generating case studies which present the societal impact of KIMS Microfinance through individual, relatable and powerful narratives. In 2021 Innovest is working with KIMS Microfinance to strengthen their impact measurement capabilities focusing on capturing the detailed quantitative and qualitative impact of KIMS Microfinance's services on the end beneficiaries.

Data collection in Somalia can be quite challenging, especially given the low levels of literacy, the dispersed nature of beneficiaries as well as the low internet penetration across the country. Given this, highly bespoke and innovative strategies such as surveying beneficiaries using mobile phone delivered Interactive Voice Recognition (IVR) software must be employed. Data produced through comprehensive IMM provides crucial information for stakeholders and funders about how KIMS Microfinance is fulfilling its mission.

Photo: Ikran Ali Hussein in Kismayo Somalia, KIMS Microfinance

Conclusions

Impact measurement is of growing importance for both philanthropists who want to understand more about their efficacy and value for money of their giving and for impact investors who recognise that effectively measuring the non-financial impact of their investors is critical to attracting additional funding and proving models which enable replication.

Crucially, we believe that impact measurement should be beneficial to all stakeholders and end beneficiaries. The data and learnings generated from impact measurement can be used to communicate impact to all stakeholders including current and prospective funders, ensuring accountability of an initiative. Moreover, the effective management of impact measurement means that learnings can be taken to pivot to improve the impact of initiatives on the end beneficiaries.

However, the correct approach to achieve effective IMM is often less clear, with fragmentation of standards and methodologies to measure impact remaining a key challenge to the industry. We believe that IMM necessitates a highly bespoke and intentional process and its application should be proportional to the needs. Given the different appetites and needs for impact measurement it is important to identify which are the most appropriate, feasible, and cost-effective approaches for a given project, organisation or context. This can help inform the tools employed by those wishing to implement IMM across their initiatives.