

# Impact and return on investment assessment

How to conduct impact assessments and determine return on investment (ROI) of social investment and development projects

01

## Identify information sources

- Consider all information sources, e.g. strategy documentation (theory of practice, theory of change and logic model framework, as well as investment strategies and monitoring and evaluation reports) in order to design an impact assessment process.
- Identify all stakeholders impacted by investment portfolios and development initiatives/programmes.
- Consider all investment input resources, such as products, services and other forms of capital deployed.

02

## Prepare for impact measurement

- Clearly formulate the desired results and impact goals/objectives according to an investment thesis or a theory of change.
- Develop key evaluation and impact assessment theories and questions.
- Identify and determine indicators (both qualitative and quantitative) to measure change, impact and return on investment.
- Specify and define indicators per programme objective and envisaged outcome, investment focus area and stakeholder group.
- Analyse the grantmaking process, including programme activities, policies and project implementation phases.
- Analyse the monitoring and evaluation documentation and processes.

03

## Determine scope of impact

- Determine impact across various dimensions of impact, such as economic, social, environmental, short-term, medium-term and long-term. Other impact dimensions may include direct and indirect, positive and negative, intended and unintended impact.
- Additional impact dimensions may include the geographic area (urban or rural), demographics (gender-based) or stakeholders (primary, secondary or tertiary).

04

## Analyse impact

- Analyse programme outcomes to verify impacts: Measure the change/impact on each stakeholder, including individuals, sectors and polices.
- Measure impacts in relation to budget, feasibility, viability, efficiency, materiality, relevance, effectiveness and sustainability.
- Analyse the overall result of the intervention in relation to the resources/capital provided.
- Determine the extent to which change took place, based on outcomes envisaged, including the reach, width and depth of the impact.

05

## Determine return on investment (ROI)

- Consider the return obtained by the investor.
- Determine the scope of the return on investment across dimensions such as strategic or shareholder return, or compliance, reputation, profit, stakeholder, savings, customers, employees or operational returns.
- Summarise the benefits gained for funders/investors, based on invested resources, employed capital and strategic objectives, such as shared value created.

06

## Report on impact and return on investment

- Determine shared value and the collective impact for all stakeholders.
- Report on impact and return on investment to all stakeholders.



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