

A close-up photograph of a person's hands holding a small, round, woven basket. The basket is intricately decorated with colorful beads in shades of blue, green, yellow, orange, and red, forming a map of the African continent. The person holding the basket is wearing a vibrant, patterned garment with geometric designs in red, yellow, green, and black. The background is a soft-focus green, suggesting an outdoor setting.

Africa Impact Investing Summit

Whose impact is it any way?

Reana Rossouw

IMM a global opportunity

- Recently Pioneers Post reported:
 - **300% growth predicted for US\$8bn impact measurement and management industry by 2030**
 - The report - The Size of ESG, Sustainability and Impact Measurement & Management Market – published by Aspire Impact states:





Africa's place in the IMM sector

- A look at the headquarter countries of the market players suggest that the Americas are at the forefront of the revolution, with a 43% market share, closely followed by Europe at 38%. Asia-Pacific shows good promise, with much action coming in from India and Singapore. **The Middle East/Africa (1.52%) has a long journey ahead to come any closer to the other regions.**
- An analysis of the major players **suggest no evidence of any remarkable players in Africa**, for example: 60 Decibels (USA), Bluemark (USA), Bridgespan (USA), FSG (USA), Dalberg (Geneva)



IMM a reality check

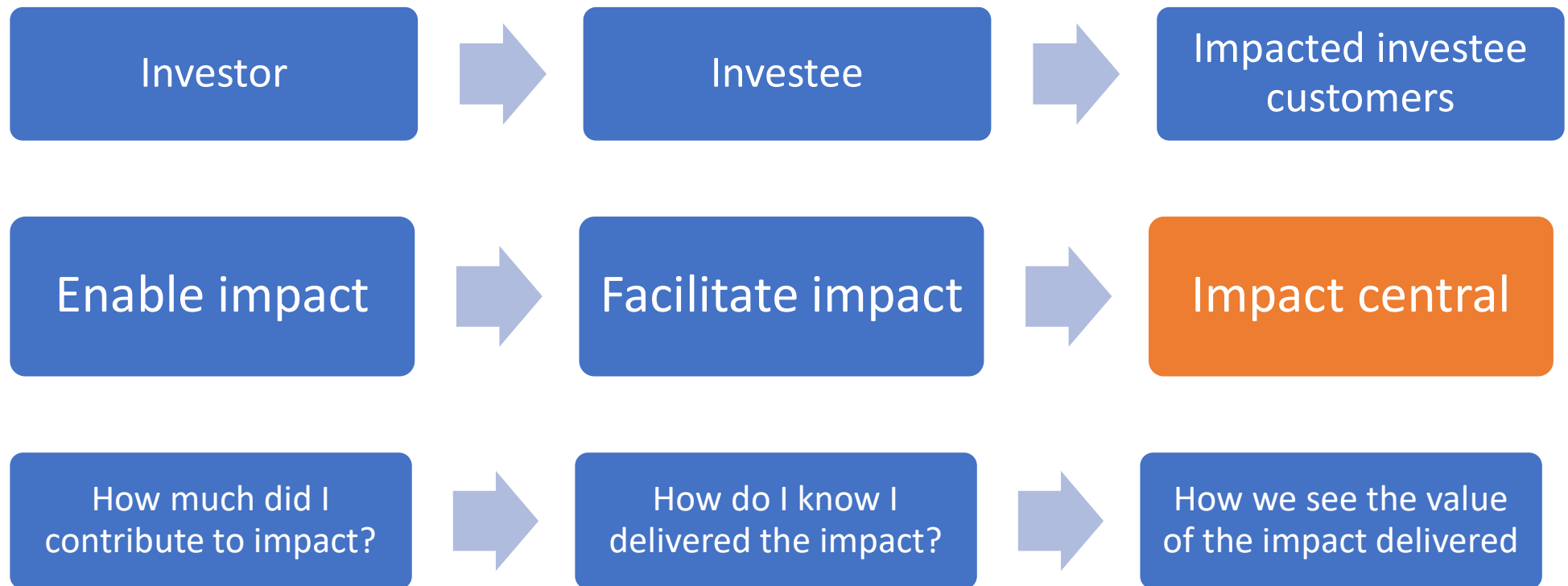
- Bluemark – Benchmarking Impact Management Practice – May 2023
 - Investors perform better on **impact practices at the earlier stages of the investment process** and **continue to face challenges when it comes to impact management during the later stages**, particularly as it relates to **ensuring impact endures at and beyond exit** (Principle 7) and **reviewing impact to improve of their processes** (Principle 8).
 - Many impact investors continue to face **challenges when it comes to establishing portfolio-level indicators of impact performance** and creating systems for linking staff incentives to impact.
- Impact Investment leaders operating in Africa:
 - AgDevCo, BlueEarth Capital AG. British International Investment, Calvert Impact Capital, Finance in Motion, LeapFrog

The challenges with IMM

- Not only is IMM confusing, but it is also a **time-consuming and costly process**. With no single central controlling or accrediting authority, there is an **absolute lack of harmonisation and standardisation**.
- Status of current IMM practices in Africa:



Understanding impact tripartite system



Understanding the impact tripartite



The problem with the IMM system

A funder/investor or fund manager has an impact thesis which is materialised through an impact statement supported by impact objectives and targets for its investment portfolio



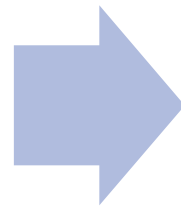
An impact enterprise that wants access to impact finance needs:

- a) **insight** of the impact objectives and targets of the investor
- b) the **capacity** to implement impact management and measurement processes
- c) the **competencies** to use impact measurement approaches, standards & indicators
- c) the **skills** to access and report on impact data in addition to business data
- d) the **knowledge** of how their product or service impact their customers
- e) the **resources** to collect, analyse, report and verify impact data

The burden of proof: Competing Interests

Investor

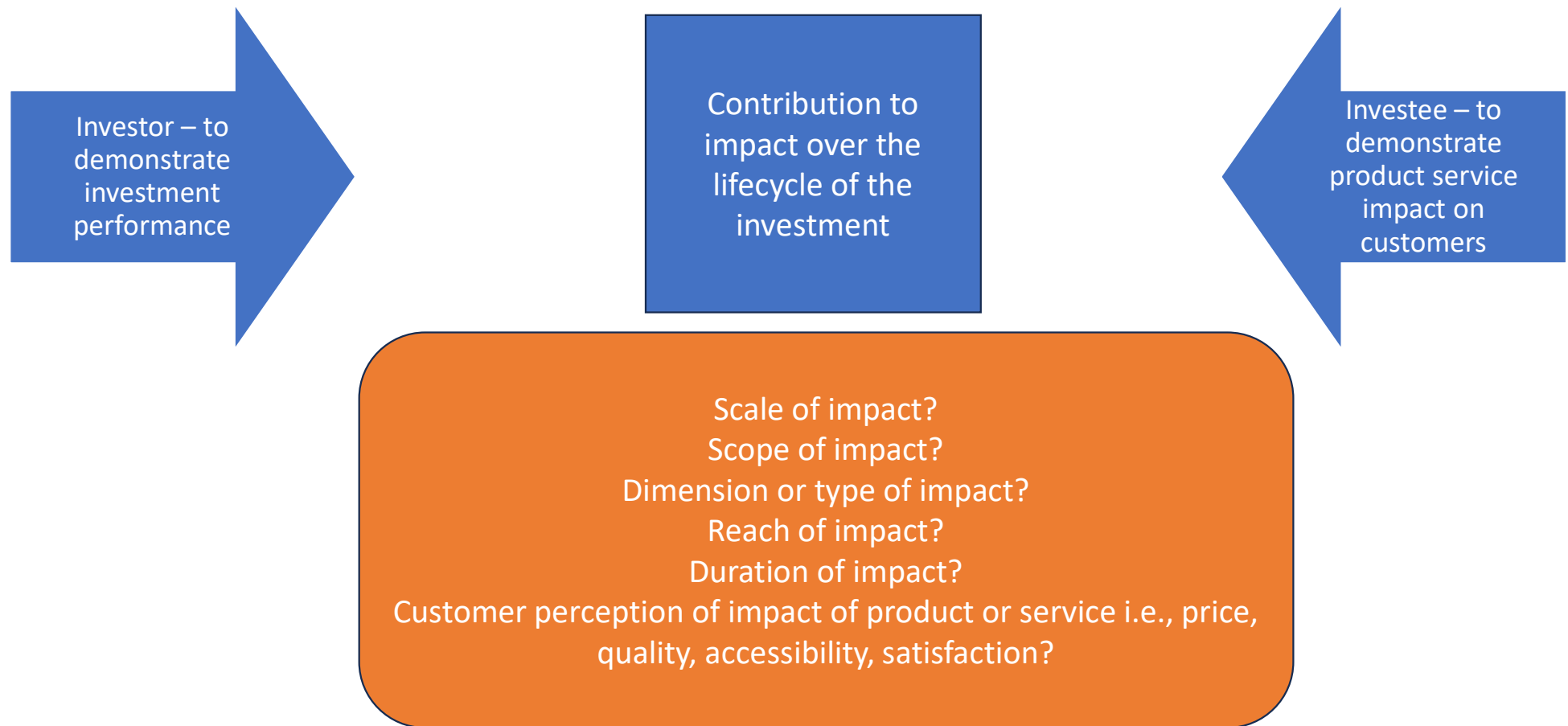
- Measurement of an investor's contribution to impact
- Assess expected potential impact performance (due diligence)
- Assess impact risks related to each investment
- Assess all fundamental components of potential impact for each investment



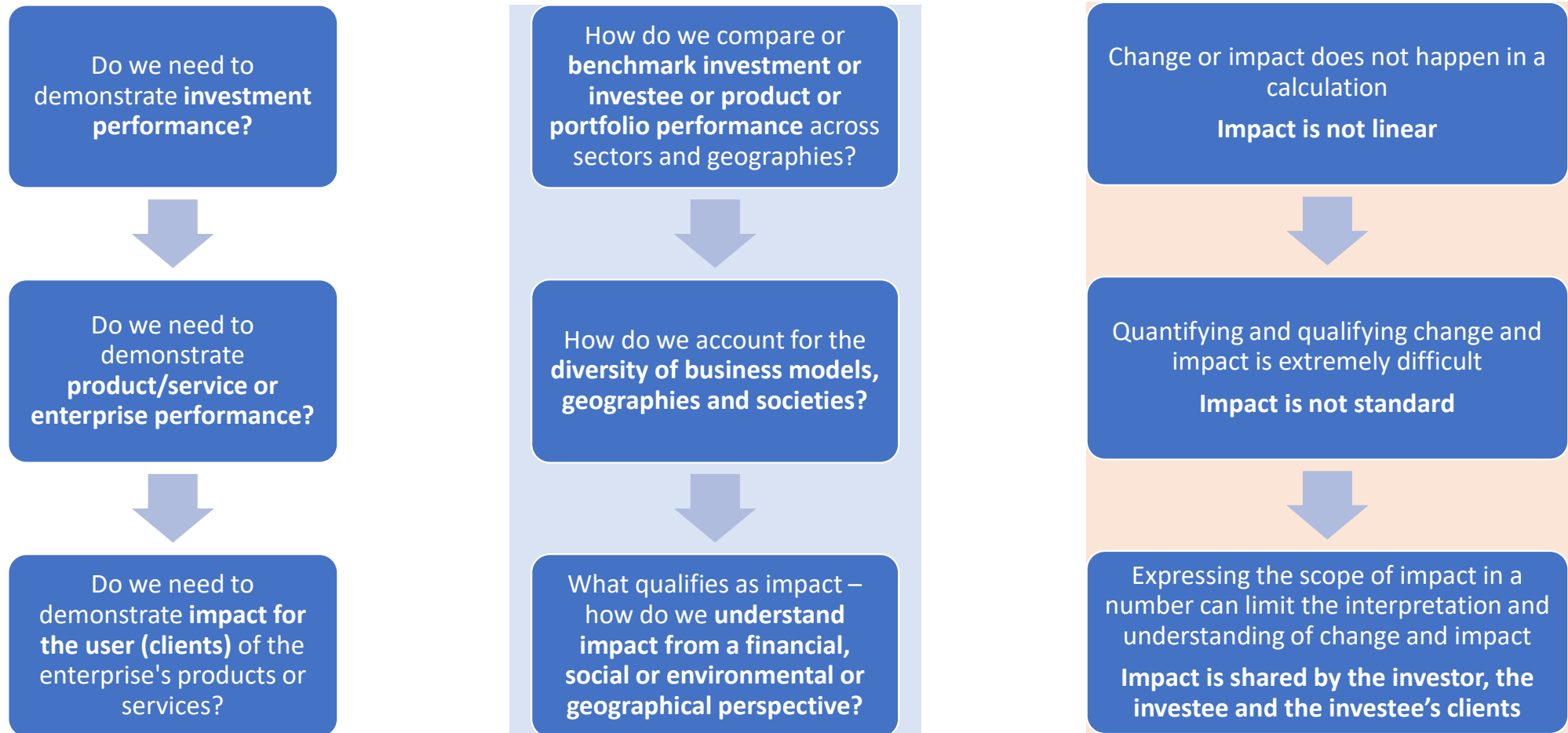
Investee

- Evidence of impact on customers
- What impact is evident
- Who is impacted
- How Much impact occurred
- Enterprise Contribution to impact
- Risks in relation to impact not occurring

The challenge of measurement – who creates the impact?



The conundrum for the impact practitioner



The pressure to measure – burning questions

Who needs to know what?

Who will pay for that knowledge?

Who will own the process?

Who decides what is impact?

What approach will be taken to collect, interpret and analyse the data?

The time has come to move the discussion away from standards to actual practice!

In conclusion: What we need now!

More robust and flexible
IMM practices

Respecting and
acknowledging existing
M&E practices to
measure impact

More consideration for
funding IMM practices
and processes

Capacitating investees
to deliver IMM services

Capacitating IMM
practitioners with
knowledge to deliver
IMM services

Acknowledging the
value and importance of
investee customers in
the IMM process

Investment in data
management capacity
and technology
platforms

Allow for
experimentation and
collaboration and value
the information that is
derived from IMM

More information

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Unleashing African Potential
through Impact Investing

13-14 July
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Hosts

