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IMPACT INVESTING: MEASURING HOUSEHOLD RESULTS IN RURAL WEST AFRICA

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Introduction

Just as investors are driven to manage risk and optimize returns, so too are households. Especially in contexts of widespread poverty, climate volatility and social instability, households must prioritize risk management as an essential means of survival. Drawing on both scholarly and practice-based analysis in rural West Africa, this essay examines the risk management and decision-making processes in rural households in the region, and seeks to understand their implications for the evaluation of impact investments. The paper highlights examples of rapid, reasonable-cost methods for impact assessment capable of interrogating and accompanying complexity at the micro-level, for both accountability and learning by impact-investing industry actors.

Context

Nearly 370 million persons live in West Africa, constituting about five percent of the world's total population. The region's super-power, Nigeria, accounts for half this number; mid-size countries with populations between 15 and 30 million people include Ghana, Ivory Coast, Niger, Burkina Faso, Mali and Senegal. More than half (54 percent) of the population is considered rural. With a median age of 18, West Africa is a very young region and it is growing rapidly (Worldometers, 2017). Most countries report annual population increases in the 2.5 percent range, but some are higher, with Burkina Faso, Mali and Senegal at three percent and Niger at four percent (World Bank, 2017).

Over the past decade, West Africa's traditional colonial powers and partners in aid, trade and security—Britain, France, Germany and the United States—have been joined by new troika of new colonizing actors vying for commercial and cultural influence: China, Saudi Arabia and Iran. As national governments have attempted to navigate amid the rivalries of these and other foreign players (e.g. Russia, India, Brazil and South Africa), while tamping down local ethnic tensions and disrupting illegal trade in drugs and minerals, violent extremists like Boko Haram and al-Qaeda-in-the-Sahel have destabilized, and occupied, parts of Nigeria and the Sahel.

Recently, forced by local and foreign armies out of the cities and towns, the militants have "gone rural," operating in districts where the state is weak or simply not present, and where elite

corruption and capture have too often gone unchecked (Crisis Group, 2005, 2017). As one expert group argues:

> To enable officials to return safely and rebuild the state, governments and their partners must invest politically and financially in neglected rural zones and give communities that feel side-lined a stake in society. If they don't, jihadist groups will remain a real threat for the foreseeable future (Crisis Group, 2016).

In a geo-political sense, therefore, rural West Africa matters to the world. Against this backdrop, impact investment is a new tool in the fight against fragility and vulnerability, through its generation of jobs and increased accessibility of essential goods and services. And, while impact investment alone, of course, cannot reduce rural poverty and stabilize areas under stress, it can and should be part of a broader strategy of developing the region's rural communities. Moreover, the issues at the nexus of poverty and security give new impetus, and urgency, for impact investors to better understand how rural households in the region manage risk, make decisions and convert income or savings from investee enterprises into improved well-being.

Multidimensional Rural Poverty

Notwithstanding mass migration to regional cities and towns, and stepped up development efforts by governments and donor agencies, the past fifteen years have been characterized by persistently high rates of poverty among rural households in West Africa. Among the interacting factors contributing to this high incidence of rural poverty are: limited access to basic services, social norms restricting educational attainment by women and girls, low agricultural productivity and capital accumulation, inadequate equipment and utilities, and constrained access to markets and credit, and the increased level of armed conflict and insecurity in the region (see, for example, Oduro & Aree, 2003). Another set of drivers of rural poverty are corruption and elite capture at the local and national levels, facilitated by political patronage networks and unaccountable government structures (Crook, 2003).

Perhaps the most comprehensive approach to measuring poverty in developing countries has been developed through the Global Multidimensional Poverty Index (MPI) of the Oxford Poverty and Human Development Initiative (Alkire & Robles, 2015). This instrument is based on ten indicators across three dimensions: education (years of schooling and child school attendance); health (child mortality and nutrition); and living standards (electricity, improved sanitation, improved drinking water, flooring, cooking fuel and assets ownership). Each of these indicators is equally weighted in the index. Figure 1 sets out the MPI indicators. An individual is judged to be *multi-dimensionally poor* if they are deprived on at least one third of these weighted indicators. They are considered *vulnerable to poverty* if their deprivation ranges from 20 to 33 percent, and in *extreme poverty* if their deprivation is 50 percent or more. Individuals are identified as *destitute* if they report extreme deprivation on one third of the most extreme indicators in the index (e.g. two or more children in the household have died in the previous year, no household member has gone to school, or they practice open defecation).

Dimensions of poverty	Indicator	Deprived if…	Weight
Education	Years of Schooling	No household member aged 10 years or older has completed five years of schooling.	1/6
	Child School Attendance	Any school-aged child is not attending school up to class 8.	1/6
Health	Child Mortality	Any child has died in the family in the five-year period preceding the survey	1/6
	Nutrition	Any adult aged 70 or youger or any child for whom there is nutritional information is malnourished.	1/6
Living Standard	Electricity	The household has no electricity.	1/18
	Improved Sanitation	The household's sanitation facility is not improved (according to MDG guidelines), or it is improved but shared with other households.	1/18
	Improved Drinking Water	The household does not have access to improved drinking water (according to MDG guidelines) or safe drinking water is equal or more than a 30-minute walk from home, roundtrip.	1/18
	Flooring	The household has a dirt, sand, dung or 'other' (unspecified) type of floor.	1/18
	Cooking Fuel	The household cooks with dung, wood or charcoal.	1/18
	Assets ownership	The household does not own more than one radio, TV, telephone, bike, motorbike or refrigerator and does not own a car or truck.	1/18

Figure 1: The dimensions, indicators, deprivation cut-offs and weights of the MPI

Take the case of Ghana. Applying these measures to the government's most recent socio-economic statistics, the Initiative finds that 34 percent of Ghana's population is poor, which is higher than the official income poverty estimate of 25 percent of the population that lives on less than US $1.90 per day. Nationwide, deprivation is particularly high with respect to cooking fuel, sanitation, child mortality, electricity and drinking water. And, in a nation that has experienced widespread migration to cities and towns, MPI poverty is still prevalent in rural areas. Indeed, the Initiative finds that half (49 percent) of the country's rural population is MPI poor. Moreover, poverty rates are highest in the most rural and remote parts of the country, especially in the three northernmost regions of Ghana, as they have remained, unfortunately, since the country's independence (OPHI, 2017).

Risk Management in the Rural Household

How rural households manage risk and make decisions is the subject of a wide range of fields of study, including, for example, agricultural economics, anthropology, rural livelihoods, and community development, among others (Dercon, 2000; Leekoi, Jalil, & Harun, 2014). In West Africa, risk may be triggered by, for example, the sudden death from disease of a family member, crop failure due to drought, a political coup, or a terrorist attack—or, as is sometimes the case, several such incidents occurring in the same moment in time. To respond effectively, households must not only protect their members, but also pursue alternative sources of income and security.

For its part, the World Bank has recently underscored the strategic and practical importance of households themselves as an instrument of risk management. However, some households struggle to help individuals cope with shocks and are unable to support their search for opportunities. As units, they face the challenges both of protecting and insuring their members against common stocks, such as illness and income losses, and of accumulating sufficient assets and human capital to grow their income (World Bank, 2014, p. 109-110).

Close connections to the local community, markets and public goods and services are essential for households meeting these challenges, notes the Bank. At the same time, "…family dynamics and social norms sometimes limit the extent to which members can collaborate effectively, increasing the vulnerability of certain individuals within the household—typically women, children, and elderly adults—in the face of shocks" (World Bank, 2014, p. 110).

One widely used framework for understanding how households manage risk and create opportunity is the sustainable livelihoods approach (SLA). Asset-oriented, the approach located the household within a larger framework of four main "capitals" that could be mobilized—natural, economic/financial, human and social—to support diversified income pathways involving on-farm and off-farm employment and migration. Led by the United Kingdom's aid program and the United Nations, SLA became a major paradigm in rural development beginning 20 years ago, and attracted large funding flows. However, in his critical analysis of the livelihoods approach, Scoones (2009) makes the case that the lively and robust community of SLA practice, in fact, failed to adequately engage with issues of economic globalization and climate change, nor did it analyse power and politics deeply enough. Yet, he argued, SLA is also a field that could be revitalized. He concludes that: "A re-energised livelihoods perspective thus requires, first, a basic recognition of cross-scale dynamic change and, second, a more central place for considerations of knowledge, power, values and political change" (Scoones, 2009, p. 21).

Gender Dynamics in the Household and Society

There is a large body of literature that examines the role of gender dynamics and their consequences in income allocation and spending decisions within rural households. One of the key features highlighted in this literature—whether drawn from development economics, agricultural economics, microfinance or anthropology—is its sheer granularity. That is to say, the micro-economy of the household is shaped by a complex array of factors including gender certainly, but also local social and cultural norms, crops produced, weather fluctuations and more. And how these and other factors interact is, to say the least, highly context-specific.

Development economist Esther Duflo has pioneered important research in this regard. For example, in a study of male and female farmers in Ivory Coast, Duflo and Udry (2004, p. 1) found that rainfall shocks associated with high yields of women's crops shift expenditure towards food. Strong social norms constrain the use of profits from yam cultivation, which is carried out almost exclusively by men. In line with these norms, we find that rainfall-induced fluctuations in income from yams are transmitted to expenditures on education and food, not to expenditures on private goods (like alcohol and tobacco).

Duflo and Udry (2004, p. 1) conclude that: "Different sources of income are allocated to different uses depending upon both the identity of the income earner and upon the origin of the income." They point out, furthermore, that standard economic models are inadequate to capture the textured processes revealed in their study.

Using analytic tools from both economics and political science, Quisumbing has studied household decisions, gender relations and development outcomes in South Asia and Sub-Saharan

Africa. Her work underscores the pivotal role played by power relations in household resource allocation processes (Quisumbing, 2003; Quisumbing and Maluccio, 2003). She writes that

…intrahousehold allocation outcomes are determined by one's control of resources or bargaining power. Resources in the hands of women (as reflected in more assets at marriage, better education, or higher status) are usually reflected in greater expenditures on children (education, clothing) and better child nutritional outcomes. Differences in bargaining power also affect whether or not household decisions are made jointly or individually (Quisumbing, 2003, p. 22)

Other factors, such as the education level of the father, may play a role (either negative or positive) in household decision-making, as well.

More recent research has documented the increasingly pivotal role rural women and girls play in the food system in West Africa (Clarke, 2016; Gnisci, 2016). As men migrate to the cities for employment, women have become more centrally involved in production, processing, distribution, consumption and decisions about nutrition. However, barriers to women optimizing food security in the region remain.

Low human development; inadequate skills and capacities; unequal access to resources, opportunities, knowledge and support; and continuing marginalisation or discrimination in collective decision making at different levels, are still widespread. The threat of violence and the lack of control of one's own time and efforts are also significantly limiting factors (Gnisci, 2016, p. 22)

The researchers call for multi-sector interventions promoting gender equality "at household, societal and political levels"—providing, especially, better access to land, credit, technology and training, nutrition education and improved health services—in order to empower women both within and outside the food system (Clarke, 2016, p. 2).

This will not be easy or simple. Using data from United Nations and OECD sources, Figure 2 plots West African countries in terms of their levels of human development and gender equality. In particular, values for the social institutions and gender index show that conditions for gender discrimination are *very high* in seven countries in the region (including Nigeria, where half the population lives), *high* in another five countries, and *medium* in three nations. There are no countries in West Africa that are rated *low* with respect to conditions for gender discrimination.

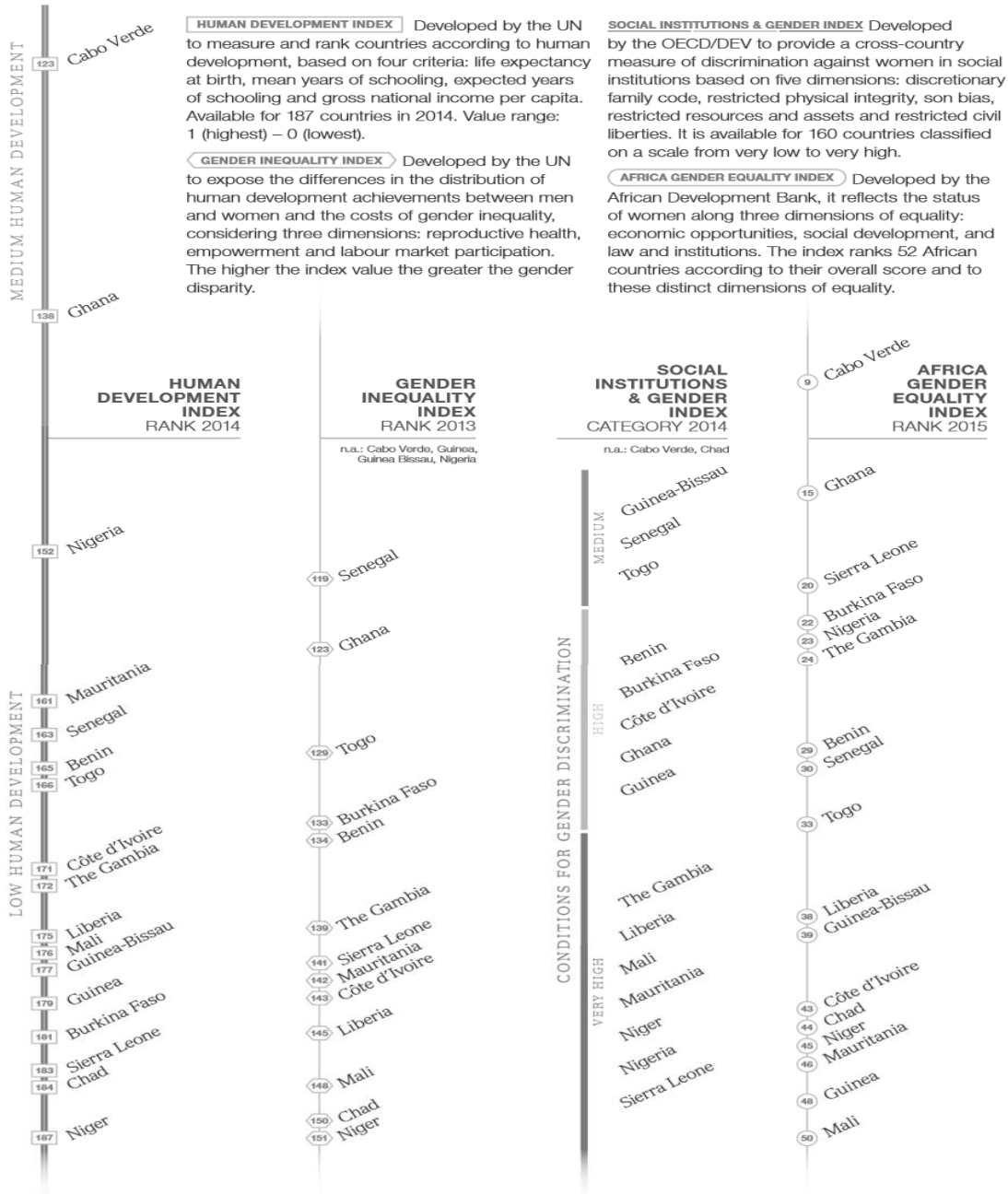

Figure 2: Gender Equality Indicators

The Development of Impact Investing in Rural West Africa

The past decade has seen modest growth in the impact investing industry in West Africa. A landscape study by the Global Impact Investing Network and Dalberg (2015) identified 45 impact investors in the region, including 13 donor-country development finance institutions (DFIs) and a range of non-profit, foundation and private equity funds, mostly based in the Global North. Accounting for 97 percent of the nearly $7 billion of impact capital invested in West Africa between 2005 and 2015, DFI investments have mostly focused on manufacturing, infrastructure and energy. For their part, non-DFI investors have placed their funds mainly in the financial services (especially microfinance institutions), agriculture, and small and medium-sized enterprises

(SMEs). The prime destinations for impact investment are Nigeria, Ghana, Ivory Coast and Senegal. Debt is the investment instrument of choice. More recently, the African Union and humanitarian agencies have been exploring the application of new financing instruments—such as impact bonds, micro-insurance and venture capital—to spark economic development in conflict and emergency situations, including those in West African nations (Billo & Boyer, 2016).

Perhaps not surprisingly, the majority of impact investments in West Africa are concentrated in urban areas. And, while many investors see great potential in the agricultural sector, in particular, they also must confront the obstacles of distance and lack of local knowledge—and small deal size. "Most investees in agriculture are small enterprises," notes the landscape study, "as large gaps in agricultural supply chains and low productivity make it difficult for farmers and agribusinesses to scale" (Global Impact Investing Network & Dalberg, 2015, p. 23). Finding effective ways and means of deploying more capital in rural areas is one of the key challenges facing impact investing leaders in the region.

Again, the case of Ghana is instructive. The Ghanaian finance sector in general is small; only 35 companies are listed on the country's sole stock exchange, and no more than 25 depository banks and fewer than 20 insurance companies operate in Ghana. The impact investing sector is likewise small, though it is also diverse, including, for example, 250 MFIs, a dozen western DFIs, and a handful of private equity funds. On the demand side, there is a small social enterprise sector, as well (Darko, 2015). The leading champion of impact investing in Ghana has been the Venture Capital Trust Fund, a public-private partnership that operates a series of sub-funds targeting SMEs, promotes angel investing, and has sponsored policy research and evaluation training on impact investing (see Koenig & Jackson, 2016). Yet, since its inception in 2004, most of the Trust Fund's own investments have been concentrated in and around Accra and other urban centres. Only rarely have the managers of its sub-funds placed capital in rural businesses.[1]

Interestingly, though, recent field research by the Institute of Development Studies and the Venture Capital Trust Fund highlighted the strong social impacts generated by the job creation of two non-urban investees of the Trust Fund. In one case, that of Caltech (now exited by the Trust Fund), a well-run factory in a rural area produces biofuel from cassava processing that not only creates jobs directly for its employees, but also indirectly, through its out-grower model that aims to create new demand and higher prices for locally grown cassava. In a second example, current investee Wenchi Rural Bank provides a range of benefits for its employees, including medical coverage, interest free loans and interest-free rent advances; the multiplier effects of such good jobs in an area of mostly informal employment are substantial. Through its core business lines, it also provides loans to female-run businesses and a generally poor clientele (Barnett, O'Flynn, Ismaila, Agyeyomah & Jackson, 2016a). The researchers conclude that "it is reasonable to assume that relatively small improvements in regular wages or employment can have a significant social impact on a household's income particularly in remote rural areas (e.g. spend on schooling, nutrition, etc.)" (Barnett O'Flynn, Ismaila, Agyeyomah & Jackson, 2016b, p. 5). They call for

[1] At the same time, there have, in fact, been notable impact investments in rural Ghana. For example, US-based non-profit Root Capital maintained its investment in the Savannah Fruits Company, a shea nut buyer and shea butter processor in northern Ghana, for nearly a decade, accompanying the company's early successes and more recent adversity. Root Capital is also an investor, along with the Acumen Fund, another American non-profit, in GADCO, an organic farming company supporting smallholder livelihoods in Volta Region. The African Agricultural Investment Fund (AAIF) also co-invests in GADCO; AAIF was founded by KfW and receives technical support from the International Labour Organisation.

further research on ways and means of evaluating social impact at the portfolio, enterprise, and household levels.

A Proposed Model for Evaluating Rural Household Outcomes

Impact investing in West Africa will not exert optimum social impact unless the industry can focus more of its attention and resources on rural businesses. Indeed, without greater investment of all kinds in the rural communities of the region, inequality and insecurity will worsen, potentially destabilizing larger swathes of West Africa. This is the context, and these are the stakes, in which the impact investing industry must step forward and make a significant contribution. And one task within that effort must be to build the capacity of the industry to evaluate the ways in which rural households can benefit from impact investments while they manage a range of risks and make an array of decisions every day.

Earlier sections of this paper highlight five implications that must be addressed if rural household outcomes are to be effectively assessed, including:

1) Recognizing that rural households in some parts of rural West Africa operate in a context of violence and terror, which is exacerbated by the ineffectiveness, and often corruption, of the local state and its provision of public services. Defeating extremist groups requires a coordinated effort to militarily stabilize localities while rebuilding a transparent and accountable local state that delivers public goods on a fair basis to rural citizens. Working only with businesses is insufficient.
2) Understanding that there is an urgency for all parties—government, business and civil society alike—to redouble investments in rural communities in order to generate good jobs for young people, who are targeted for recruitment by extremist groups. Impact investors can make a point of placing funds in investee businesses that employee young people under positive working conditions, or enterprises that are owned and managed by young people.
3) Embedding in evaluation tools the reality that rural poverty, as with all poverty, is multidimensional. Impact investors can make good use of the indicators and data of the Oxford Poverty and Human Development Initiative (for example, see OPHDI, 2017, for recent data on Ghana), in particular, in order to assess socio-economic conditions in rural households over time.
4) Using a revitalized sustainable livelihoods approach to track and analyse the internal capacities of households to manage risk and generate on-farm and off-farm income and their interactions with external factors at multiple scalar levels—and with complex power dynamics especially.
5) Disaggregating all data by gender, and privileging an analysis of the pivotal roles that women and girls play in the food and agriculture system in rural West Africa, and how such roles interact with those of men and boys. The gender differences in control over resources and bargaining power influence intra-household decisions on the allocation of incremental income from employment in investee enterprises or self-employment.

The use of theories of change, sometimes also called investment theses, is increasingly common in the impact investing industry (see Jackson, 2013). However, in practice, much of the attention of impact analysts and evaluators has centred on the relationship at the "front end" of the impact investment results chain, between investors and investee firms. To be sure, managing and optimizing this relationship is important, but it does not provide a full picture of the extent to which

downstream results are being achieved in the investment process. Some frameworks, like that of the Impact Measurement Working Group of the G8 Social Investment Task Force (2014), make reference to increases in household income (in that case as a consequence of an investment in an MFI), and that is useful, but the household itself is not explicitly part of the value chain. More often, theories or frameworks in the industry refer to beneficiaries, clients, employees and other categories of individuals.

Yet, as this paper has underscored, it is the *household* that plays a pivotal role in managing risk and creating opportunities for its members. The process through which economic transactions (through the access and purchase of essential goods and services, or through employment income) translate into social outcomes for individuals and households is a complex process. For the household, managing risk involves coping with expected risks (such as cash flow shortages in between harvest cycles) as well as unexpected risks (such as illnesses, or droughts). Beyond the positive and intended impacts that investors seek, there can be—and often are—negative or unanticipated outcomes that cannot simply be dismissed as externalities, as they may have a material effect on the customers and employees, and their households, over time. As such, the household deserves to be explicitly recognized within the impact investment value chain.

To this end, and taking into account the factors and dimensions discussed in earlier parts of this paper, Figure 3 presents a theory of change that, we believe, enables a more accurate and nuanced evaluation of the household outcomes of impact investing in rural West Africa. It is not presented as a final product, but rather as a starting point for field testing and a longer conversation. The theory entails seven levels of results, moving from asset owners and managers "upwards" through the investee firm or institutions, then to employees and customers, and onward to the household level. It is at that level that decisions are made about allocating some of the incremental income accruing from employment (direct and indirect) or savings from cheaper or healthier goods and services. The framework calls for the assessment of flow of funds from the household into education, health or assets, and subsequently the changes in well-being that result from such allocation decisions.

Moreover, the theory of change presented here demarcates three segments. Beginning at the bottom, Segment 1 spans the relationship between asset owners and managers and their investee businesses and institutions. Segment 2 focuses on the relationship between the investee businesses and their employees and customers. Segment 3 is concerned with the internal capacities of household members to manage risk and create opportunities through decision-making and resource allocation—and especially allocations to improve education, health and living standards.

This segmentation may also help to clarify who can and should pay for what, in measuring outputs and outcomes. Investors and investees should be able, ideally at least, to cover all or most of the costs of monitoring and evaluation in Segments 1 and 2. However, assessing household processes and outcomes in Segment 3 is likely to be beyond the ability of those parties to pay, even if they may be willing. Instead, the costs of monitoring, evaluation and learning in Segment 3 almost certainly require grants from public-interest organizations like governments, donor agencies, foundations, research councils and NGOs, either on an individual basis or through consortia or other joint mechanisms.

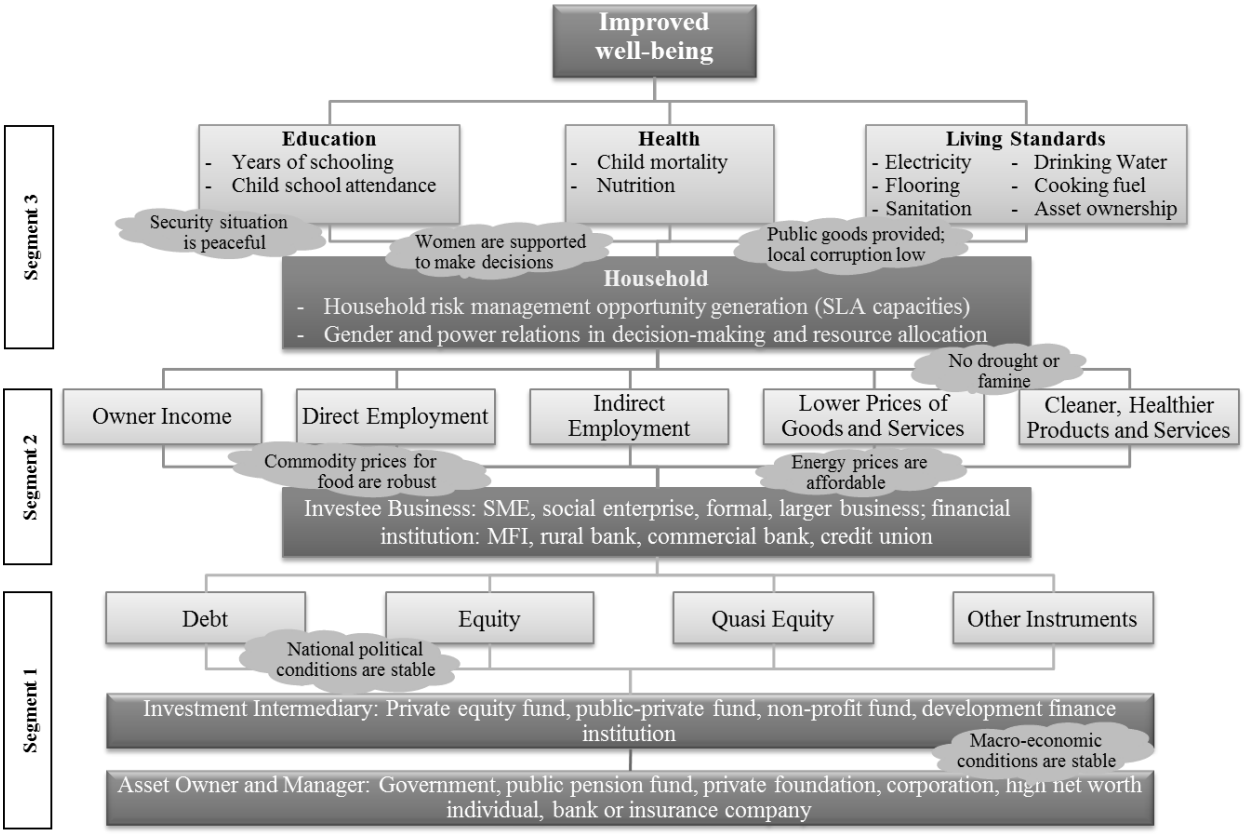

Figure 3: Rural Household Theory of Change

Appropriate and Cost-Effective Methods and Tools

There is little question that strengthening the theory and practice of impact measurement is a fundamental pre-condition for further expanding impact investing in West Africa, and around the world (Global Impact Investing Network & Dalberg, 2015; Reisman & Olazabal, 2016; O'Flynn & Barnett, 2017). Our contribution is to underscore the importance of establishing the household as the prime unit of analysis. The proposed rural household theory of change framework demarcates the various dimensions of impact for individuals and communities, embraces the multidimensional character of economic and social development, provides an opportunity for alignment with global measures, and allows for a more robust analysis of the appropriate use of impact investing within rural communities in West Africa, and beyond.

Building on our analysis, we propose five directions to encourage additional data collection to inform household-level analysis, as well as to reduce the common barriers to impact measurement (see Bamberger, Rugh, & Malory, 2012).

1) ***Aligning with key standards and indicators:*** The Impact Investment and Reporting Standards (IRIS) system of definitions and indicators has been a systems-wide tool for impact investors for nearly a decade. The IRIS catalogue includes metrics on employment and employees of investee organizations, and on services received by customers in the areas of education, health and other services (e.g. drinking water, etc.). At the same time, the UN's Agenda 2030—with its Sustainable Development Goals (SDGs)—provides another

set of indicators with which the model's indicators of well-being are already well-aligned. In addition, it is understood that investee businesses and their investors may also be aligned with specific SDGs, such as those on reducing hunger or increasing renewable energy. In sum, it is not difficult or costly to explicate the alignment of the indicators in our model with IRIS and the SDGs.

2) ***Taking a lean data approach*:** Over the past several years, Acumen has broken new ground in designing, testing and refining a strategy for collecting high-quality data from customers of social enterprises (Dichter, Adams & Ebrahim, 2016). For example, using call centres and SMS messaging, Acumen works with businesses to establish a high-value impact question (with a 160-character limit), seeks rapid feedback from customers, triangulates data sources, and facilitates analysis and action by the partner firm on the findings. Within West Africa, Acumen has worked with Paga, Nigeria's largest mobile money firm, to test the extent to which customers would use the company's services without the mediation of an agent (Adams, 2016). Moreover, Acumen has used the Progress out of Poverty Index (PPI), developed by the Grameen Foundation to measure household poverty rapidly and efficiently. A number of PPI indicators overlap, or run in parallel, with those of the MPI.
3) ***Applying a gender lens:*** In light of the centrality of gender dynamics in the decision-making processes of the household, it makes sense to apply gender-sensitive framing and tools to data collection and analysis for our model. In addition to drawing on prior work on gender in the microfinance and SME fields, impact investing itself has become the site of debate and action on what has come to be called gender lens investing (Anderson & Miles, 2015; Hull, 2015). Three focal points for that lens are: the extent to which women design and lead investment funds and instruments; the extent to which the workplaces of investee firms (and investment funds) demonstrate or restrict gender equality; and the extent to which investee-business products and services advance women's interests or undermine them. And, in light of the model put forward here, it is also crucial for the gender lens to be applied to processes within the household and to progress on the various indicators of well-being of household members.
4) ***Developing household scorecards:*** While the impact investing industry has been devoting some of its attention to developing scorecards for impact assessment, these tools have taken the organization—the investee business or microfinance institution—as their key unit of analysis. In contrast, the theory of change advanced here underscores the importance of households designing and utilizing their own scorecards to rate the effects on their well-being of firms and institutions in their area receiving impact investments. Nearly 15 years ago, development practitioners at the Institute for Policy Alternatives in Ghana refined the theory and practice of citizen report cards and community scorecards, as well as other participatory approaches to enable the social accountability of, and reduce the level of corruption in, public expenditures, while improving service delivery (Gariba, 2003; Agarwal, Post & Venugopal, 2012). Adapting these tools for the use of households to evaluate the benefits of impact investments is a task worth pursuing.
5) ***Adapting survey instruments:*** Another adaptation opportunity involves survey instruments. One of the most promising household-level tools to be brought forward in recent years is the Qualitative Impact Protocol (QUIP), developed by university researchers and NGOs with farmers in Ethiopia and Malawi. QUIP uses semi-structured household interviews and focus groups to collect data on a series of open ended questions for a given time period (e.g. two years) on changes in the lives and livelihoods of respondents in a variety of domains, such as food production, sources of income, spending, food

consumption, asset accumulation and general well-being. In order to reduce response bias, the field researchers collecting the data "are informed as little as possible about the organization and project whose impact is being assessed" (Copestake, 2015, p. 2). An efficient method for coding cause-and-effect statements by respondents is also employed. In the near future, Acumen plans to blend the QUIP instrument with its lean data approach. QUIP is also exploring applications in rural Ghana.

Conclusion

Understanding how rural households in West Africa can more effectively reduce their conditions of poverty and increase their economic and social well-being has gained new importance and urgency as the region strives to address extremist violence and climate change, among other challenges. Impact investing—an approach to allocating capital to deliver a blended financial and social return—is being undertaken in the region through impact funds and social enterprises. These types of investments seek to convert economic gains into social outcomes over time, for individuals and their communities, within a complex set of economic, social and cultural systems.

Designating the household as the prime unit of analysis for evaluating the results of impact investments places the focus on micro-level processes of managing risk, creating opportunity, making decisions and allocating resources, all of which are influenced by power and gender relations. It is useful, and possible, to depict a theory of change that "follows the money" from the investors to intermediaries and investee businesses, and then onwards through their employees and customers to local households. This approach enables the assessment of the results of incremental income from jobs and self-employment on indicators of the well-being of the household and its members. Testing and refining appropriate and cost-effective methods for interrogating this theory of change, relative to actual performance, is also possible. To this end, there is an important opportunity to align these techniques and tools with system-wide standards and indicators, adopt a lean data approach, apply a gender lens, develop household scorecards, and adapt survey instruments.

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