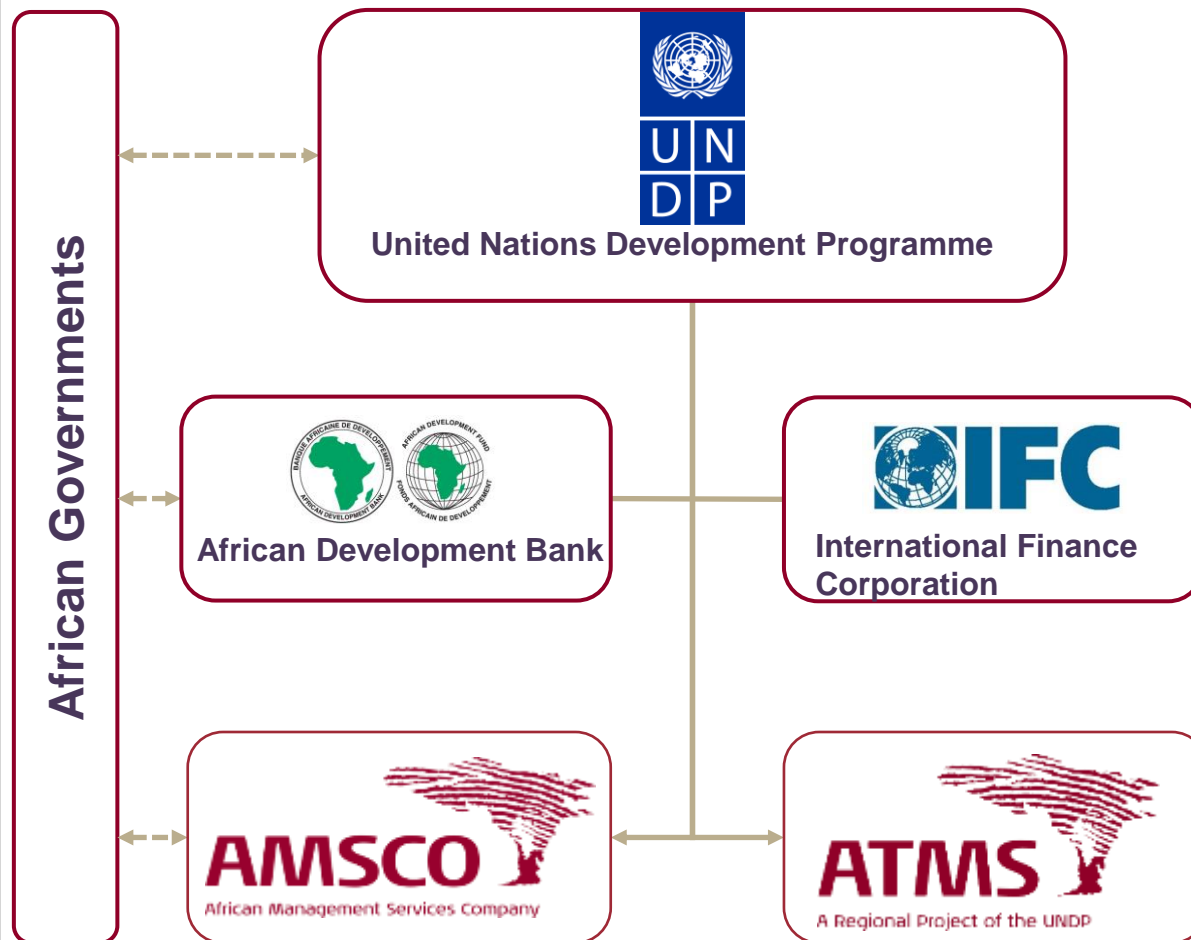




Quantifying impact for investors

CLEAR-AA; Wits School of Governance & The Rockefeller Foundation



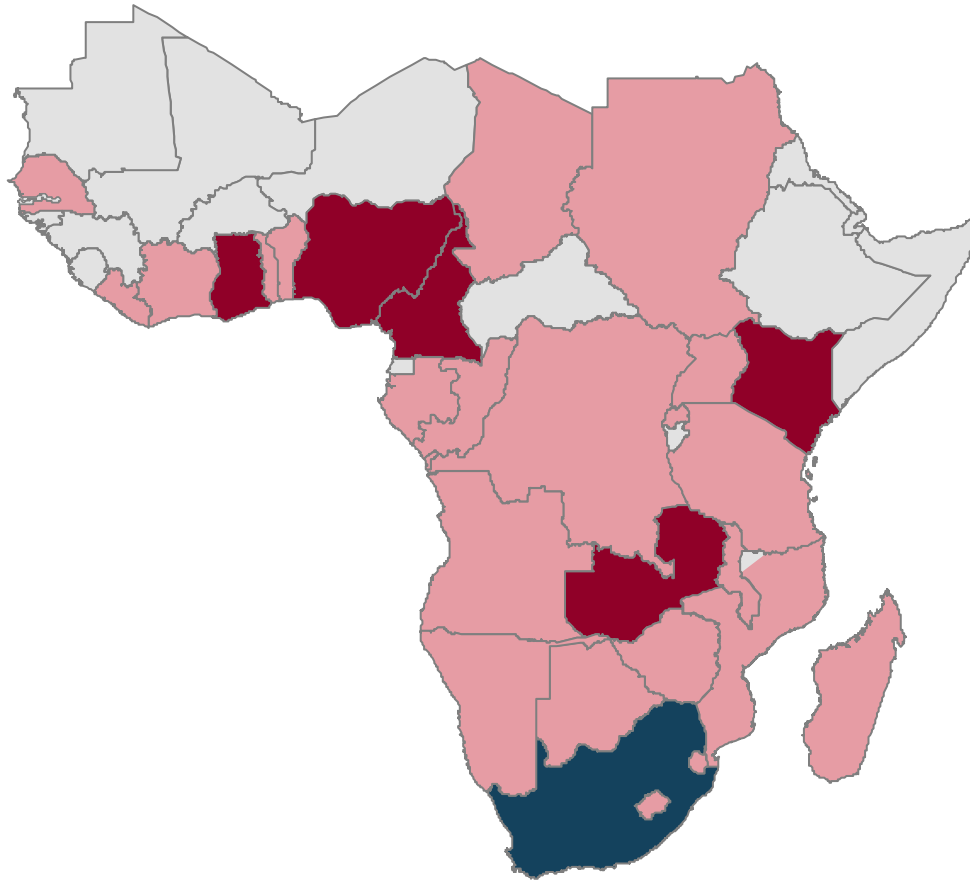
AMSCO was founded in 1989 as a project of the UNDP to promote private sector development by improving the quality of human capital available to African enterprises.

Our core objective is to assist African companies to become globally competitive, profitable and sustainable.

Over the last 26 years, we have developed a track record of implementation experience in 29 countries across the African continent, impacting just under 350 companies.

Our company has evolved to offer a range of development advisory solutions from project design to management to monitoring and reporting.

Geographic Infrastructure



Operational Infrastructure

Operational Markets

- ATMS has engaged across 29 African countries
- 23 markets in which ATMS does not run local operations, but supports via its regional hubs

Regional Hubs

- Cameroon, Ghana, Kenya, Nigeria, Zambia, South Africa
- Markets ATMS services through on the ground office operations

Head Quarters

- Johannesburg, South Africa
- Core operational functions of the ATMS business

Why measure social impact?

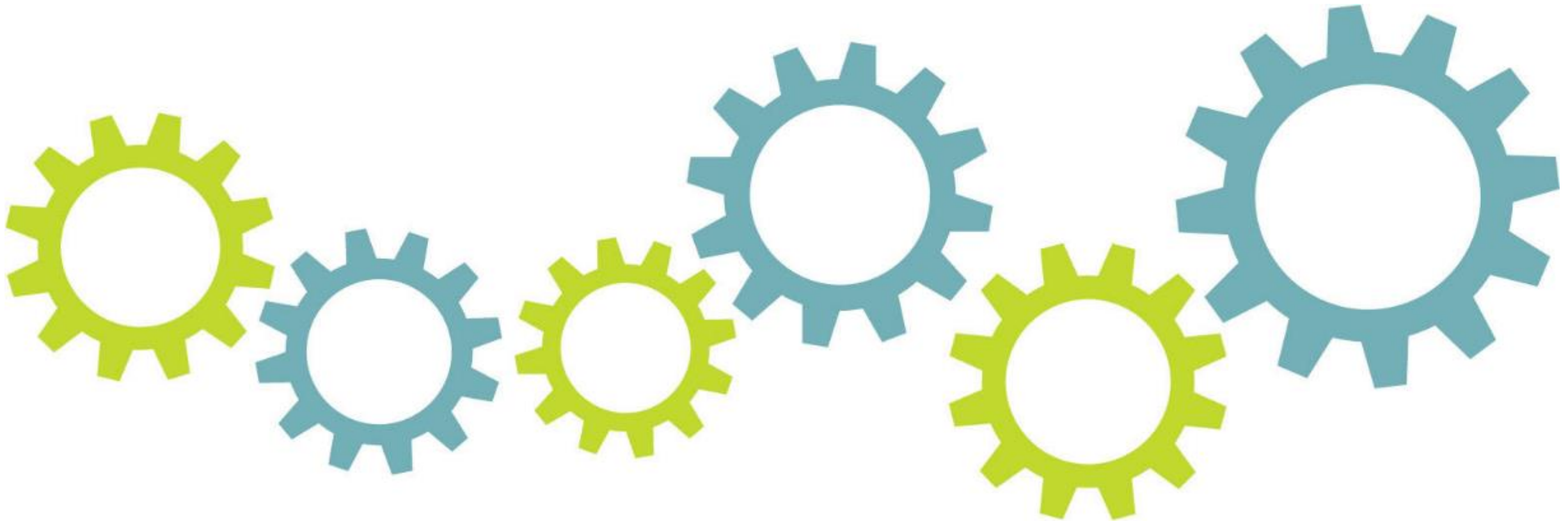
1. Unlock new sources of capital

- Growing number of investors are allocating capital with developmental AND financial goals
- DFIs are increasingly turning to the private sector to meet some of their development goals
- DFIs are the biggest players in many African Private Equity markets (e.g. >50% in Kenya)
- DFIs are politically accountable for how taxpayer money is spent – impact reporting is a prerequisite
- Other pools of money: HNWIs, Family Offices, Venture Philanthropy, etc.



2. Learn and improve processes

- Identify what works and what doesn't, and use these strategies to inform future decisions
- Find bottlenecks and inefficiencies, test hypotheses



3. Marketing material

- Differentiate your organisation from the competition
- Showcase success

Impact at a glance

As at 31 December 2014 CENT has delivered the following impact:

178
Affordable housing units

+ 446
People housed in these units



24,402

The number of first time households with waste collection services

93% FEMALE

99% BLACK

99 SMEs supported through finance or equipment leasing

2014 SOCIAL IMPACT REPORT
\$1 Billion for Good



WE'VE SHOWN WHAT'S POSSIBLE
BUT THERE'S LOTS MORE TO DO

Acumen started as an idea to combine the best of markets with the best of aid and charity. Now we have a proven model that's giving the poor access to everything from ambulances to electricity.



58,000
JOBS CREATED & SUPPORTED
IMPROVING LIVELIHOODS AND ECONOMIES



125
MILLION LIVES IMPACTED
WITH DIGNITY NOT DEPENDENCE



82
COMPANIES PROVIDING CHOICE NOT CHARITY



\$88
MILLION INVESTED IN BREAKTHROUGH INNOVATIONS

4. Because somebody told you to

- Investors, shareholders, the government, boards of directors may all have their own motivations for requiring impact measurement



“An art not a science”



ESG Due Diligence: tools and frameworks

There are a range of tools and frameworks for integrating ESG into the investment process

→ All draw on similar sets of global standards: IFC Performance Standards; Equator Principles; etc.

→ Some more geared to screening and identifying risks (e.g. FMO), some for use during DD (e.g. Root Capital) and others are broad guidelines for developing your own strategy & tools



Impact measurement standards and tools

There are a range of frameworks and tools for assessing impact

For a comprehensive catalogue see trasi.foundationcenter.org



Source: Mars Centre for Impact Investing

Impact due diligence industry standard: The Alphabet Soup

If IRIS = IFRS for social impact

Then GIIRS = Moody's

And B Analytics = SAP

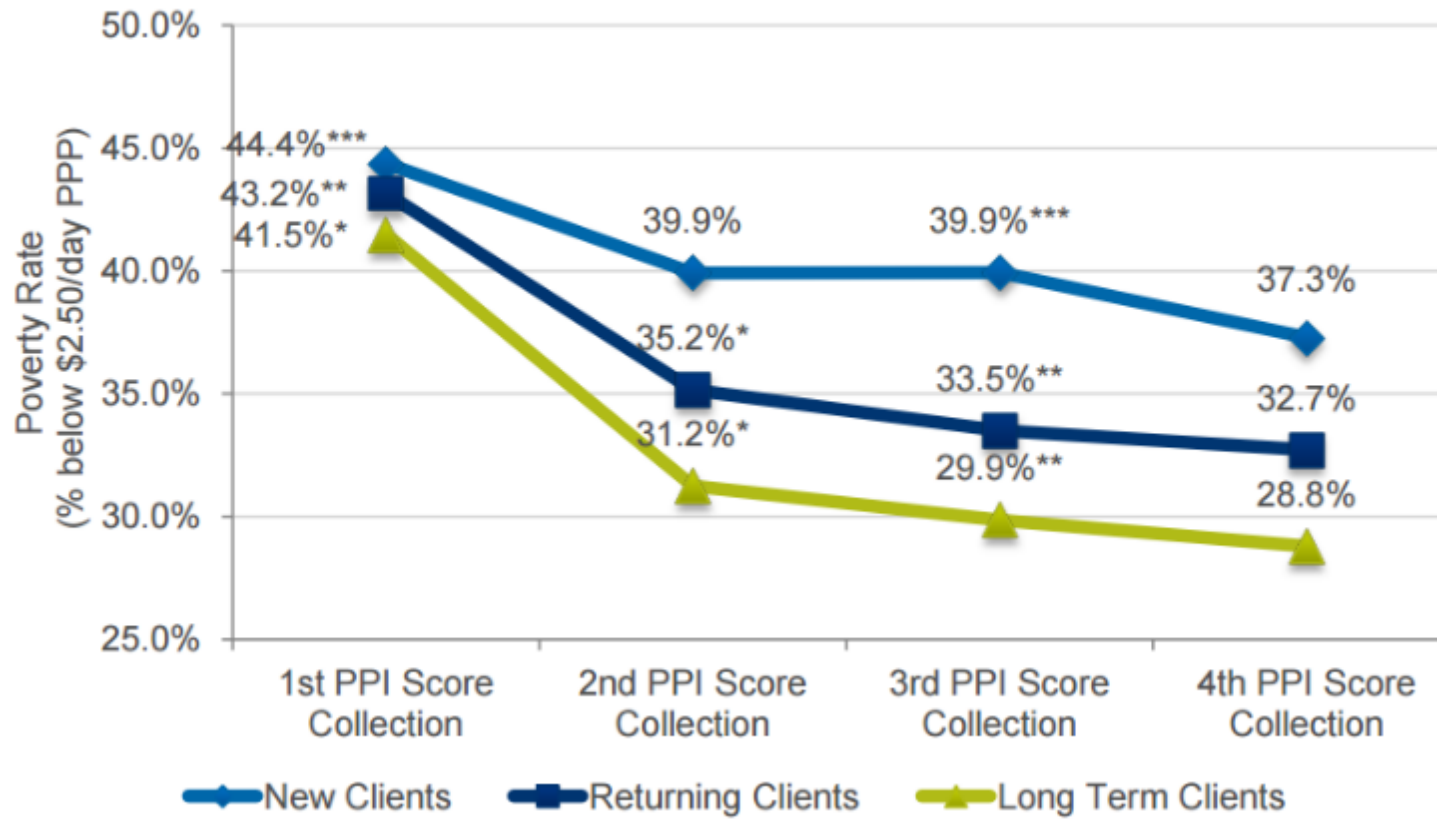


The Progress out of Poverty Index (PPI)



- Developed by the Grameen Foundation
- 10 questions that together provide an accurate picture of the degree of poverty experienced at household level
- Aims to be a more accurate way of measuring poverty than household income, which can be irregular, undocumented, and in the form of trade rather than cash
- Has been specifically adapted for different countries, including most African countries
- Being used by 175 different organisations across the world
- Questions are simple, and have been selected from a list of approximately 200 because of their correlation with poverty levels. Kenyan PPI questions include: “How many members does your household have?” and “How many mosquito nets does your household own?”

Change in Poverty Rate by PPI Collection Date
from 2010 to 2013

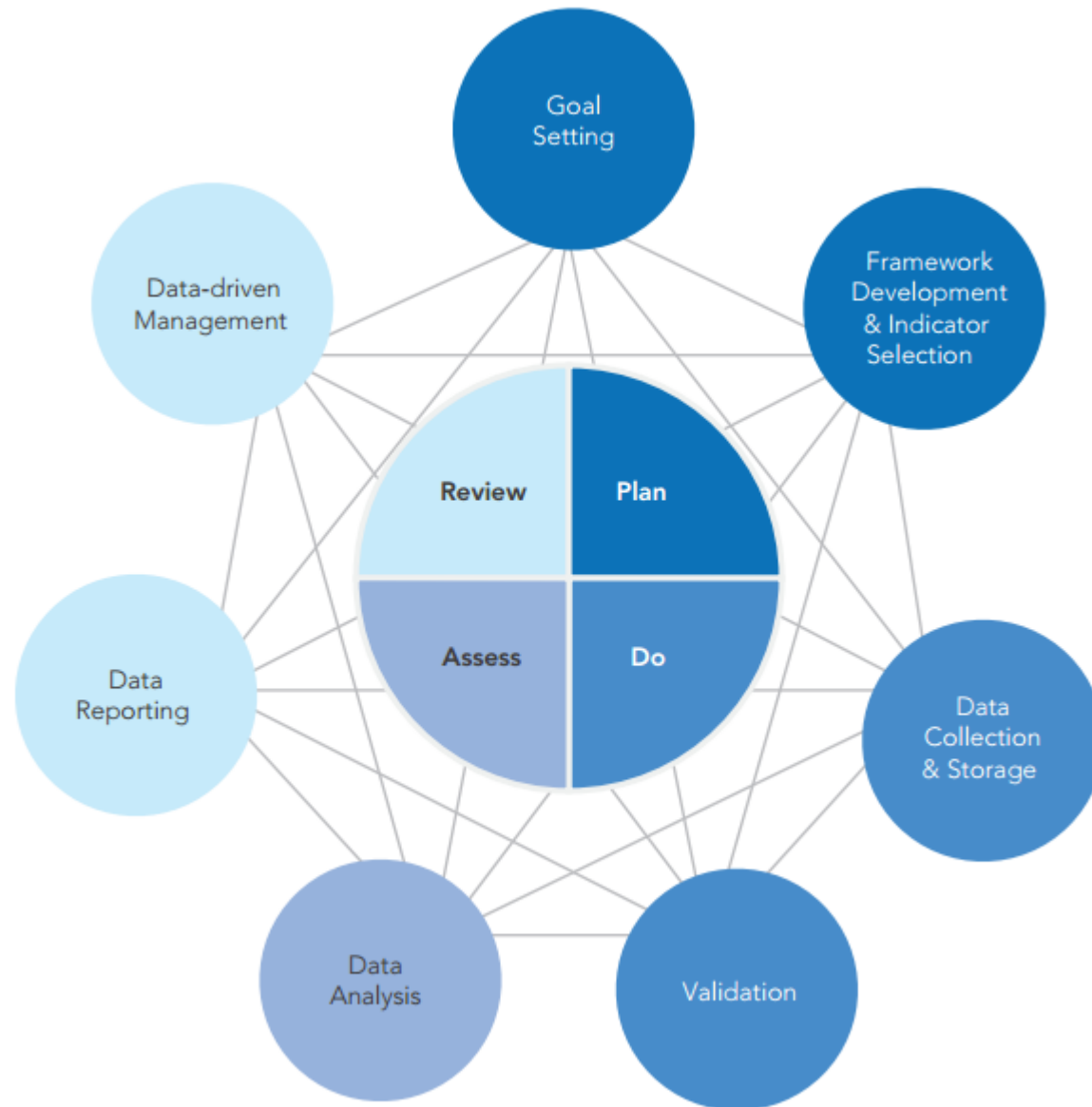


Allows organisations to:

- Measure (are we actually reaching the poor people that we intended?)
- Assess performance (does the work that we are doing help lift people out of poverty?)
- Track changes in poverty over time



- An effort to monetise social impact
- A system for putting a \$ value to social outcomes
- Based on cost-benefit analysis
- Can be used either to evaluate past projects or forecast social returns for future projects



- G8 Taskforce on Impact Investing was set up by the UK presidency of the G8
- Published a report in September 2014
- The Taskforce's Impact Measurement Working Group published its own report on impact measurement guidelines
- Not prescriptive, but a useful framework for thinking about impact

Pre-investment process

	Sourcing & screening	Full Due Diligence	Investment approval	Transaction structure
Financial review	<ul style="list-style-type: none">Investment sourcingFinancial review	<ul style="list-style-type: none">Financial Due Diligence	<ul style="list-style-type: none">Present investment case	<ul style="list-style-type: none">TermsCovenantsSecurityDisaster recovery plan
S&E Risk	<ul style="list-style-type: none">Negative screening & exclusionsPreliminary screening against IFC standards	<ul style="list-style-type: none">Full S&E DDSite visit	<ul style="list-style-type: none">Present S&E risksIdentify mitigation strategies	<ul style="list-style-type: none">Conditions precedent100 day plan
Opportunities for impact	<ul style="list-style-type: none">Develop impact hypothesis	<ul style="list-style-type: none">Deeper research into local contextConstruct impact case	<ul style="list-style-type: none">Present impact case including targets and expected outcomes	<ul style="list-style-type: none">Social reporting metrics and protocols structured into deal terms

- It's expensive. And if it's rigorous, it's really expensive
- Who pays? Investors? Investees? Third party?
- Independence: Very few funds appoint external evaluators
- Only telling the “good story”
- Different timeframes for financial return and social impact
- When is it commissioned – an afterthought?
- Is impact investing a misnomer? “Outcome Investing”?
- Irony: evaluation probably more important for early stage investments, but budget only available for bigger investments
- Many funds don't have a theory of change – just want to invest in companies that are doing good