



Dr. Laila Smith, Director, CLEAR-AA
Presentation at Executive Workshop on

Evaluating Impact Investing

April 13-14, 2016, Alisa Hotel, Accra

www.clear-aa.co.za

Landscape of Development Evaluation

- Most demand for evaluation has been donor-driven and focused on accountability rather than learning and improvement
- Systems are emerging as demand grows; countries are in different stages of development
- Most countries have developed an M&E function within their Vision documents or National Planning units (eg, Ghana, Zambia, Nigeria)
- But still limited commitment to building **evaluation** systems by national and sub-national governments
- While there is increase in the production of evidence for decision-making, there is still limited use of this evidence
- Can strengthen the overall demand for evaluation and use of it by bringing in more non-state actors (including voluntary organizations, Parliamentarians, civil society)

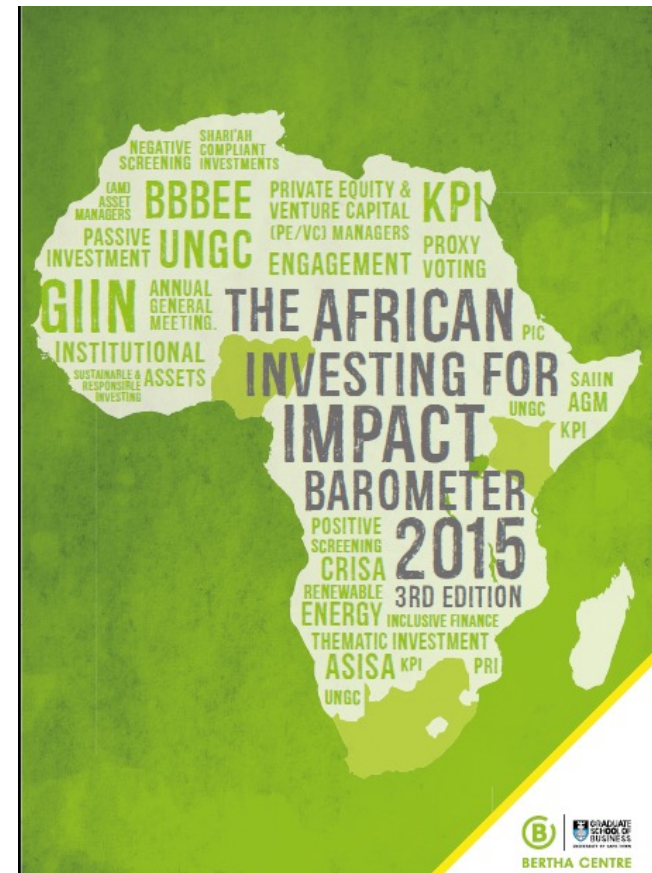
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Landscape of Development Evaluation

- Need to do this holistically, moving beyond just ad hoc technical capacity development
- National evaluation capacity needs to be developed systematically to meet growing demand – needs to owned at country level
- Focus of ECD should be more on “learning by doing”; addressing the gender gap; engendering country ownership; training and professional experience opportunities for emerging evaluators; greater involvement and coordination of education with Higher Education Institutions; and greater harmonisation of effort between ECD organisations.

Findings from 'African Investing for Impact Barometer' (2015)

- **US\$721 billion** of investment assets surveyed in Kenya, Nigeria and SA
- SA holds **94%** (US\$678 billion), Nigeria holds 4% (US\$30 billion) followed by Kenya 2% (US \$13 billion).
- **SA still leads with 70%** of funds managed implementing at least **one investing for impact (IFI) strategy**.
- Kenya comes second with **48%** of overall assets deploying at least one IFI strategy and Nigeria features last with **23%** of assets.



Investment make-up of two biggest African countries

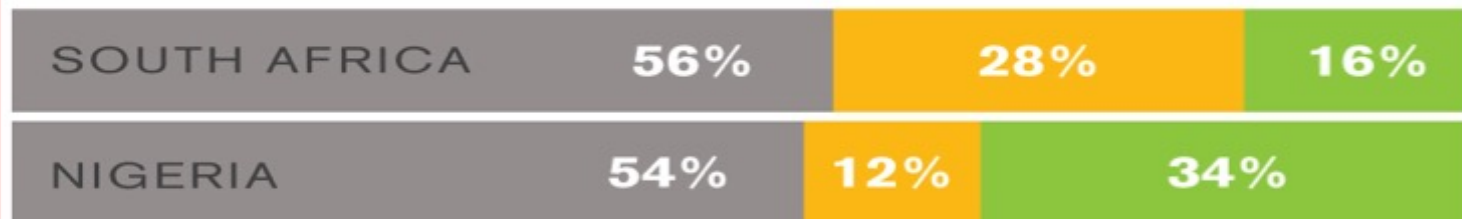
Funds* describe their investment strategy as...

Traditional investing
 Responsible investing**
 Impact investing

ASSET MANAGEMENT



PRIVATE EQUITY



*Percentage of the total number of funds **includes RI, SRI, ESG and Shari'ah



South African Pilot Workshop on Evaluating Impact Investing



Johannesburg, 26-27 October 2015

SA policy frameworks for private investment for development **(strong transformation drive)**

National Development Frameworks: NDP (2012) – Tripartite alliance

Taxation Laws Amendment Act (2000) – tax deductibility PBOs

Dti - BBBEE Act (2003)

Industry Charters, Scorecards, Sustainability reports

Mervyn King Reports on Corporate Governance

JSI Socially Responsible Investment (SRI) index (2004)

Code of Responsible Investing in South Africa (CRISA, 2011)

Impact Investing field in SA is a niche but growing field



GREATER  **CAPITAL**



G:ENESIS



BERTHA CENTRE FOR
SOCIAL INNOVATION &
ENTREPRENEURSHIP



...Social Entrepreneurship, Job Creation and SME development



...Big Development Finance Institutions

(infrastructure is core to Africa's development)



New Development Bank



...

CSI



Standard Bank



BUSINESS TRUST
Together, we make a difference



FIRSTRAND
Foundation



Investec



Evaluating Impact Investing. Why?

- **Research for providing landscaping / diagnostic**
- **Monitoring for external compliance**
- **Monitoring for beneficiary impact**
- **Monitoring for investor returns**
- **Monitoring for innovation & adaptation**
- **How much evaluation is happening for learning and improvement?**

IMPACT INVESTING

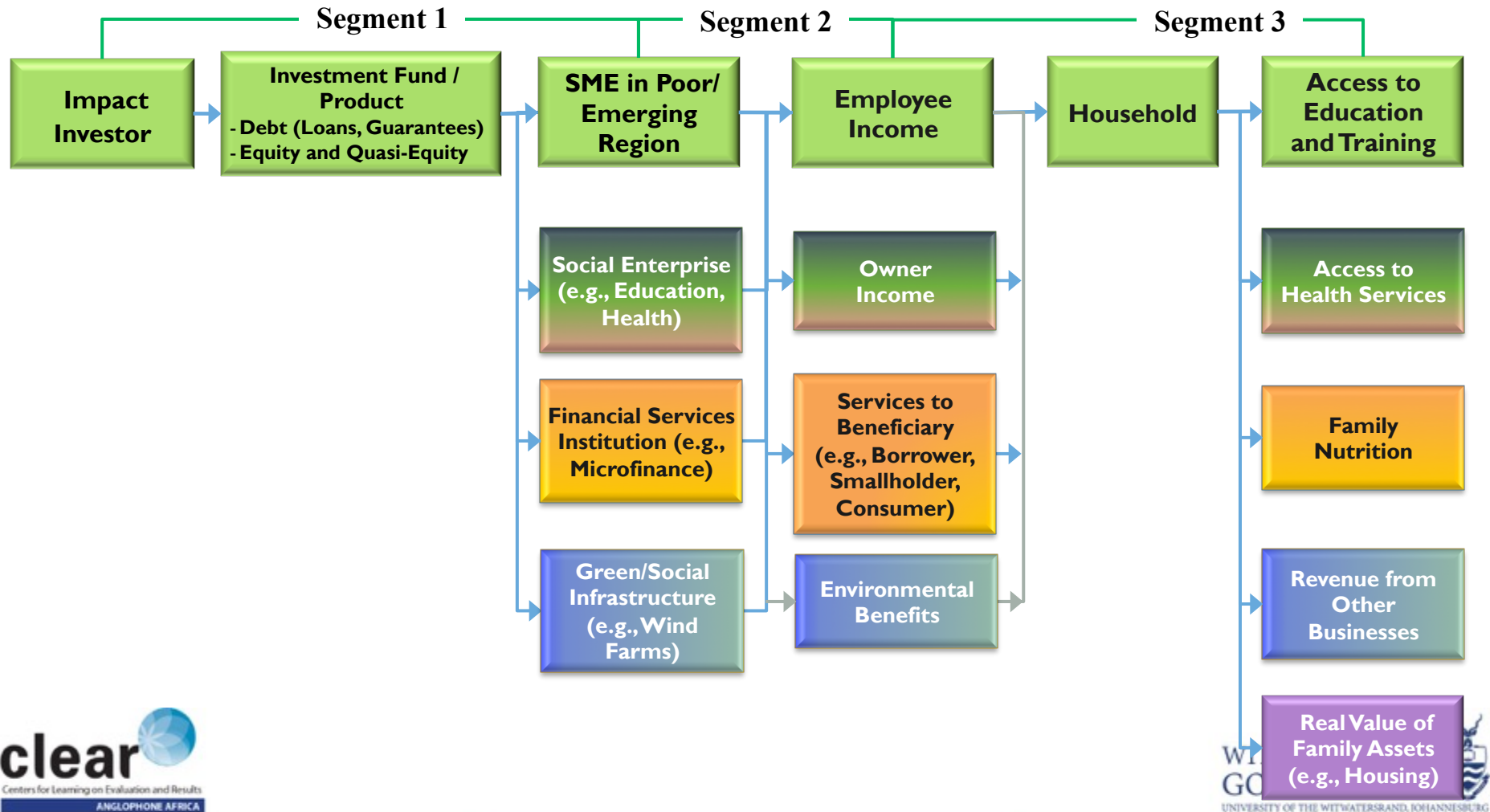
Current measurement systems and assessment tools



Some key questions

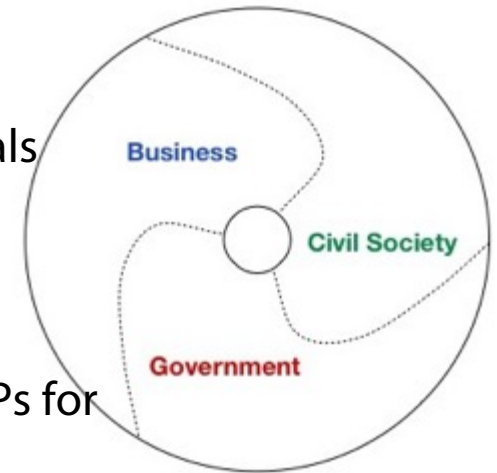
- **What are the ways to standardize metrics at a country level?**
- **Would this help to get a broader understanding of how the field is performing at large? How it is evolving?**
- **How are Impact Investor stakeholders themselves working together to define a broader ToC for II in Ghana?**

Evaluation needed throughout the Impact Investing results chain



What can Development Evaluation offer to Impact Investing?

- Bringing 50 years of development evaluation system to the private sector
- Stronger focus on beneficiaries (rather than investors)
- Better alignment to local, national and regional development goals
- Integrating financial objectives with environmental, social and governance (ESG) imperatives.
- A bridge between public and private sector to facilitate more PPPs for development.
- Participatory approaches and engagement of citizens and civil society.
- More rigorous and scientific methods and tools for impact evaluation



Group Discussion

- **1. What are the evaluation knowledge gaps in the Impact Investing field?**
- **2. What are the ways in which evaluation could be strengthened in this field?**
- **3. What potential partnerships could strengthen building evaluation capacity in the impact investing in Africa?**