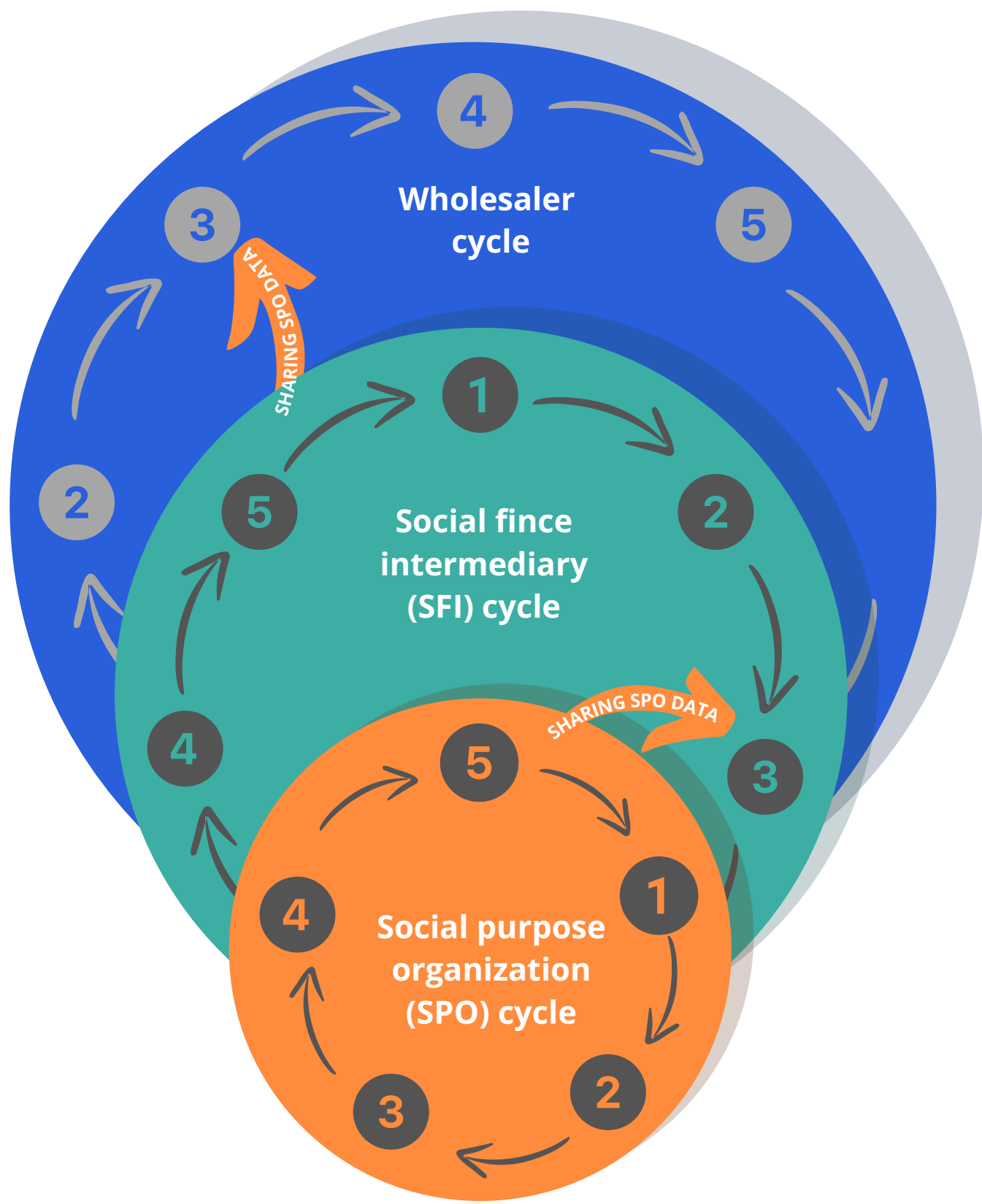


Impact measurement cycles for investors (wholesalers, SFIs) and investees (SPOs)



The impact measurement cycles of investors (wholesalers, SFIs) and investees (SPOs) are linked to each other.

The five essential practices of Common Approach's **Common Foundations** describe a minimum standard for the impact measurement cycle for organizations measuring their impact and reporting it (SFIs and SPOs).

Each organization's adoption journey will look a bit different, but they interact at specific stages. It's important to understand each other's adoption journey, and recognize where communication and collaboration will be needed.

Each stakeholder working together under a Common Approach will allow for better impact (and better impact measurement!)

The Common Foundations

Five essential practices of impact measurement

- 1 Describe your intended change.
- 2 Use indicators. (For investors: Use SPO indicators.)
- 3 Collect useful information. (For investors: Collect information useful to your SPOs and the communities they serve.)
- 4 Gauge performance and impact.
- 5 Communicate and use results.

SPO impact measurement cycle

- 1 SPOs craft their impact pathway. SPOs focus on the changes that matter most to the people and natural environments most affected by their actions.
- 2 SPOs select metrics that are most relevant to their specific context and mission. They are more likely to feel ownership and engagement over their impact measurement process. They will choose indicators that they can feasibly collect, which will be higher quality data for the SFI.
- 3 SPOs collect data that is reliable and useful to them, given their specific context, resources and capabilities.
SPOs can focus on finding measures that align with the priorities of the communities they serve, rather than measures that align with the needs of their investors.
SPOs must record their impact data using a digital tool that is aligned with the Common Impact Data Standard.
- 4 SPOs can regularly review their impact data to assess their progress toward achieving their goals.
By using metrics they choose, rather than ones imposed by investors, SPOs are better equipped for data-driven decision-making. SPOs can analyse their data for their own purposes to improve their impact.
- 5 SPOs must export their impact data into a JSON-LD file to send to investor(s). The same file can be sent to each investor, making reporting less burdensome.
SPOs can share their impact stories using their own data with their communities and other audiences.

SFI invests in SPOs because there is an alignment between SFI's impact pathway and SPO's impact pathway, SFI sees how the SPOs is going to contribute to its own pathway.

If the SPO does not yet have any indicators, SFI can suggest some indicators. SPOs that are new to impact measurement often welcome guidance on what to measure.

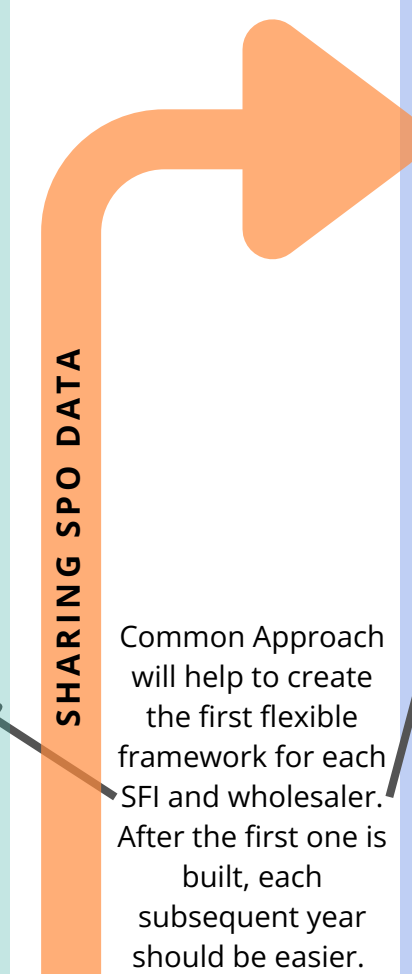
SFIs may make adjustments to their outcomes to reflect the impact that is being communicated by its investees.



SFI impact measurement cycle

- 1 SFIs craft their impact pathway, identifying their intended outcomes. Common Approach refers to the investors' intended outcomes as **impact themes**.
- 2 SFIs communicate their own themes and the wholesaler's themes to each SPO investee. SPOs will use the Common Impact Data Standard to link their own outcomes and indicators to both the SFI and wholesaler themes.
- 3 SFIs must use a digital tool that is aligned with the Common Impact Data Standard to import JSON-LD files containing SPO data. The data is self-sorted automatically in SFI's digital tool. Allowing SPOs to choose their own metrics around common themes helps ensure SFIs receive high quality data.
- 4 SFIs can create a flexible framework using international standards (SDGs, IRIS+, etc.) and/or their own impact pathway. The flexible framework depends on what insights the SFIs are seeking from analyzing their portfolio data and what overarching story they'd like to communicate in the next step.
- 5 SFIs must share SPO data with their wholesaler by exporting and sharing a file in JSON-LD format.
Each SFI's flexible framework will hold a wealth of complex data - it can tell multiple, nuanced stories. With this flexible framework, SFIs can create narratives and visualizations to illustrate their impact themes.

Wholesaler invests in SFIs because there is an alignment between the wholesaler's and SFI's impact pathways. The wholesaler ensures there is a shared commitment to achieving common goals.



Wholesaler impact measurement cycle

- 1 Wholesalers craft their impact pathway, identifying their intended outcomes. Common Approach refers to the investors' intended outcomes as **impact themes**.
- 2 Wholesalers communicate their themes to each SFI. SPOs will use the Common Impact Data Standard to link their own outcomes and indicators to both the SFI and wholesaler impact themes.
- 3 Wholesalers must use a digital tool that is aligned with the Common Impact Data Standard to import all the SPO impact data shared by SFIs as JSON-LD files. The data is self-sorted automatically in wholesaler's digital tool.
- 4 Wholesalers can create a flexible framework using international standards (SDGs, IRIS+, etc.) and/or their own impact pathway. They will use SPO data shared by SFIs to evaluate their strategic impact objectives.
- 5 Wholesalers must share both SPO and SFI data with ESDC in JSON-LD format.
SHARING SPO AND SFI DATA
Wholesalers can communicate a narrative analysis to the public, created using the detailed data the SFIs and SPOs they invested in. This analysis will highlight progress toward the wholesaler's impact objectives and outline any corrective actions taken to strengthen the investment pipeline. The data should demonstrate efforts to ensure that the Social Finance Fund is effectively achieving its goals.

ESDC