ABOUT igdIMPACT //

igdIMPACT is the Initiative for Global Development’s (IGD) practical, business-oriented approach to impact measurement. Designed with direct input from businesses, sector-specific measurement frameworks help companies map potential (or realized) impacts to key business drivers and performance metrics. Sector-specific frameworks are currently available for the agribusiness, financial services, fast-moving consumer goods (FMCG), information and communications technology (ICT), and power sectors, and more are under development.

Businesses use the frameworks to guide impact assessment at any level - from the micro impact of a single product or service to the macro impact of regional operations or public-private partnerships.

IGD provides advisory support by partnering with individual companies to develop a tailored impact measurement strategy which reflects the needs, priorities, and operating contexts of our clients. We deliver value to companies by articulating impacts that result from core business operations, while also building in-house capacity for measurement and reporting, and creating a platform for knowledge-sharing. We are currently working with Visa Inc. and ContourGlobal, among other leading companies.

We look forward to partnering with your company on impact measurement. Please contact us at impact@igdleaders.org to get started.

ACKNOWLEDGEMENTS

We are grateful for the valuable input provided by the companies featured in this report. The report was prepared by IGD’s Allison Spector, Abigail Beach, and Helen Mant, with support from Samuel Sherraden.
Market leading companies around the world are increasingly investing in impact measurement that delivers real financial and social returns.

Applied wisely, corporate impact measurement creates opportunities for organizations to make more robust decisions, uncover cost savings, get to know customers better, and constructively engage governments and other stakeholders.
The Initiative for Global Development (IGD) and our member companies have been at the forefront of the nascent field of corporate impact measurement since 2012, when we developed igdIMPACT - a unique, business-oriented approach to impact measurement. The approach and assessment frameworks are currently being used by several IGD member companies, including Visa Inc. and ContourGlobal. We continue to work together with our members to improve the returns on corporate impact measurement - by sharing best practices, building new tools (and improving upon existing ones), and generating robust evidence of socio-economic impact to raise the profile of IGD member companies.

Leading companies contributed to our research1

1 Participating companies who agreed to be named in the report
This briefing note shares some of the learnings we have gleaned from our collaboration with IGD member companies to date. The analysis:

- Defines the basic values, or applications, for impact measurement that are beginning to emerge;
- Demonstrates how the current use of impact measurement may have varied tangible commercial and social benefits for companies operating in different sectors and geographies; and
- Sets out next steps for igdIMPACT, in terms of research & development priorities.

BACKGROUND ON THE SURVEY

IGD surveyed 30 CEOs and senior executives of leading companies to determine whether impact measurement adds value to their business. By better understanding the impact that their business operations have on local communities and on the local economy, these companies are able to build more productive and profitable relationships with local stakeholders and execute business strategies more effectively.

In May 2013 at IGD’s Frontier 100 Forum, CEOs and senior executives were asked to rank the relative importance, or business value, of several emerging applications for impact measurement across two major areas: social capital and business operations. Many respondents also provided additional commentary to justify their rankings, which is included in our discussion of findings.

Social capital

- Building profitable and productive relationships with government
- Stakeholder engagement
- Recognition as a thought leader

Business operations

- Expanding into new markets and customer segments
- Opportunity for competitive advantage
- Securing additional capital
- Obtaining a license to operate
- Improving performance management
“Understanding our impact is very important for building relationships in new African countries.”

Andrew Alli, President & CEO, Africa Finance Corporation (AFC)

“Measuring impact helps us understand the marketplace and guides investment decisions, by geography and technology.”

Craig Fitzgerald, Global CEO, Econet Wireless Global Ltd.

“Impact measurement engages internal stakeholders around purposeful work and pride!”

Jeanne Cerff, General Manager, Food Business, Mars Inc.

**Companies use impact measurement primarily to build social capital.**

When surveyed, eighty percent of companies find that impact measurement is ‘very important’ or ‘critical’ to building social capital - i.e., engaging government and local stakeholders, and enhancing corporate reputation for socio-economic impact. Measuring impact to improve business operations is considered ‘very important’ or ‘critical’ to fifty-seven percent of companies surveyed - i.e., through market expansion, competitive advantage, and performance management.

**Importance of impact measurement for social capital vs. business operations**

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<thead>
<tr>
<th></th>
<th>Social capital</th>
<th>Business operations</th>
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<tbody>
<tr>
<td>Critical</td>
<td>36%</td>
<td>38%</td>
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<td>Very important</td>
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<td>Somewhat important</td>
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**Market expansion, stakeholder engagement, and thought leadership are the three most valuable applications of impact measurement.**

Sixty-nine percent of companies reported that understanding impact is ‘critical’ when making decisions to expand into new markets. Measuring impact helps companies drive innovation in product design, marketing, and distribution, based on an understanding of unmet consumer needs.

Fifty-six percent of companies find impact measurement to be ‘critical’ for thought leadership, while over ninety percent find it ‘very important’ or ‘critical’ for stakeholder engagement. By measuring impact, companies can improve their reputation and proactively use resources and expertise to increase their social impact position in a targeted way.

**Importance of impact measurement, by application**

<table>
<thead>
<tr>
<th></th>
<th>Stakeholder engagement</th>
<th>Market expansion</th>
<th>Thought leadership</th>
<th>Competitive advantage</th>
<th>Government relationships</th>
</tr>
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<tbody>
<tr>
<td>Critical</td>
<td>24%</td>
<td>69%</td>
<td>56%</td>
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<td>Very important</td>
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</table>
By sector, impact measurement is more useful for building social capital than for improving business operations - especially in the education sector.

Impact measurement is seen as more important for building social capital than for improving business operations in every sector, with the greatest difference in the education, agribusiness, and financial services sectors.

Africa-based companies and U.S./Europe-based companies find impact measurement equally useful for strengthening social capital through government relationships.

Impact measurement is considered ‘very important’ or ‘critical’ to building government relationships by both Africa- and U.S./Europe-based companies - though more African companies find it ‘critical’. Measuring impact helps companies align business goals with government agendas to create new opportunities and improve their operating and regulatory environment.

“Building social capital through impact measurement is a global priority for us. It helps us to move into partnership with government to improve learner outcomes.”

Fathima Dada, President, Schools International Business, Pearson

“Measuring impact helps overcome government and regulatory road blocks.”

Mahesh Patel, Chairman & CEO, Export Trading Group (ETG)

“The government is a key partner and customer in all of our markets. It is imperative that we demonstrate our impact as we engage government.”

Louis Otieno, Director, Legal and Corporate Affairs - Africa Initiatives, Microsoft Corporation
However, impact measurement is also useful to improve business operations. In the ICT and infrastructure sectors, it helps companies obtain licenses to operate.

On average, companies in the ICT and infrastructure sectors find that impact measurement is ‘very important’ or ‘critical’ to satisfying reporting requirements and maintaining the license to operate. Companies in the agribusiness, education, and financial services sectors find impact measurement of lesser importance for obtaining a license to operate, stating that it is ‘somewhat important’ or ‘important’.

Looking across all sectors, Africa-based companies find impact measurement more important for obtaining a license to operate than companies based in the U.S. or Europe.

Sixty-seven percent of Africa-based companies find that impact measurement is ‘very important’ or ‘critical’ to obtaining a license to operate; compared to only thirty-three percent of companies based in the U.S. and Europe.

“Using impact measurement to obtain a license to operate enables market penetration and reduces cost.”

Lucien Bronicki, Chief Technology Officer, Ormat Technologies, Inc.

“Understanding our impact helps us achieve compliance - a top priority in our organization.”

Louis Otieno, Director, Legal and Corporate Affairs - Africa Initiatives, Microsoft Corporation

“Measuring impact is key for telecom companies to maintain a license to operate.”

Mathews Chikaonda, Group Chief Executive, Press Corporation Limited (PCL)
In the agribusiness sector, measuring impact is considered critical for market expansion by all companies surveyed.

Every company surveyed in the agribusiness sector stated that impact measurement is ‘critical’ when considering expansion into new markets or customer segments, but is not as useful for obtaining a license to operate or managing performance.

In the financial services sector, impact measurement helps companies identify and understand unmet consumer needs.

Every company surveyed in the financial services sector stated that impact measurement is ‘very important’ or ‘critical’ for expanding into new customer segments - by providing essential information about the relevance, accessibility, and affordability of financial products and services, such as bank accounts. Measuring impact is considered less important for attracting additional capital, and varies in importance when obtaining a license to operate.

“Impact measurement helps us learn to operate in new environments.”

Bradley Buck, Senior Director, International Development Division, Operations & Corporate Engagement, Land O’Lakes, Inc.

“Measuring impact helps us discover and test new seed varieties in Africa.”

Patrick Devenish, Group CEO, AICO Africa Limited

“It is imperative to develop a product that uniquely addresses customer needs. Impact measurement gives us the information we need.”

Jean-Louis Ekra, President & Chairman, Africa Export-Import Bank

“Impact measurement has helped us gain recognition and reward by society - doing good supports us doing well.”

James Mwangi, CEO & Managing Director, Equity Bank Limited
NEXT STEPS AND RECOMMENDATIONS

This short briefing note summarizes elements of igdIMPACT’s ongoing work in the field of corporate impact measurement, which is being conducted in collaboration with IGD member companies.

Under igdIMPACT, we have collected broad anecdotal evidence and some discrete statistics about corporate impact measurement. Collectively, these provide an indication of the value that impact measurement can bring to companies operating in emerging markets, and demonstrate that business use of impact measurement is growing. However, the quantitative evidence of economic and social benefit that we seek is not yet available. IGD will continue to collect and analyze such quantitative measures as we work with companies to measure their socio-economic impact.

“In my experience, companies working in the retail space are much better off if they can measure results beyond their financial returns. It is well known that one can measure almost all ‘outputs’, many but not all ‘outcomes’, and only a certain percentage of ‘impacts’. While one strives to measure a larger and larger percentage of ‘outcomes’ quantitatively, one should at least be able to qualitatively describe the outcomes. And in selecting the desired impact to measure, one should ensure that it is, indeed, measurable. At IGD’s Frontier 100 Forum in May 2013, for example, we discussed how the goal ‘to decrease gang participation’ was not measurable and in fact was counterfactual, while ‘to increase secondary school graduation rates’ was a measurable goal.”

Teresa Barger, Co-Founder & Senior Managing Director, Cartica Capital LLC
ABOUT IGD //

The Initiative for Global Development (IGD) is a non-profit organization that drives poverty reduction by catalyzing business growth and investment in the developing world. We bring together an influential network of senior executives from sector-leading companies with the interest and capacity to make strategic investments in high-need, high-potential areas of Africa. Members of our Frontier Leaders network shape global connections and frontier market insights, and promote business-driven development to create economic growth and opportunity.

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