An Impact Measurement & Management Primer for Faith Investors

IMPACT MEASUREMENT AND MANAGEMENT
IMM

A how-to guide for faith institutions on measuring and managing the impact of their portfolios

Calvert Impact Capital®

CONTENTS

Richie was able to get his life back on track after moving into an apartment in Lebanon, NH—his first home in eight years. The apartment building was financed in part by our borrower New Hampshire Community Loan Fund, which has financed over 9,000 units of affordable housing.

Throughout this primer, we feature photos, stories, and impact data from the partners in Calvert Impact Capital's portfolio. These can serve as examples of how investors can use both quantitative and qualitative data together to holistically tell the story of an organization's impact.

About This Primer

Calvert Impact Capital has developed a series of guides to help faith investors along their impact investing journeys: "Advancing Faith Values Through Impact Investing: A Short Guide for Faith Investors and their Financial Professionals," which introduces faith institutions to the concept of impact investing, and "Building an Impactful Faith Portfolio: A Foundational Guide to Impact Investing for Faith Institutions," which guides faith institutions through a process of developing an Impact Strategy and incorporating impact into their portfolios and diligence process.

We are now pleased to offer a companion piece, "An Impact Measurement & Management Primer for Faith Investors." This primer is designed for institutional faith investors who not only want to incorporate impact into their portfolios, but also want to learn about best practices on how to integrate impact measurement and management (IMM) into their processes. While this primer can be used by all audiences, it will likely be most instructive for faith institutions who are new to IMM practices.

Impact Measurement and Management (IMM)

Today, faith investors are increasingly committed to aligning their investment strategies with their faith values to create a better world through their portfolio choices. How an investor measures and tracks these commitments, as well as their impact,[1] is a critical component of impact investing.[2] **Impact measurement and management (IMM)** is a process by which an investor tracks and measures the impact their investments are having in alignment with their organizational goals. This includes seeking to maximize the positive impacts of their investments, while also mitigating and avoiding negative impacts. Impact measurement and management is a practice that is iterative by nature.[3]

What You Can Expect to Learn from This Primer

This primer is focused on the positive, measurable social and environmental impact that can be achieved with impact investments that contribute to solutions to global challenges. As you read through this primer, you will learn the four stages of impact measurement:

- How to create an Impact Measurement and Management Plan (IMM Plan), including a Problem Analysis, Impact Strategy, and Metrics Framework
- When to create an IMM plan
- Tools for impact data collection, analysis, and reporting
- Industry best practices and frameworks to continue your IMM journey

This primer will focus largely on the essential **first** stage of impact measurement—**creating an Impact Measurement and Management Plan (IMM Plan)**—which helps you connect your existing mission and portfolio strategy to impact metrics and an impact management strategy.

1 Impact is a change in a social or environmental outcome caused by an organization. An impact can be positive or negative, intended or unintended.

2 For more information on impact investing and how to incorporate it into your institution's portfolio, please refer to our first two guides for faith investors.

3 Definition adapted from the Global Impact Investing Network (GIIN).

The Impact Measurement and Management Process

How a faith investor measures and manages impact, as well as *what* they measure, depends on their mission and faith values. Creating an IMM practice is an iterative process; you will learn as you go and consistently incorporate lessons learned back into your strategy.

Consider Your Faith Institution's Motivations and Capacity

There are many reasons to measure and manage the impact of your investments, and each investor will have their own motivations. For example:

- **Aligning with Your Faith Values:** How do these investments align with your mission and faith values?
- **Understanding Your Impact:** What do you need for the evaluations you may conduct internally? Have your institutional goals been met? Do you know who is being impacted and how?
- **Compliance and Reporting:** What is required or requested by your investors, funders, donors, congregation, constituents, internal decision makers, and/or for regulatory purposes?
- **Telling Your Story:** How do you share your story for marketing and communication purposes?

As an investor, you should identify your motivations for engaging in IMM and consider how these motivations might influence your decision-making throughout this process. By doing so, you can tailor your IMM Plan according to your motivations and resources and "right size" your plan for your organization. For example, the impact metrics you use may be different if you are engaging in IMM for internal evaluation rather than external reporting requirements for your stakeholders.

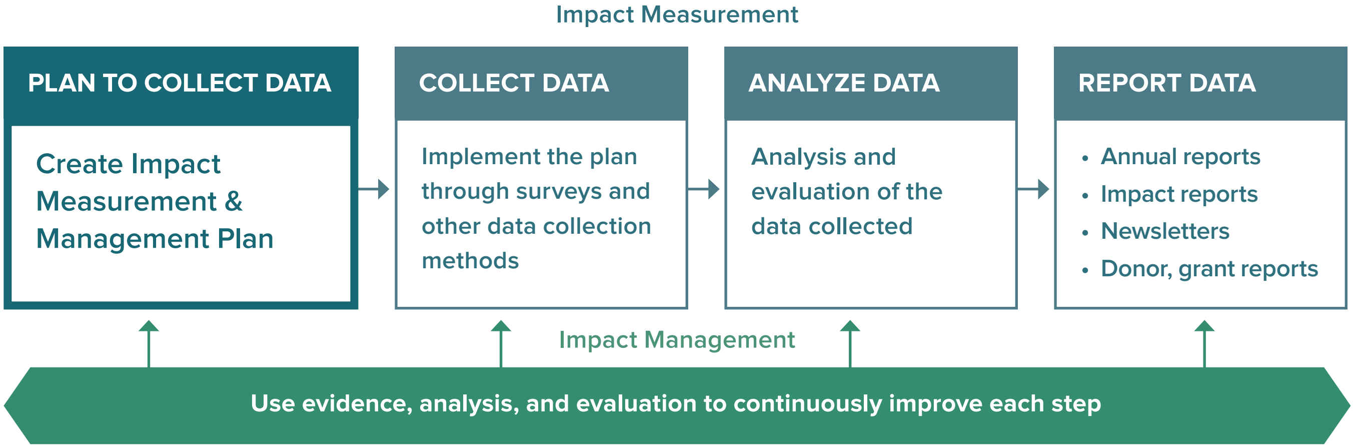
Additionally, if you are a small team within a larger faith institution, you might decide to start with an IMM Plan with a limited number of impact metrics. This approach helps you learn about impact data collection and build on that initial foundation.

As mentioned above, IMM is an iterative process, so you can learn and improve as you go. Most investors start off with a fairly simple IMM Plan and develop further as they become more advanced and more comfortable with the practice. Regardless of which approach you take, **this primer will walk you through the essential steps to get started**.

The Four Stages of Impact Measurement

Once you have identified your motivations and capacity for measuring and managing impact, the IMM process can be broken out into four stages.

The IMM Process



The first stage, **PLAN TO COLLECT DATA**, is fundamental. It is time consuming and requires the most planning before you engage in the next stages: actual data collection, analysis, and reporting. **This primer is focused on the first stage and will offer additional resources for the other three stages along the way.**[4]

When to Create an IMM Plan

Typically, an investor plans to measure and manage impact after they develop an Impact Strategy and before they make an investment. A detailed description of the stages of impact measurement and how they fit within the overall investment management lifecycle can be found in the Appendix (page 24). You will learn how to develop a specific Impact Strategy throughout this primer, and for more in-depth **implementation** guidance, please see Calvert Impact Capital's "Building an Impactful Faith Portfolio: A Foundational Guide to Impact Investing for Faith Institutions."

Who to Involve in Creating an IMM Plan

A successful IMM Plan needs an internal champion to lead the process and to ensure institutional buy-in, especially if this is the first IMM Plan for your faith institution. Your champion will most likely need the support, input, and collaboration from senior management, your portfolio team, investment committee, and/or your financial professional(s), depending on your organizational structure.

4 These stages are aligned with the universal practices outlined in the new "Impact Measurement & Management for the SDGs" online course offered by Duke University. The universal practices are: Set Strategy, Integrate, Optimize, and Reinforce.

Amartha is a financial technology company based in Indonesia that is funded by impact investors to expand their work improving access to financing for women in rural communities. Their peer-to-peer online lending platform connects potential lenders to women microbusiness owners seeking funds. Amartha reports on impact metrics, such as the 360,000 microbusinesses they have provided financing to which previously lacked access to financial services.

Capital for Change (C4C) has financed three separate loans to Great Oaks Charter School, a college-focused secondary school in historic Bridgeport, CT providing tutoring to ensure the academic success of 425 students in grades 6 to 11. Working with the school, C4C tracked the following impacts: financed 17 units of tutor housing for the school's AmeriCorps program; financed the installation of a 440-kilowatt fuel cell to significantly reduce energy costs for the foreseeable future; and reduced an estimated annual 5.7 million pounds of CO_2.

Creating Your Impact Measurement and Management Plan

As mentioned above, **your IMM Plan helps you connect your mission and portfolio strategy to an impact management strategy and impact metrics**. Essentially, your IMM Plan connects your impact intentions, which may be articulated in Investment Policy Statements or other internal documents,[5] and the impact created through your investments. The IMM process should reveal information that shows how, where, and when your portfolio is (or is not) aligning with your impact motivations and faith values.

There are three steps to creating your IMM Plan:

PLAN TO COLLECT DATA

Create IMM Plan

1	Identify Your Challenge
2	Craft Your Impact Strategy
3	Develop Your Metrics Framework

The first step is to **identify the challenge** your faith institution seeks to solve through an exercise called a Problem Analysis. Once you have identified the problem, or challenge, you seek to address, you can **craft an Impact Strategy**, also known as a Theory of Change, for how your organization plans on addressing that challenge or solving the problem. With your Impact Strategy in hand, your faith institution can **develop a Metrics Framework**, which helps you identify metrics to measure the change—or impact—of your investments.

Each step is discussed in more detail on the following pages.

5 For more information on how to integrate impact into your portfolio and documentation, please see "Building an Impactful Faith Portfolio: A Foundational Guide to Impact Investing for Faith Institutions."

Problem Analysis: How Do You Identify the Challenge?

How you measure your faith institution's impact depends on the problem(s) you are solving, the specific or broad impact(s) you want your investments to have, and the audience(s) to whom you are reporting. Many organizations focus on their investment activities first when developing an IMM Plan, but do not stop to think why they are making those investments, e.g., what is the problem the organization is trying to solve through their investment decisions? **By focusing first on identifying the problem you are trying to solve, not just the investment activities you engage in, your faith institution will be able to measure change (impact) more accurately.**

Create IMM Plan

1	Identify Your Challenge
2	Craft Your Impact Strategy
3	Develop Your Metrics Framework

As a faith investor seeking impact, you will likely focus on investment opportunities that seek to address global and local challenges, such as affordable housing, environmental and climate solutions, gender equity and women's empowerment, healthy communities, racial justice, or quality jobs and economic opportunity.

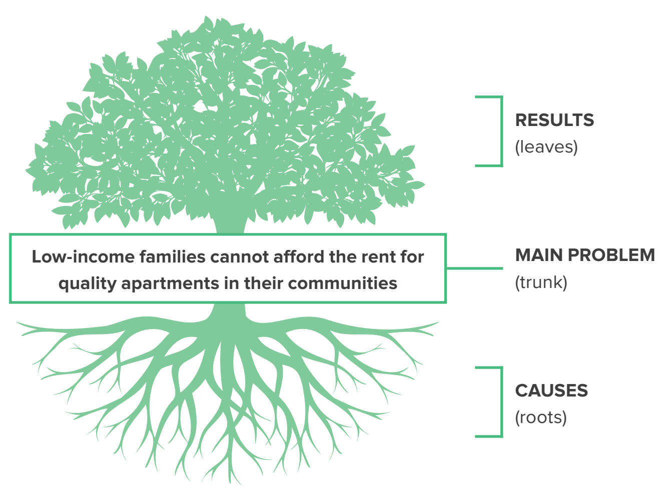
Identifying the Problem You Seek to Solve

A **problem tree** is a tool to help your organization identify the problem, or challenge, you seek to solve, as well as develop an understanding of whether that problem is the most appropriate one for your organization to tackle through your portfolio investments. The problem tree can help you map the multiple challenges that exist in the market; identify the root(s) of the problem you are solving; and determine what activities or investment options are available to you depending on the problem you have identified.

A problem tree should be created with your portfolio managers and other key stakeholders, including representatives of the communities you seek to reach through your investments—your target clients. They are the ones who know the problem most intimately and will be best situated to provide context as well as potential solutions.

Throughout this primer, we will use a simplified sample problem to illustrate each step of building a problem tree and then outlining a sample IMM Plan.

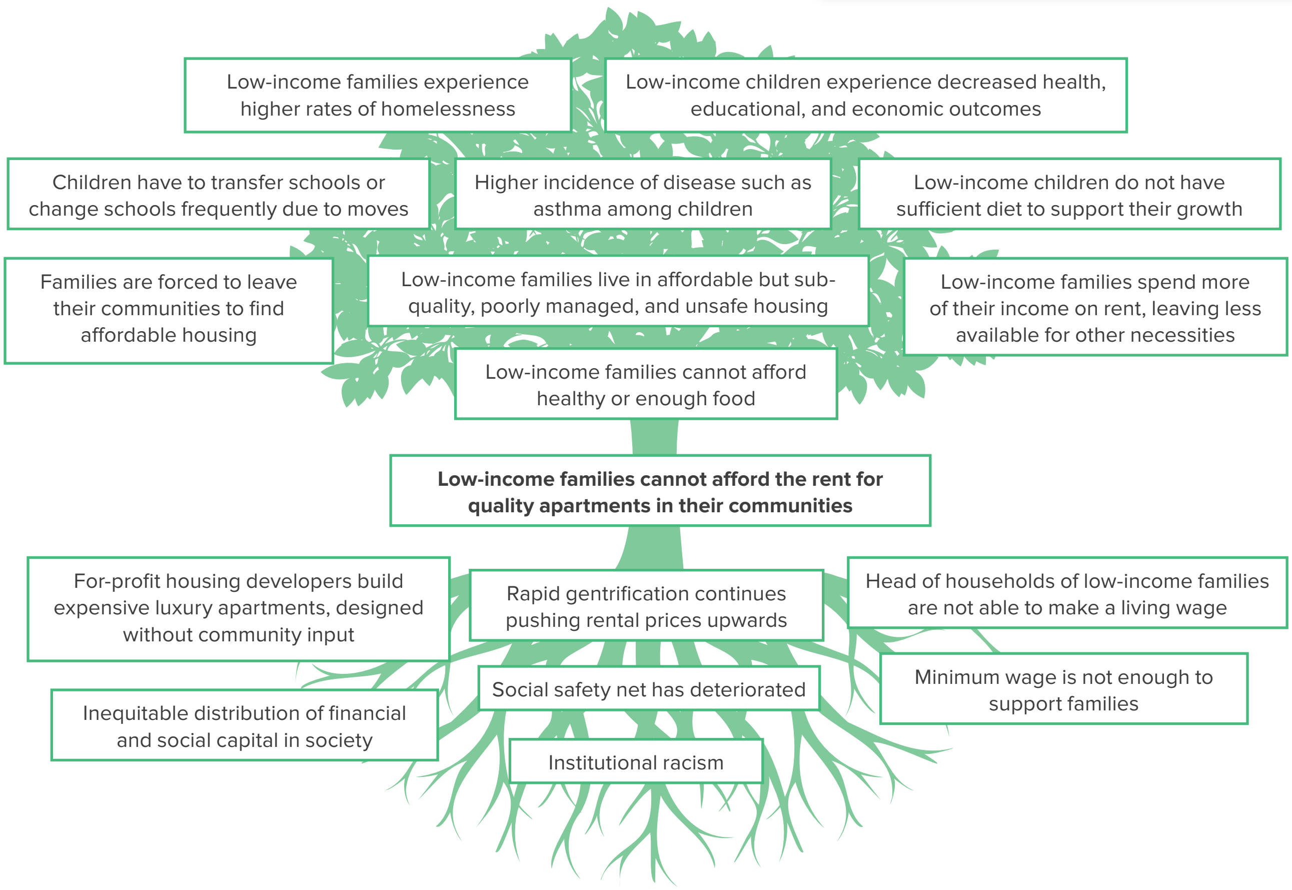
Sample problem: Skyrocketing rental prices force low- and middle-income families out of their neighborhoods and leave families without affordable housing options, leading to family housing instability and homelessness, and negative educational, health, and economic outcomes for children.



To build your problem tree, first start with an image of a tree (you can draw it or download an image). Then, draft a simple statement of the challenge you wish to overcome. For example: *Low-income families cannot afford the rent for quality apartments in their communities.* Put this problem statement on the trunk of your tree.

Then ask, “why does this problem exist?” or “what is the cause of this problem?” If you can identify a cause of this problem, add those to the roots of the tree. If any additional problems are a *result* or an effect of your original problem, add those to the *leaves* of the tree. Keep adding problems to your problem tree as the conversation continues. Each time someone suggests a problem to add, ask if it is the **cause (roots)** or **result (leaves)** of any of the problems currently on the tree.

TIP: You can create your problem tree electronically, or channel your inner artist and pull out a whiteboard or easel pad to co-create the problem tree with your colleagues.



It is important not to discount any problem that someone might suggest during this step. Building your problem tree is an iterative process that should start with a number of problems, which you then whittle down until you have identified the specific, actionable problem(s) that your faith institution has the resources, bandwidth, and appropriate role within the impact investing market to address. *We have offered several examples of roots (causes) and leaves (results), but this one problem tree exercise is by no means exhaustive of the challenges in the affordable housing sector.*

Once you have built your problem tree, you may realize that the problem you originally identified cannot be solved by an impact investment alone; maybe it would be best addressed through public policy advocacy, community engagement, or alongside a philanthropic strategy. For example, while you may not be positioned to advocate for a higher minimum wage, you may be able to invest institutional assets in nonprofit affordable housing developers or businesses that pay low-income workers a living wage. At the same time, you have identified that investing in both affordable housing and living wage jobs could address the same problem. Through the problem tree exercise, you have widened your view of the problem and have also identified additional avenues for contributing to solutions.

Impact Strategy: How Do You Address the Problem?

Create IMM Plan

1. Identify Your Challenge
2. Craft Your Impact Strategy
3. Develop Your Metrics Framework

Once you have identified the problem your organization will address through impact investing, the next step is to craft an Impact Strategy for your portfolio, which defines the impact your faith institution wants to have in the world. **Crafting an Impact Strategy, sometimes called a Theory of Change, will help you and colleagues to engage in a conversation about your approach to solving the problem.** This dialogue provides a chance for everyone to get on the same page about the problem and your strategy for solving it. A well-defined Impact Strategy will also ensure that you are sending a consistent external message to your audience about your faith institution's values and mission.

TIP: If you have not yet established an overall strategy for incorporating impact investments into your portfolio(s), refer to our "Building an Impactful Faith Portfolio" Guide. There you will find additional information on what to consider when crafting an Impact Strategy, as well as how to operationalize it within portfolio decisions, investment policy statements, and sourcing and making impact investments.

An Impact Strategy will stem directly from the problem(s) you have identified, aligned with the faith values and goals of your institution, and may also be aligned to external goals like the Sustainable Development Goals (SDGs) or the Impact Themes and Strategic Goals outlined by the Global Impact Investing Network (GIIN) in IRIS+. An example of how Calvert Impact Capital's sector-based Impact Strategies are aligned to both the SDGs and IRIS+ can be found in our IRIS+ Use Case.

The Sustainable Development Goals

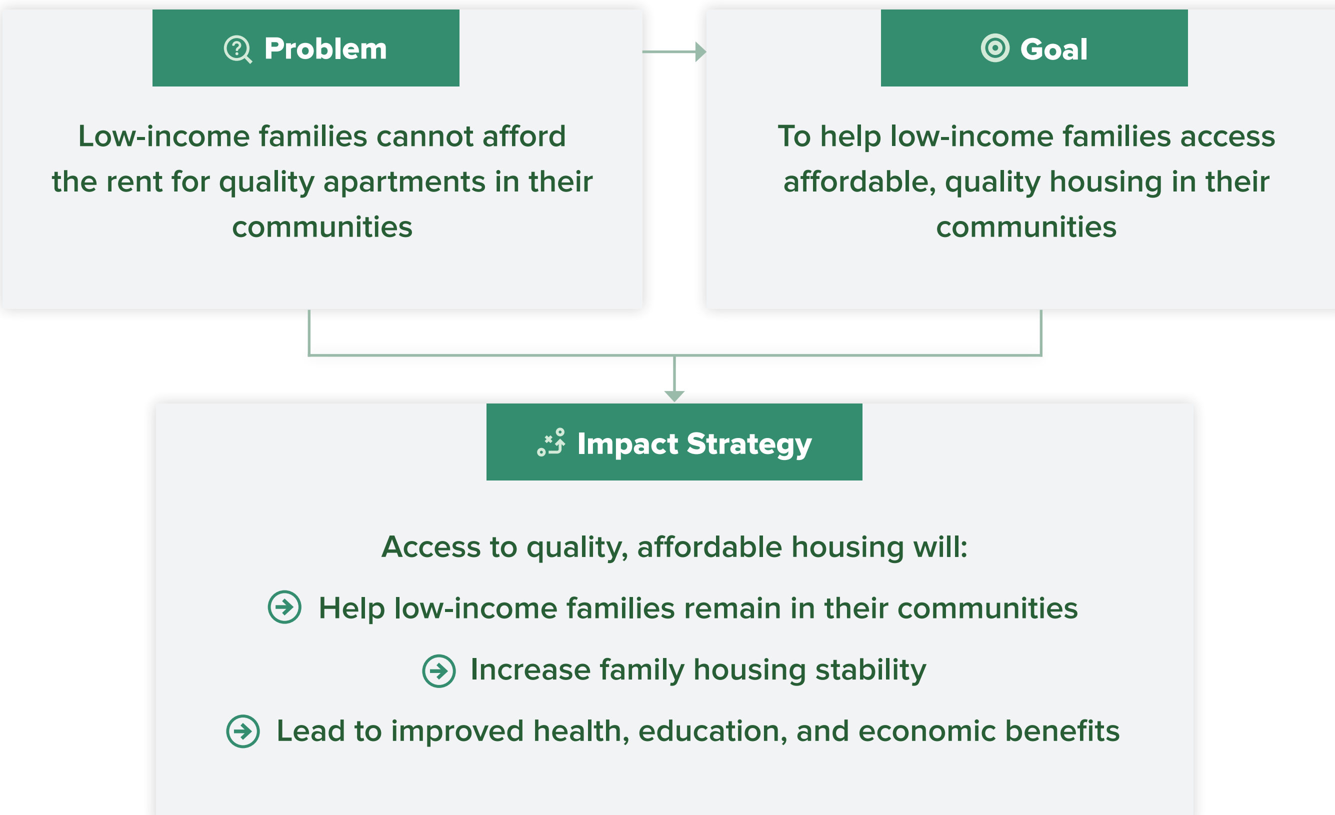
Impact Themes in IRIS+

Additional considerations and questions to reflect on as you contemplate your Impact Strategy can be found in our "Building an Impactful Faith Portfolio" Guide.

An Impact Strategy Statement helps communicate your Impact Strategy. To build your own Impact Strategy Statement, first start with your Problem Statement. Then, flip the problem on its head to state your goal. For example, if your Problem Statement is "*low-income families cannot afford the rent for quality apartments in their communities,*" then your goal is **"to help low-income families access quality, affordable housing in their communities."** To develop your Impact Strategy Statement, operationalize your goal: state what you can do to achieve your goal, and what change (impact) that will have for your target clients.

> **Problem Statement:** Low-income families cannot afford the rent for quality apartments in their communities.
>
> **Goal:** To help low-income families access quality, affordable housing in their communities.
>
> **Impact Strategy Statement:** Access to quality, affordable housing will help low-income families remain in their communities and increase family housing stability, leading to improved health, education, and economic outcomes.

Impact Strategy Development Process



This example is oversimplified for the purposes of illustration. In practice, you may have additional problems to tackle and additional goals to achieve, such as focusing on investing in subsidized housing or housing with supportive services, including a case manager, health clinic, day care, or employment counseling. If through the exercise you addressed more than one problem in your problem tree, then include those solutions in your Impact Strategy Statement as well.

Metrics Framework: How Do You Measure the Impact?

Create IMM Plan

1. Identify Your Challenge
2. Craft Your Impact Strategy
3. **Develop Your Metrics Framework**

Now that you have identified your problem, outlined your Impact Strategy, and crafted your Impact Strategy Statement, the next step is to identify what data to collect as evidence of the impact of your investments. **A Metrics Framework helps you outline the change you intend your investments to create over time and will help you identify metrics for each of those time periods.**[6]

A Metrics Framework is built from four components that track change over time:

1. **Activity:** Everything a faith institution does to fulfill its mission, including its investments
2. **Output:** Immediate, tangible results of activities
3. **Outcome:** Measurable improvements at the target client or end beneficiary (community) level as a result of outputs
4. **Impact:** Long-term systemic change resulting from all investments into a market (for example, a specific sector, geography, or population)

Outline of a Metrics Framework

	Activity →	Output →	Outcome →	Impact
DEFINITION	**Everything a faith institution does to fulfill its mission**	**Tangible products or deliverables resulting from activities**	**Measurable improvements or accomplishments at the participant level**	**Long-term, systemic (population-level) change**
QUESTION ANSWERED	What am I doing?	What is the immediate effect of my activity on my client?	What are the medium- and long-term effects of the outputs?	What is the long-term, systemic effect of my and others' activities on the entire population?
EXAMPLE METRICS	• Total investments made • Investments in: affordable housing projects; nonprofit housing developers	• Affordable housing created/built	• Low-income families living in affordable, quality apartments • Increase in family stability • Decrease in amount spent on housing • Increase in children's school grades	• Decrease in homelessness rate • Decrease in school system truancy • Increase in graduation rate • Increase in tax base

6 A Metrics Framework may also be called a Logical Framework ("logframe"); Outcomes Framework; Results Framework; Monitoring & Evaluation (M&E) Framework; or a Monitoring, Evaluation, Reporting, and Learning (MERL) System.

In a Metrics Framework, activities lead to outputs, which lead to medium- and long-term outcomes, which lead to impact. Outputs and outcomes can be direct results of an organization's investments, but long-term, systemic impact is typically the result of all the investments, along with other interventions and inputs, within a market over many years. It should be noted that, while colloquially impact investors call this entire process "Impact Measurement," what we are usually measuring are outputs and not doing full systemic impact evaluation.[7]

Once you have identified your main outputs, outcomes, and impact(s), you can begin to craft metrics that will help you evidence each of them. You might begin with custom metrics that evidence precisely what you are hoping to measure, or you might begin with industry-accepted metrics like those within the IRIS+ Catalog of Metrics. Given there are nearly 700 metrics in the IRIS+ Catalog, it is more than likely you should be able to pull directly from or align all your metrics to IRIS+. It is good to first get a sense of what metric you are looking for, and then search for the industry standard within IRIS+.[8]

For example, you may devise a metric called "Number of Affordable Housing Units Built." Searching in the IRIS+ Catalog, the closest result for this metric is "Number of Housing Units Constructed," IRIS Code PI2491. This metric, however, does not specifically count housing that is affordable; therefore, you would also use the metric "Percent Affordable Housing," IRIS Code PD5833, which allows you to also capture the units of housing that will be affordable to low-income families. The easiest way to develop a list of core metrics is to use the Framework Builder within IRIS+, which allows you to specify your impact theme and strategic goals, and then recommends a Core Metrics Set for each goal—effectively building your Metrics Framework for you.

7 For those investors interested in learning more about impact evaluation, please see J-PAL's Research Resources or BetterEvaluation's Impact Evaluation Series.

8 There may be some industry-specific metrics that are not represented in IRIS+, but the GIIN is actively adding to the Catalog and always accepting of metric submissions.

Our borrower Affordable Homes of South Texas, Inc. (AHSTI) provides home ownership opportunities and financial education to low-income residents of South Texas. As part of our IMM process, we measure the output of how many affordable homes AHSTI provides each year. Since its founding, AHSTI has provided over 3,800 affordable homes.

Darrell Brooks has been working with our borrower Capital for Change (C4C) to revitalize the Beulah Heights neighborhood in New Haven, CT. C4C's loans have helped create or maintain 2,550 housing units since 2016.

Monica and Manuel were able to find a safe, affordable home for their family after they immigrated from Puerto Rico to NJ. Our borrower CAPC helped them purchase a home and reduce their monthly mortgage. CAPC revitalizes between 50 and 75 homes each year, making quality improvements including energy efficiency upgrades.

Returning to our Impact Strategy example, the below **Sample Metrics Framework** illustrates how an investor might align their internal metrics with the core metrics in IRIS+.

Framework for Affordable Housing

Impact Strategy: Access to quality, affordable housing will help low-income families remain in their communities and increase family housing stability, leading to improved health, education, and economic outcomes.

Activity →	Output →	Outcome →	Impact
Nonprofit developers build affordable housing to increase pool of available housing	**Affordable housing units built** **Possible indicators:** ● # of affordable housing units built ● % of housing units built that are affordable to low income families	**Individuals and families housed** **Possible indicators:** ● # of individuals and families housed ● % of units occupied by low-income families **Longer-term metric:** ● % of residents that report increased satisfaction and stability	**Decrease in homelessness in a certain geographic area; decrease in reliance on subsidized housing in a certain geographical area** **Possible indicators:** ● % decrease in homelessness rate ● % decrease in reliance on subsidized housing
	Potential IRIS+ Metrics: ● Number of Housing Units Constructed (PI2491) ● Percent Affordable Housing (PD5833)	**Potential IRIS+ Metrics:** ● Individuals Housed (PI2640) ● Client Individuals: Total (PI4060) and related metrics ● Client Retention Rate (PI9319) ● Target Stakeholder (PI7163)	**Potential Metrics:** ● Total People Experiencing Homelessness ● People Using Federal Rental Assistance

For purposes of illustration, this Metrics Framework offers only a handful of metrics for our example Impact Strategy. However, if you are engaging in multiple activities or have multiple strategic goals, your Metrics Framework may include more outputs and outcomes, as well as additional impact indicators. Developing a Metrics Framework across multiple impact themes and goals is where the IRIS+ Framework Builder may be helpful.

This primer focuses on the initial stage of Impact Measurement—Plan to Collect Data. However, looking ahead to the later stage of data collection, we have included a Sample Impact Report Template in the Appendix (page 25), as well as further discussion in the next section.

TIP: You may find that the names of the specific IRIS+ metrics may be different from the ones you are using; however, if the definitions are the same, you can use these metrics to align with yours.

Qualitative vs. Quantitative Metrics

You may be wondering how and when to use both *quantitative* data—numbers, percentages, figures—and where *qualitative or narrative data* is useful. The below graphic helps you map out when to use the different types of data. Impact investors typically use qualitative data when collecting information on outcomes achieved and especially when an investor wishes to "dive deep" into one investment or a sample of investments in the form of a case study. Gathering qualitative data through interviews of end clients (e.g., the residents living in affordable housing) also allows an impact investor to gather important contextual evidence, such as a head of household's feedback on the rental application process or how their new apartment has benefited their family, helping to gather insights that the investor might not otherwise be able to collect—or know to ask—with quantitative data.[9] Qualitative data also aids in story telling—which is very important for Stage 4 of the Impact Measurement Process—Reporting Data.

Uses of Qualitative and Quantitative Data in a Metrics Framework

	Activity	Output	Outcome	Impact
Qualitative	Description of activity	Description of outputs	Case studies/ reports/publications describing outcomes	Qualitative evaluation of impact
Quantitative	Volume of activity delivered	Number of outputs delivered	Outcomes measured using quantitative indicators	Impact measured using robust measurement framework

ECLOF India, a subsidiary of our borrower ECLOF International, serves 1,700 women through 150 self-help groups in the South-Indian town of Kanchipuram. One of those groups includes women who earn a living making pottery. While their products continue to find a market as favorites in rural and semi-urban kitchens, the raw material clay can be increasingly difficult to source so most of these artisans must diversify their businesses to survive. They turn to ECLOF not only for credit, but also for advice on running their businesses. Mrs. Alamelu, pictured, belongs to a women's self-help group in Kanchipuram. ECLOF's financial support has enabled her to develop a pottery business and finance the education of her two sons.

9 There are ways to collect this kind of outcome data, discussed on the next page, using quantitative-based surveys and other methods; interview results can be coded to yield quantitative data as well as provide qualitative information.

Collecting, Analyzing, and Reporting Impact Data

Our borrower eco.business Fund financed Banco Davivienda in Costa Rica—a bank that financed Upala Agrícola, a company that grows and exports sustainable pineapples based on environmental best practices. Upala Agrícola grows pineapples on 6,000 acres and employs more than 950 people, making it the largest employer in the region. Approximately 38% of its land is allocated for conservation and used as biological corridors, allowing connectivity between habitats.

This section offers a high-level overview of **Stages 2 through 4** of the IMM process: **collecting, analyzing, and reporting impact data**. Some useful resources are highlighted.

Resources for Data Collection

Impact data collection can take many forms, including surveys, interviews, focus groups, mobile data collection, or even existing data sources such as apartment rental applications—in the case of the example we have been using throughout this primer. BetterEvaluation offers a comprehensive list as well as guidance on each way to collect data. Surveys are one of the most common forms of data collection. For example, Survey Monkey offers an easy-to-use introduction to survey best practices. The most important part of developing a survey is to test it before you send it: always share your survey with a colleague, or even a client, for a trial run, to make sure your language is easily understandable and will not be misinterpreted.

Calvert Impact Capital collects impact data in two main ways: through standard fund reports provided by our borrowers and custom Excel files that we generate and send to our borrowers. We have included a Sample Impact Report Template in the Appendix (page 25), based on our own impact report template.

Importantly, impact data collection does not always require active reporting from investees/borrowers, as there are many ways to use existing public and private data sources to gather impact data. In fact, many faith investors begin by collecting the impact data that is already available, and then working with their investees to identify additional impact metrics that they want to build into reporting. For more information on this process, see the Appendix (page 22).

Here are some examples of data sources that faith investors can start with—before asking for additional reporting from investees/borrowers:

- An investor may find investees' impact, quarterly, or annual reports on their websites, or these reports may be a part of standard investor reporting.
- ImpactAssets offers one of the most recognized free databases of impact investment fund managers. This annually updated list is a gateway into the world of impact investing for investors and their financial advisors, offering an easy way to identify experienced and emerging impact fund managers.
- Aeris offers a public CDFI Selector as well as subscription based CDFI ratings and reviews.

- Opportunity Finance Network (OFN) offers an annual "Side by Side" publication, a resource for comparing activities and performance across the OFN's CDFI membership.
- If the investee is a B-Corp, one can request a copy of their B Impact Assessment report from the investee.
- Financial statements can be used to assess the financial growth and sustainability of a company, which may be tied to your Impact Strategy. Additionally, for US nonprofit organizations, the IRS Form 990 also includes information on employees and top salaries, and can usually be found on an organization's website; via a platform like Candid (formerly Guidestar); or requested through the IRS.
- The GIIN will be launching the IRIS+ List, a detailed directory of impact investors and impact funds, their impact goals and strategies, and the industry standards they align with and/or report to.

Resources for Analyzing Data

Impact data can be analyzed at both an investment level and at a portfolio level. This means that you can dive deep into specific metrics and year-over-year trends for each individual investment you make, while also including annual and year-over-year data for core metrics that are common across all the investments in your impact portfolio. Faith investors can use simple tools like Excel or a more sophisticated database or platform, depending on your institution's needs and capacity. The GIIN offers sample dashboards based on industry-contributed impact data across four impact themes, which may offer faith investors ideas on how to analyze certain metrics across a portfolio. The Impact Frontiers' Impact-Financial Integration: A Handbook for Investors also offers examples of investment- and portfolio-level impact data analysis.

Resources for Reporting Data

Every faith investor—as well as every impact investor—will want to report impact data differently depending on the needs and expectations of their stakeholders and whether the impact report is for internal or external purposes. The IRIS+ system, for example, offers a database of impact reports you can refer to, which includes Calvert Impact Capital's latest impact report.

Additional impact report examples from faith institutions are offered below:

- Christian Super: 2019 Impact Report and Year of Impact 2020
- The Church Commissioners for England: Real World Impact
- Church Pension Group: Socially Responsible Investing
- Mercy Investment Services, including the Mercy Partnership Fund: Annual Accountability Report
- Praxis Mutual Funds: Real Impact Report
- Wespath Institutional Investments: 2019-20 Sustainable Investment Report

For more than 50 years, our borrower Chicanos Por La Causa (CPLC) has provided an array of bilingual and bicultural services to promote healthier and stronger communities. Today, CPLC impacts more than 306,000 lives through real estate management and investment, integrated health & human services, education, and economic development.

In 2018, CPLC announced a new at-home nursing program, AZRA, based at Casa de Primavera in Phoenix, AZ. The program sends nurses to provide preventative health care to people at home, like Jilberto who is pictured here. AZRA helps those who speak primarily Spanish, like Jilberto, receive preventative care and navigate the intricacies of the healthcare system. CPLC's home healthcare program greatly improves health outcomes, helping avoid costly and stressful emergency room visits by bringing bilingual care to people like Jilberto.

Other IMM Tools

There is an abundance of impact measurement and management tools, frameworks, and resources available to faith investors to use along each stage of their IMM journeys, appropriate for both novice and seasoned impact investors. However, the breadth of information available may be challenging to initially navigate.

While many of these standards are appropriate for investors with a more advanced IMM practice, there are still some IMM tools that faith investors in the earlier stages of IMM can use. Below, we have highlighted several tools that Calvert Impact Capital uses, as an example. This list should not be considered comprehensive, but illustrative of the tools we expect may be useful for faith institutions.

To identify which tools may be most useful to your IMM practice, we have categorized them *by the stage of the Investment Management Lifecycle* in which they can be used. We have already referenced resources from the GIIN and IRIS+, SDGs, B-Lab, and Aeris throughout this document. In this section, we will walk through several other tools you can use along your IMM journey: The Impact Management Project's (IMP) ABC Framework and 5 Dimensions of Impact, the Impact Frontiers' impact due diligence tools, and the Operating Principles for Impact Management.

IMM Tools to Utilize Across the Investment Management Lifecycle

The Global Impact Investing Network

UN Sustainable Development Goals

Impact Measurement & Management for the SDGs

Impact Frontiers

Aeris

Interfaith Center on Corporate Responsibility

Impact Management Project

IRIS+

HIPSO and the Joint Impact Indicators

Operating Principles for Impact Management

BlueMark

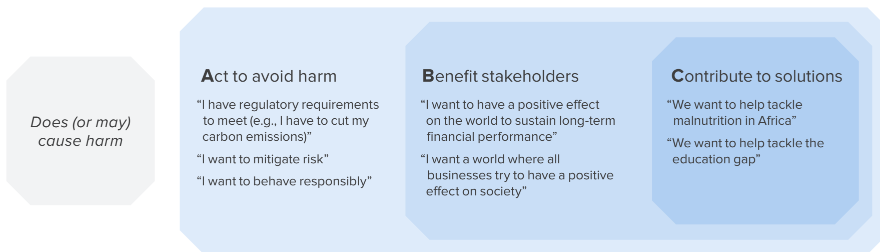
Calvert Impact Capital's Success Stories and Strategic Plans

TIP: **Commentary on the Landscape of IMM Tools**
The IMP Structured Network (IMP), a collaborative of standard-setting organizations, is coordinating efforts to provide complete standards for corporate disclosure and impact measurement, management, and reporting. IMP has outlined the key sustainability standards and built a website, launching in fall 2021, to help investors and companies navigate these standards. If your IMM practice is in the intermediate or more advanced stage, or if you are interested in learning about more sophisticated IMM tools, we encourage you to visit their Impact Management Platform.

IMP's ABC Framework

The IMP has built consensus around investor motivations and how to express those motivations across three intentional strategies: **A**ct to avoid harm, **B**enefit stakeholders, and **C**ontribute to solutions. Most, if not all, impact investments would fall into the **C** category. Additional guidance on how to use this framework, as well as apply the framework in alignment with the five dimensions, is outlined on the IMP's website and below.

Enterprises' intentions relate to three types of impact: A, B, or C
Illustrative example



Source: Impact Management Project

IMP's 5 Dimensions of Impact

Over the last several years, the IMP has also reached consensus that **impact can be measured across five dimensions**:

The IMP reached global consensus that impact can be measured across five dimensions: What, Who How Much, Contribution and Risk

Impact dimension	Impact question each dimension seeks to answer
What	• What outcome is occurring in the period? • Is the outcome positive or negative? • How important is the outcome to the people (or planet) experiencing them?
Who	• Who experiences the outcome? • How underserved are the affected stakeholders in relation to the outcome?
How Much	• How much of the outcome is occurring - across scale, depth and duration?
Contribution	• Would this change likely have happened anyway?
Risk	• What is the risk to people and planet that impact does not occur as expected?

Source: Impact Management Project

These five dimensions can help faith investors categorize impact—and therefore impact metrics—and can be integrated into your Metrics Framework as a categorizing tool. The five dimensions help identify whether all your metrics are related to the same dimension of impact and whether you are missing any dimensions. For example, many of the industry's output metrics tend to be in the What category, and many outcome metrics tend to be in the How Much category. If an investor did not use each of the five dimensions, they might not realize that they are missing critical Who, Contribution, or Impact Risk metrics. Additional guidance on how to use the five dimensions is available on the IMP's website, and the GIIN offers a guide on aligning IRIS+ and the Five Dimensions of Impact.

TIP: If you use the IRIS+ Framework Builder mentioned in the previous section, the widget will recommend a Core Metrics set categorized by the five dimensions of impact.

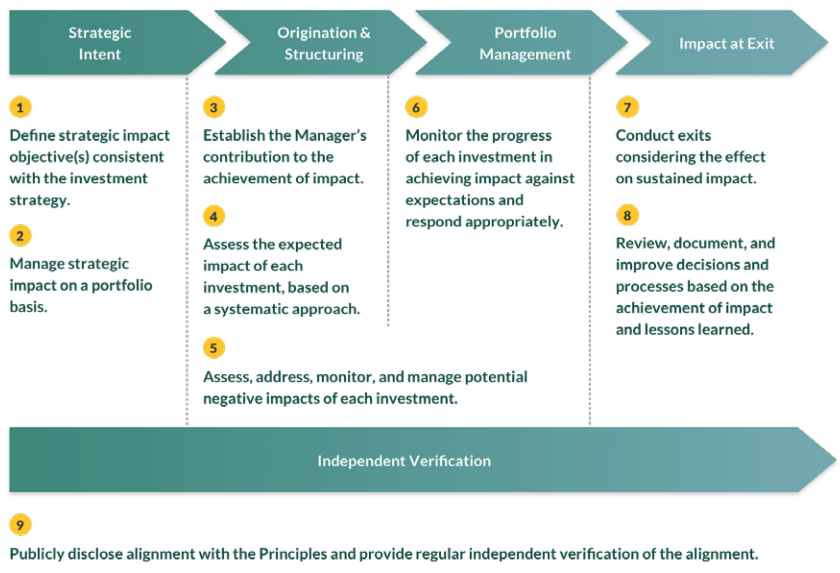
Impact Due Diligence and Impact Frontiers

Impact Frontiers, an initiative of the IMP, is a learning and innovation collaboration developed with and for asset managers, asset owners, and industry associations, whose mission is to catalyze and accelerate investors' integration of impact alongside financial risk and return into their investment practices. Impact Frontiers began with a collaborative of 13 impact investors, including Calvert Impact Capital, to test impact due diligence and other IMM tools and disseminate lessons learned and insights for other investors' benefit. As part of the initial collaborative effort, the Impact Frontiers group published Impact–Financial Integration: A Handbook for Investors, as well as articles and case studies, to help other investors adopt this approach.

These resources are likely the most appropriate for those faith investors moving from the Impact Strategy stage of their journey to Screening and Due Diligence,[10] and those who want to develop robust impact due diligence tools such as an impact rating system or impact scorecard.[11] Additional resources on how Calvert Impact Capital operationalized the Impact Frontiers approach can be found on our website.

Operating Principles for Impact Management

The Operating Principles for Impact Management (Impact Principles) are a set of impact management best practices designed to promote impact integrity and increase transparency in impact investor reporting. They are a framework that faith institutions can refer to in designing and implementing their IMM Plans, ensuring that impact considerations are integrated throughout the investment lifecycle.



If an investee or prospective investee is a Signatory, faith investors can also review the investee's annual Impact Principles disclosure statement as part of their due diligence. As an example, Calvert Impact Capital is a founding Signatory to the Impact Principles and we publish our annual Disclosure Statement on our website.

TIP: Some of these tools, such as Impact Due Diligence and the Impact Principles, are more appropriate for investors with an advanced or very advanced IMM practice. We offer them as an option and to ensure faith institutions are knowledgeable of the industry best practices, but these should not be considered required tools to use, nor an exhaustive list. **The most important step is to get started at whatever stage of the IMM journey you are on, and incorporate whichever IMM tools you find are the most appropriate for your faith institution.**

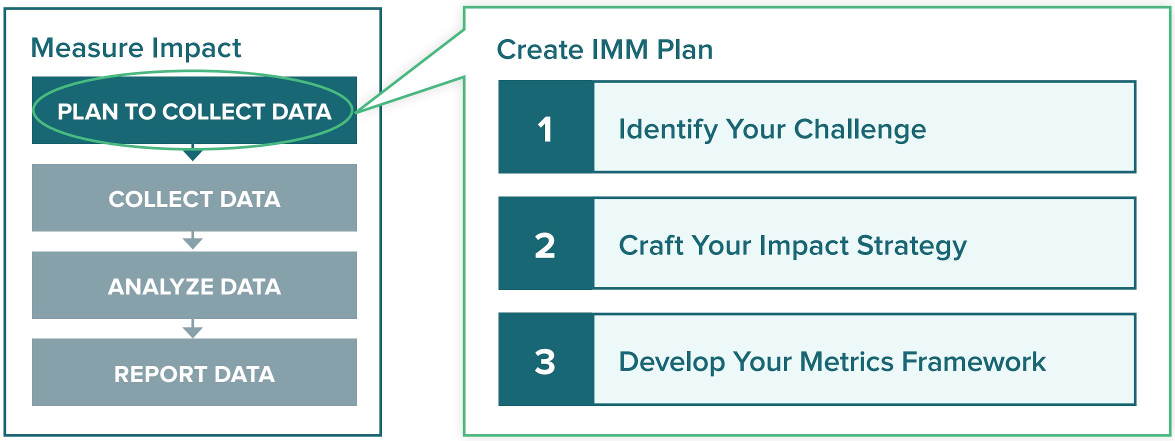
10 Please reference the Appendix for a detailed walk-through of the stages of impact measurement and how they fit within the overall investment management lifecycle.

11 Calvert Impact Capital's guide, "Building an Impactful Faith Portfolio: A Foundational Guide to Impact Investing for Faith Institutions," also details practical investment and IMM guidance for implementing an Impact Strategy.

Conclusion

This primer covered **the four stages of impact measurement, primarily focusing on the foundational first stage**: how to create an IMM Plan, which included a Problem Analysis, Impact Strategy, and Metrics Framework. We also offered tools for Stages 2 through 4—Collect Data, Analyze Data, and Report Data. Additionally, we shared industry best practices and frameworks to consider incorporating as you continue your IMM journey.

In summary, creating an IMM Plan takes three steps:



We hope this primer has helped demystify the practice of impact measurement and management and encourages faith investors to develop an active IMM practice, no matter where they are in their impact journey. The most important thing to keep in mind is that **IMM is an iterative process** based on your organization's readiness and resources. Embrace learning as you go, test your assumptions with your investees, portfolio manager(s), investment committee, and/or your financial professional(s) and keep both the problem and your solution close to heart. **By investing with your faith values and measuring the impact your investments create, you can realize your goal of investing for a more just, equitable, and sustainable world**.

We are here as a resource for faith investors and look forward to connecting with you:

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Director of Faith-Based Initiatives

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301.280.6009

Learn more:

calvertimpactcapital.org/faith

Calvert Impact Capital

Calvert Impact Capital makes impact investable. We've helped more than 19,000 individual and institutional investors and hundreds of financial advisors get involved in impact investing through our Community Investment Note®, Syndications Services, and more.

Appendix

FAQs

1. How do I implement an Impact Strategy within my portfolio?

Please refer to our guide, "Building an Impactful Faith Portfolio," which is written for faith institutions and their financial decision makers—chief investment officers, finance staff, investment committee members, and financial professionals—seeking to incorporate impact investments with an Impact Strategy into their portfolios. In the guide, we highlight how to establish an Impact Strategy and integrate it into investment policies and due diligence/sourcing questions. The guide includes many resources and examples from fellow faith investors and impact experts.

For those faith investors looking for an introduction to impact investing, please refer to our short guide, "Advancing Faith Values Through Impact Investing."

2. What are some industry frameworks and best practices I can reference?

Industry frameworks and best practices can be found in Other IMM Tools (on page 18). Additionally, the IMP Structured Network and the GIIN both offer resources for investors to navigate additional frameworks and tools to support them along their impact investing journeys, including resources and working groups on how to navigate the new European regulatory requirements under the EU Taxonomy and the Sustainable Finance Disclosure Regulation (SFDR).

3. How many impact metrics should I use?

How many impact metrics an investor should use entirely depends on the challenges an institution seeks to address through its investments, as well as its Impact Strategy; the research and evidence base for the challenge being addressed; and an institution's operational capacity. If you are just starting out with IMM, you may want to limit to less than 5 or 10 impact metrics and may focus on impact metrics that are most appropriate for each investment you make. Alternatively, you may decide to only use impact metrics that are relevant across a set of investments.

If your institution has a more advanced IMM practice, as well as historical data from your portfolio, you may decide to use more impact metrics. We would recommend you refer to the GIIN's IRIS+ Use Cases, which not only outline how several impact investors use a variety of impact metrics, but also how they use the IRIS+ system. Calvert Impact Capital's IRIS+ Use Case outlines our Primary and Secondary Impact Metrics Framework, based on IRIS+ Core Metrics Sets. It demonstrates how we use dozens of metrics customized to each of our borrowers, but are also able to collect data that we can aggregate across our diverse portfolio.

4. How do I ask my investees/borrowers to report impact data?

It is likely that a faith institution, as any investor, has a unique relationship with each investee/borrower in its portfolio. Therefore, you may decide to approach impact reporting with each specific investee in mind. We recommend starting with a conversation on what impact reporting the investee already does, in alignment with their own Impact Strategy. We also recommend beginning this conversation during the due diligence stage and including an impact reporting requirement in legal agreements.[12] However, if you have already made an investment, it is always an important step to simply ask your investee what impact reporting might be feasible for them; chances are, they already prepare an internal or external impact report that they can share with you.

We have provided a Sample Impact Report Template (page 25), which investors may use as a starting point.

5. How do I align the impact metrics I want with what my investee can report?

As mentioned above, we recommend starting a conversation with your investee(s) about what impact data they already collect, how they identity and define their impact metrics, and how that aligns with their Impact Strategy. Through this conversation, you may learn that the investee already collects data for the impact metrics you are looking for, and/or you may identify opportunities to introduce one or several new impact metrics that your investee had not previously considered. Beginning with a conversation also allows you to identify an opportunity for your investee to use a similar reporting format that they may use for other investors, therefore alleviating any additional reporting burden.

6. How do I ensure my investees are reporting quality impact data?

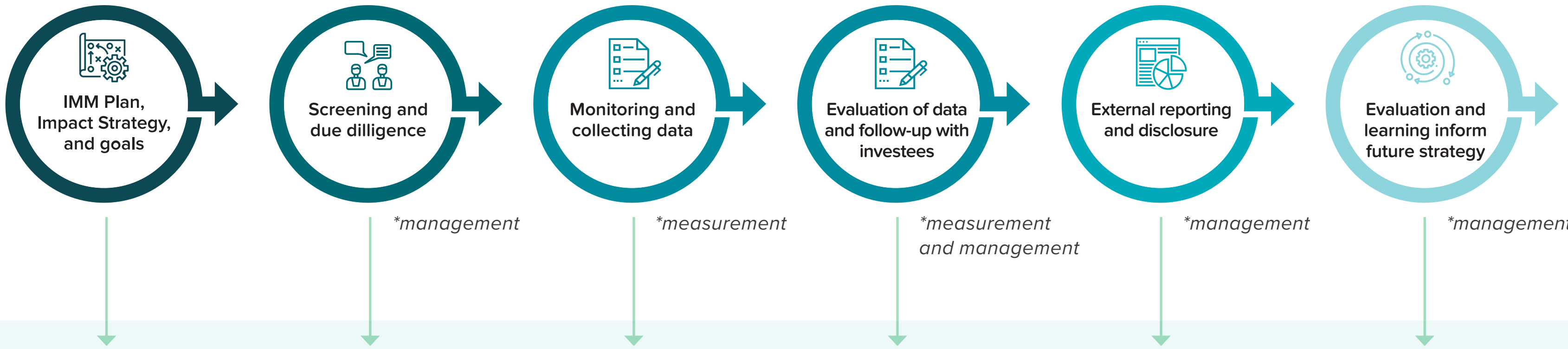
It is important to ask investees how they are collecting data, a question most easily asked during the due diligence stage of the Investment Management Lifecycle. You might ask to see a sample of an application form, survey, or other data collection method they use for their clients. Additionally, many asset managers are using tools such as those provided by 60 Decibels, a firm that collects data directly from stakeholders, or even blockchain, which converts non-financial value such as impact data into digital tokens that can be tracked across a supply chain. Additionally, it is always important to quality check the data you receive; you can compare it to your initial projections, data reported in prior years, or even data reported by other investees.

7. How do I compare impact data across a diverse portfolio, impact strategies, and/or asset classes?

Comparing and benchmarking impact data, particularly across strategies, will likely need to be tailored to each institution's specific portfolio and use case. Thankfully, there are many resources to support faith investors along this journey; specifically, the IRIS+ Use Cases and the Impact Frontiers resources provide a wealth of information and examples to draw upon. Additionally, the Calvert Impact Capital team is always here as a resource. Please feel free to reach out.

12 For additional insight into how to incorporate impact into legal documentation, see Calvert Impact Capital's "Gender Lens Investing: Legal Perspectives." While the report focuses on gender requirements and impact reporting, the insights can be applicable beyond gender.

Roadmap to Creating and Implementing an Impact Strategy and IMM Plan



IMM STAGE	**IMM Stage 1: IMM Plan**	**Implementing IMM Plan**	**IMM Stage 2: Collect Data**	**IMM Stage 3: Analyze Data**	**IMM Stage 4: Report Data**	**IMM Stage 5: Refine IMM Plan**
FOR MORE INFORMATION	*This IMM Primer and our Impactful Portfolio Foundational Guide*	*Impactful Portfolio Foundational Guide*	*IMM Primer*	*IMM Primer*	*IMM Primer*	*IMM Primer*

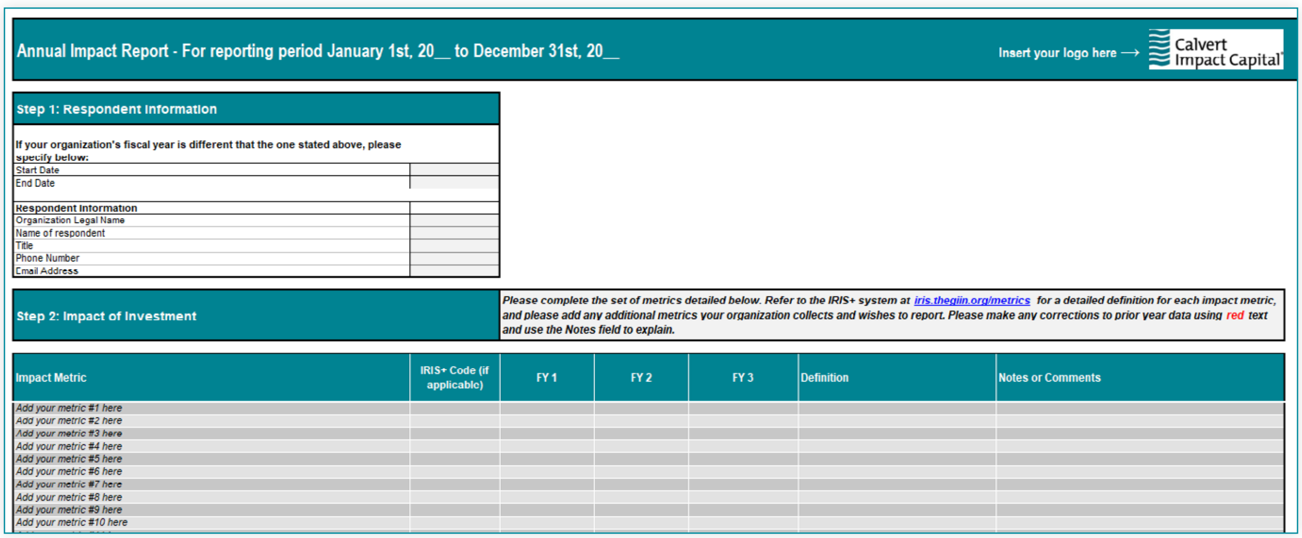
Sample Impact Report Template

We have included a sample impact report template, based on the impact report template that Calvert Impact Capital uses with its borrowers. Note that Calvert Impact Capital strives to use IRIS+-aligned metrics wherever possible, so the IRIS+ code and definition are typically included in the report template. Calvert Impact Capital also provides data the borrower has submitted in prior years, and keeps them in the Notes field.

Calvert Impact Capital also typically requests demographic data on borrowers' Board of Directors or owners, senior leadership team, staff, and clients. These demographic groups are based on US Department of Labor, US Bureau of Labor Statistics, and US Census categories, but are customized based on experience with our borrowers.

For example, our report template includes both race and ethnicity in the categories, although US Census surveys separate out race and ethnicity; thus, we do not expect all percentages to add up to 100% across the race and ethnicity categories. Additionally, we include income breakdowns for clients served, and request the borrower respond using the definitions for income brackets that they use internally. If we are working with the borrower to introduce this demographic dimension into their own impact data collection procedures, then we typically recommend the income brackets used by the US Department of Housing and Urban Development.

Click on the image below to access the template.



Annual Impact Report - For reporting period January 1st, 20__ to December 31st, 20__

Insert your logo here → Calvert Impact Capital

Step 1: Respondent Information

If your organization's fiscal year is different that the one stated above, please specify below:

Start Date	
End Date	
Respondent Information	
Organization Legal Name	
Name of respondent	
Title	
Phone Number	
Email Address	

Step 2: Impact of Investment

Please complete the set of metrics detailed below. Refer to the IRIS+ system at iris.thegiin.org/metrics for a detailed definition for each impact metric, and please add any additional metrics your organization collects and wishes to report. Please make any corrections to prior year data using red text and use the Notes field to explain.

Impact Metric	IRIS+ Code (if applicable)	FY 1	FY 2	FY 3	Definition	Notes or Comments
Add your metric #1 here						
Add your metric #2 here						
Add your metric #3 here						
Add your metric #4 here						
Add your metric #5 here						
Add your metric #6 here						
Add your metric #7 here						
Add your metric #8 here						
Add your metric #9 here						
Add your metric #10 here						

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