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The social side of impact investing: Measurement and the interconnections

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Love and light.

Abstract

This qualitative study investigated the social side of social impact investing, its measurement and interconnections. The study delved into the motivations, measurement and challenges confronting organizations in the social impact investing environment. Semi-structured computer-aided interviews along with publicly available information on the measurement of social impact have been employed to collect data from eleven NPOs and one NGO.

The thematic qualitative analysis revealed that the motivations for measuring social impact are to make some social difference, understanding performance of their own organisation and economic factors like funding. It was also shown that the measurement of social impact is critical to these organisations. Familiarity with measurement tools and having the right expertise to perform measurement and reporting are vital to success. The challenges associated with social impact investing were many, however, they could be aggregated to lack of funding, deficiency of measuring skills and the impact of Covid-19 which resulted in funds being diverted from the NPOs and NGOs to Covid relief efforts. The findings highlight the importance of collaboration or interconnections amongst the various role players (Government, Donor Organizations, Communities and Beneficiaries) in the social impact investing space in order to maximize their impact and optimize synergies.

The study shows that not all social impact investors measure their impact and the international measurement tools are seldom utilised. Some develop their own simple measures or followed metrics imposed on them by donors. Research underscores the importance of measuring social impact. Measurement can aid those working in the social impact to identify the changes in society. It can benefit investors to identify whether their investments are having the intended outcome. The study elucidates the myriad of challenges facing social impact investors such as inadequate funding, lack of extra revenue streams for their sustainability, stringent donor requirements, and lack of uniform measuring tools and policy guidelines amongst others. The research gives new insights on the motivations of NPOs; underscores the criticality of measurement, highlights challenges and makes recommendations that will have positive effect on the social impact industry in South Africa.

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Glossary of terms

<u>Glossary of Terms</u>	
AIM	Actionable Impact Management
CCIs	Comprehensive Community Initiatives
CIPP	Context, Input, Processes and Products
DFI	Development Finance Institution
ECD	Early Childhood Development
EIA	Environmental Impact Assessment
GBV	Gender Based Violence
GIIN	Global Impact Investing Network
GPI	Global Peacefulness Index
IA	Impact Assessment
ICT	Information and Communications Technology
IFC	International Finance Corporation
IMM	Impact Measurement and Management
IMP	The Impact Management Project
IPR	Interview Protocol Refinement
KPI's	Key Performance Indicators
NDP	National Development Plan
NGOs	Non-Governmental Organizations
NPO	Not for Profit Organizations
R	Respondent
RMEL	Research, Monitoring & Evaluation and Learning
ROI	Return on Investment
SA	South Africa
SDG	Sustainable Development Goals
SI	Social Investments
SIA	Social Impact Assessment
SMART	Specific, Measurable, Achievable, Realistic and Time-bound
UCT	University of Cape Town
UCT GSB	University of Cape Town Graduate School of Business
UNDP	United Nations Development Programme

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1. Introduction

1.1 Introduction and background of the study

This is a qualitative study that examines social impact investing, its measurement and interconnections in the Non-Profit Organization (NPO) and Non-Governmental Organization (NGO) sector in South Africa. The focus of the research will be on why and how NPOs and NGOs measure impact and the associated challenges.

The world over is plagued with social challenges that require impact investments from humanitarian organizations and philanthropists. It is also not easy for humanitarian organizations and philanthropists to do their work in the context of challenges faced by African countries; whilst balancing social value and financial returns.

Cohen and Bannick (2014) highlights poverty, homelessness, crime, unemployment, illiteracy, poor public services, safety and security as challenges manifesting themselves in developing countries, and even the wealthiest of nations. One of the pervasive chronic challenges in developing countries is corruption (Mitchell, 2017). All of these challenges provide the motivation for why the NGO and NPO sector exists.

In this context, a society's ability to take care of its most vulnerable is certainly a measure of its humanity. As a globe we need to begin to think of ways to solve societies most critical and urgent issues which pertain to social, environmental and governance issues. Social investment is no longer conceptualized merely as "doing good," in the sense of providing needed social assistance, but also involves "doing well" vis-à-vis bringing a profitable return on the initial investment. In the language of the G8 Forum this was framed as "the use of finance to tackle entrenched social issues;" in the words of Big Society Capital, the UK bank set up to facilitate it, the importance of return on investment (ROI) was made even starker: "social investment is the provision of finance to generate social and financial returns" (Mitchell, 2017).

This requires that we look closely at impact investment, how it is measured and what value it creates for society along with the financial returns for investors. If rich countries and rich people

can begin to share the fruits of their wealth and knowledge, we can begin to change how the general populace live and experience life all over the globe.

Impact investing can be defined as “investments made into companies or organizations with the intent to contribute to measurable positive social and environmental impact alongside financial returns” (International Finance Corporation, 2018). It is a way in which we can begin to address societies most pertinent questions. Mitchell (2017) says in order to generate social and financial returns it is necessary to know exactly what those returns are and how to measure them. So & Capanyola (2016) assert that measuring an investment’s social effect is important, that measurement can help organizations make better decisions and communicate their value, and that financial returns should be balanced with social returns.

The measurement of impact investment can indicate whether there is social change after the initial investment, and it can also assist decision-makers to re-think their investment strategies. Investors use impact measurements for different objectives in different parts of the investment cycle, and methods for measuring impact vary based on the objective. These objectives fall into four main phases. Firstly, investors work on estimating impact, conducting due diligence to assess the potential social return before committing to an investment. Secondly, then comes planning for impact, choosing the metrics and data collection methods that the investor will use to monitor a program’s effects. Thirdly, once the program is underway, investors and investees focus on monitoring impact, measuring and analysing impact throughout the life of the investment to track the intervention’s effects. Fourthly and finally, sometimes investors turn to evaluating impact, measuring an investment’s social consequences after the program concludes to assess portfolio performance and next steps for the investor, including re-investment (So & Capanyola, 2016).

Foundations and philanthropic organizations, development finance institutions, and specialist impact fund managers were the pioneers of impact investing (International Finance Corporation, 2018). This has been done to look at how matters of social, economic or environmental can be addressed. It is important to see that all of these are interlinked and affect the society we live in.

Exploring the social impact of impact investment is valuable as it will bring together the existing knowledge and identify where some of the gaps are and where further work can be

done. Impact investing is not the work of governments alone, it requires a collaborative approach amongst various stakeholders in the private and public sector if we are to solve social ills confronting society effectively and efficiently.

1.2 Research Problem and Questions

The social side of impact investing is about bringing about fundamental changes in the lives and livelihoods of those targeted such as better housing, health, education, employment, crime-free society, financial inclusion, better environment, food security for all, and a stable energy for the country (Impact Investing South Africa, 2021).

South Africa as a developing country is seized with many social challenges as alluded to above, these affect the citizenry. Government, non-governmental, community-based organisations and faith-based organisations all collaborate to finding solutions to these problems.

The World Report (2019) from the Human Rights Watch organization cites corruption, poverty, high unemployment, and violent crime as constraints that prevent South Africans from enjoying their freedoms and rights to the full. Budget cuts to health and education services also compromised quality and access to these rights (Roth, 2019).

The challenge of measuring social impact is relatively new in South Africa. The social impact investing market wants to make deliberate social impact, however, lacks effective measurement tools to do so. Without effective standardized measurement tools, positive change will remain a pipe dream (Harder, 2019).

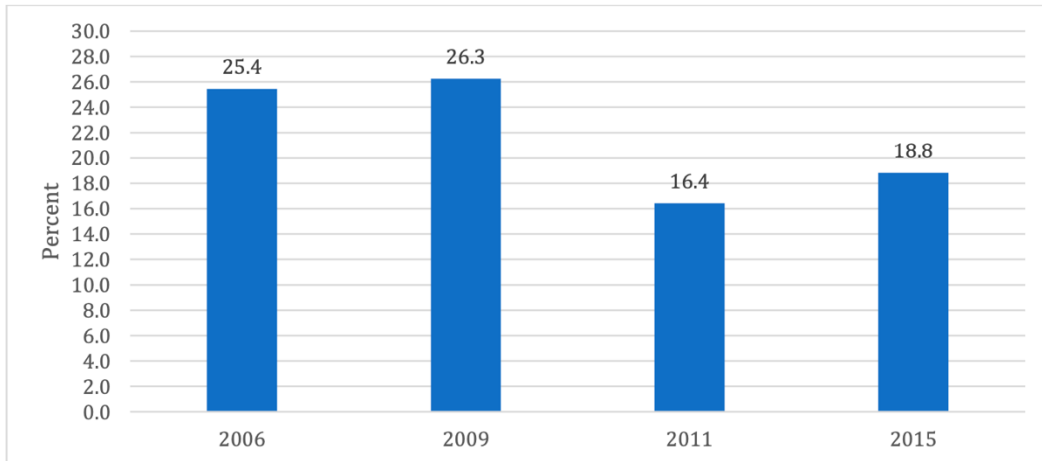
To set the stage on the challenges facing South Africa, I will now discuss inequality and poverty while the rest of the contextual issues affecting the country will be discussed in the literature review. It bears noting that South Africa comes from an apartheid history and since 1994 there has been a lot of progress in improving the living condition of its citizens. This has been done through democratic governance. This has meant those who were formerly excluded now have access to basic services like water and electricity. The Sustainable Development Goals (SDGs) provide South Africa with a blueprint on how to navigate its social challenges. South Africa in 2015 had a Gini coefficient of 0.64 which makes it one of the most imbalanced countries in the world. In the same year the living conditions survey (LCS) showed that more than 1 out of every 5 adults were living below the food poverty line. Whilst about 33.8% were living below

the lower-bound poverty line and around 40% were living below the upper-bound poverty line (Statistics South Africa, 2019).

There are more than 30.4 million South Africans who are living in poverty. South Africa is experiencing a number of social and economic migrants. This has resulted in increased pressure on the social services as they must deliver services for both nationals and non-nationals. Although the country has a large number of economic migrants it still has very high levels of poverty. The challenge of poverty is experienced more by females than males. There is 41.7% of the female population living below the lower-bound poverty line and for males this statistic sits at 38.2%. The latest research showed that 7.4 million people reported experiencing hunger in 2016 (Department of Social Development, 2019).

The main objective of the National Development Plan (NDP) is to ensure that all South Africans enjoy the rights and privileges enshrined in the Constitution. The NDP measures of a decent standard of living include access to “housing, water, electricity and sanitation; safe and reliable public transport; quality education and skills development; safety and security; quality health care and universal health coverage; social protection; employment; recreation and leisure; clean environment and adequate nutrition”. The NDP wants to eliminate poverty in all its forms and that is in alignment with SDG 1. SDG 1 is no poverty; it aims for social protection of the poor and vulnerable. Poverty in South Africa has been exacerbated by pre-1994 era which in the main was characterized by segregated spatial development, education system and health services available to society. South African blacks are the most vulnerable to poverty. South Africa has developed pro-poor development policies. These have included Basic Conditions of Employment Act, employment tax incentives and sectoral minimum wage laws, all of these aim at addressing poverty and leveling the playing field in the workplace. Although the government tries to intervene at different levels to alleviate poverty, poverty persists. This is largely due to the fact that poverty is multifaceted and multi layered. There are many ways to measure poverty. South Africa uses both local and internationally developed measures. Figure 1 below is a depiction of the population who are experiencing extreme poverty from 2006 to 2015 (Statistics South Africa, 2019).

Figure 1: Percentage of South African population below international poverty line

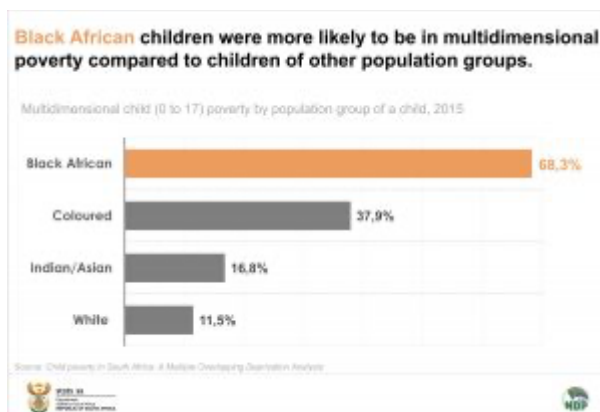


Data sources: IES 2006, LCS 2009, IES 2011, LCS 2015, Stats SA

Source: (Statistics South Africa, 2019).

Statistics South Africa reports that sixty percent of children in South Africa are affected by multidimensional child poverty. Multidimensional child poverty is characterised by a deprivation of at least three of the seven measurements of poverty, namely “Health, Housing, Nutrition, Protection, Education, Information, Water and Sanitation”. Multidimensional poverty affects different races differently in South Africa as the below figure 2 illustrates (Statistics South Africa, 2020).

Figure 2: Multidimensional child (0-17) poverty by population group of a child



Source: (Statistics South Africa, 2020).

In a conference in Italy in 2007, the Rockefeller Foundation gathered investors, entrepreneurs and philanthropists. At this conference they asked participants to contribute capital for social and environmental benefit and the term impact investing was coined. Impact investing sits on a continuum with socially responsible investing on the one extreme and venture philanthropy on the other. At the core impact investing has a two-fold aim, to achieve positive social and environmental outcomes alongside financial ones (Judith & Brandenburg, 2014).

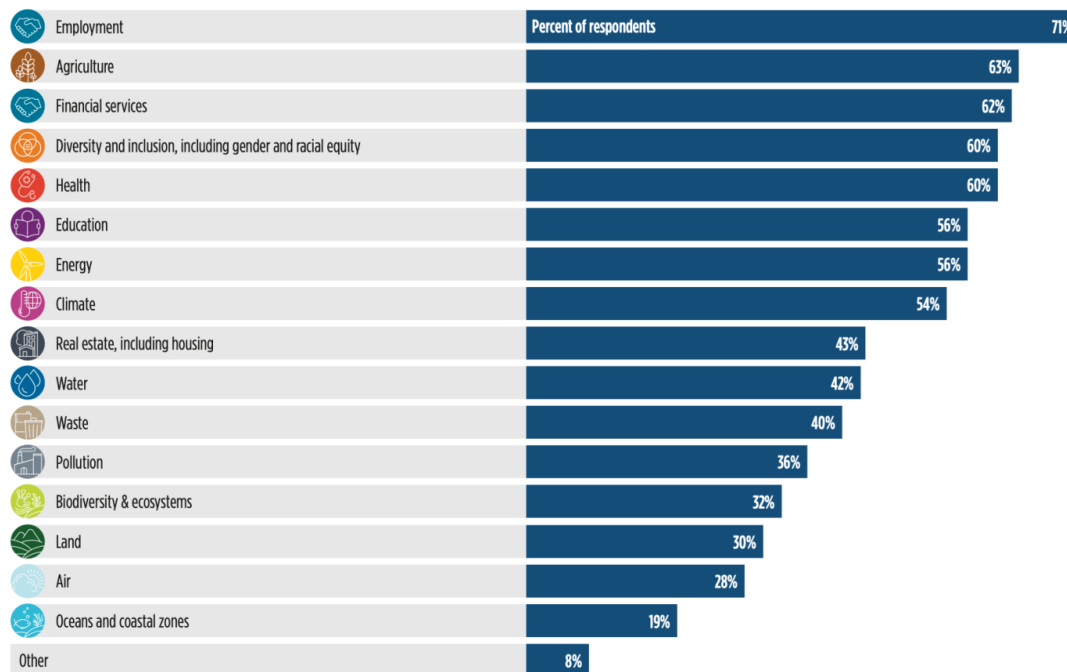
Social impact is often times complex, multilevel, multidimensional and its measurement challenging. Firms, corporations and governments have put some measures in place to measure social impact, for instance, corporate social responsibility reporting and measures of national well-being or happiness. Social impact in social finance is agreed as: “Significant changes in the wellbeing of key populations, whether intended or unintended, brought about by the allocation of social investment capital, going beyond what would otherwise have been expected to occur” (Nicholls et al., 2015).

There are three fundamental reasons for the measurement and reporting of social impact, namely, outside accountability to investors, inside strategic planning and decision making, and assessing the holistic impact of an investment (Nicholls et al., 2015).

It can be seen from the (Global Impact Investing Network (GIIN), 2020) that there are target impact categories that investors are targeting at varying percentages with employment being the highest amongst the targeted impact categories, these are aligned with Iris. There are notable cases that overlap when investors are targeting an impact category, for example, there are overlaps in health and education and health and housing. In essence these impact categories will usually have an impact on each other. This can be a tool for people working in social impact to align themselves to the SDGs and aid in their strategic planning and decision making. It can be observed from these target impact categories that there is a huge need for social impact investing in various categories and work is being done in each of these areas. The figure 3 below depicts these target impact categories.

Figure 3: Target impact categories

n = 278; respondents could target multiple impact categories.



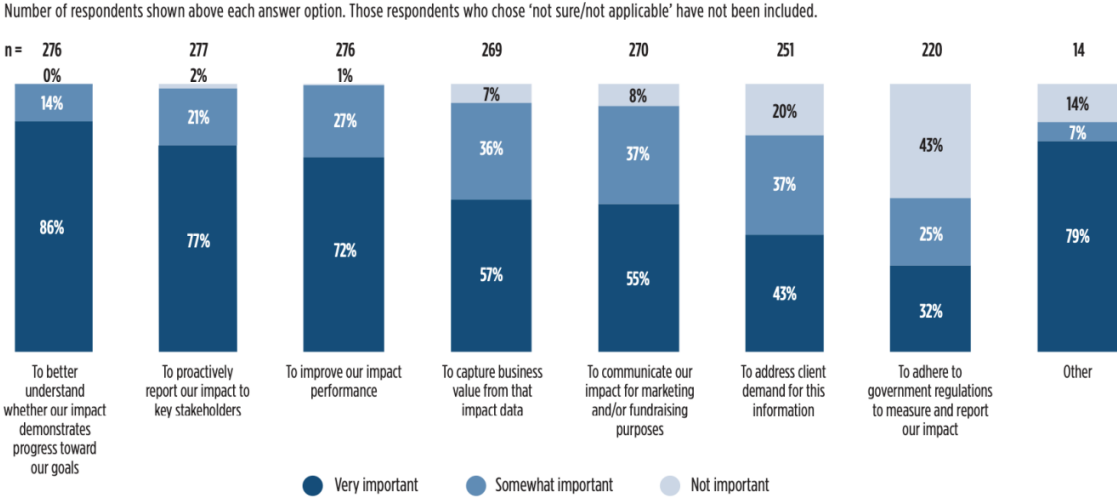
Note: These impact categories are aligned to IRIS+. 'Other' impact categories include telecommunications, logistics, human rights and immigration, arts & culture, government effectiveness, urban mobility, forestry, technology & ICT, fisheries, SME financing, disaster relief, and broader SDG alignment.

Source: GIIN, *The State of Impact Measurement and Management Practice, Second Edition*

Source: (Global Impact Investing Network, 2020).

GIIN has also shown reasons for why Impact Measurement and Management (IMM) is done from a respondent's perspective. When asked to rate the importance of several motivations in respect of impact and financial return; the investors sampled found it 'somewhat important' to understand that their impact showed progress relative to their goals (GIIN, 2020). Proactively showing their impact to their stakeholders has been seen as a very important motivation for measuring and managing impact. (Nicholls et al., 2015) says this is critical to addressing outside accountability to investors. This can be seen in figure 4 below along with other motivations.

Figure 4: Reasons for measuring and managing impact

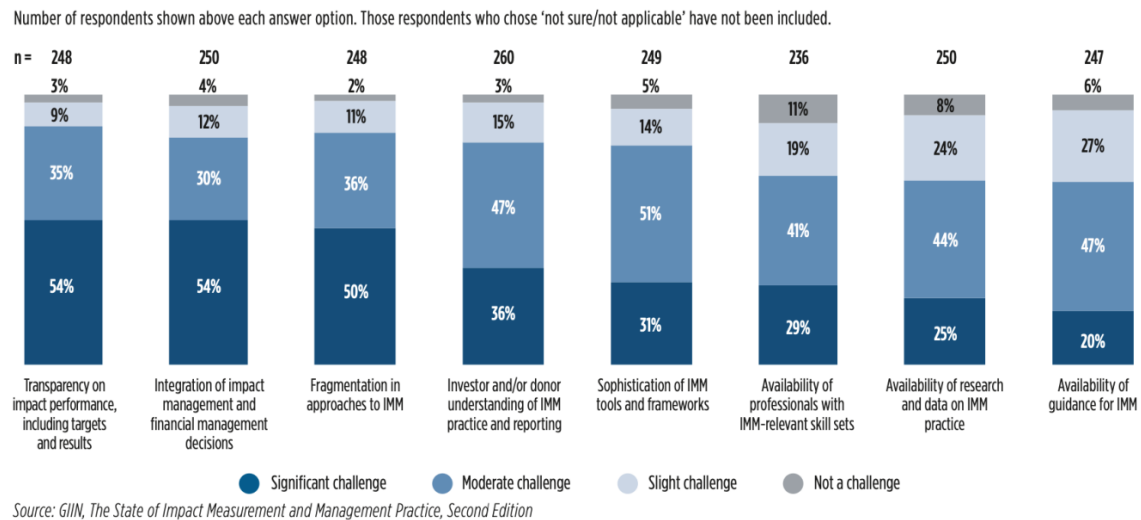


Note: 'Other' motivations include to adhere to certification schemes, to demonstrate the value of a dual mission, to gather data on impact progress, and to promote learning and awareness.
 Source: GIIN, *The State of Impact Measurement and Management Practice, Second Edition*

Source: (GIIN, 2020).

The three most significant challenges still facing IMM today are “transparency on impact performance including targets and results, integration of impact management and financial management decisions and fragmentation in approaches to IMM”. Figure 5 below depicts the problems in the sector (GIIN, 2020).

Figure 5: Significance of remaining challenges in IMM practice



Source: (GIIN, 2020).

These issues raised above all talk to the South African human condition. This human condition is what creates the urgency to address these matters and shows why they are so important to solve. The motivation lies in the deep need to find solutions. History will judge us on how we have taken care of our most vulnerable. Looking at the social side of impact investing is an opportunity to look at social ills and how impact investing can be used to shift the needle. Knowing how to adequately measure this and gain insights on the challenges and how to address them will go a long way in being able to address these issues as a collective. It is important that South Africa continues to attract investors who will make a difference in the lives and livelihoods of South Africans.

The study will add value by giving prominence to key social areas for impact investment in the geographic context of South Africa. Social impact investing is a wide area of activity determined only by the interest of the investors, economic growth prospects in the intended country, political, social and educational opportunities in the investing country. These, even to investors are unknowns, and require focussed critical research to unearth. This study will focus on fundamental questions of social impact investing exploring NPOs and NGOs in terms of the below.

- a. What are the motivations for social impact measurement?
- b. How is social impact being measured?
- c. What are the challenges associated with social impact investing?

1.3 Research objectives and/or hypotheses

The main purpose of this research is to examine social impact investing, its measurement and the interconnections. The main challenge of social impact investing is not how it's defined, as there seems to be consensus around the definition, but the plethora of tools for measuring impact across countries, organizations and individuals. The study will address:

- a. to explore the motivations behind the measurement of social impact.
- b. to investigate how social impact is measured.
- c. explore the challenges associated with social impact investing.

1.4 Scope and Justification of the study

If we want to achieve the shared global vision towards sustainable development, we will have to rely on external investors to achieve growth at scale. Most of the resources needed are going to come from the private sector (Castellas & Ormiston, 2018). It is therefore crucial that as the development sector we dedicate ourselves to better understanding the impact we search for. The SDGs have gone a long way in this endeavour, however, they need to be supported by ways in which we can assess the impact we are having. Impact measurement is crucial to progress and without a full grasp of this we will not be able to have impact and achieve this global vision.

The sector has many frameworks to measure impact, and this creates confusion for the investors. So, there needs to be some guiding principles that drive the systematic change that is needed in the sector to address social ills.

This study intends to find themes in the current status quo within how we measure and understand social impact. It aims to find a way to encourage various stakeholders who operate in the development space to have a better way of assessing the impact of their interventions on the SDGs. This will aid in assessing social impact investing from a development perspective. Other stakeholders who are not in the development space can also use this research to better understand how to have social impact as well as how to measure that impact. This research will have implications on how to measure social impact and the ways in which one can do this considering what is already in the market and building on this.

This study will target NPOs and NGOs in South Africa that work in the social impact space. This group has been chosen due to their work experience in the social impact sector aiming at various social outcomes. The selected NGOs and NPOs will assist in answering the research questions posed in this study.

1.5 Organization of the study

Chapter 1 is the introductory chapter where the scene is set on the background of the study, the research problem and research statement, the research objectives and hypothesis, the justification of the research as well as the organisation of the study.

Chapter 2 reviews literature on the topic what will be discussed here is the impact investing, theory of change and systems change, social impact and how it can be achieved incorporating the SDGs, impact measurement, empirical studies and South African contextual issues.

Chapter 3 looks at the methodology namely, research approach, research philosophy, research strategy, research design, target population and sampling, sample size, research instrument, reliability and trustworthiness, data analysis and research ethics.

Chapter 4 will be on the discussion and analysis of the findings of the study based on the interviews and all documentation presented.

Chapter 5 will provide the conclusion and recommendations.

2. Literature Review

2.1 Introduction

Global leaders have begun to realize that capital has the potential to create boundless impact. Those who are in the impact investment space have an increasingly important role to play in achieving global development agendas. Impact investors are using global frameworks to map their impact goals, set impact targets and shape the investment products to achieve the desired impact outcomes (GIIN, 2020). This boundless impact can be achieved through Impact Investing. In the social finance market social investors should be able to show proof that their investment is creating the value it said it would. This would entail an intermingling of social and financial. However, the current metrics and datasets fall short of this (Nicholls et al., 2015).

Currently, in South Africa, the estimated number of NGOs inclusive of NPOs is around 200 000. The NGO sector plays a very important role in society depending on what they choose to advocate. For example, some stand for health and others for education and social development. One of the critical questions facing the NGO sector is whether their activities are making sustainable social impact (NGOs-today, 2020). This literature review will start by defining impact investing. It will then explore theories that can be used to drive social impact. Some of the tools that presently exist for impact measurement will be discussed and finally the South African contextual issues will be looked at.

2.2 Defining impact investing

The term impact investing was first born at a conference hosted by the Rockefeller Foundation in 2007 (Mogapi et al., 2018). Impact investing can be defined as “investments made into companies or organizations with the intent to contribute to measurable positive social and environmental impact alongside financial returns” (IFC, 2018).

Impact investing is different from other categories of investment as it has a focus on the measurement of positive social and environmental impact. The debate around whether business ought to be concerned about financial return only, and the government as well as not for profits organizations ought to be concerned about social problems is changing. A differing view,

namely, the stakeholder view is that firms are responsible for a range of stakeholders (Mogapi et al., 2018).

As at the end of 2019, The GIIN estimates that over 1,720 organizations manage USD 715 billion in impact investing. The market has a range of investor types, in terms of characteristics like organization type, headquarters location, and investor size (GIIN, 2022).

For social change to be felt by all, especially the marginalised it is important that all sectors of society pull together for this aim. For this to be successful both aspects of impact investing, that is, financial returns as well as social and environmental returns must be known and there must be a manner to effectively measure this, to reach the desired outcomes.

GIIN (2016) says impact investments are “investments made into companies, organizations, and funds with the intention to generate social and environmental impact alongside a financial return.” A commitment to measuring social or environmental performance is also considered a hallmark of impact investing.

Whilst responsible investors and ethical investors have shown a history in investing with an environmental, social and governance lens, impact investing very much has a pro-social approach (Castellas & Ormiston, 2018).

Since the dawn of democracy in South Africa in 1994, our economy has grown by leaps and bounds, making South Africa the biggest economy in Southern Africa and is second only to Nigeria in Africa. With this economic power, South Africa is the foundation of impact investing in Southern Africa. South Africa has the largest number of impact investors and the most impact capital disbursed of any country in the region. Despite the large volume of impact investing activity in South Africa, impact capital represents a small part of the overall South African investment picture. South Africa has a large and comparatively advanced financial system with single-digit interest rates, unusual for the region. This affordable access to traditional capital, combined with well-functioning credit bureaus, dramatically increases transparency in lending, especially relative to the rest of the region. Nevertheless, impact investing fills an important niche. South Africa has a growing middleclass which unfortunately does not get loans from financial institutions to do business. The middleclass are considered high-risk by these institutions. However, impact capital investments are needed in the Southern Africa to drive

growth and development despite the challenges of unemployment, inequality, under-development, complex labour laws, energy tribulations and current decline in economy (GIIN, 2016).

Impact investing aims at positive social and environmental impact and this is expected to change the lived experiences of the targeted communities and population.

2.3 Theory of change and systems change

The evolution of the theory of change can be traced back to the 1950s with the work of community project evaluators and practitioners who wanted to know if they are making any social impact in work they were doing. Through the work of change theorists like Kirkpatrick, the 'Four Levels of Learning Evaluation Model' was coined. Further progress and evolution have included Daniel Stufflebeam's CIPP (context, input, processes and products) and the widely used logical frameworks (log frames) or logical models which set out causal chains usually consisting of inputs, activities, outputs and outcomes coupled to long-term goals. It was the work of Weiss that popularized the change theory. Weiss called for the use of an approach that at first glance seemed like common sense: lay out the sequence of outcomes that are expected to occur as the result of an intervention and plan an evaluation strategy around tracking whether these expected outcomes are actually produced (Centre for Theory of Change, 2021).

Weiss (1995) started to define a theory of change quite simply and elegantly as a theory of how and why an initiative works. Building on the work by Weiss, (Connell and Kubisch, 1998) defined a theory of change approach to Comprehensive Community Initiatives (CCIs) evaluation as a systematic and cumulative study of the links between activities, outcomes, and contexts of the initiative.

Protagonists of the theory of change acknowledge the need to develop better instruments to measure impact. They argue that the field of impact investing is seeking alternative approaches to evaluating comprehensive community initiatives that will meet both the need to estimate these initiatives' effects on interim and longer-term outcomes and the need for information on how the interventions produce those outcomes (Connell and Kubisch, 1998).

Hence, Connell and Kubisch (1998) suggest a three stage “theory of change approach” to evaluating comprehensive community initiatives (CCIs), consisting of a) surfacing and articulating a theory of change, b) measuring a CCI's activities and intended outcomes and c) analysing and interpreting the results of an evaluation, including their implications for adjusting the initiative's theory of change and its allocation of resources.

Theory of change explains how activities are understood to yield results that contribute to the final intended impacts. It can be used in any intervention, for example, a project, policy, programme and or plan. It is very useful for identifying data that needs to be collected and analysed. It can provide a framework for reporting. Figure 6 below represents a theory of change in a results chain form (Rogers, 2014).

Figure 6: Theory of change presented in a results chain



(Rogers, 2014)

A theory of change can be developed for an intervention. Objectives and activities must be planned for beforehand. These can also change and adapt in response to changing circumstances made by partners or stakeholders. A theory of change is a building block for an impact evaluation (Rogers, 2014).

A theory of change can support an impact evaluation by identifying specific evaluation questions, pertinent variables that should be included in the data collection, immediate outcomes, parts of implementation that should be examined and relevant contextual factors that should be considered (Rogers, 2014).

Systems change can be defined as identifying the organizations and individuals already working on a problem and helping them join forces to achieve their common goals (Walker, 2017). This is a new approach in the field which can aid in the attempt to collectively solve the development goals that have been articulated in the SDGs. The focus should be leaning on solving problems through creative collaboration, and less on the establishment and perpetuation of new

institutions (Walker, 2017). These theories can be used in conjunction to ensure intended impact can be achieved.

2.4 What is social impact and how can it be achieved incorporating the SDGs

The development challenges that face the globe today are very complex and intertwined. When addressing one SDG with an intervention, one realises that they are quite likely to touch on another. Hence, this raises the importance of working together as a collective to pool resources together to meet these challenges with well thought out solutions that have an impact.

The National Treasury has adopted the Sustainable Investment definition to include a contribution to the UN SDGs. Despite broadly agreeing on definitions, practitioners admit that they do not classify their portfolios in a standardised manner. Some investors consider unlisted asset classes in Africa to be impact investment. Whilst in South Africa there is more nuance based on the investment mandate, thematic area and alignment with NDP or SDGs (Impact investing South Africa and Bertha Centre, 2020).

Some leading investors are employing systematic approaches to inspect impact prior to committing capital, however undertaking this due diligence remains an underdeveloped practice. This will aid investors in making informed decisions and the impact of these investments will increase (The Pacific Community Ventures Research Team, 2019). Scanning the political and economic environment prior to any investment is crucial to investors.

Assessing impact during due diligence, which can be defined as all aspects of the investment process that occur before making an investment, is an essential part of impact investing. Developing concrete impact goals is vital to effective impact management whether those goals are qualitative or quantitative (The Pacific Community Ventures Research Team, 2019).

Impact assessment methods are many and vary depending on the purpose of assessment or evaluation. For example, some impact assessments maybe for economic, political and others for wellness reasons. Environmental Impact Assessment (EIA) and Social Impact Assessment (SIA) co-exist. The former is targeted at the physical environment where people reside, and the latter at people and livelihoods in their spatial dwelling. For example, the sewer that flows into

the Vaal River in Emfuleni Municipality affects both the physical environment and the people of that area. In this context, social impact assessment can therefore be defined as “the effect on communities and people that can happen as a result of an intervention or non-intervention taken when implementing a policy, programme, plan or project” (Airiodion and Crolley, 2021).

It is important to note and acknowledge that social impact assessment is not an event that occurs once-off but may include a series of procedures. Vanclay (2003) asserts that “Social Impact Assessment includes the processes of analysing, monitoring and managing the intended and unintended social consequences, both positive and negative, of planned interventions (policies, programs, plans, projects) and any social change processes invoked by those interventions. Its primary purpose is to bring about a more sustainable and equitable biophysical and human environment”.

Both environmental and social impact assessments seek to interrogate all the potential impacts a program will have on a community. The latter is, however, a more detailed process that is intended to alert program stakeholders about any potential positive or negative outcomes in the community as a consequence of the implementation of the program (Airiodion and Crolley, 2021).

This assists decision-makers to make informed decisions about the desirability or non-desirability of the project, programme, and plan in the community and may contribute to the predictability of community conflicts and create space and time to develop, implement and manage conflict curbing strategies.

Morrison-Saunders and Retief (2012) conclude that ‘geared up’ Impact Assessment (IA) might be utilized to measure progress towards the realization of SDGs. However, IA must become more comprehensive and integrated, such that the full suite of SDGs and their relationships, including trade-offs, can be dealt with in a transparent and inclusive way.

Fischer (2020) suggests that IA should be embedded in measuring the achievement of SDGs. However, SDGs need to be written in a SMART way. In other words, they need to be Specific, Measurable, Achievable, Realistic and Time-bound. The author also cites other writers namely Morrison-Saunders et al. (2020), Green et al. (2020) and Hacking (2019), who have sought to

find the connections and linkages between IA and SDGs and all the writers concur that IA can be utilized to make the SDGs live across the globe.

There are 17 SDGs, these goals are at the heart of poverty alleviation and developed and developing nations have partnered together to reach these goals globally by 2030 (SDGs, 2021). Below is figure 7 that shows these 17 goals.

Figure 7: 17 Sustainable Development Goals



Source: (SDGs, 2021)

The International Finance Corporation (IFC) has got two overarching goals namely ending extreme poverty and boosting shared prosperity. They are trying to align to the SDGs in their work of direct investment and advisory services. Their strategic alignment can be seen in the diagram below. As the IFC has shown it is important to take your goals and align them to the SDGs. This effort done collectively as a globe will go a long way in ensuring that these goals will be met by 2030. The SDGs have done a great job of clearly demonstrating the challenges we as a globe face and the targets and indicators we can aim for to resolve these. Below in

figure 8 the IFC has done this exercise of demonstrating their alignment to the SDGs for the goals they are targeting (IFC, 2018).

Figure 8: IFC alignment to the SDGs



Source: (IFC, 2018)

Impact investors are using global frameworks to map out their impact goals and targets. They are using these global frameworks to guide their investment products. Fifty two percent of the respondents to the survey conducted, based their impact targets on the global development agenda. Seventy two percent of the respondents to the survey use the SDGs to guide their impact measurement practice. Certain investors match their investments to the SDGs so that they can understand their impact; others divert their resources to the SDG priorities and others proactively design their investment products to target SDGs. Impact investing is prominent in

the G7 and G20 summits. It has been agreed that impact investing has the ability to fund the SDGs (GIIN, 2020).

2.5 Impact measurement

When measurement is practiced entities will review the content and method of their activities and make improvements in the management, this will lead to growth. Measurement will also ensure accountability and cultivate innovation that creates techniques for solving social issues (Working Group on Social Impact Measurement, 2016). Measurement of progress is the only way for investors to see if they are moving positively towards achieving their goals or negatively drifting away from their goals.

A rising number of investors are accepting the SDGs, and other widely recognized goals such as COP21, as a reference point to exemplify the relationship between their investments and impact goals (IFC, 2018). It is important that investors align their impact investments to their goals using common agreed norms.

The lack of common standards for what constitutes impact has created confusion amongst investors. In response the IFC has led a set of principles that provide a framework for impact investment. The IFC has done this to foster increased mobilization of capital for impact investments and increase the social and environmental impact that these funds could achieve (IFC, 2018).

More than one in four respondents to a questionnaire done by the GIIN, indicated that standardization of metrics, impact benchmarks, pooling of data, or a combination of these requires further support and guidance in order to enable comparison of impact results (GIIN, 2020). A lack of common standards can really deter prospective investors hence it is quite important to get this right to make impact measurement comparable.

These principles draw on best practice in public and private institutions that are investing for impact. The operating principles for impact management describe the essential features of “managing investment funds with the intent to contribute to measurable positive social or environmental impact, alongside financial returns.” The elements of this process are: strategy,

origination and structuring, portfolio management, impact at exit, and independent verification. These Principles do not prescribe which impacts should be targeted, or how impacts should be measured and reported (IFC, 2018).

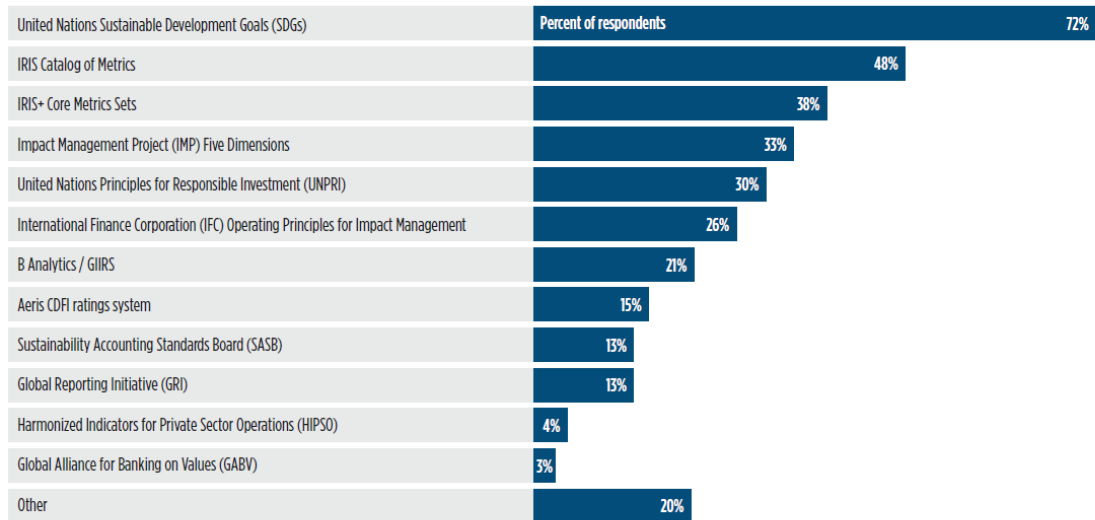
The Impact Management Project (IMP) has collaborated with over 2,000 investors and enterprises to develop “impact classes”, which group investments with similar impact characteristics based on either their impact performance data or impact goals in the case of new investments. According to IMP an investment’s impact is a function of the impact of the underlying assets or enterprises as well as the contribution that the investor makes to enable the enterprise to achieve impact (IMP, 2018).

Among respondents that do set impact targets, almost two-thirds set quantitative targets (64%), and just over half set qualitative targets (52%); 39% of respondents set both. Less commonly, about one-quarter (26%) only set quantitative targets, while 13% only set qualitative targets. Investors select specific metrics to track performance against their impact targets and 91% of them select these metrics themselves (GIIN, 2020).

In the GIIN survey it was seen that there are a few tools and frameworks that are used to measure impact. These are shown in the figure below. It is clear from this figure that there are many approaches which essentially leads to confusion and don’t allow for comparability.

Figure 9: Tools and frameworks used in IMM

n = 257; optional question. Respondents could select multiple tools and frameworks.



Note: Others include SPTF/CERISE SPI4, G0GLA, and CDFI certification systems.

Source: GIIN, *The State of Impact Measurement and Management Practice, Second Edition*

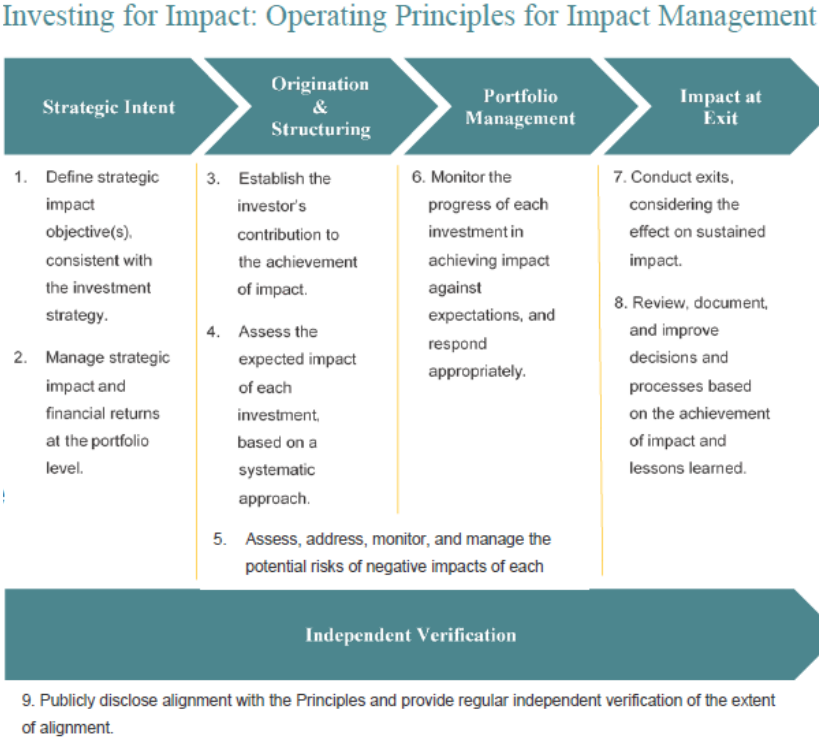
Source: (GIIN, 2020).

The assessment of impact is complex and having that linked to the SDGs is an important way in which we as a society will be able to drive system changes in each of the identified goals. So, this literature review aims to set the foundation for what we can use in future considering what is available to us.

The purpose of the operating principles for impact management are to describe the essential features of managing investments into organizations with the intention to contribute to positive social and environmental impact whilst obtaining financial gain. This has been developed by asset owners, managers and allocators and draw on emerging best practice, they are designed to be fit for purpose. Principle one talks to the strategic impact objectives for the portfolio or fund that will have social or environmental impact, this ought to be in alignment to the SDGs. Principle two has the objective of establishing and monitoring impact performance for the entire portfolio. Principle three requires that the manager shows their contribution to the achievement of the impact. Principle four assesses the impact based on a systematic system. Some central questions are: (1) what is the intended impact? (2) who experiences the intended impact? (3) how significant is the intended impact? Within this principle the manager assesses the impact potential, considers opportunities to increase the impact as well as considering indirect systematic impacts. In principle five the manager will assess, address, monitor and manage any negative impacts and risks of the investment.

Principle six is all about monitoring the progress towards the achievement of the said impacts. In principle seven the manager considers the exit and the effect it will have on the timing, structure and the sustainability of the impact. Principle eight uses the lessons learnt to review, document, and improve decisions and processes. Within principle 9 the manager will publicly disclose alignment with the principles mentioned here. This disclosure is subject to fiduciary and regulatory concerns (IFC, 2019). Below is a diagrammatic representation of the principles.

Figure 10: Operating principles for impact management



Source: (IFC, 2018)

The majority of impact investors target social and environmental outcomes. This is sitting at fifty eight percent in terms of importance. Within the impact investing industry, the demand to have ways in which to measure, aggregate, compare and benchmark data is gaining in spotlight. Some of the market developments are as follows. Lean data has been formed as a data collection approach. It's aims are threefold namely, to enable the reliable cross portfolio collection of quality data; to leverage on mobile technology to communicate with the end users of the investment; and to help investors understand the progress on their social and environmental goals (GIIN, 2020).

To aid in data aggregation and comparison, GIIN launched its first Evaluating Impact Performance in October 2019, in an attempt at collaboratively assessing annualized impact performance results (GIIN, 2020).

Within impact valuation, the Impact Multiple of Money is an impact performance approach designed in 2018. It is there to approximate the financial value of the impact produced per dollar invested (GIIN, 2020).

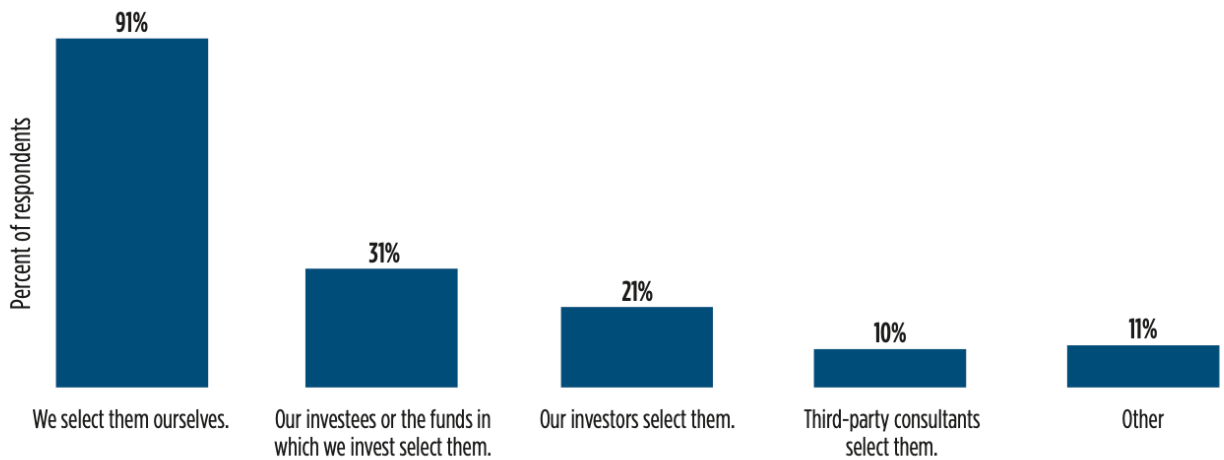
Impact evaluation as of January 2019 gained Y Analytics. This organization has been formed to aid investors to better understand and measure their investments impact. Y Analytics uses third party research to analyse methods and metrics that will have the most impact (GIIN, 2020).

The World Benchmarking Alliance works with partners to cultivate evidence-based comparators for investors to be able to track and compare with its peers in terms of the SDGs. All of these efforts show the strides the industry is trying to make in understanding and improving upon impact performance across industries (GIIN, 2020).

Most of the impact targets that are set by impact investors in the survey set both qualitative and quantitative targets, this sits at about 39%. There are 26% that set only quantitative impact targets. Then there are 13% that set qualitative targets. The remaining 22% do not set any targets. Who is involved in setting these impact metrics and how they set them can be seen from the survey results? See diagrams below for the details (GIIN, 2020). It can be seen from figure 11 that the majority of the impact investors select the impact metrics themselves. Logic models and the theory of change are a common way in which the impact metrics are selected.

Figure 11: Stakeholders involved in selecting impact metrics

n = 278; respondents could select multiple stakeholders.



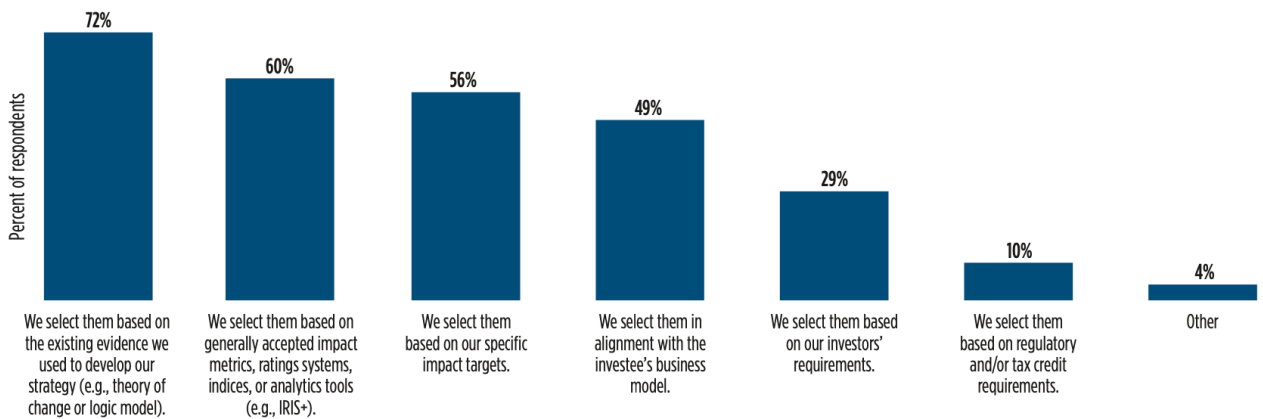
Note: 'Other' includes co-investors, industry experts, and sector representatives.

Source: GIIN, *The State of Impact Measurement and Management Practice, Second Edition*

Source: (GIIN, 2020)

Figure 12: How impact metrics are selected

n = 278; respondents could select multiple options.



Note: 'Other' includes selecting impact metrics for individual clients or choosing them in line with SDG targets and indicators.

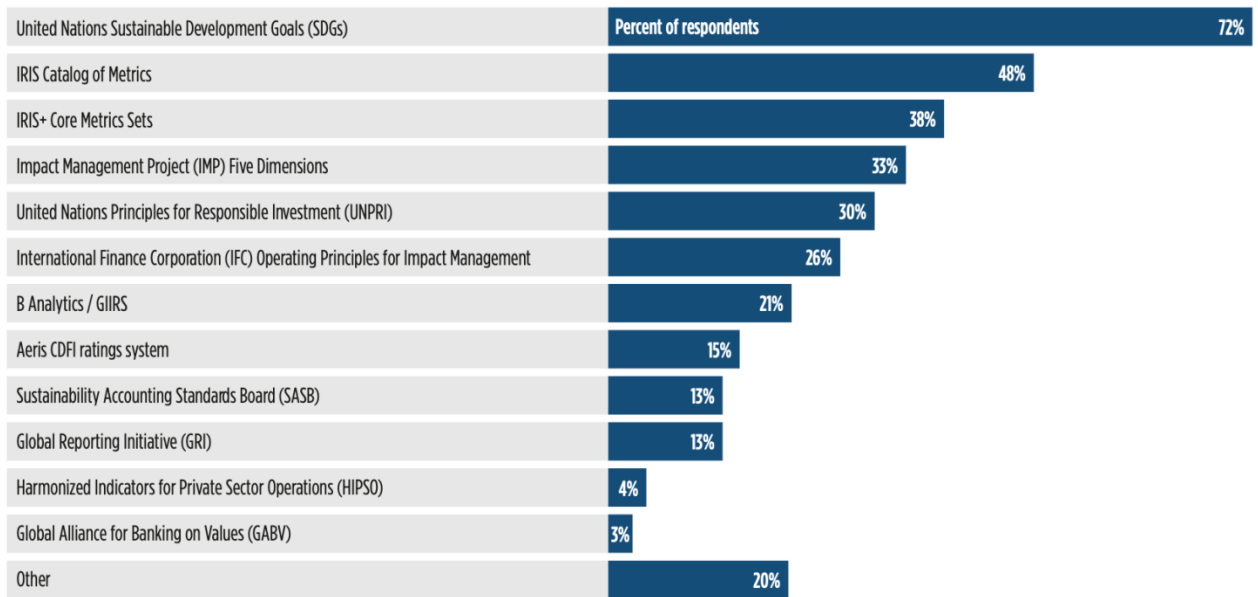
Source: GIIN, *The State of Impact Measurement and Management Practice, Second Edition*

Source: (GIIN, 2020)

The tools and frameworks most commonly utilized can be seen in the below figure 13. It can be seen here that the SDGs are leading the pack.

Figure 13: Tools and frameworks used in IMM

n = 257; optional question. Respondents could select multiple tools and frameworks.



Note: Others include SPTF/CERISE SPI4, GOGLA, and CDFI certification systems.

Source: GIIN, *The State of Impact Measurement and Management Practice, Second Edition*

Source: (GIIN, 2020)

At the IMP they believe that to understand any impact you need to first understand the five dimensions of performance (IMP, 2021).

The 'what' dimension aids enterprises and investors to identify the outcomes they are contributing to and how important these are to the various stakeholders. The investors and enterprises must know if the outcome is positive or negative and if it is intended or unintended. They must know if the outcome meets the needs of the stakeholders. Whether it surpasses a nationally or internationally recognised threshold. The investors and enterprise must also know if the outcome can be mapped to the SDGs and the associated targets (IMP, 2021).

The 'who' dimension helps the enterprises and investors to identify the stakeholders they affect. These stakeholders could be customers, employees, local communities, the planet, suppliers and distributors. They will then allocate resources to the stakeholders with the highest need or who are likely to experience the largest change (IMP, 2021).

The how much dimension helps enterprises and investors understand the importance of the outcome across scale, depth and duration. This is an analysis of the degree of social or environmental change experienced by the stakeholder, the number of people who will experience the change and the time period in which the stakeholder experiences the change (IMP, 2021).

The contribution dimension helps enterprises and investors to evaluate an enterprise's contribution to the social or environmental outcomes that the individuals or planet experience relative to what the social system would have accomplished on its own (IMP, 2021).

The risk dimension aids enterprises and investors assess and mitigate impact risks. Here they look at the likelihood and consequences of not achieving a certain social or environmental outcome. This model says that there are nine types of impact risks that may undermine the delivery of an outcome (IMP, 2021). Below is a visual representation of the five dimensions of impact.

Figure 14: The five dimensions of impact



Source: (IMP, 2021).

Actionable Impact Management (AIM) is a framework for establishing a data-oriented/outcome-oriented impact measurement process. It aids organizations to identify meaningful, well-defined metrics that can endure and are accurate. This framework places importance on measuring what matters. The following factors should be considered when doing this; the effectiveness of the intervention, the audience, the balance of quantitative and qualitative analysis, outcome driven analysis as well as the financial and logistical

capacity to collect the data. Aligning the metrics to standards that are in existence is also important for example the SDGs are mentioned.

For impact to qualify as one for impact investing it must create this impact for a vulnerable group. For example, creating jobs for high level executives will not touch on SDG 8 as this does not target a vulnerable group (Castellas & Ormiston, 2018).

2.6 Empirical Studies

The term impact investing was coined in 2007 at a Rockefeller foundation conference that took place in Bellagio Centre in Italy. Social Investors at this meeting used the term ‘Impact Investing’ for the first time to refer to ‘investing with a purpose’ (George, 2016). Prior to this conference, it is important to note that there were investments by governments that looked like impact investing though not formalized and defined as such.

Impact investors play a very crucial role in the economy of a country. They are in a position to influence the attainment of sustainable development goals. They play multi-faceted roles, sometimes supportive, and at times a catalytic role that adds value to the development agenda of a country by financing socially and environmentally oriented programs and projects (Castellas & Ormiston, 2018).

South Africa, characterized by amongst other things a growing economy since the advent of democracy in 1994. It is the second largest economy in the Southern Region after Nigeria. It is an exceptionally large market for impact investors relative to other markets in the region, accounting for 76 percent of all impact deals in Southern Africa (GIIN, 2016). Globally, sustainable investing is on the rise, with companies seeking to create a positive impact, while still generating a healthy financial return (Accountancy SA, 2021). This is supported by (Castellas & Ormiston, 2018) who say impact investors intentionally aim to achieve measurable non-financial (social/ environmental) impact whilst generating financial returns. Impact investing as an investment strategy that aims to generate specific beneficial social or environmental effects in addition to financial gains (Chen, 2021).

Emanating from the above, it is important to locate the role of impact investing in the economy. In other words, in what ways does impact investing improve the economy?

A study conducted in South Africa by (Urban & George, 2018) shows that impact investing provides an opportunity for the creation of economic and social value that has the potential to improve the quality of life and make social progress. Their research also highlights the need for robust impact measurement since the value add of social impact investment is known but not generally measured.

In South Africa, respondents are reporting that for data collection systems to be of value they need to be simple, specific, consistent, comparable, regular, user friendly and integrated. Practitioners are reporting difficulty in comparing year on year and actual vs forecast impact. Practitioners are also struggling between companies in similar sectors with different data collection practices within portfolios as well as timeframes for measurement. This is telling of the fact that there is a research gap for measurement of impact to be explored further (Impact Investing South Africa and Bertha Centre, 2020).

There is always tension between financial returns and social imperatives. To manage this tension is a tricky balancing act and sometimes makes impact investment choices less easy. As an impact investor, do I choose the profitable option or a more helping option for social causes? In their research on managing the tension between financial returns and social impact (Mogapi et al., 2018) concluded that the tensions can be managed by focusing on “values alignment, contracting processes, engaged leadership and sector identification”.

The stakeholders in social impact investing include but not limited to, impact investors (wealthy individuals, DFIs, Foundations, pension funds and insurance companies); investees (for profit and non-profit organizations); intermediaries linking investors and investees; enablers like governments providing a safe and secure regulatory environment and incentives; and beneficiaries who benefit from improved social and environmental conditions (United Nations Development Programme (UNDP), 2016).

The UNDP (2016) further outlines the pros and cons of impact investment. The advantages of impact investing include: a) Impact investing challenges the long held view that market investments should focus exclusively on achieving financial returns; b) Impact investment can catalyse additional capital flows into developing economies, and stimulate private sector development where this is otherwise absent; c) The impact investment market offers

diverse and viable opportunities for investors to advance social and environmental agendas through investments that also produce financial returns; d) Impact investments can compete with, and at times even outperform, traditional asset class strategies; e) By combining various forms of capital with different return requirements, social challenges can be addressed in more scalable ways than is achievable by the government alone; f) Impact investors provide new ways to allocate public and private capital more efficiently and effectively. It can facilitate cooperation between public and private sector actors; g) Impact investment can strengthen social sector organizations and enterprises, by giving them access to the full range of financing options available to regular businesses; h) Impact investment can stimulate the creation and growth of innovative enterprises, and hence also expand the whole economy.

The disadvantages on the other hand may include a) Impact investment can generate higher transaction costs compared with similar private equity or venture capital investments; b) The basic definition of impact investment is still debated. While some organizations are producing impact certification schemes with independent third-party verification and such regimes exist in some sectors (UNDP, 2016).

It seems there are more advantages than disadvantages in the impact investing industry and it might have more affinity to those who want to invest in this market bearing in mind the barriers to entrance as alluded to above.

One of the still difficult problems in impact investing is how to measure the attainment of results. Do we use numbers (quantitative) or words and images (qualitative) or a hybrid of both? (Urban & George, 2018) cites a sociologist, William Bruce Cameron (1963), who once said that “not everything that can be counted, counts: and not everything that counts can be counted”. Complicating the measurement debate of social impact is the myriad ways of measuring that are used in different organizations.

Impact management is often seen as an expensive tick box exercise and data driven decision making as mere wishful thinking. There are many barriers that prevent impact measurement from being practiced in the social sector. Even though many in the sector are trying to change and be more impact and data driven. Excel systems that are understood by few continue to be in place. This makes integrating impact management into the overall program

strategy very difficult. Hence monitoring and evaluation does not take place in a timeframe that is useful. Impact measurement is often also perceived to be out of touch with what the program needs. Metrics are often times badly defined, as the relevant exchanges between parties have not occurred. If metrics definition becomes your bottleneck, you could be falling into the trap of not measuring what matters. There is also the belief that impact measurement is a burden, in that, instead of working on the programs activities you could be overburdened by measurement which is not doing enough to enhance the program. Cost is also a huge factor when it comes to impact measurement, as often times the cost is disproportionate to the programs they are looking to evaluate. There are also systems barriers as the systems that should be employed often require sophisticated technical knowledge of the system or project specific changes and create dependencies if they cannot be self-administered (Sheth, 2016).

2.7 South African contextual issues

This study takes place in South Africa in the context of the triple challenges of poverty, unemployment and inequality. Impact investing must be something that enhances and is a catalyst to transforming the South African economy. The transformation of the economy aims at giving access of the economy to youth, women and previously disadvantaged individuals (Impact Investing South Africa and Bertha Centre, 2020).

The field of social impact investing is new in South Africa, hence the challenge of measuring social impact amongst the NPOs and NGOs. The social impact investing market wants to make deliberate social impact but lacks effective measurement tools. Without effective standardized measurement tools, positive change will remain a pipe dream for those operating in the social impact arena (Harder, 2019).

According to practitioners there is a balance that must be struck between a prescriptive and flexible IMM system. Investors come from a background of financial reporting where data is quantitative and highly comparable. Their expectations are for a robust system that lends itself to that level of comparability. For example, CO₂ emission reduction or renewable energy generation. Other parts of the system are more contextual and qualitative and would be rooted

in local conditions such as job creation or socio-economic inclusion (Impact Investing South Africa and Bertha Centre, 2020).

Opinions differ as to where the emphasis should lie between using international and local reporting frameworks. Some investors consider international frameworks more credible and useful to raise foreign investment. Whereas some consider South African context so unique that international frameworks are not specific enough. An example is the Green Taxonomy where international norms can be used as a strong foundation, whereas the Broad-Based Black Economic Empowerment legislation is unique to South Africa. This is most likely reflective of the fact that global frameworks are often developed in Europe and the USA and tend not to be strong on emerging market realities. Practitioners want to see as much integration between International and National frameworks as possible and preferably alignment with global reporting norms (Impact Investing South Africa and Bertha Centre, 2020).

In a study conducted by the Landscape Mapping for Impact Measurement Management in South Africa, more than two-thirds (72%) of study participants in this guide reported having an impact measurement and management practice. 66% of study participants believe that measuring impact is central to achieving company growth and organizational objectives. Participants whose organizations are not measuring impact expressed that limited resources, both financial and human, as well as insufficient knowledge and skills constrains their impact measurement capabilities (Metrics South Africa, 2021). This is evidence that the measurement of social impact is imperative and aids in achieving company goals and organizational objectives.

The South African impact investing market operates against a backdrop characterised by untenable levels of unemployment, poor economic growth and significant inequality. Impact investing is still a novel but growing investment strategy in South Africa, slightly behind global levels. In comparison to the rest of Southern Africa, South Africa is the regional anchor, with Development Finance Institutions (DFIs) being a large factor in this. So far DFIs in South Africa have disbursed over USD24 bn in impact capital and non-DFIs close to USD5 bn. The sectors of preference for non-DFIs are predominantly agriculture, financial inclusion and affordable housing. Contrastingly, the sectors of interest by DFIs are energy, financial services and the water and sanitation sector (Impact Investing South Africa and Bertha Centre, 2021).

In addition to deployment of grants and donations, corporate social investors have also been participating in innovative finance structures and adopting impact investing. Corporate foundations like SAB Foundation, MTN SA Foundation, Telkom Foundation, Standard Bank Tutuwa Trust and FirstRand Foundation have played a pivotal role in the growth of impact investing. The FirstRand Foundation, for instance, has invested in a public private partnership student model known as Ikusasa Student Financial Aid Programme (ISFAP). ISFAP is a funding model that was established to cater to the higher education needs of South Africa's poor and middleclass students, with the aim of skills production for the 21st century and Fourth Industrial Revolution. Similarly, the Standard Bank Tutuwa Foundation is one of the key investors in two social impact bonds in South Africa (Impact Investing South Africa and Bertha Centre, 2021).

South Africa has begun to launch innovative finance instruments that support impact investing. For example, impact bonds in social sectors such as education, energy and youth unemployment. In 2018 there was the launch of the Impact Bond Innovation Fund, which is an innovative financing mechanism that represents the first social impact bond focused on early childhood development (Impact Investing South Africa and Bertha Centre, 2021).

United Nations Conference on Trade and Development (UNCTAD) 2014 World Investment Report estimated that to meet the SDGs by 2030, total annual investments in SDG relevant sectors in developing countries will need to be between USD3.3 trillion and USD4.5 trillion. For low-income developing countries, approximately USD400 billion is required annually for them to make strides towards the SDGs and close to USD700 billion for lower-middle income countries, according to the Sustainable Development Solutions Network (Impact Investing South Africa and Bertha Centre, 2021).

Impact measurement and management can assist those working in the impact sector in South Africa to address social challenges. Social challenges in South Africa are not the same as social challenges in the UK and US, for instance. People living in squatter camps or the banks of the Vaal River in Alexander where every time we have floods, shacks are being swept away. This is a uniquely South African problem. We won't win if we are not thinking in the context of a specific country that we are trying to monitor an investment from. The key element to be considered is if it's going to be an inclusive approach, it needs to be relevant to the South African context and South African investees, and the type of challenges that we face (Impact

Investing South Africa and Bertha Centre, 2020). A discussion on the socio-economic challenges that face South Africa shall follow.

Health

SDG 3 speaks to good health and wellbeing. It seeks to provide good health and well-being at every stage of life. The goal addresses all health priorities such as, “reproductive, maternal and child health, communicable, non-communicable and environmental diseases, universal health coverage access to safe, effective quality and affordable medicines and vaccines. It also calls for more research and development.” South Africa’s Bill of rights guarantees the right to equitable health care and The National Health Act provides the outline for the structured health system (Statistics South Africa, 2019).

The South African population is expected to grow by 6% over the next 5 years and 15,9% over the next 11 years. This means that the health system will need to cater to a larger population and must be capacitated to do so. The current life expectancy at birth for males is 61,5 years and for females 67.7 years. This has improved due to efforts from the health system for example HIV and Tuberculosis treatment and prevention programs as well as maternal, child, infant and neonatal care (Department of Health, 2020).

There is evidence that the socio-economic status impacts on the level of health rank in South Africa. Social protection, housing, infrastructure, education and employment are all factors to be considered when looking at inequality. These social conditions can inhibit those who form a part of vulnerable groups to improve their health. The high unemployment rates in South Africa contribute towards the ill health and deprivation. Limpopo province for example has the least access to flushing toilets connected to a sewage system and a refuse removal. These problems affect their sanitation as a province, and this results in diseases. South Africa faces a quadruple burden when it comes to diseases. Non-communicable diseases now account for just under two thirds of all natural causes of death. The death rates related to Tuberculosis and HIV are on the decline. There are three key reasons for deaths due to injury and violence, these are murder rate, deaths as a result of motor vehicle accidents and gender-based violence. The Department of Health in South Africa has put in measures to assess patient satisfaction with patient care. The health system is overburdened however they are making means to have universal health coverage for all South Africans and ensure that their citizens are protected from catastrophic financial impact when seeking health care by 2030 (Department of Health, 2020).

The healthcare system in South Africa is two-fold, private and public. The public sector caters for 80% of the population while the private sector caters for 20%. Public health is funded by the state while private sector is funded through medical schemes and private donors. The private sector has the best facilities and doctors while the public sector has mediocre facilities and overstretched doctors. What created the genesis of inequality in health are funding, facilities and the quality of doctors and services rendered at health institutions (The conversation, 2021).

Education

The South African education system needs to be looked at urgently. This will require building quality early childhood education, basic education, further and higher education. The 2030 vision of the National Development Plan (NDP) is for South Africans to have access to the highest quality education and training (South Africa. Department: The Presidency, 2012).

Table 1 shows the total number of children between the ages 0–6, segmented by province and sex. The majority of children in this age bracket lived in KwaZulu-Natal followed by Gauteng. This shows that the effort level in the different provinces will look different according to the population of children. Children in this age bracket live in households that differ in condition, composition and location. In general, living conditions of children are better in the Western Cape and Gauteng. This has an impact on a child’s physical, emotional and mental growth. In 2016, just a little over half (53%) of children were attending some type of Early Childhood Development (ECD) learning facility, but access varied by province (Statistics South Africa, 2016).

Table 1: Children aged 0-6 by province and sex

Province	Number in thousands	WC	EC	NC	FS	KZN	NW	GP	MP	LP	RSA
Male	Number	379	512	81	165	784	240	718	297	463	3 639
	Per cent	10,4	14,1	2,2	4,5	21,5	6,6	19,7	8,2	12,7	
Female	Number	359	467	80	175	746	282	711	311	421	3 552
	Per cent	10,1	13,2	2,3	4,9	21,0	7,9	20,0	8,8	11,9	
Total	Number	738	979	161	340	1 530	522	1 429	608	884	7 191
	Per cent	10,3	13,6	2,2	4,7	21,3	7,3	19,9	8,5	12,3	100,0

Source: (Statistics South Africa, 2016)

Poverty and inequality can largely be seen as an issue arising from the inequality of education and skills. Table 2 below reflects the highest level of education achieved by adults between the

ages of 25–64 by race group, and they are the labour force of the country. A small percentage (12%) of the labour force has some post-secondary qualification. The black African population continues to lag behind in terms of higher educational attainment in comparison to other population groups. Whites and Indians have the highest proportion of post-secondary graduates (Statistics South Africa, 2016).

Table 2: Educational attainment among individuals aged 25-64 by population group

Highest level of education⁶	Statistics	Black African	Coloured	Indian/Asian	White	Total
No schooling	Number	1 382 153	67 135	18 800	37 381	1 505 469
	Per cent	91,8	4,5	1,3	2,5	
Pre-school	Number	18 448	1 379	191	257	20 276
	Per cent	91,0	6,8	0,9	1,3	
Primary	Number	2 928 677	408 773	41 334	22 879	3 401 663
	Per cent	86,1	12,0	1,2	0,7	
Secondary	Number	13 359 575	1 720 847	538 247	1 384 799	17 003 467
	Per cent	78,6	10,1	3,2	8,1	
Post-secondary	Number	1 763 207	194 589	158 919	898 018	3 014 733
	Per cent	58,5	6,5	5,3	29,8	
Total	Number	19 452 060	2 392 723	757 491	2 343 334	24 945 608
	Per cent	78,0	9,6	3,0	9,4	100,0

Source: (Statistics South Africa, 2016).

Gender equality

Research shows that there will be aggravated impacts of COVID-19 for women who are already living in the economic margins. Women spend about three times as much more time on domestic and care work that does not result in an income. This then impacts on their ability to get decent work (United Nations, 2020).

Health pandemics by virtue of the intersectionality of inequalities can make getting access to health care for women and girls quite difficult. Women and girls have unique health requirements and their ability to access those in rural and marginalized communities is impaired. Women worldwide make up to 70 percent of the health workers and hence are at the frontline and are exposed and at risk. The diversion of attention and resources to COVID-19 has meant that sexual and reproductive health has taken a backstage. This may result in maternal mortality, increased adolescent pregnancy, HIV and sexually transmitted diseases (United Nations, 2020).

Women who have gone into their old age were receiving lower incomes throughout their working life and hence now in pension have got low pension amounts. Adolescent girls are also feeling the impact of COVID-19 quite heavily. They are more likely than their male counterparts to do household chores. Data is also showing that the school dropout rates have increased amongst this group (United Nations, 2020).

Gender based violence has also been on the rise with the COVID-19 pandemic. There are more restrictions on movement and socializing. This amount of stress and strain has resulted in an increase in gender-based violence. Abusers are exploiting women's inability to call for help or escape (United Nations, 2020).

A livelihood-based recovery is crucial and should be at the center so that women can make up the ground that they have lost. Job creation in the strategic green sector such as care and energy is important. Supporting diverse food crop production at all levels will also be important to support women's livelihoods and for food security. Social contracts of the past never fully accepted and catered to women and other marginalized groups. New social contracts must be built on the premise of creating equal opportunities for all and respecting the rights and freedoms of all (United Nations, 2021).

Inequality in the labour market is still a big issue in South Africa. Decent work is characterized by equal opportunity and equal treatment in the labour market. Sadly, women in South Africa are still discriminated in the workplaces. For example, appointments to certain strategic positions and jobs are reserved for males (Statistics South Africa, 2016). South Africa needs impact investing as it is still the most unequal country in the world with a Gini coefficient of 0.63 (Businesslive, 2021).

It is crucial that women feel independent and a part of society. The best way to do this is for women to have economic muscle. It is important that women are paid fairly for the same work, and they belong and are included in diverse workplaces that cater to the needs of all people. When women have a financial say in their households their voices will also be heard. Women should have enough money to take care of their own needs and not need to rely on anyone financially. Decent work opportunities can give women the voices they require to be able to

live meaningful independent lives that make a difference to their families and the greater community.

Economy

The South African economy has grown by 1.2% in the second quarter of 2021, continuing the growth trajectory of the first quarter; trade increased by 2.2% due to economic activity across the sectors; household consumption expenditure increased by 0.5% due spending on transport, food and health; and exports increased by 4% as a result of trading in mineral products, vehicles and transport (Statssa.gov.za, Q2, 2021 Report, accessed 4/11/2021). This growth is not enough to support the population and address the serious poverty statistics in the country. In the survey conducted by PWC on why Africa continues to attract foreign investment, 82% of the respondents said they choose Africa for its growth potential (PWC, 2021).

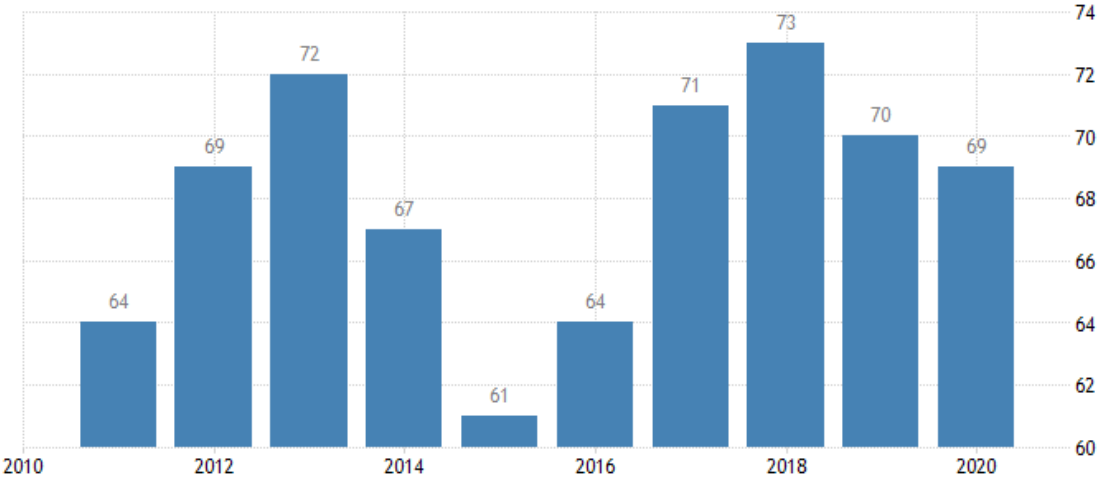
Peacefulness

The Global Peacefulness Index 2021 rates South Africa number 123 out of 163 countries on peacefulness. The world average peacefulness has gone down by 0.07%. In general, the GPI (2021) report shows that conflicts and crisis worldwide have abated, only to be replaced by a new world threat of COVID-19 that is still raging in many parts of the world. The impact of COVID-19 on peacefulness is still to be determined (Vision of Humanity, 2021).

Corruption

According to Transparency International (2021) South Africa's corruption rating has on average hovered over 60/180 since 2011, with the highest levels seen in 2013 and 2018. Though there is a slight drop from 2018 to 2020, the overall ranking gives South Africa a corruption index of 44/100 compared to other countries (Transparency International, 2021).

Figure 15: South Africa’s corruption rating



Source: (Transparency International, 2021).

Crime

The general perception is that crime is increasing in South Africa. This may be true as crime affects different areas and communities in the country differently. Crime is also linked to multiple causes like unemployment, poverty, politics and growth of gangsterism cultures in some areas. Surveys conducted indicate that crime dominates people’s concerns rather than socioeconomic issues. Fear of crime is increasing amongst people (Louw, 1997).

Though fear of crime is increasing, facts on the ground indicate that there has been dramatic decline in violent crimes like murder and rapes as the table below with comparative statistics illustrates (Cele, 2021).

Table 3: Table showing the comparative crime statistics

	2019/2020 vs 2020/2021	2019/2020 vs 2021/2022
Contact Crimes	60.6%	0.60%
All Sexual Offences	74.1%	5.00%
Aggravated Robbery	107%	45.20%
Contact-Related Crimes	42.3%	0.50%
Property-Related Crimes	6.0%	-24.80%

Source: (Cele, 2021).

However, the World Economic Forum report on safety and security puts South Africa at 4.3 on a scale of 1 – 7, of countries that exposed tourists to violence and terrorism, which is just over 60% (World Economic Forum, 2015).

2.8 Conclusion

Social impact measurement and reporting can be seen as a fluid, interpretative practice that lacks institutionalization or clear regulatory frameworks. The availability of good social measurement data is key in the advancement of the social finance market. Being focussed on showing the social impact of an investment is a solid symbol that displays the credibility and legitimacy of an intervention or organization. Social impact will have the most meaning when careful attention is paid to the stakeholder voice (Nicholls et al., 2015).

Impact investors are in a position to influence the Sustainable Development Goals agenda. As a group, they play a supporting and catalytic role to social programs, projects and enterprises (Castellas & Ormiston, 2018).

As revealed in the literature review, for impact investing to be effective and efficient it must address financial, social and environmental concerns. The social and development issues facing South Africa have been explored and show the great task ahead of us. The measurement of these is crucial in the advancement of this kind of investing. There must be credible and objective ways of measuring the success of impact investing so as to ensure that the social impact is felt by those who need it most.

3. Methodology

3.1 Introduction

Having presented a review of the literature in the prior chapter, this chapter will now look at the methodology employed. This study follows a qualitative approach. This chapter outlines the research philosophy and approach, research strategy, research design, target population and sampling, research instrument and data collection, reliability and trustworthiness, data analysis and lastly research ethics and dissemination of invitations.

3.2 Research Philosophy and Approach

Saunders, Lewis and Thornhill (2019) talk about a research philosophy, and this refers to a system of beliefs and assumptions about the development of knowledge. These authors acknowledge that research methodology is intricately linked to the researchers' influenced life and lived space. The researchers' belief therefore underpins and affects the development of new knowledge. At every stage of the research and whether you are aware or not your own beliefs will influence your research process. These beliefs may include the realities you confront when conducting your research (ontological), beliefs about human knowledge (epistemological) and about the extent and ways your own values influence your research process (axiological).

This research will utilize an interpretive philosophy because the researcher will need to construct sense of the subjective and social meanings about the phenomenon being studied (Saunders et al., 2019). Interpretivism aims to understand differences between humans in their role as varying social actors (Saunders & Lewis, 2018). This research will look at the NGO and NPO sector and their social impact. Acting in this capacity the NPOs will display different attributes to the impact investors who aim to understand and measure their social impact against some metric that can be attributed to monetary return. Investors, regulatory bodies, government and private sector are all important stakeholders in this value chain; however, the scope and demarcation of the study will be limited to NGO and NPO sector in South Africa.

Inductive approach is an appropriate type of research here, as a naturalistic and emergent research design will be used to build theory and develop a richer theoretical perspective than what is in existence (Saunders et al., 2019). When the inductive approach is used, often times

you are trying to gain an understanding of the meaning humans attach to events (Saunders & Lewis, 2018). This research aims at understanding social impact. The lived experience of the NGO and NPO sector will show how these social impacts are interconnected and how they have experienced them, how investing with a social aim in mind has shifted the communities they operate in and how they have measured this change.

The study intends to explore social impact investment, how it is measured and the linkages amongst the social aspects. It aims to assist those in the sector to better understand social impact and its measurement. The NGO and NPO sector stand to benefit from being enabled to show their social impact to impact investors. To achieve these objectives the key questions to be addressed are: a) Why measure social impact investing? What are the fundamental reasons for social impact measurement? b) How is social impact being measured and what do investors want to see? c) How can the challenge of fragmentation in the measurement of social impact be addressed? d) How transparent is the sector on social impact targets and results? e) How integrated are impact management and financial management decisions?

A critical methodological choice is whether you will follow quantitative, qualitative or mixed methods research design. Qualitative research is used where a naturalistic and emergent research design is used to build theory or to develop a richer theoretical perspective than already exists in the literature (Saunders et al., 2019). This research will be done using the qualitative research design. In qualitative research, meaning is derived from words and images and not numbers (Saunders et al., 2019). This research will focus more on words, theories and frameworks that are currently available for measuring and understanding impact hence this lends itself to a qualitative study.

Qualitative research is designed to study participants' attributed meanings and associated relationships (Saunders et al., 2019). This study aims to look at the associated relationships and asks questions like how, what and why hence qualitative research is appropriate here. Exploratory research is about uncovering more about a topic that is not well understood by the researcher. The usual ways of going about this is using academic literature, unstructured observations and semi and unstructured interviews. Exploratory research does not mean an absence in direction but rather as the research advances it moves from being initially quite broad and moves to being narrower and more focussed (Saunders & Lewis, 2018). This research will

provide insights and further understanding into the social impact of NPOs and NGOs and how to measure this impact for their investors.

3.3 Research Design

Research design is the general plan of how you will go about answering your research question(s). It will specify the source or sources from which you aim to collect data and how you propose to analyse this data (Saunders et al., 2019). To follow will be explanations of the respective sections.

3.3.1 Target Population and Sampling

The target population of the study will be non-governmental organizations (NGO) and not for profit organizations (NPO) in South Africa that are in the development space. The targeted sample will be drawn from desk top research on the internet in the social areas cited in the literature review. Contact will be made with them to verify whether they are still operational and will be willing to participate in the study.

This research will use non-probability sampling as a method. The sampling technique that will be used is purposive sampling. This technique involves the researcher using their judgement to select cases that will best enable the research questions and objectives to be answered and met. The researcher will make a judgement call in deciding around which cases to include or exclude, depending on the informative nature of the selection. This technique is appropriate when dealing with small sample sizes (Saunders et al., 2019).

In a heterogenous group a sample of 12-30 is considered sufficient (Saunders et al., 2019). The sample size in this research will be 12 NGOs or NPOs. This research will be of a heterogenous group as NGOs and NPOs will be selected from various impact categories for example health, education and employment.

3.3.2 Research Instrument and data collection

The research instrument that will be used is interviews. These interviews will take the form of semi-structured interviews. The mode used will be telephonic or internet-mediated interviews, whichever the interviewee has access to (Saunders et al., 2019).

Qualitative researchers can strengthen the quality and reliability of their data using the Interview Protocol Refinement (IPR) framework. IPR is most suitable when refining structured or semi-structured interviews. The IPR framework encompassed four phases namely, 1) ensuring that the interview questions are aligned with the research questions; 2) constructing inquiry-based conversations; 3) receiving feedback on interview protocols and finally; 4) piloting the interview protocol (Montoya, 2016).

In phase one aligning the interview questions to the research questions increases their utility to the research process. The research questions allow participants to tell their story one layer at a time however this first phase aids in having this unpacking be aligned to the purpose of the study. In the second phase the researcher must ensure that the interview protocol supports inquiry-based conversation. This inquiry-based conversation can be developed through interview protocol namely a) interview questions which are written differently from the research questions; b) following the social rules of ordinary conversation; c) a variety of questions; d) a script with follow-up and prompt questions. Phase three entails receiving feedback on the interview protocols. A manner to do this involves close reading. This will require a research buddy examining the protocol for structure, length, writing style and comprehension. The interview questions should be short, understandable and lacking academic language. After completing the three phases prior, the researcher will then be ready to pilot the interview protocol and that is phase four. Here the researcher should simulate the interview in as real circumstances as possible. This will give a realistic take on whether the time frames are accurate, and the questions are answerable. The IPR method can be used by experienced and inexperienced interviewers and is a great way to obtain reliable and rich data (Montoya, 2016).

Since this is qualitative research, a qualitative research design will be used. In-depth interviews of participants will be conducted over the telephone and or computer-aided technologies such as Microsoft Teams whichever participants have easy access to. The reason for adopting this research methodology is to gain intensive and comprehensive understanding on questions posed

based on first-hand experience. A small, focused sample of the target audience will be chosen recognizing that data collection can be time-consuming, and that qualitative research is concerned with depth (why and how of the subject of research) and not quantity of findings (DJs research, 2021).

In semi-structured interviews the researcher ordinarily starts with some predetermined themes and questions related to these themes. Then each of the participants responses will be compared to each other. This will reveal an underlying truth you aim to show (Saunders et al., 2019). The interviews will allow the interviewees to speak freely and express their views. See Appendix B for the questionnaire.

The data collection method that will be used in this research is primary data. There will be interviews completed with the NGO and NPO sector. This will enable the research to be able to understand this from both the literature perspective in the prior chapter as well as the practitioner's perspective in the impact sector. Data collection will commence by the middle of September 2021.

The respondents, namely the NPOs and NGOs will assist the researcher by answering the research questions posed in the questionnaire. The questions in the questionnaire are derived from the research questions. This as mentioned will be interviews which will be telephonic or computer aided depending on the respondent's preference.

3.3.3 Data analysis

This research will use thematic analysis technique to analyse the qualitative data. The purpose of this approach is to find themes or patterns that occur in the different forms of data. This approach will be used in this research as its purpose is to search for themes or patterns that will occur in the interviews and literature. Thematic analysis can aid in comprehending large and disparate qualitative data, integrating data, identify themes for further exploration, develop and test explanations and theories based on patterns as well as draw and verify conclusions (Saunders et al., 2019).

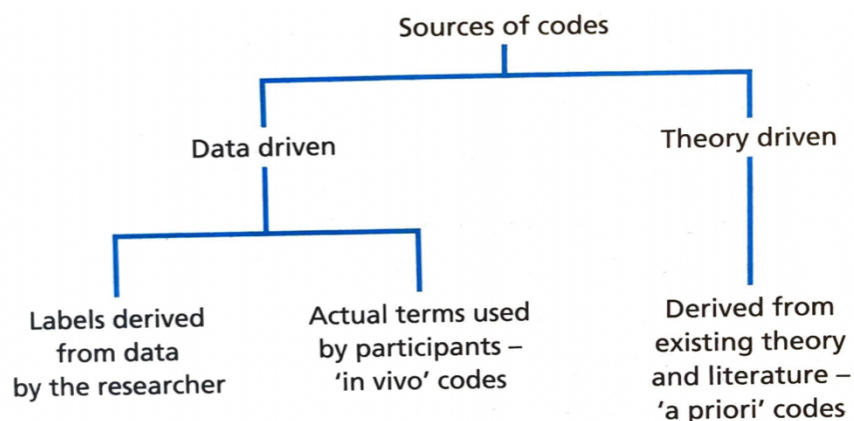
The procedure has four elements namely, becoming familiar with your data, coding your data, searching for themes and recognising relationships and then finally refining those themes and

testing propositions. In theory this appears to be a linear process, however, in practice this will be more of a concurrent and recursive process (Saunders et al.,2019).

Becoming familiar with the data will occur as the transcripts from interviews are reviewed. From here self-memos and summaries will be created. The researcher will read and re-read the data and immerse themselves in it to enable the analytical procedures to follow (Saunders et al., 2019).

There are three main types of codes they can be used individually or in combination, in this research they will be used in combination. Codes can be actual terms that would be used by interviewees in your data known as “in vivo”, labels the researcher develops from the data or can be derived from existing theory and the literature known as “a priori” code. This can be shown in the figure 16 below (Saunders et al., 2019).

Figure 16: Sources and types of code



Source: (Saunders et al., 2019)

Coding allows the researcher to link units of data, compare and contrast and allows the researcher to arrange the original data into groupings for the next stage of analysis. The approach to coding will be guided by the purpose of the research and the research question and objectives. The coding in this research will be done using a manual process (Saunders et al., 2019).

A theme is a broad category which incorporates many codes. Codes are organized by tying them together as themes. Searching for themes involves making judgements about your data after immersing yourself in the data. After this there will be the process of refining themes and testing propositions (Saunders et al., 2019).

This research approach is appropriate for the research as there will be a lot of impact measurement frameworks available that can be coded. The researcher will need to search for themes and recognise relationships within the available information. There will be patterns that come up from the engagements with the NGO and NPO sector and those must be refined. Those insights can be used to drive forward the agenda of measuring social impact.

3.3.4 Reliability and Trustworthiness

Transferability is crucial to this research as an outcome of this research is being able to find themes for the measurement of impact which can be transferred across the SDGs. This is crucial for those engaging in social impact investing or those who are philanthropic and aim to have an impact that can be measured and is aligned to the SDGs. Dependability is about having these responses be stable over time. Measurement will always be crucial to measuring impact and the ways in which to achieve that are stable over time.

Conformity, this is around the consistency of the independent individuals. This will become apparent as the research progresses as the data comes from independent sources and themes will arise as they are all in search of impact and its measurement. Authenticity, there are a range of realities as you move across the SDGs and those nuances will be considered. Whilst in search of social impact, the different stakeholders will experience differing needs when it comes to impact and its measurement, and those will be factored in.

3.4 Research ethics and dissemination of invitations

Permission was requested from participants to take part in the research, they were recorded and the information obtained was used. Consent of the participants followed the guidelines of the University of Cape Town (UCT) Ethical Clearance process. Further information on this was provided in Appendix A. Invitations were sent out formally on email after contact was made with the NGO or NPO to assess willingness to participate in the study.

4. Discussion of findings

4.1 Introduction

In this chapter, the findings of a qualitative and exploratory study based on the twelve interviews conducted are presented. The chapter consists of four parts. Part 4.1 deals with the introduction; 4.2 talks to the demographic characteristics of the respondents in terms of gender, age, nature of the business, experience in the industry and current role in the organization; 4.3 presents thematic findings based on three research themes, namely, motivations behind the measurement of social impact; an investigation of how social impact is measured; the challenges associated with social impact investing and 4.4 is the conclusion to the chapter.

4.2 Demographic profile of respondents

This section begins with the profiling of the respondents based on the demographic criterion that was deemed relevant by the researcher such as gender, age, nature of the business, years of experience in the industry and current role in the organization. The response rate from the targeted organizations was one hundred percent (100%). Eleven NPOs and one NGO responded to the computer aided interviews and answered all the questions to the best of their ability. A summary of the demographic characteristics of the respondents is captured in Table 4.

Table 4: Demographic characteristics of the respondents

Respondents	Demographics				
	Gender	Age	Nature of business	Years of experience	Current role in the business
1	F	47	NGO	16	Director
2	F	54	NPO	36	General Manager
3	M	35	NPO	11	Programme Coordinator & ICT Manager
4	F	56	NPO	20	Programme Director
5	F	42	NPO	20	Chief Impact Officer
6	F	62	NPO	30	Project Manager
7	M	38	NPO	15	Manager
8	M	46	NPO	16	RME&L Manager
9	F	22	NPO	3	Director
10	F	52	NPO	32	General Manager
11	F	44	NPO	15	Director
12	F	37	NPO	17	Project Manager

Source: Research Data

Research data in Table 4 shows that seventy five percent (75%) of the interviewees were female, while twenty five percent (25%) were male. The age distribution of respondents ranged from 22 to 62 years with an average age of 53.5. Rounded off, ninety two percent (92%) of the respondents interviewed were from NPOs while about eight percent (8%) were from an NGO. The average years in the industry for the sampled organizations was 23 years, ranging from 3 to 36 years. The roles of the respondents were very diverse, for example, directors, general managers, managers and chief impact officer.

4.3 Thematic Findings

The study sought to understand the motivations behind the measurement of social impact, how social impact is measured, and the challenges associated with social impact investing. The discussion of thematic findings on the three research questions are discussed in the following sub-sections.

4.3.1 Motivations behind the measurement of social impact

The study sought to explore the motivations behind the measurement of social impact. The study revealed that the NPOs and NGOs all had clearly defined goals for the measurement of social impact. The NPOs and the NGO were given an opportunity to describe their motivations in their own words. These goals and motivations were varied. The themes identified as the motivations for measuring social impact of the sample included social difference, understanding performance and economic factors. The three themes are discussed below.

4.3.1.1 Social difference

The results of the study confirmed that the respondents were in search of some social goal. These were varied however based on target impact category these goals were in education, health, livelihood and gender equality. The organisations are all aiming to make an impact in the communities they serve and shift attitudes. In making an impact and changing attitudes two respondents reflect this as follows:

“To make an impact in the lives of women and children and the HIV and AIDS situation in the country”, Respondent 12 (R12).

“Youth organization that deals in social behavior change towards HIV, STI, teenage pregnancy and poverty”, (R7).

The respondents want to shift attitudes towards social issues that affect society. Some of the NPOs work with the youth to change their attitudes (behavior, thoughts and emotions) around certain social issues like HIV & AIDS, STDs, teenage pregnancy, Gender Based Violence (GBV), Gender Justice (rights and accountabilities) and the Elderly.

This is in line with SDG 3 which speaks specifically to the promotion of good health and well-being of people, the prevention of communicable and non-communicable diseases and access to safe, effective, quality and affordable medicines and vaccines (Statistic South Africa, 2019). As can be seen from SDG 3, the prevention of communicable and non-communicable diseases is a focus. In this study some of the respondents wanted to shift stigma and attitudes towards HIV & AIDS. They wanted to drive the societies they serve towards prevention , testing and treatment of this disease.

The United Nations (2020) report says sexual and reproductive health has taken a backstage due to Covid-19. This may result in maternal mortality, increased adolescent pregnancy, HIV and sexually transmitted diseases. In light of Covid-19 it is even more important that the social impact sector does work to make a positive change in the attitudes surrounding these issues. The respondents expressed their views as follows:

“In Gender Justice to facilitate an understanding of rights and accountabilities with individuals, citizens and policy makers”,(R8).

“Encouraging children to read for enjoyment. It is a learning gym to read for fun and understanding”, (R3).

“The labour market needs a new definition of what is a job. We need to give new vocabulary to what is experience and what is a job”, (R5).

It was clear that some organizations in the study are motivated by the need to see young children able to read and write successfully; enable the physically challenged to live meaningfully;

enhance and better the living conditions and experience of vulnerable families and eradicating illiteracy and poverty. For example, some respondents said:

“Ensure young children have early learning opportunities that enable them to read and write successfully”, (R1).

“Enhance and better the living conditions and experience of vulnerable families being from children to the eldest elderly in a household”, (R4).

“Eradicating illiteracy and poverty and offering free tutoring to high school learners”, (R9).

“Our social goal is to help children and their parents live a life without disability, to facilitate support to children with facial abnormalities and to make a difference in the lives of children with facial abnormalities and enable them to live a life without disability”, (R2).

The motives of the respondents in the study are in line with Vision 2030 that talks to making an impact by providing the highest quality of education and training in South Africa (South Africa. Department: The Presidency, 2012).

Organizations in the social impact space sometimes play a supportive, and at times a catalytic role in the economic agenda of a country (Castellas & Ormiston, 2018) and (Urban & George, 2018) show that impact investing provides an opportunity for the creation of economic and social value that has the potential to improve the quality of life and make social progress.

Respondents wanted to understand their social impact on the communities they serve. The majority of these NPOs service the most vulnerable who have been left behind by society and aim to enable them to lead successful lives. Hence, the work of these organizations needs to be supported as there is definitely a need in the country for social impact work that addresses these adversities.

4.3.1.2 Understanding performance

The respondents in the study confirmed their interest in understanding performance. They do this by tracking improvements which enables them to understand and learn from their experiences. This is reflected in the views of the respondents:

“It is critical to track how we are doing, It’s like a barometer to our success”, (R5).

“Learning- to learn and do better in social change”, (R8).

The NPOs and NGOs are interested in understanding their own performance. The respondents have articulated that this is critical to them being able to track their improvements.

This agrees with the report of the GIIN, the investors sampled find it at least ‘somewhat important’ to better understand whether their impact shows advancement toward their targets (GIIN, 2020). This can be corroborated by the interview respondents in that they too want to have an impact that is in alignment to their goals and can be tracked and understood. It is clear that the NPOs and NGO wanted to understand how they are performing and how they can improve. This can be seen in their responses that follow:

“ We are primarily interested in knowing that what we are doing is making a difference”, (R1).

“To measure the success of the organisation”, (R2).

“To see what we have changed, have we moved them from A to Z, namely from vulnerability to being capable and enabled”, (R4).

When these organisations are able to understand and learn about their performance, they have found that this gives them the ability to perform better. A respondent emphasized on how they are utilizing systems change to improve their offering. They are looking at the systems that surround youth unemployment and trying to solve this challenge by looking at it holistically. This is in line with Roger’s (2014) theory of change and how this can be used for social change. Systems change was defined in the literature review as identifying the organizations and individuals already working on a problem and helping them join forces to achieve their common goals (Walker, 2017). The high unemployment rates in South Africa contribute towards the ill health and deprivation, especially amongst the youth (Department of Health, 2020). This NPO is working tirelessly towards this agenda and exploring how systems change can be of value. Below are statements from the respondents that attest to the above:

“Assess whether we should change anything”, (R7).

“Our goal is to help youth find employment in the most cost-effective way by optimizing data costs, childcare and transport. They are looking at high growth sectors to find job opportunities for the youth and also exploiting economic activities that are in close proximity to where the youth live. Though this organization has their own systems, they draw a lot from the systems change theory. For example, they find out what jobs the youth want; research the economic activities closer to the youth; set expectations; measure the outcomes and conduct a real assessment of their impact”, (R5).

“Ongoing learning to improve quality”, (R1).

All the respondents in the study agreed that they do measurement and reporting for three fundamental reasons: outside accountability to investors; inside strategic planning and decision making; and assessing the holistic impact of an investment. Nicholls et al (2015) concurs with these sentiments.

4.3.1.3 Economic factors

The respondents in the study pointed to the existence of economic motives behind the measurement of social impact. Attracting and retaining funders as well as reporting to funders was seen as key. This was expressed by respondents as follows:

“We need to know this for reporting purposes to our donors”, (R8).

“Measure, attract and retain sponsors”, (R9).

It is evident that the NPO’s want to understand their impact better in order to improve. The NPO and NGO sector is heavily reliant on donor funding and the fundraising function is imperative to their survival. Hence, it follows that they would want to attract and retain funders and measuring their social impact is a way to do this. This is shown by respondents as follows:

“We are donor funded so we have to measure outputs, outcomes and where we can impact to account for donor investment”, (R1).

“When we go out to funders, we must be able to show them that there is impact in our work”, (R10).

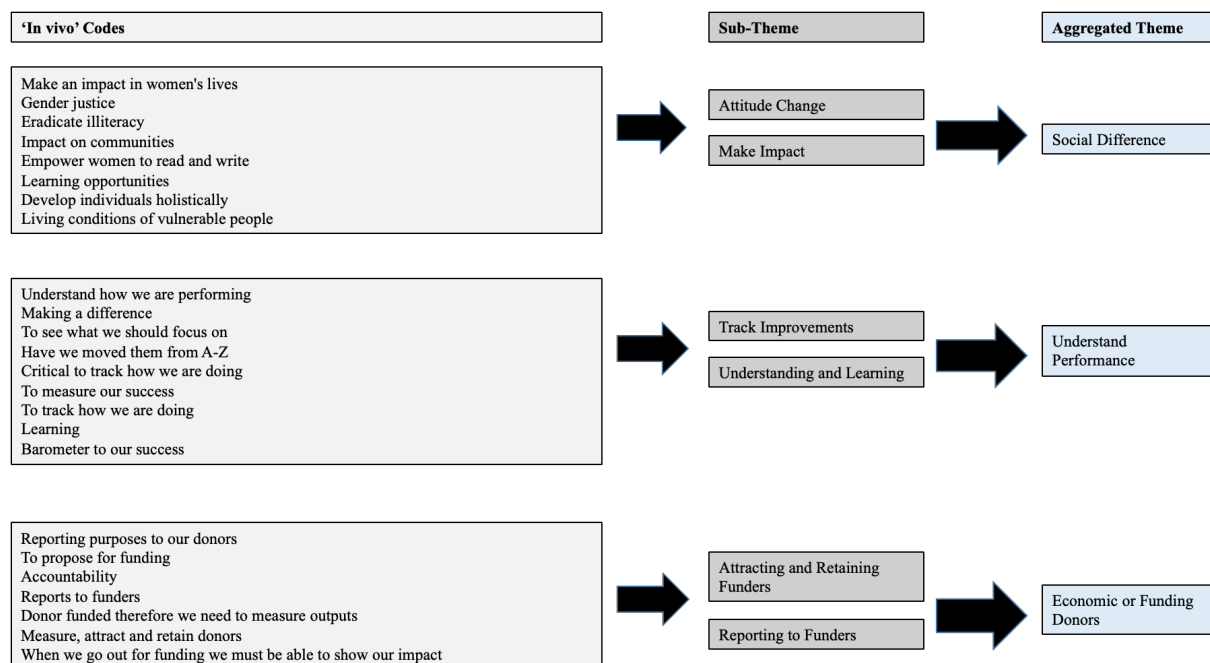
The respondents agreed that they are quite dependent on their donors and would want to satisfy their requirements. Respondents showed in their responses that they measure their social impact to report to their funders. Proactively showing impact to stakeholders is a very important motivation for measuring and managing impact (Nicholls et al., 2015). Hence, reporting to donors is a motivator that cannot be ignored. The respondents’ sentiments are represented below:

“Report to funders- for our monitoring and reporting. To propose for funding” , (R3).

“To account for time and investment that we are managing” , (R8).

Figure 17 below represents the themes and sub-themes that were identified from the data analysis process. These address and provide responses to the research objective that talks to exploring the motivations behind the measurement of social impact.

Figure 17: Data structure of themes on motivations behind the measurement of social impact



Source: Data structure based on thematic analysis of research data

4.3.2 Measurement of social impact

The study sought to investigate how social impact is measured. The results of the study revealed that social impact measurement and reporting is critical to the success of these organisations. Three themes emerged from the data analysis namely: familiarity with measurement tools, measurement and reporting. Once the program is underway, investors and investees focus on monitoring impact, measuring and analysing impact throughout the life of the investment to track the intervention's effects. Sometimes investors turn to evaluating impact, by measuring an investment's social consequences after the program concludes to assess portfolio performance and next steps for the investor, including re-investment (So & Capanyola, 2016). This can be corroborated by the respondents in that they want to gain an understanding of their measurement to track their interventions effects. Their investors are concerned with monitoring impact as this serves them in deciding if an intervention has the desired social effects and is worth further investment.

4.3.2.1 Familiarity with measurement tools

It emerged from the responses that the knowledge of the international tools and frameworks is scanty. When asked if they had heard of Sustainable Development Goals, Global Impact Investing Network, Impact Management Project, Operating Principals for Impact Management and the Five Dimensions of Impact most of the respondents had not heard of these. So, this reveals that the challenge is two pronged, in that there is an issue with familiarity with the tools but then further as a result of this that these tools are not being utilised. Some respondents had heard of some of these especially the SDGs however they are not fully utilising them. Instead, they often rely on their own developments or guidance from their donors. This familiarity and usage are represented by respondents as follows:

“ We don't really know any, usually the funders give you a tool that they would like you to use”, (R4).

“ I have heard all of the ones cited. We have looked at these however we have our own as we look at systems change. Systems change is a lot more complicated”, (R5).

Entities that practice measurement will review the content and method of their activities and make improvements in their management; this will lead to growth. Measurement ensures

accountability and cultivates innovation to solve social issues (Working Group on Social Impact Measurement, 2016). Hence, if the respondents are not familiar with measurement frameworks, they will not derive the benefits from these. This can be seen from the responses that follow:

“I don’t know of any methods”, (R11).

“I have heard of the SDG’s and millennial goals”, (R7).

The lack of common standards for what constitutes impact has created confusion amongst investors (International Finance Corporation, 2018). It can be seen from the respondents that this confusion is not only felt by investors. Below are some perspectives from the respondents that echo this:

“There is lack in the more universally measured metrics”, (R1).

“I don’t know of any formalised methods, we don’t have a tool”, (R6).

4.3.2.2 Measurement

The respondents of this study indicated that they place value in measurement for its ability to track and monitor as well as facilitate evaluation. A lack of common standards can really deter prospective investors hence it is quite important to get this right to make impact measurement comparable. Even though the respondents are struggling with a universally accepted measurement tool they have adapted and tried to make do with what is at their disposal. Respondents in this study said:

“We assess young children on literacy and language measures and try to understand behaviour change. We also use different tools; interviews, feedback forms, self-report, observation and visiting homes”, (R1).

“Monitoring & evaluation tools”, (R4).

More than one in four respondents to a questionnaire done by the GIIN, indicated that standardization of metrics, impact benchmarks, pooling of data, or a combination of these

requires further support and guidance in order to enable comparison of impact results (GIIN, 2020). There is a myriad of measurement tools that the organisations use for measurement for example, pictures, interviews, feedback forms, self-report, observation, home visits, internal assessments, tracing tools and word of mouth. This is evidence of the fact that regardless of the lack of standardisation in the sector, these organisations have placed importance on measurement and have developed their own approaches to doing so. Some of the evidence quotes are indicated below:

“We use before and after pictures as well as statistics of the year”, (R2).

“Each programme has its activities, and this is looked at against the respective timeframes. We track and monitor. We have meetings, trainings and workshops. We utilise internal assessments (run surveys). Assessments/ results from schools to see how our children have performed compared to the other children who are not a part of the programme. We have parents’ meetings where we check how the kids are since joining the programme. We have close contact with teachers and have meetings with them. Most of our monitoring and evaluation is done by our internal team (2 employees here), they look at this solely. However, we also outsource if the need arises, for the educational measures we usually outsource”, (R3).

Some have developed their own tracing tools in the absence of standardisation. A respondent mentioned that they place reliance on systems change to guide them as they find that this addresses the complexities that lie in social impact. One respondent found that too often there is too much focus on inputs instead of outputs and their approach now, is to also look carefully at their outputs. It was seen that tracing education in terms of outputs is far more valuable than only looking at inputs. Monitoring and evaluation is key to measurement and those respondents without monitoring and evaluation teams made it known that they would benefit greatly from this, as this is a skill set on its own. Respondents to the study said:

“We have clear targets for the next 5 years. Income tracking (how much goes into the pocket of the young person’s). We track data cost and jobs generated. We also look at systems change as we look at the things that impact jobs holistically”, (R5).

“Tracing tools, for example the number of clients we have reached” , (R7).

4.3.2.3 Reporting

The respondents in this study indicated that reporting to their respective stakeholders is imperative. They not only report to their donors and funders but also to the communities that they serve and their own staff. Some have government as stakeholders and their requirements are quite regulated. Reporting is usually quite formal and done using reports at different times of the year. There is also less formal reporting done at times, like informal catch-up meetings and calls. Respondents corroborated this by saying:

“Annual General Meeting, annual report, bi-annual reports and quarterly newsletters”, (R3).

“We are in touch with the presidency weekly for formal and informal feedback”, (R5).

The reporting that the NPOs and the NGO do is quite similar across the respondents interviewed. These organisations rely on monthly, quarterly, bi-annual and annual reports depending on their schedules and needs. These are usually informed by the reporting timeframes and cycles of their donors, funders, partners and investors. Some have output monitoring, Key Performance Indicators (KPI's), objectives and goals that they report against. The majority also use their annual report, and some have an annual general meeting. Each of their stakeholders have specific requests and they aim to meet these specifications. Respondents in the study said that they report to their stakeholders as follows:

“With reports to donors”, (R2).

“Meetings, monthly, quarterly, yearly reports and audited financial statements”, (R11).

“Statistics, pictures and monthly, quarterly and annual reports”, (R12).

Informal reports are also relied on in the social impact space as the NPOs and NGOs are in constant communication with their stakeholders. Good relationship management makes fertile ground for this kind of engagement. Respondents showed this by saying:

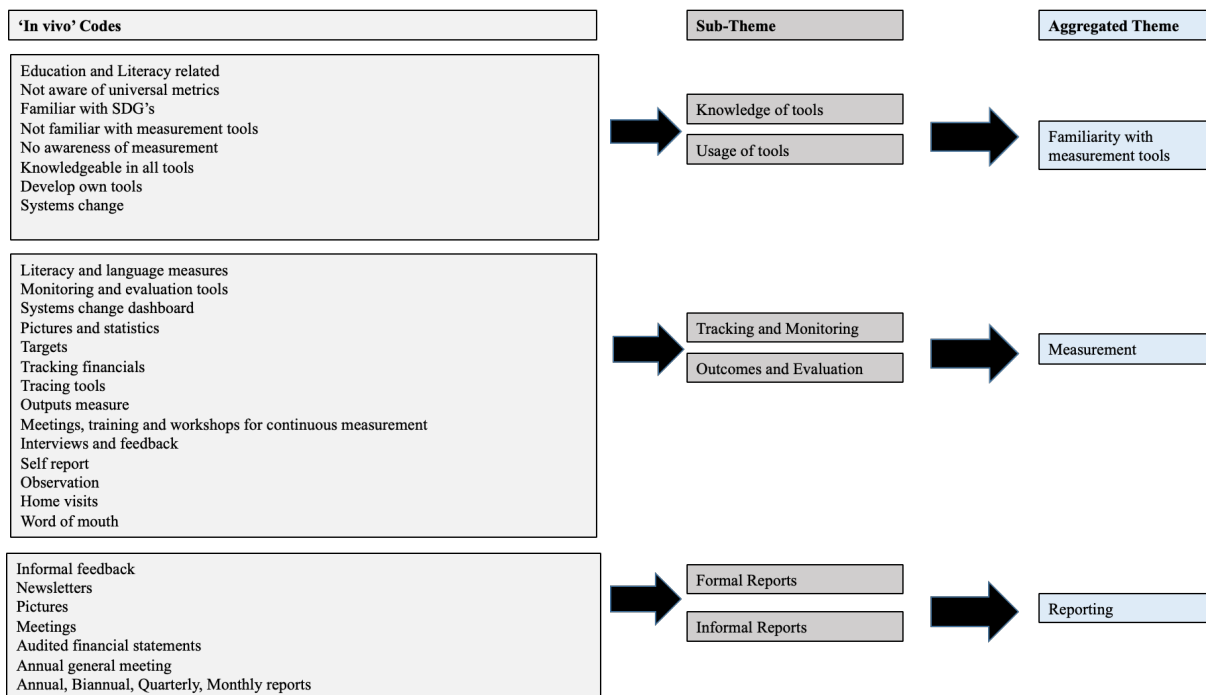
“Word of mouth, advertisement and the way I present myself”, (R11).

“We don't know any formalised methods of reporting, we don't have a tool”, (R6).

“Setting up community-based action teams and talking to them daily on social media (WhatsApp)”, (R8).

Figure 18 below represents the themes and sub-themes that were identified from the data analysis process. These address and provide responses to the research objective that investigates how social impact is measured.

Figure 18: Data structure of themes on the measurement of social impact



Source: Data structure based on thematic analysis of research data

4.3.3 Challenges associated with social impact investing

The objective to be addressed here was to explore the challenges associated with social impact investing. Respondents were given the opportunity to state the challenges they are experiencing in their own words. In articulating their problems, a number of themes emerged, and these were aggregated to three, namely, lack of funding, deficiency of measuring skills and the impact of Covid-19. The aggregated themes will be discussed in the next section and supported with 'in vivo' statements of the respondents.

4.3.3.1 Lack of funding

Most of the respondents in the study revealed that fundraising expertise and donor expectations were key challenges related to lack of funding. All respondents in the study acknowledged and confirmed amongst other things that predominantly lack of funding, fundraising expertise, unrealistic donor expectations, lack of finances to upskill their staff, demands for costly sustainability plans, the Covid-19 regulatory environment and the diversion of resources (mainly financial) towards the urgent life-threatening situation imposed by Covid-19 were some of the challenges associated with social impact investing. Respondents expressed this as:

“Fundraising is a skill of its own. It requires someone who is full time on this role. There are no people assigned to these roles. When you are not well staffed especially in the township NPO's this is a challenge. Programme directors are busy with their other tasks that run the organisation”, (R4).

“Unrealistic expectations from donors. They don't fund the work to measure impact, yet they expect you to do this work”, (R1).

Most respondents lifted lack of funding as one of the challenges associated with impact investing. Sometimes funds come late and at times don't come at all. Changes in global funding priorities as result of Covid-19 had unintended consequences on the functioning of NPOs. Sentiments expressed by respondents in this regard are:

“Funding- whatever is happening in the world has an impact on funders and the climate of funders” , (R3).

“Donors are fatigued” , (R2).

“Funders are no longer funding. We do not have a stable funder”, (R6).

“We cannot afford a social worker, so we then have to refer cases. Often, sponsor funds come in late, and families rely on us, so when they are late so are we, as we are solely relying on government funds”, (R12).

“We don’t have resources to send our M&E coordinator to a training or something to upskill them”, (R9).

“We don’t have the finances to take the teachers to get the right skills”, (R11).

One responded complained about timeframes imposed by donors/ investors to measure impact. The responded said it would be preferable if investors would consider longer-term periods of five years or more. It was also indicated that often times donors do not fund for measurement. This is evidenced by the statements that follow:

“Now, there needs to be a sustainability plan in place which is well constructed, practical and makes sense. Having this sustainability plan improves your chances of getting funding. Having this sustainability plan is not simple. Raising serious funds is very difficult to do” , (R4).

“It is difficult to achieve impact in the short term. To achieve real impact, you need time, and it would be nice to see investors look at this. More than five years is really valuable to achieving real impact”, (R8).

4.3.3.2 Expertise deficiency

Most NPOs that were interviewed acknowledged that there is generally a lack of the requisite skills to measure social impact. They also made it known that measuring qualitative impact is complex. Respondents in the study expressed this as:

“Our staff don’t have skills in Monitoring and Evaluation. We don’t quite know if our work is helpful or not, we do not have data. We can’t quite calculate our impact” , (R9).

“It’s hard to measure intangibles”, (R5).

Respondents in the study confirmed a lack in skills/ expertise, academic research, monitoring and evaluation skills, fundraising skills and social work skills. Fundraising skills has been echoed as an area of challenge as donors now expect NPOs to have sustainability plans which show their ability to raise other streams of funding. According to participants, monitoring and evaluation is a fulltime job requiring a different skill set and they do not have the funds to

recruit for these kinds of skills. Some even mentioned that there is a need for an independent external evaluator in the sector. This was expressed as follows by the respondents:

“Lack of academic research/ content knowledge is scarce”, (R1).

“Fundraising is a skill of its own. It requires someone who is full time on this role. There are no people assigned to these roles”, (R4).

“We don’t have finances to take the teachers to get the right skills”, (R11).

“We do not have social workers in the office. We cannot afford a social worker”, (R12).

Measuring qualitative social impact has been confirmed by the respondents as being very complex. Due to the fact that this is so complex some organisations tend to focus more on quantitative measures instead of qualitative. There are limited benchmarks or comparators to measure impact in South Africa. A respondent also said that they are struggling to measure their impact as they don’t even have the requisite data to begin to make an analysis.

Within the sector there seems to be a focus on input measurement instead of output measurement. A respondent who is in the youth unemployment sector spoke to having lots of data available on university enrolments however less on the skills and outputs that a student obtains either from university or their first job. Participants in the study expressed the problems in the following ways:

“It is difficult to measure and quantify as you don't always have a benchmark or comparator. In South Africa, we don’t have validated tools to measure impacts. If you take ones from overseas these are not always relevant for our context”, (R1).

“There is a need for an independent external evaluator. There is a lack of expertise/ depth in early learning”, (R1).

4.3.3.3 Impact of Covid-19

Covid-19 regulations created stress on the global society and those working in the social impact space were severely affected. Donors were inundated by the need for Covid-19 relief that the NGO and NPO sector found themselves with less resources available to them. Respondents expressed this as follows:

“Covid, limited access to hospitals. Surgeries have been different in that children must be dropped off at hospitals alone due to Covid. This means parents cannot be there and must drop off kids and pick them up only, they can’t see them or be there. This creates distress for both the parents and children”, (R2).

“There has been a lot of money raised for Covid, hence donors are fatigued”, (R2).

Social distancing, for example, meant that access to certain facilities and beneficiaries was curtailed. Respondents affirmed that communities are still seized with Covid-19. Many community members have lost jobs, and there is an increase in poverty. Covid-19 regulations meant that organisations had less physical access to their beneficiaries. Some reworked their business models and found opportunities in technology, however, for others the absence of physical contact greatly hindered their ability to meet their targets. The situation was expressed by respondents as:

“Our programmes work when we have access to the beneficiaries. As soon as this is impacted this affects the measurement. In the last two years we couldn’t meet as big groups due to Covid-19. This affects our output. This impacts on funders as we cannot do what we set out to”, (R3).

“Many parents have lost their jobs with Covid”, (R6).

“People have lost jobs and want food parcels and we cannot always offer this. People are coming to us looking for employment and food parcels. Within HIV adherence to medication, we are seeing that alcohol abuse is a problem as well as poverty”, (R7).

“Documenting individual stories has been difficult with Covid-19. Individual stories have been hard to report”, (R8).

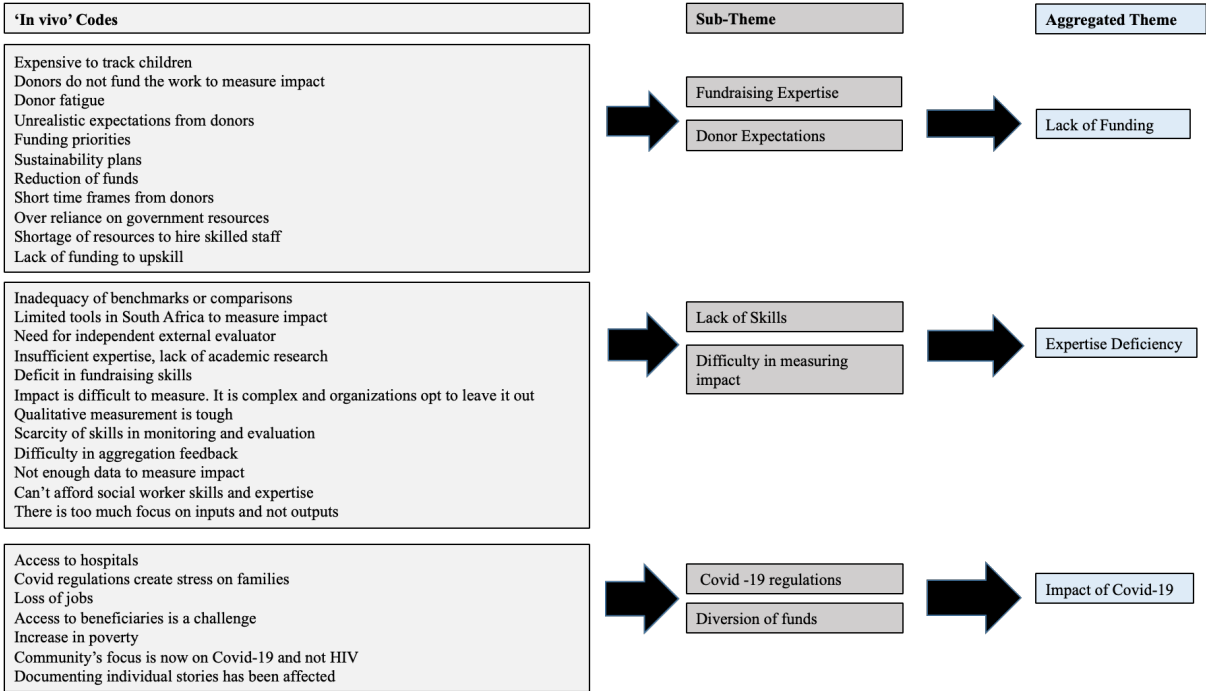
When the Covid-19 pandemic was first announced in 2020, it rocked the globe and changed funders priorities to the urgent life threats posed by Covid-19. This has impacted the social impact sector as this has meant that there is less funding available to their needs. Respondents expressed this as follows:

“When we get the funding, we are expected to test for HIV and now people are testing for Covid”, (R7).

“Whatever is happening in the world has an impact on funders and the climate of funders. Every year there are differences in how they want to spend their money”, (R3).

Figure 19 below represents the themes and sub-themes that were identified from the data analysis process. These address and provide responses to the research objective that explores the challenges associated with social impact investing.

Figure 19 Data structure of themes on the challenges associated with social impact investing



Source: Data structure based on thematic analysis of research data

4.4 Conclusion

It is clear that all the sampled organizations want to do measurement and evaluation of their work to see if they are reaching their social impact goals or are making a difference in the lives

of vulnerable communities. They want to understand and improve on their performance. This benefits them as they can report on their work and can then use this for funding purposes.

Social impact measurement is important for effective impact management, for example, for planning purposes, organizational aims, coordinating activities and controlling resources. Becoming familiar and knowledgeable in the social impact frameworks available will improve on performance. Measurement and reporting is key to the social impact sector. All interviewed organizations confirmed overwhelmingly that measurement will help to improve their performance.

Though, NPOs and NGOs face unimaginable challenges, it is important for them to continue with the good work. In chapter five, we will conclude and make final recommendations.

5. Conclusion and recommendations

5.1 Introduction

In this chapter, the conclusion and recommendations are drawn from the findings of this research. This chapter will summarise the study, state the major findings, detail the policy recommendations and provide recommendations for future research.

5.2 Summary of the study

The objective of this study was to explore the motivations behind the measurement of social impact, to investigate how social impact is measured and to explore the challenges associated with social impact investing. Social impact measurement and reporting can be seen as a fluid, interpretative practice that lacks institutionalization or clear regulatory frameworks (Nicholls et al., 2015). The social and development issues facing South Africa have been explored in the literature and show the mammoth task ahead of us. The literature reviewed theory of change and systems change, what social impact is, impact measurement, empirical studies in this field and the South African contextual issues. The measurement of social impact is imperative to creating the social change we would like to see. The field demands credible and objective ways of measuring social impact.

5.3 Major findings

The findings of the research reveal that there is a myriad of motivations behind the measurement of social impact but at the crux is to ensure that the NPOs are making a difference and can improve on their impact.

The literature explores some internationally recognised impact measurement frameworks which are Sustainable Development Goals, Global Impact Investing Network, Impact Management Project, Operating Principals for Impact Management and the Five Dimensions of Impact. Very few of the NPOs knew about these international frameworks to measure impact. The NPOs predominantly operate with customised metrics and measures of their own, which are often times informed by donor requirements. It also became clear that the sector does not focus enough on outputs and instead are geared towards measuring inputs. The sector needs more efforts in measuring impact and not to have an audit type of approach when it comes to measurement. There are hard to measure intangibles in the impact measurement space and more

expertise needs to be built in this. The sector needs to look at what is valuable to measure and measure that with rigour instead of thinking that this is too complex and immeasurable. This will not do enough to move the needle where social issues are concerned. Tools that can be used on the ground to measure the more qualitative aspects need more exploration.

The challenges in the social impact investing sector were many, but there were a few that took prominence. Funding is a challenge, and the sector relies too heavily on donor funding. Sustainability plans are now becoming a pre-requisite from the private sector as they want the NPOs and NGOs to demonstrate that they can generate other streams of income. The Covid-19 pandemic has meant that an already difficult South African situation has been exacerbated and poverty is at an astonishing high. This has meant that the NPOs have less access to funding as funders are now focussed on Covid-19 relief. Covid-19 has also meant that physical contact has been restricted and the sector has depended on this in the past to make their impact. Some are now looking at online platforms and relooking at their operations to see how they can leverage off of technology. The sector needs more done for measurement as a whole especially in the hard to measure intangibles that require deep insights. Most donors require measurement of impact; however, they do not fund for this. The NPOs have made it clear that measurement of social impact is a complicated task and requires deep insights with a very specific set of skills. So, NPOs find themselves without the requisite skills to measure impact and pressure from donors to measure it however they have not factored this into their funding.

In summary, the research objectives for this study were to explore the motivations for social impact investing, its measurement and challenges facing the NPO and NGO sector in South Africa. Research results confirmed that NPOs and NGO all had goals to improve education, health and the quality of life of their target audiences that motivate them to do social impact investing; all want to measure the work they do for various purposes such as reporting, strategic decision making and funding requirements; and finally the study highlighted the challenges experienced by the sector such as lack of funding and deficiency of measuring skills or resources and the negative impact of COVID 19 on funding streams. The research objectives and questions of the study were achieved and answered.

5.4 Policy Recommendations

Theory of change explains how activities are understood to yield results that contribute to the final intended impacts. It can be used in any intervention, for example, a project, policy, programme and or plan. It is very useful for identifying data that needs to be collected and analysed. It can provide a framework for reporting (Rogers, 2014). Systems change can be defined as identifying the organizations and individuals already working on a problem and helping them join forces to achieve their common goals (Walker, 2017). Theory of change and systems change are both very powerful tools that can be used in this sector to measure impact. The international frameworks that exist for measurement also need to be better utilised in the sector. Those working in social impact should be encouraged to utilize the available frameworks. The department of monitoring and evaluation can become the countries centre of excellence where monitoring and evaluation is concerned in the public sector. They can partner with the private sector and their combined expertise in the sector can be used to enable the social development sector.

Various stakeholders need to pool their resources to solve a particular problem and any systemic challenge in the sector, thus exploiting synergies. Looking at the systems that surround a particular challenge and working with all of the partners who surround a challenge is vital. This needs to be an approach that is leaned on going forward so as to ensure that all partners are pulling in the same direction, and all can learn from each other's lessons learnt. Systems change can be leveraged on here. It can be legislated that before entering a particular impact target category you must demonstrate an analysis of the sector and partner with organizations in that sector for knowledge sharing at the very least.

Other streams of income for NPOs and NGOs can be looked into which can enable them to be more sustainable. Sustainability plans are becoming a prerequisite and the NPOs and NGOs should be guided in this regard. The NPOs and NGOs in the research cited that funding is a key challenge for them. Hence other streams of revenue and sustainability plans needs to become an area of focus in the sector.

Up skilling employees in measuring social impact or developing this skill set in the country are key to making strides in this area. This will not only aid investors in being better equipped to

see how their funds are being used to create a social impact, but it will also assist the NPOs and NGOs in performing measurement & reporting of their social impact for outside accountability to investors, inside strategic planning & decision making and assessing the holistic impact of an investment. As a country, skills in monitoring and evaluation are crucial to being able to change the difficult position we find ourselves in where social development is concerned. External independent evaluators can be a strategic priority of government and funded accordingly.

5.5 Recommendations for future research

Research is needed on the policy for social impact measurement at the national level, the tenets of which can be cascaded to provinces and municipalities across the country so that there is uniformity and standardization on how we perform social impact assessments. This policy, once approved and gazetted by government should be the guide that is infused in all social impact programmes, projects and plans for social change and should be communicated to all stakeholders for immediate implementation.

To inform the proposed policy formulation countrywide research on the social impact measurement tools currently in use by the social impact sector to measure the results or outcomes of their work needs to be conducted. As input in the policy formulation, challenges facing the NGO and NPO sector need to be researched across the country; and this might illuminate and inform a new policy of social impact assessment in the country. This might also help elevate the function of monitoring and evaluation in the sector, that is, fully in-sourcing the function instead of outsourcing for every NGO or NPO.

Once policy is approved, each of the social impact categories needs to be explored on their own and deep insights need to be developed in each area. This will aid in being able to understand what is valuable in the target impact category that should be measured and how an impact can be made in that area.

Systems change is an area that needs exploring as it is a powerful tool that can be used to understand the sector. Some respondents said that systems change is complex. So perhaps following the exploration exercise there can be a country wide drive to disseminate this

information and educate and enable those that work in the social impact sector. The tools for social impact measurement are not well known. This needs to change. As a recommendation the sector would benefit from researching more about these tools and their uses. Researching ways to measure the qualitative elements of social impact and distributing these in a manner in which the least sophisticated NPO or NGO can have access and find this usable. All of these elements can be researched, to be utilized to inform, educate and enable the social development sector to make the necessary impact we all hope to see.

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Appendix A

Consent Form

Master of Commerce in Development Finance INTERVIEW/SURVEY CONSENT FORM

Participant name:

I volunteer to participate in a research project conducted by (**Zikhona Tyilana**) as partial fulfilment of the requirements for the **Master of Commerce in Development Finance Degree** at the UCT Graduate School of Business. I understand that the research is designed to gather information about (**The social side of social impact investing: Measurement and the interconnections**) and that I will be one of approximately (12) of people being interviewed for this research.

Objective(s) of the research

- a. The fundamental reasons behind the measurement of social impact investing.
- b. How social impact is measured and what investors want to see here.
- c. The fragmentation in the measurement of social impact.
- d. The transparency in the sector on social impact targets and results; and
- e. The challenge of integrating impact management and financial management decisions

Ethics approval

The ethical clearance for this study was approved by the UCT GSB Research and Ethics Committee on **26 November 2021**.

Participation and confidentiality

I understand that my participation in this research is voluntary, that I will not be compensated and that I may withdraw at any time. The interview will take approximately 30 - 45 minutes to complete and will be audio recorded.

I understand that I will not be identified by name in any reports using information obtained from this interview and that my confidentiality as a participant in this study will remain secure.

Subsequent uses of records and data will be subject to standard data use policies which protect the anonymity of individuals and institutions.

Should you have any questions or concerns please contact me Zikhona Tyilana on TYLZIK001@myuct.ac.za or my supervisor Ph.D., Abdul Latif, Alhassan on latif.alhassan@gsb.uct.ac.za

Consent

I consent to participate in this interview, based on the terms outlined above and subject to the following additional condition of my own (if any).

Appendix B

Interview Questionnaire

Section 1: Demographic information

1. Gender of respondent:
2. Age of respondent
3. Nature of business
4. Years of experience
5. Current role in business

Section 2: Interview/Survey questions

Interview questions

1. What is the social goal your organization?
2. Why do you measure your social impact?
3. Do you perform measurement & reporting of social impact for?
 - a. Outside accountability to investors
 - b. Inside strategic planning & decision making
 - c. Assessing the holistic impact of an investment
4. What is your target impact category for e.g., health, education, gender equality or livelihood?
5. Does it link with other categories of social impact investing, if so what areas? Please give an example.
6. What methods do you know of to measure social impact?
7. How do you measure your social impact?
8. How do you report to your key stakeholders?
9. Does measurement help you improve your impact performance?
10. What challenges are you experiencing with regards to social impact investing?