

IMPACT MEASUREMENT AND MANAGEMENT FOR ENTERPRISES

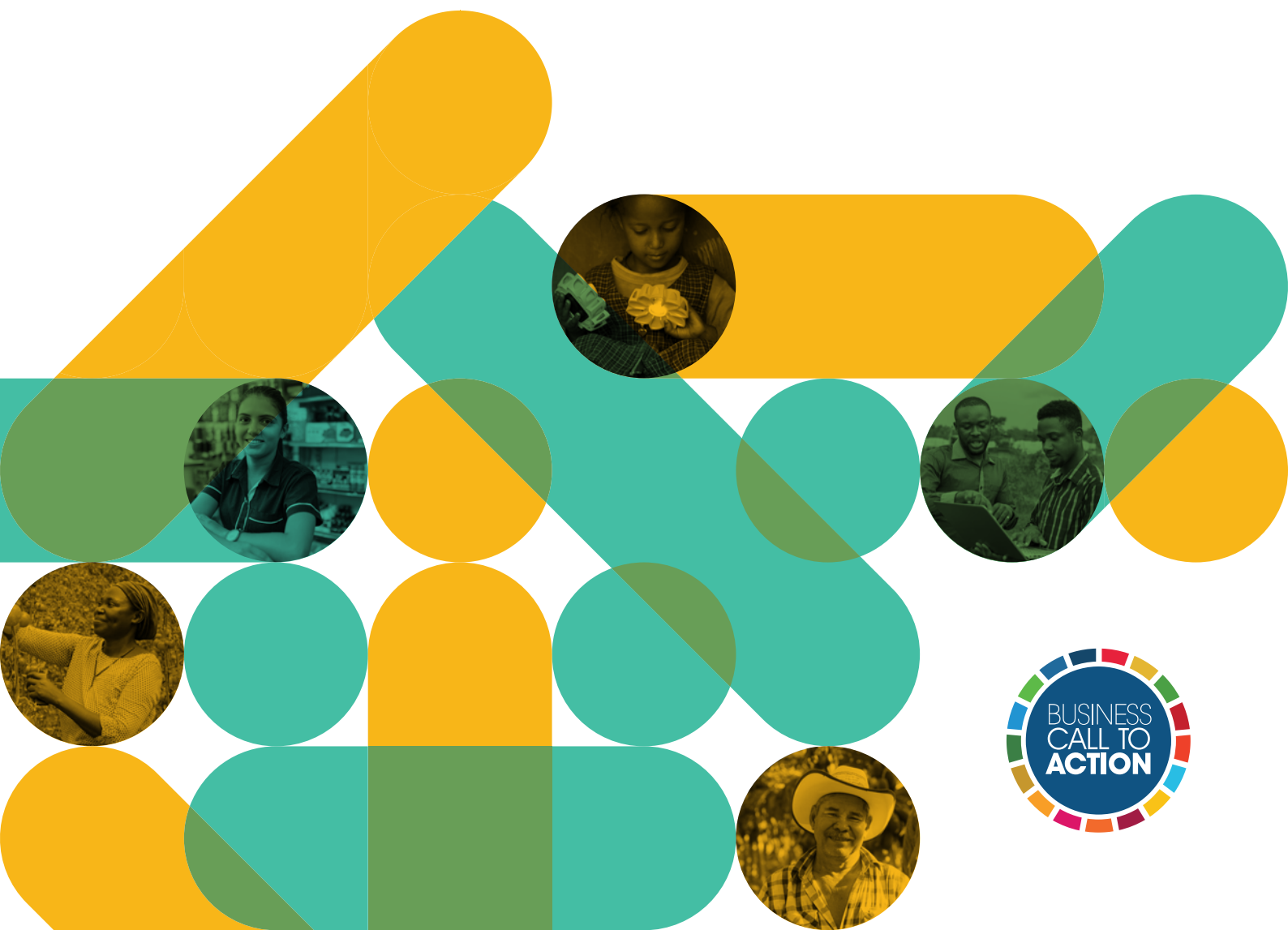


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About UNDP:

UNDP is the leading United Nations organization fighting to end the injustice of poverty, inequality, and climate change. Working with our broad network of experts and partners in 170 countries, we help nations to build integrated, lasting solutions for people and planet. Learn more at undp.org or follow at @UNDP.

About Business Call to Action:

Launched at the United Nations in 2008, Business Call to Action (BCTA) is UNDP's global inclusive business platform advancing core business solutions for development. BCTA recognizes and advances inclusive businesses with a clear commitment to benefiting people in low and middle-income markets while advancing the Sustainable Development Goals. BCTA is supported by the Swedish International Development Cooperation Agency, the Dutch Ministry of Foreign Affairs, the Swiss Agency for Development and Cooperation and the Arab Gulf Programme for Development.

EXECUTIVE SUMMARY

Impact Measurement and Management (IMM) is becoming a mainstream tool that provides tangible benefits for organizations and their stakeholders. It creates value for people, encourages innovation and ensures efficient use of resources. Most importantly, it helps organizations take better decisions to benefit their stakeholders and increase positive impact.

Since 2015, the Business Call to Action (BCtA) has been leading the IMM movement, spreading the culture and helping private sector actors develop the capacity to measure and manage their impact on the Sustainable Development Goals (SDGs). It has offered support to companies by crafting appropriate IMM approaches relevant to the contexts in which companies operate, with the main objective of instigating a culture change within organizations and inducing a focus on impact.

In that same spirit, BCtA has prepared this report on its experience in building and leading various IMM-related initiatives, including workshops, mentorships, and Training of Trainers (TOT) sessions. The report aims to review the main lessons learned and opportunities identified in adopting IMM and to highlight future steps that need to be taken to further increase its acceptance by organizations and their stakeholders. BCtA also aims to increase the quality of the impact decision-making process by supporting investors and enterprises in integrating IMM into their practices through data collection and capacity building, developing user-friendly, self-paced online tools such as the Impact Lab.

The report has six main chapters; it starts by outlining the current state of IMM; focusing on the role of the United Nations Development Programme (UNDP) in mobilizing governments and the private sector to take a more integrated approach to sustainable development and accelerate progress towards the SDGs. It goes on to shed light on the BCtA's member companies' commitments to the SDGs, their adoption of the Inclusive Business model, their engagement with low-income populations in developing countries, and to highlight the main challenges faced by these organizations in measuring and managing impact. It also

outlines how Inclusive Businesses can manage their impact on the Bottom of the Pyramid (BoP), leading to enhanced quality of life and increased living standards for their stakeholders.

Based on the above, and to ensure that companies are adopting and following good practices in IMM, BCtA has commissioned Oxfam to carry out primary research in order to extract lessons learned from the last five years of providing IMM support services. The data collected has proven very useful in helping to assess companies' experience in measuring and managing the impact of their business through the lens of the SDGs. The intention is that these companies should become role models for others and provide examples of successful strategies for integrating IMM into mainstream business operations.

In conclusion, and as this report seeks to provide insights from the implementation of BCtA's IMM programmes, it reveals that companies are eager to continue with IMM and to deepen their knowledge of it. Recognizing their future ambitions with regards to IMM and acknowledging the ongoing challenges that they face, the BCtA has structured the future provision of support in three ways, which are further explained in the last chapter of the report. These are: ongoing technical assistance, leveraging technology to deliver assistance, and creating a community of practice to produce similar outcomes for their stakeholders.

THE TEAM

The report was prepared by a team of IMM specialists led by Rabayl Mirza and Khulood Hindiyeh under the guidance of Luciana Trindade de Aguiar. The core team was composed of Pedro Cortez, Christopher Wignall, and Sarah Khan. Specialists from Oxfam and UNDP have also contributed to this report, which include: Harmonie Limb and Monica Romis from Oxfam Business Advisory Services, Elizabeth Boggs-Davidsen and Amanda Feldman from UNDP SDG Impact, Diana Gutierrez from UNDP Business for Gender Equality, Gokhan Dikmener and Yoonseong Jung from SDG AI from IICPSD. Special thanks to our peer reviewers from the UNDP: Artak Melkonyan, Pratigya Khurana, and Belissa Rojas.



STATE OF IMPACT MANAGEMENT TODAY





Photo: UNDP Timor-Leste/Yuichi Ishida

“SDG alignment is indeed the first and necessary step to put finance to work for the prosperity, peace and wellbeing of people and planet, reduce global inequalities, and to secure the long-term value of assets otherwise challenged by recurrent systemic shocks linked to poor management of global public goods.”

*Achim Steiner, UNDP Administrator
Paris Peace Forum 2020*

The 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs) are the world’s blueprint to achieve a better and more sustainable future for all. They address the global challenges we face including poverty, inequality, climate change, environmental degradation, peace and justice. They are deeply interconnected; a lack of progress on one goal hinders progress on others.

Enterprises are at the front line of the 2030 Agenda. To make progress, enterprises large and small, across sectors and borders, will need to make decisions that benefit all stakeholders – including customers, employees, their local community, and the environment. They need clear resources to understand and manage their impacts, both positive and negative, in the specific contexts in which they operate. There is no shortage of IMM resources for enterprises, and it can be difficult to know where to start.

The UNDP exists as the integrator of the SDGs. Active in 176 countries and territories, it is the UNDP’s role to mobilize governments and the private sector to take a more integrated approach to sustainable development and accelerate progress towards the SDGs. To achieve this goal, we need to make the emerging standards on IMM clear and accessible for all.

The team at SDG Impact has taken on the task of helping investors, issuers, and enterprises understand how they can make significant and measurable contributions to the attainment of the SDGs. We are confident that, given the right tools, the private sector will start to see its intentions translated into results.

This has required the development of the SDG Impact Standards, to provide clarity on how to measure, authenticate and create integrity around claims that investments advance the SDGs. Establishing whether a positive contribution is being made to the attainment of the SDGs requires both good performance data – building on strong consensus and convergence from the Impact Management Project – and good practice, to make sure the data are systematically used for better decision-making.

Since the approval of the SDGs in 2015, BCtA has worked with enterprises from various sectors and of all sizes on IMM and refined an end-to-end process that generates actionable insights for enterprises to advance the SDGs. This has involved capacity building through training and tools that foster a culture of IMM among private sector actors helping them to understand, prove and improve their contributions to the global agenda.

BCtA has been a prime mover in incorporating best practice performance standards into actionable tools for entrepreneurs through the Impact Lab, which includes online modules that provide companies with step-by-step guidance as they undertake IMM through an SDG lens. The Lab also provides users with an internal dashboard to monitor and track performance over time. The BCtA team is also taking early, critical steps to make the emerging **SDG Impact Standards for Enterprises** accessible and manageable for SMEs and corporates alike. The foundational elements of the Standards are:

- Contributing positively to sustainable development and achieving the SDGs;
- which cannot be achieved without demonstrating respect for human rights and other responsible business practices;
- and is realized through effective impact management and decision making

We need this because it is sometimes difficult to differentiate between businesses using SDGs as a lens through which to report existing work differently or to “tag” their work in an attractive way, and those that have actually embedded robust IMM and accountability in their approach to advancing the SDGs.

So, what is a real commitment to the SDGs?

- **Reinforcing respect for human rights** and other responsible business practices as set out in the UN

Guiding Principles for Business and Human Rights and the Ten Principles of the UN Global Compact

- **Promoting impact integrity** – not over- or under-claiming, and substantiating impact claims with reliable and relevant data, evidence, and measurement
- **Embedding review and feedback loops** to support continuous improvement and learning
- **Requiring robust governance and transparency** that reinforces and supports commitments and practice.

SDG Impact is developing an assurance model to accompany all Standards, which will allow businesses (and investors) to opt in to a system that provides recognition for practice aligned with the Standards and a seal to validate and differentiate themselves in the market through a process of independent certification.

The close partnership between BCtA and the SDG Impact team is one example of how collaboration within the UN Family can turbocharge our contribution to attract more private capital to the 2030 Agenda – leaning into potential blind spots behind the global momentum so that we drive more and deeper change for the benefit of all.

[Elizabeth Boggs-Davidsen & Amanda Feldman](#)



Photo: UNDP Timor-Leste/Yuichi Ishida

**NEW FRONTIERS
IN IMM AND
THE QUEST FOR
TRANSPARENCY**





INTRODUCTION

As the world fights the disruption caused by the COVID-19 pandemic, it is becoming clearer that financial returns cannot easily be dissociated from environmental, social and governance (ESG) priorities. Companies have faced many challenges to stay afloat, embraced new opportunities and the inevitable obligation to engage with the most pressing needs in these unprecedented times. The World Benchmarking Alliance stated in its Financial System Transformation Scoping Report (2021), that at the 2019 rate of progress, it would be 2082 before all SDGs were realized – and that was before COVID-19, which is likely to set back progress by at least another ten years.¹

The integration of the SDGs into businesses' operations and decision-making processes and their interdependency with these have never been more concrete or instructive. As the global crisis becomes more multifaceted and complex, customers, employees, and society require greater accountability and transparency from companies. Special attention is given to the quality of jobs and working conditions, engagement with small businesses and vulnerable populations in value chains, the benefits provided by products and services, and the response to pressing social and environmental problems.

The current crisis also adds momentum to the transition from shareholder to stakeholder capitalism. More than ever the premise of broadening the purpose of companies to include more stakeholders than just the owners of capital chimes with current priorities of supporting communities. In the same way, the allocation of capital needs to drive social and environmental benefits rather than focusing exclusively on financial returns. The rationale underlying capital allocation can no longer overlook critical issues such as climate change and social and economic inequality.²

¹ For more information see: Financial System Transformation Scoping Report | World Benchmarking Alliance.

² Purpose-Shifting-from-why-to-how.pdf. McKinsey Quarterly, April 2020.

There is an increasing consensus that IMM plays an important role in increasing business and financial value, while at the same time being good for society and the environment.³ The ability to measure and manage impact in a robust, comprehensive, and cost-effective manner is a critical enabler for integrating IMM into business strategies and operations, as well as in all investment processes. Over the years, impact investors have proven that strong impact performance not only generates benefits to society, but also attracts more capital.

Laying Common Ground for IMM

Investors are starting to treat IMM with the same rigor and transparency as risk assessment and return on investment (ROI). Analysing impacts is key to helping investors understand the correlation between financial return and impact results, and it also opens the door to more business and investment opportunities, enabling investors to make better decisions by taking account of the risks relating to climate change and social inequality. As a result, new methodologies are evolving to verify impact performance and impact accounting conventions. There is a shared understanding among practitioners and stakeholders on the need to identify common ground for selecting investments with high impact, integrating IMM into decision making to optimize results, developing responsible exit strategies and promoting impact disclosure.⁴

Accordingly, companies, investors and practitioners need a common basis with an accepted system of metrics, rules, and standards in order to integrate ESG impacts into decision making. Besides, as the market grows and matures, impact investors increasingly demand insights on impact performance and require a coherent and comparable way to analyse results, compare performance, and make better decisions.⁵

ESG and Financial Performance

Studies have found a positive correlation between business strategies focused on material ESG and operational efficiencies and improved financial performance. ESG strategies seem to generate returns at or above market rates for long-term investors compared with conventional investment strategies and to provide downside protection during economic crises.⁶

ESG standards and reporting provide a framework to encourage companies to integrate ESG considerations into their business operations, with the objective of contributing to achieving sustainable development. While this framework considers materiality analysis and encourages comprehensive, non-financial reporting, and serves as a reference for policy makers and regulators, comparability could be challenging due to the lack of standardized ESG data and the absence of quality data on companies' performance based on material ESG factors.⁷

Besides, there is increasing recognition that ESG reporting standards do not capture the outcomes of businesses' operations, nor do they provide guidelines for assessing and managing the unintended impact(s) generated by their operations, products, and services. On the other hand, the UNDP SDG Impact Standards and the International Auditing and Assurance Standards Board's (IAASB) guidance on Extended External Reporting Assurance, encourage companies to manage and report their activities towards making better decisions to increase positive impact.

The quest for disclosure and transparency: Challenges and opportunities

The ESG framework considers transparency and disclosure as tools to attract socially responsible asset owners and reduce companies' regulatory or reputational risks. Accordingly, the impacts of social innovations and economic value creation are not fully

3 The State of Impact Measurement and Management Practice. GIIN, January 2020.

4 Methodology for Standardizing and Comparing Impact Performance. GIIN, Nov 2020 – [Methodology for Standardizing and Comparing Impact Performance | The GIIN](#).

5 Methodology for Standardizing and Comparing Impact Performance. GIIN, Nov 2020 – [Methodology for Standardizing and Comparing Impact Performance | The GIIN](#).

6 ESG and Financial Performance: Uncovering the Relationship by Aggregating Evidence from 1,000 Plus Studies Published between 2015 – 2020. NYU Stern and Rockefeller Asset Management, 2021 – [NYU-RAM_ESG-Paper_2021 Rev_0.pdf](#).

7 Berg, Florian and Kölbel, Julian and Rigobon, Roberto, Aggregate Confusion: The Divergence of ESG Ratings (May 17, 2020). Available at SSRN: <https://ssrn.com/abstract=3438533> or <http://dx.doi.org/10.2139/ssrn.3438533>.

understood or even considered in reports, which results in a powerful value driver being missed by corporate executives, analysts, and investors alike.⁸

To encourage organizations to operate and report transparently, there is a need to develop business-focused standards where the link between transparent impact reporting and economic performance is clear. In this case, we can refer to the **Sustainability Accounting Standards Board (SASB)**, which aims to help businesses identify, manage and report on the sustainability topics that matter most to their investors.

Considering the evolving context within which businesses operate, growing inequality and climate change being just two of the most obvious challenges that the world faces, companies are being required to disclose information on risks associated with their social and environmental impact. According to the latest report of the Global Impact Investing Network (GIIN) on The State of IMM, the most significant challenges faced by organizations in this respect are the lack of transparency, difficulty collecting quality data, and inability to compare impact results with market performance⁹. At the same time, financial service institutions are being required to disclose sustainability claims about benefits and risks that may have a material adverse impact on the value of investments.

The **Sustainable Finance Disclosure Regulation**¹⁰ integrates financial norms with the SDGs and the carbon neutrality agenda proposed by the Paris Agreement. This milestone presents harmonized rules for the financial market – banks, insurance companies, pension funds and investment firms – on transparency in the integration of sustainability risks and opportunities. It also requires the disclosure of information on financial products and the adverse ESG impacts that should be taken into consideration to ensure the sustainability of investments. The regulation aims to channel approximately one trillion euros into green investments and to provide a competitive advantage to firms offering genuinely sustainable products.

The **EU Taxonomy** provides companies, investors, and policymakers with appropriate definitions of economic activities that can be considered environmentally sustainable. In this way, it should create security for investors, protect private investors from ‘greenwashing’, help companies to become more climate-friendly, mitigate market fragmentation and help shift investments into areas where they are most needed.¹¹

In the same way, the **UNDP**, through the Sustainable Finance Hub, also supports the adoption of a coherent approach to SDG standards for the management of private equity funds, venture accelerators, pension funds, enterprises, and bonds. Pioneering work to integrate the SDGs into budgetary and taxation frameworks at the country level will also inform harmonized international guidance and technical support with partners such as the International Monetary Fund (IMF), Organization for Economic Co-operation and Development (OECD), and the World Bank. Developing a common taxonomy for measuring SDG aligned investment will enable both public and private accounting for SDG impacts – ultimately leading to a shift in focus from intentions to monitorable impact.

Measuring what matters: the data imperative

Assessing businesses’ contributions to the SDGs requires comparable standards accompanied by metrics and data to aggregate evidence.¹² A growing number of investors are asking for clarity regarding how to integrate standards with data to capture the impact generated by businesses in society at large. Data availability and research are increasingly important challenges, particularly regarding the quality of data collected, as well as data aggregation, analysis, and comparability.¹³

Many organizations strive to use impact data for informing decision-making and evaluating performance. This process requires the development of effective management processes and a set of tools for

8 Where ESG Fails. Institutional Investor, October 16, 2019. <https://www.institutionalinvestor.com/article/b1hm5ghqtj9s7/Where-ESG-Fails>.
9 The State of Impact Measurement and Management Practice, Second Edition | The GIIN.
10 Available at: [Capital Markets Union: Commission welcomes agreement on sustainable investment disclosure rules \(europa.eu\)](https://ec.europa.eu/capital-markets-union/capital-markets-union-welcomes-agreement-on-sustainable-investment-disclosure-rules).
11 EU Taxonomy Compass. <https://ec.europa.eu/sustainable-finance-taxonomy/>.
12 ESG and Financial Performance: Uncovering the Relationship by Aggregating Evidence from 1,000 Plus Studies Published between 2015 – 2020. NYU Stern and Rockefeller Asset Management, 2021 – [NYU-RAM ESG-Paper 2021 Rev. 0.pdf](https://www.rockefellerasset.com/nyu-ram-esg-paper-2021-rev-0.pdf).
13 The State of Impact Measurement and Management Practice. GIIN, January 2020.

consistently collecting data aligned with standard definitions, recording precise, valid, and reliable data, protecting data from deliberate bias, making data accessible for use and verification. On the other hand, the reduced cost of technology makes data collection more affordable, hence more organizations can better understand and address their clients' demand, monitor progress towards specific goals, enhance materiality assessment and prove how impact is delivered.¹⁴

Attribution is another essential element in impact evaluation; it enables a real understanding of the causality of any change and considers other external factors that might also contribute to a particular outcome. It thus avoids the risk of 'impact washing' (attributing a particular impact only to the programme or policy being evaluated when in fact there are other factors contributing to achieve the same impact). Internal data related to business operations can be used as a proxy for assessing impact. In addition, detailed data need to be collected from stakeholders to assess SDG-enabling impacts.

However, the broader investment community will need much more targeted communication by companies if it is to equate a highly selective set of social impacts with competitive advantage and economic value. This requires that companies communicate and rigorously measure the investment thesis behind their shared-value strategies, using concrete quantitative data linking social outcomes with financial performance.

Widening the scope of financial reporting

Measuring the impact that companies have on society, converting it to monetary terms and reflecting it in financial statements¹⁵ is key to understanding their performance and stewardship. It also requires common parameters for translating social and environmental costs and benefits into comparable units that business managers, investors and society as a whole can understand. In this regard, the concept of what is

considered useful information to the users of financial reports is changing. To meet disclosure requirements, financial statements are having to address risks on material information, particularly those related to the impacts on natural, social, and human capital.

Widening the scope of financial reporting may range from in depth analysis of existing data to enhancing the basis for calculating profit, as proposed by the Impact-Weighted Accounts (IWA), **Value Balancing Alliance and the Social Value International (SVI)**. Financial accounts reflect a company's financial, social, and environmental performance, the IWA initiative aims to create transparent accounting statements that capture external impact to drive investment and managerial decision making. Detailed analysis of accounting for product, organizational and employment impact is being investigated across industries such as water utilities, telecommunications, airlines, consumer finance and consumer-packaged foods.¹⁶

Impact Monetization

Ensuring that impact valuation is transparent and accountable is vital for supporting decision-making and the allocation of underlying investments. It is also strategic for weighing up and valuing the rationale that informs resource allocation from the point of view of those experiencing impact, making this process more inclusive. Broadening the perspective of different stakeholders in this process is vital, considering that value is primarily created for society, in other words, for a wide variety of stakeholder groups of which investors form just one.

Impact monetization is one approach that uses monetary value by converting credible terms into a common measure or a financial proxy¹⁷ Monetization can also support in comparing income to cost through using a familiar language for decision makers to better understand impact. It ensures that the value of changes can be compared to the value of resources needed. Some authors claim that attributing monetary value to social impacts is open to challenge¹⁸ as it seems to take

14 Calculating the Value of Impact Investing, Harvard Business Review, Jan-Feb 2019.

15 Companies must include environmental and social performance measures. Financial Times. Special Report Responsible Business Education. Feb 24, 2020.

16 For more information see <https://www.hbs.edu/impact-weighted-accounts/Pages/default.aspx>.

17 Jeremy Nicholls and T. Robert Zochowski. *Mutually Compatible, Yet Different: A theoretical Framework for Reconciling Different Impact Monetization Methodologies and Frameworks*. Available at: [Mutually Compatible.pdf \(hbs.edu\)](#).

18 *Meta-Analysis of Social Return on Investment Studies*. CSI Advisory Services. Available at: https://archiv.ub.uni-heidelberg.de/volltextserver/18758/1/CSI_SROI_Meta_Analysis_2013.pdf.

the analysis down imprecise pathways in the description and calculation of financial proxies, which may jeopardize accuracy and generate unintended effects.

Responding to challenges posed by impact valuation and monetization, two complementary approaches can be considered. One approach for tracking and measuring impact for resource allocation, applied by IWA, uses organization and country level data to monetize pricing values. Another approach, applied by SVI, focuses on the project level and decision-making unit, identifying and prioritizing outcomes based on the stakeholders directly affected by the intervention. Both approaches can help determine the positive and negative value contribution of business activities to society in monetary terms and their selection is context oriented, aligned with the scope of decisions to be made, dependent on the level of data detail required¹⁹. Still, attributing financial values to social outcomes must not oversimplify interventions that generate significant social effects.

The Way Forward

Integrating IMM into business operations and investment frameworks is strategic for managing risks and maximizing impact. From a business perspective, it sets the mechanisms for mitigating the risks of evolving policies and ensuring financial viability in the short and long term. Managing social and environmental risks not only benefits society, but also reduces costs and ensures that an investment produces the expected return.

In addition, it increases responsiveness to changes in consumers' behaviour and key stakeholders' demands that businesses and investments generate positive contribution to society. At the same time, it opens the way to seizing the SDGs as the greatest opportunity of our time, as a framework to create new markets, develop and invest in progressive business models that are commercially viable, inclusive, and environmentally sustainable.

As part of the IMM ecosystem, BCtA works as a facilitator, helping organizations to integrate impact management into their practices by providing tools

for making credible and transparent claims that reflect stakeholders' perspectives. Data collection adds another dimension to this work by ensuring that the voices of key stakeholders inform IMM practices, increase credibility and transparency to maximize impact and contribute to achieving the SDGs.

¹⁹ Jeremy Nicholls and T. Robert Zochowski. *Mutually Compatible, Yet Different: A theoretical Framework for Reconciling Different Impact Monetization Methodologies and Frameworks*. Available at: [Mutually Compatible.pdf \(hbs.edu\)](#).



**SPOTLIGHT
ON INCLUSIVE
BUSINESS**





Performance of inclusive businesses' commitments to the SDGs

A company joins BCtA with a set of forward-looking commitments aligned with its inclusive business²⁰ model that it is responsible for achieving in a specified time. Every year eligible²¹ member companies report on the progress of their commitments through an online customized platform, providing a cumulative update on their results, achievements, lessons learned, and the progress made towards their SDG-aligned targets.

Through this reporting process, BCtA can better understand the challenges that inclusive businesses face globally, codify best practices from within the membership, and demonstrate aggregate contributions of BCtA member companies towards achieving the SDGs. Moreover, the annual progress update allows BCtA to better assess the positive changes in the BoP²² livelihoods that its member companies are creating while capturing inclusive narratives and perspectives from a wide range of low-income stakeholders.

The annual progress update comprises three sections. The first section focuses on the qualitative aspects such as commercial performance, key achievements, lessons learned and future plans for the organization. The second and third sections constitute the quantitative indicators associated with their commitment, the second section focusing on key business indicators (such as revenue, investment, sales, and full-time employees) and the third on SDG-related indicators.

The following section is a review of data reported by BCtA members from 2015 to 2019 with the aim of providing a glimpse at their profiles, the ways in which they engage low-income stakeholders in the value chain, the extent of their reach in the BoP communities and their experience as inclusive businesses after becoming members of the BCtA network.

20 According to G20, Inclusive businesses provide goods, services, and livelihoods on a commercially viable basis, either at scale or scalable, to people from the base of the economic pyramid (BoP) making them part of the value chain of companies' core business as suppliers, distributors, retailers, or customers.

21 As per BCtA's membership policy, eligible companies include member companies that have an active commitment and have been members of BCtA for more than 9 months. As timelines for commitments differ for every member company, the number of active member companies can change year on year.

22 The base of the economic pyramid (BoP) refers to four billion people who live on less than US\$10\$per day in purchasing power parity.

Profile of member companies

Between 2015 and 2019, **152** different BCtA member companies shared their annual progress updates with BCtA, with a total of **296** reports. These companies have inclusive business operations spread across **82** countries in the world, India, Kenya and Colombia being the leading countries of operations (*figure 1*).

More than two thirds (**68%**) of companies that shared their annual progress are Small and Medium Enterprises (SME), organizations that have fewer than 300 employees, confirming that this size of organization is the most prevalent in terms of private sector work

with the BoP. Nevertheless, large organizations also represent a considerable part of private sector interaction with the BoP as **13%** are Large National Companies (LNC) and **19%** Multinational Companies (MNC) (*figure 2*).

A large proportion (**59%**) of these companies are already scaling up their inclusive business model, which shows the viability of these business models that have the BoP as their main stakeholder. Almost a quarter (**24%**) of BCtA reporting companies are currently in the process of rolling out their inclusive business solutions, whereas **16%** are taking their first steps as inclusive businesses by piloting their initiatives (*figure 3*).

Figure 1 – Inclusive Business operations of BCtA member companies by country

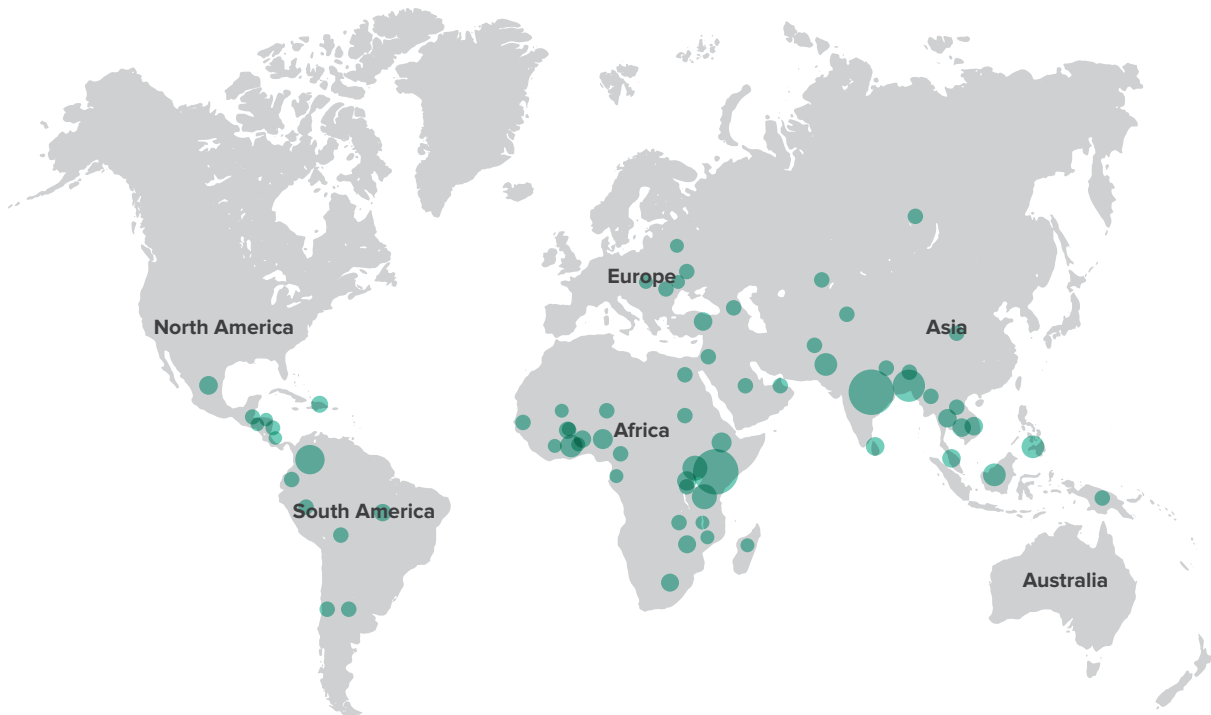


Figure 2 – Members by company size

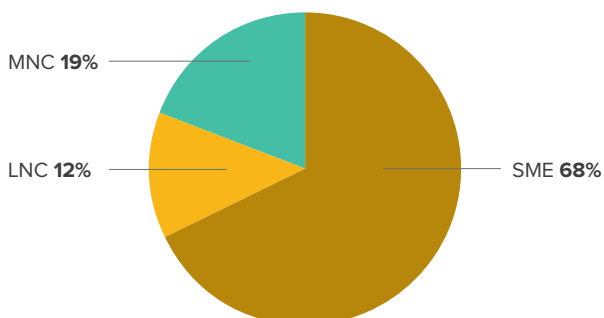
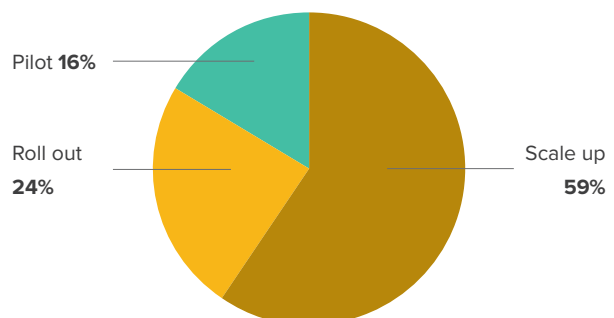


Figure 3 – Members by Business Phase



Agriculture, Food & Beverage is the sector where most (24%) BCtA reporting companies work. It is also worth highlighting other important sectors in this universe such as Health (18%), Consumer Goods (12%), Financial Services (12%) and ICT (10%) (figure 4).

SMEs are predominant in the Energy & Utilities sector (93%), whereas LNCs represent a bigger fraction in the Financial services sector (28%) and MNCs have a larger share in the Consumer Goods sector (56%).

Progress of member companies' commitments

According to the member reports, the progress of initiatives differed in the 2015-2019 period. According to the latest figures for 2019, approximately half of BCtA's member companies were either on-track or ahead of target in their commitments agreed with BCtA (including setting impact goals, engaging with their stakeholders, identifying outcomes, and collecting data on outcomes), whereas 45% report slow progress on their commitments and 4% had put their initiative on hold.

Figure 4 – Members by Sector

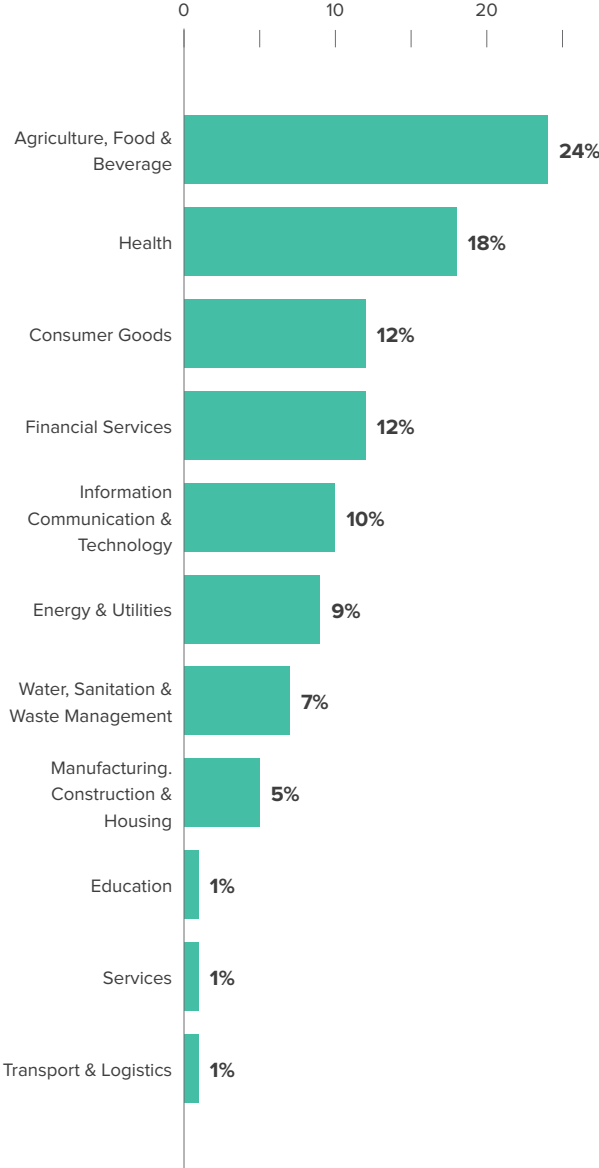
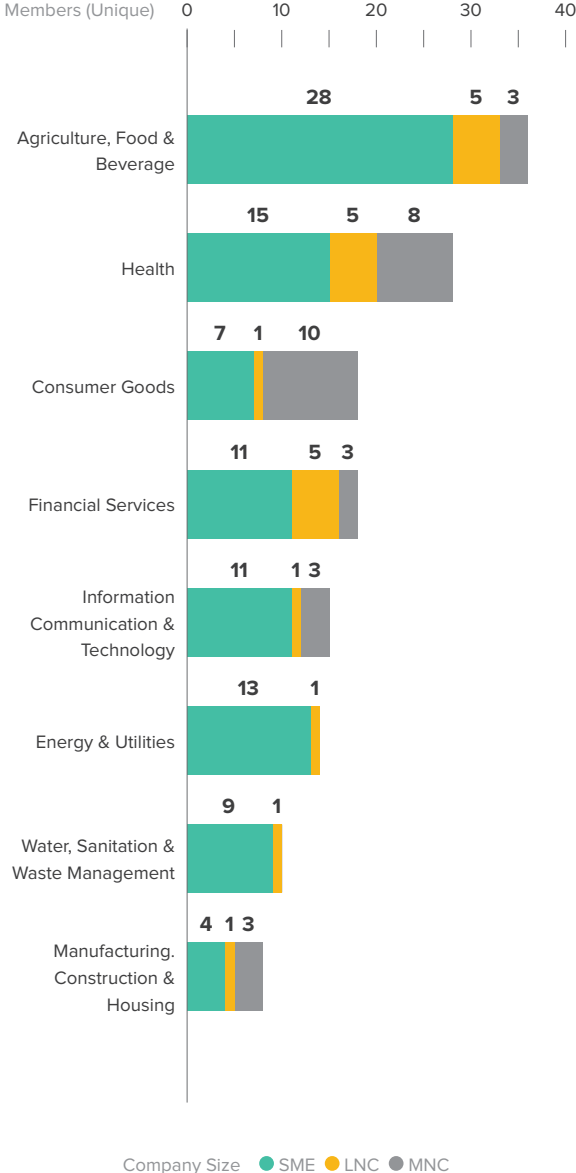


Figure 5 – Members by Sector and Size



Company Size ● SME ● LNC ● MNC

Fewer companies than previously reported being commercially unsustainable, and more companies reported that they were advancing towards sustainability. Data for the period 2015 to 2019 also show that the proportion of companies not commercially sustainable has decreased from 17% to 1%, while companies that are advancing towards commercial sustainability have increased from 42% to 55%. In 2019, 55% of the members were advancing towards commercial sustainability, while 44% stated that their business was commercially sustainable and making profits while adopting an inclusive business model, with only one company indicating that its business was not commercially sustainable.

Most (57%) of BCtA's commercially sustainable members reported that their initiative was either on-track or ahead of schedule.

According to the 2020 annual data, member companies that had **reached commercial sustainability** were 20%

more likely to be on track with their commitments at the start of their BCtA membership, than those **advancing towards commercial sustainability**.

Investment and Revenue

Based on member reports, BCtA members invested approximately US\$843 million, while their total revenue was approximately \$1.71 billion.

The total revenue accumulated over the 5-year period was \$555 million for SMEs (90 companies), \$570 million for LNCs (18 companies), and \$589 million for MNCs (36 companies). 90 SMEs invested a total of \$655 million, while 23 LNCs invested \$365 million and 19 MNCs invested \$183 million.

Over the past 5 years, the total reported training investment made by BCtA members was approximately \$18 million. Of this, 69% was made by members that are commercially sustainable and 27% by those advancing

Figure 6 – Commercial Performance of BCtA Initiatives (2015-2019)

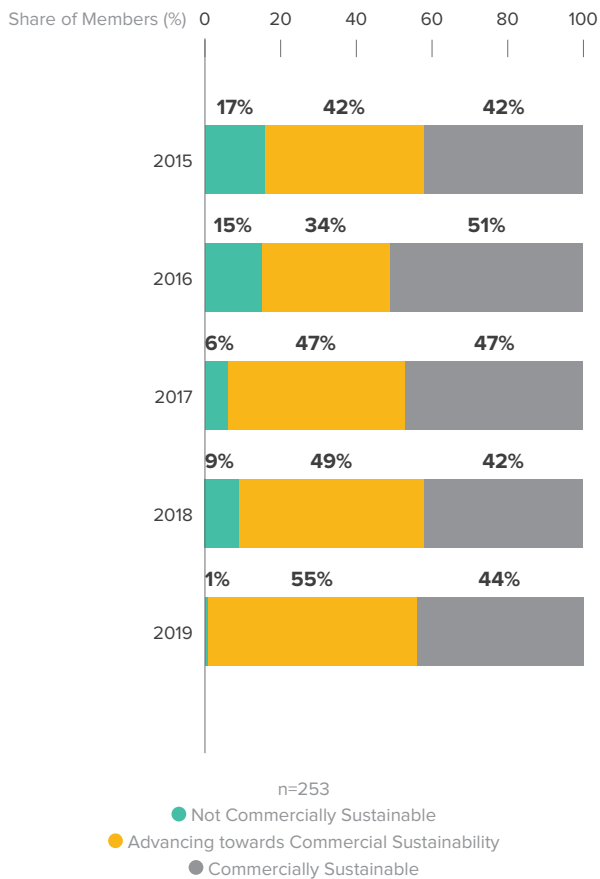
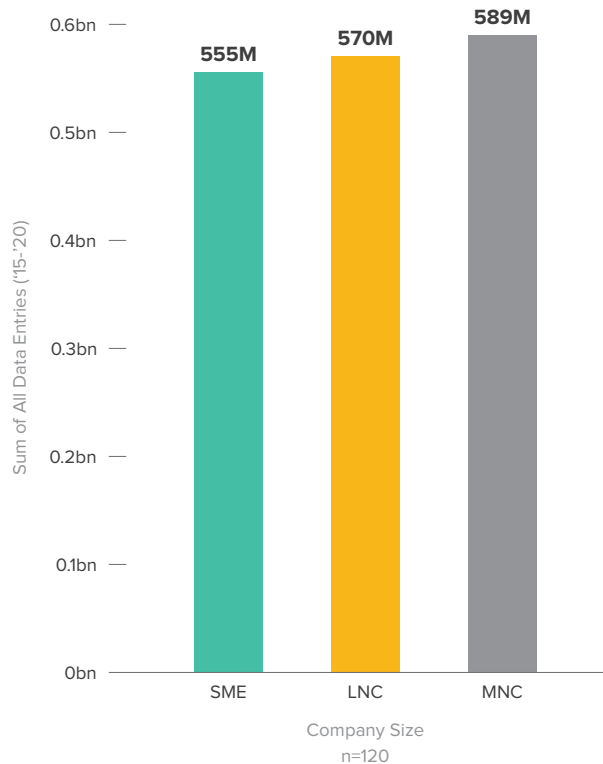


Figure 7 – Total revenue by company size



towards commercial sustainability. For example, an Indonesian company working in the agriculture sector reported that even though the year 2019 was “quite tough due to the declining buying power of the society, the company focused on providing the best service to farmers regardless of the conditions”. This company implemented a more intensive monitoring plan, with guidance, training, comparative studies and mini expos, to disseminate best practices on producing seeds and increasing economic resilience in a year of low demand for agricultural products.

Figure 8 – Total Investment by company size

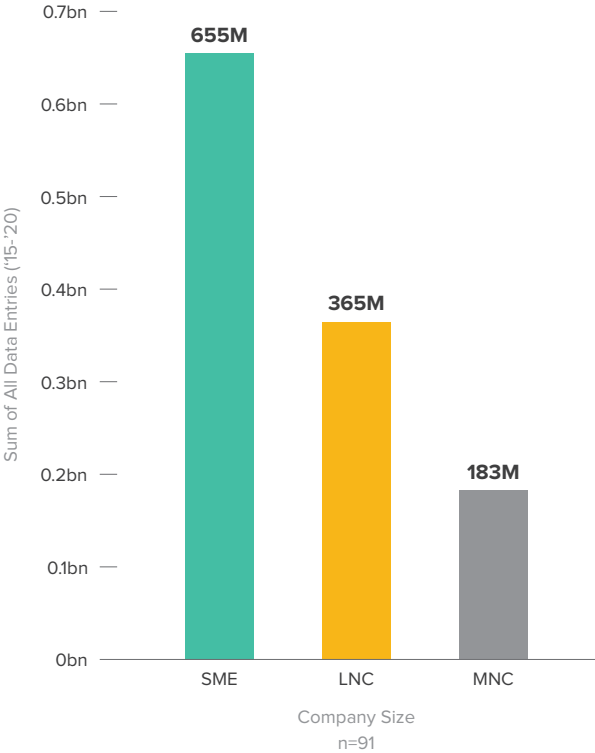
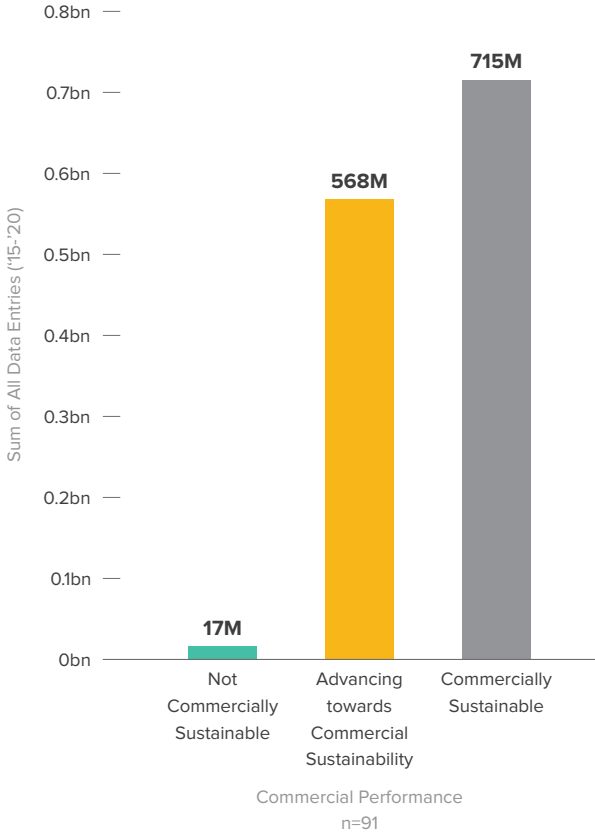


Figure 9 – Total Investment by commercial performance



Investment in training

Figure 10 – Total Training Investment by company size

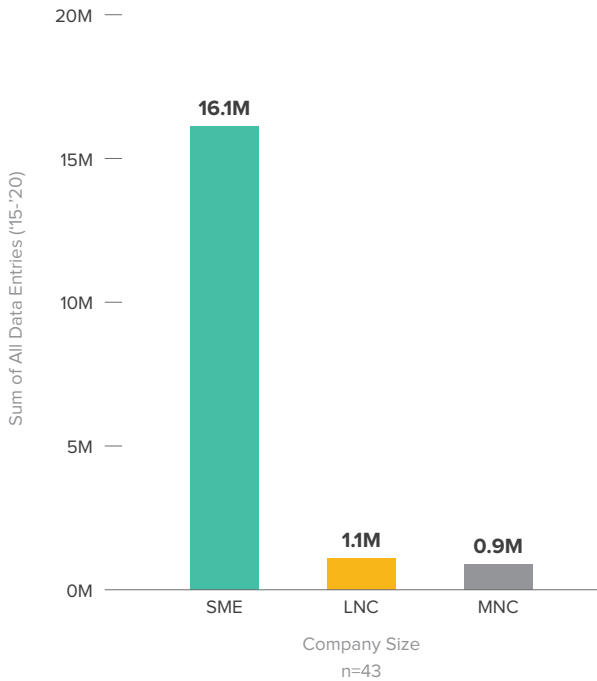
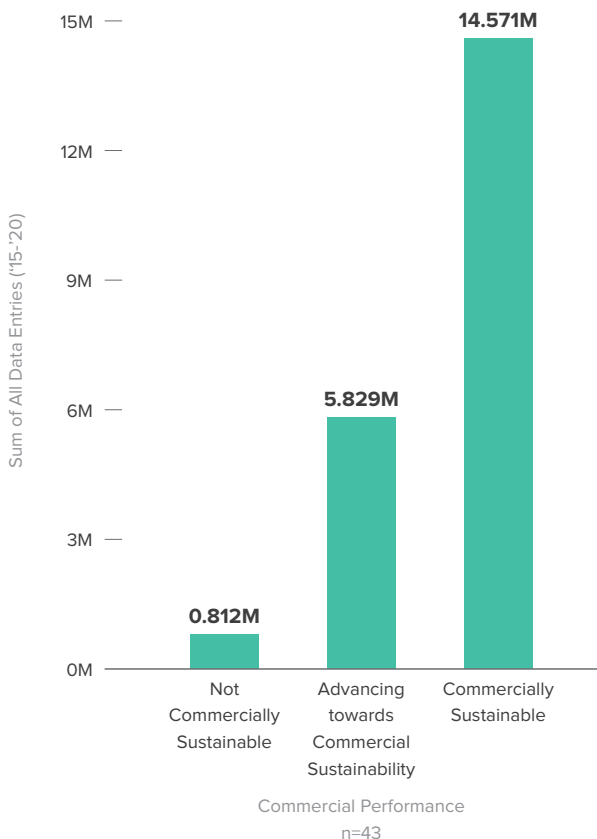


Figure 11 – Total Investment by commercial performance



Contributions to SDGs

Between 2015 and 2019, the BCtA member companies have contributed to positive changes in the lives and livelihoods of millions of people at the BoP. Depending on the companies' scope of work and sector, reported results show that BCtA members contribute the most to **SDG 1: No Poverty** by increasing access to financial services, **SDG 5: Gender Equality** by contributing towards the increased productivity or revenue-generating activities for women, and **SDG 3: Good Health and Well-Being** by providing access to healthcare.

Between 2015 and 2019, BCtA member companies provided products and services to over 690 million low-income individuals. They provided access to financial services to around 36 million and increased productivity/revenue generating activities for 36 million as well. Seven million low-income individuals experienced better agricultural yields and 140 million people were provided with access to healthcare services. Moreover, BCtA member companies have created more than 2.7 million direct full-time jobs.

Contributions to SDG 5: Gender Equality

BCtA encourages its member companies to report their data disaggregated by gender to the extent available. Even for companies that do not necessarily have commitments regarding gender equality, disaggregating results by gender generates insights into potential differences in impacts.

BCtA member companies created approximately 300,000 jobs for women, provided training or education for more than two million low-income women, and allowed access to financial instruments for more than seven million women. BCtA companies incentivized women to take leadership and entrepreneurial roles by providing financial services to almost 200,000 women-owned micro, small and medium enterprises (MSMEs) and technical support to 60,000 such enterprises.

Figure 12 – BCtA member companies’ contributions to the SDGs



* Data entries with cumulative values have been adjusted for consolidation.

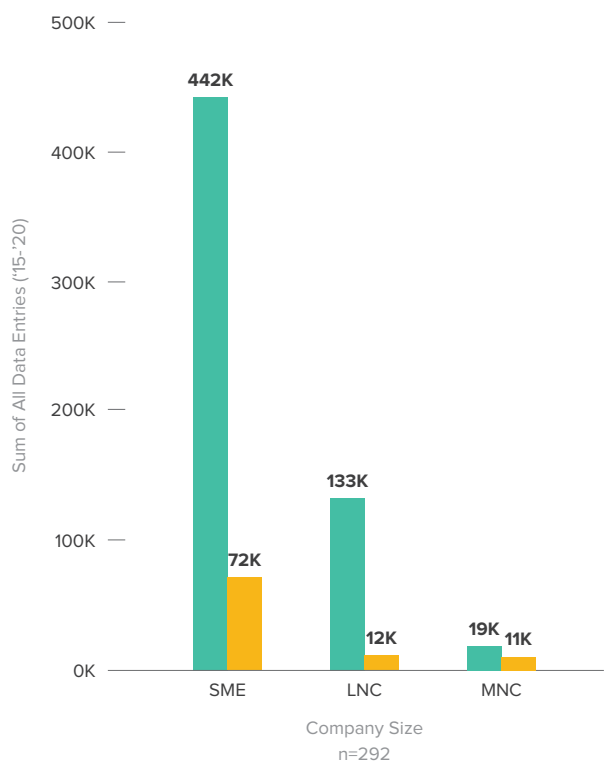
Low-income individuals with increased productivity/revenue generating activities 35,058,414 n= 94	Low-income individuals with increased access to financial services 36,079,734 n= 39
Low-income individuals with increased access to healthcare services 140,119,012 n= 61	Low-income individuals experiencing better agricultural yields 6,984,915 n= 34
People experiencing improved living conditions 22,713,945 n= 38	Low-income individuals reached by product/service 693,160,303 n= 141
Direct full-time jobs created, women 301,866 n= 111	Low-income individuals with improved nutrition 4,024,911 n= 19
Low-Income individuals with Improved access to water 1,597,360 n= 11	Low-Income individuals receiving training/education 4,536,192 n= 160
Indirect full-time jobs created 93,867 n= 46	Direct full-time jobs created 2,707,543 n= 257
Low-income individuals with improved access to clean energy 73,327,905 n= 23	Low-income individuals with improved access to sanitation 3,407,550 n= 20

Around 15% of BCtA member companies have focus on integrating low-income women in their value chains. These include paying higher wages for employment, taking care of health and safety concerns, providing access to energy, water, and education services. For example, a healthcare service company based in US with operations spread across multiple emerging markets is creating credit lines specifically for women entrepreneurs. The company also provides training to women doctors, equipping them to act as agents of change in their rural communities.

Analysis of Results by Company Size

For SMEs, the top three sectors were agriculture food & beverage, health, and energy & utilities. On the other hand, for LNCs the top sectors were agriculture, food & beverage, healthcare, and financial services. Finally, for MNCs, the top sectors were consumer goods, health, and ICT. SMEs created the highest number of jobs with 442,000 direct jobs and 72 indirect jobs, followed by LNCs.

Figure 13 – Jobs created by company size



● Number of full time jobs created – ?
 ● Number of full time jobs created – ?
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Analysis of Results by Sector

Figure 14 – Total investment by sector

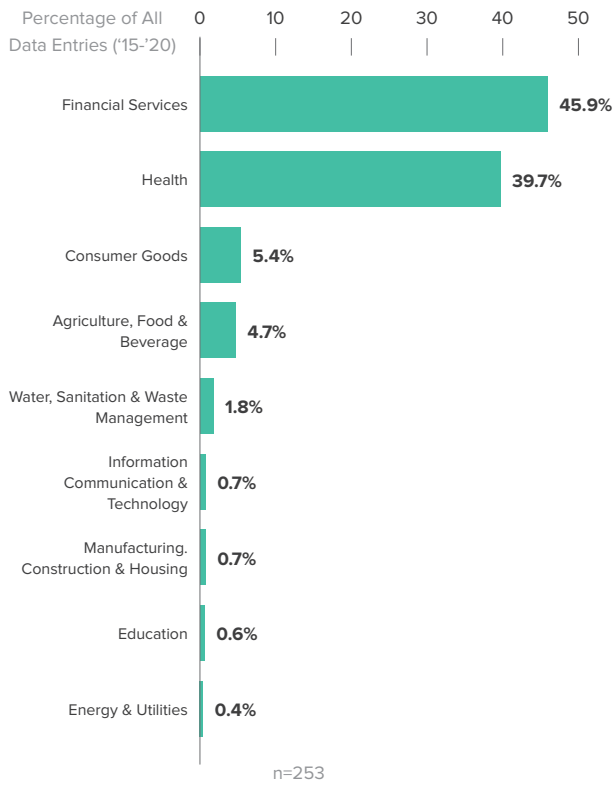


Figure 16 – Average training investment by sector

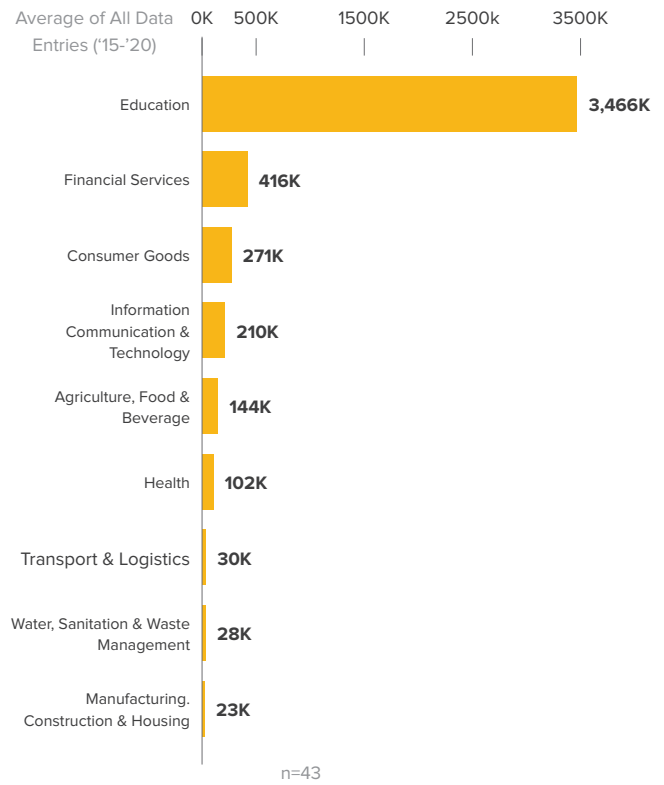


Figure 15 – Total revenue by sector

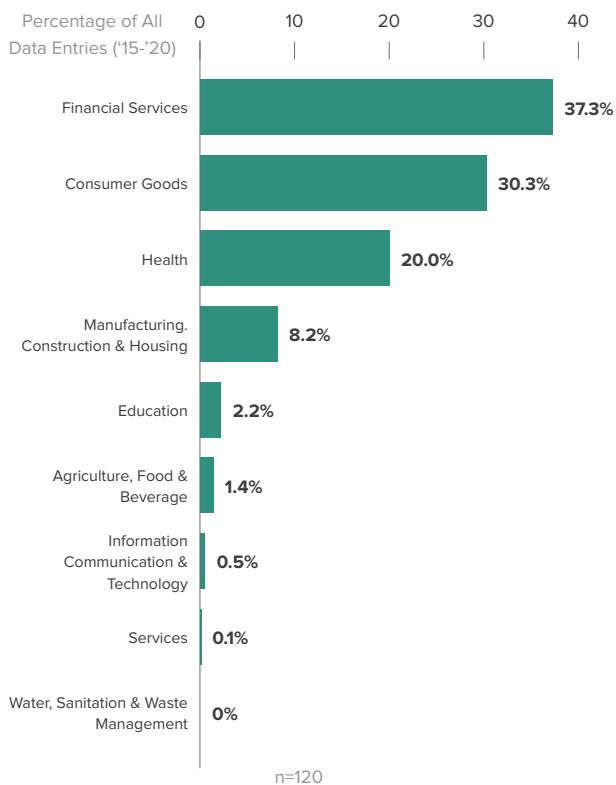
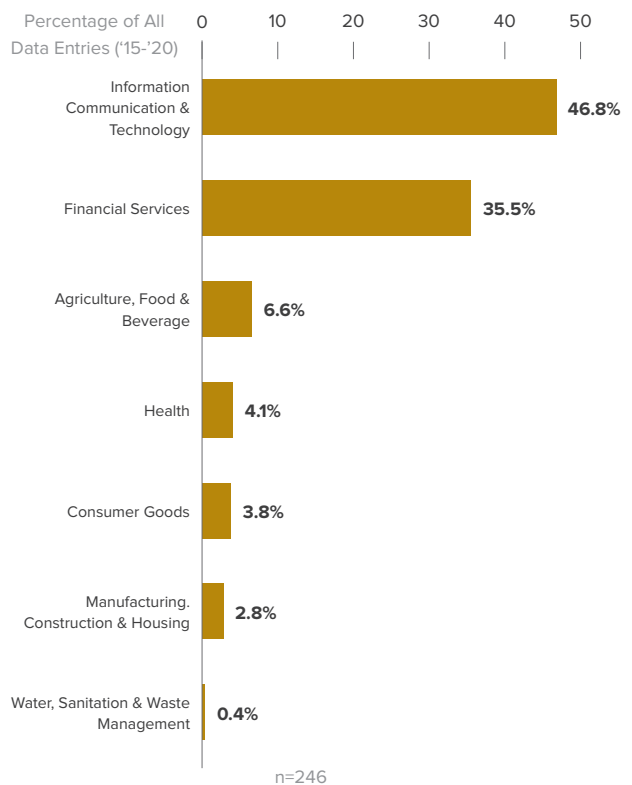


Figure 17 – Total full-time jobs created by sector



The analysis provides insights into where the most innovation in inclusive business models is happening amongst BCtA member companies. The most common sectors within the member companies are agriculture, food & beverage, health, and consumer goods. Reports from companies indicate that they are expanding to new geographic markets, making more innovative products accessible to the BoP, establishing partnerships with public and private entities, promoting gender equality, and strengthening food security for the BoP.

The largest amount of investment was in financial services, and companies in the financial services sector also have the highest total revenue among all BCtA members. A member company based in Colombia increased access to mortgage financing for lower-income customers by extending \$240 million in home loans to at least 20,000 households consisting of approximately 78,000 people.

Highest job creation was found in the water, sanitation, and waste management sector. For example, a company based in India that creates and installs eco-friendly bio-toilets for those without access to sanitation committed to creating 94,000 local temporary jobs.

Five sectors contributed the most to the SDGs: Agriculture Food & Beverage, Health, Consumer Goods, Financial Services and ICT. SDG 1 (No Poverty), SDG 5 (Gender Equality) and SDG 8 (Decent Work and Economic Growth) had the greatest number of contributions from companies in Agriculture, Food & Beverages.

Challenges Faced by Companies

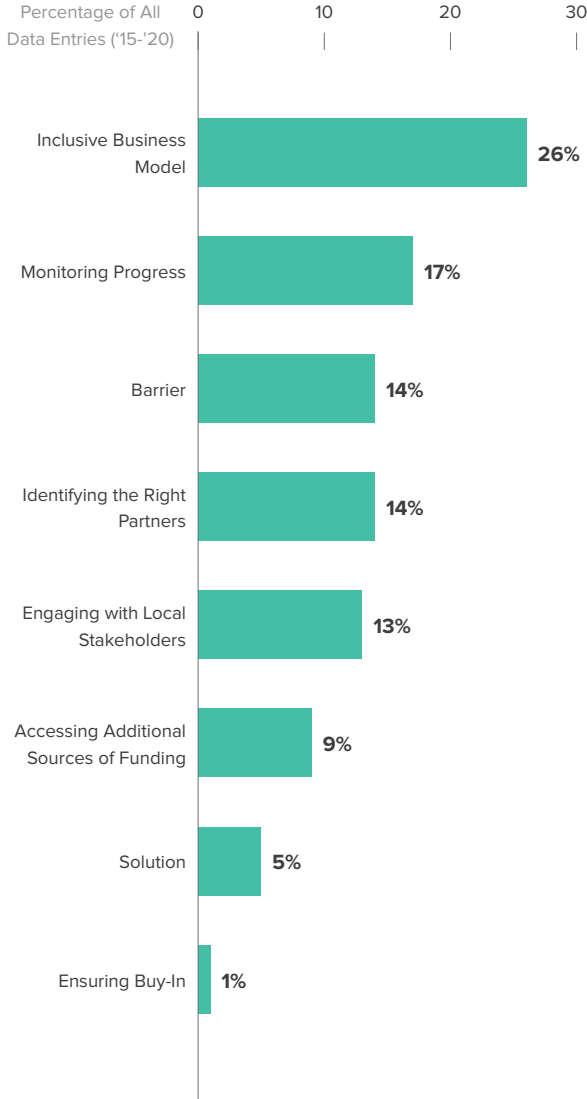
BCtA member companies have faced a wide range of challenges during this period. One of the most commonly cited challenges was identifying the right partner within the countries where they operate their inclusive business model. For instance, an agri-business in Colombia mentioned that it was particularly difficult to partner with local governments – which according to this company are crucial stakeholders to support businesses in raising capital and creating infrastructure that facilitates the connection with customers. An inclusive business in the Philippines also noted that the government does not have proper regulation in place to address the needs of MSMEs.

Another common challenge that was mentioned throughout was tapping into investment opportunities. An agri-tech company operating in the Sub-Sahara African region mentioned the hurdles of bureaucracy, having been denied access to credit at a point when it was crucial for the company.

Other challenges that companies faced included building a culture of measurement and monitoring, tailoring products to local markets and aligning expectations of different stakeholders.

Lessons Learned by Companies

Figure 18 – Main learning themes reported by companies



n=77

Member companies report that the biggest lesson learned is the establishment of the inclusive business model itself. The person responsible for an inclusive business pilot scheme within a MNC mentioned that the importance of obtaining backing from top management from the very beginning was a key lesson learned when implementing an inclusive business. Other key lessons learned include selecting the right partners for advancing the inclusive business, IMM, designing customer-centric approaches for external reporting, and staff motivation. Although most of the companies are financially sustainable, measuring progress and identifying barriers is nevertheless a learning experience for them. Some companies have indicated that accessing additional sources of funding by adapting their business model has been a key lesson learned from joining the network.

Future plans

BCTA member companies are planning to expand their business geographically, introduce more innovation and technology in their service offers, and create more public and private alliances. Whereas some inclusive businesses aspire to achieve financial sustainability in the short run, others are more confident about their profitability. One of the most striking examples is that of an agri-business based in Sweden with operations in Colombia which aimed to increase its current turnover of €150,000 to €4 million by 2025.

Understandably, most of the companies reporting during 2019 have stated that their plans were put on hold due to the COVID-19 pandemic and many are adapting their business models by going digital, adopting new working methods, and investing domestically.

Nevertheless, some inclusive businesses see the pandemic as an opportunity for positive change. “We believe that post-Covid-19 we will see a strengthened collective consciousness as to sustainability and the UN Global Goals, as well as less price sensitivity for healthy products that create real value along the whole value chain, while being healthy for the end consumer,” said the Swedish company referred to above.



**DATA-DRIVEN
IMM: MEASURING
THE IMPACT
OF INCLUSIVE
BUSINESSES ON
BOP**





Background

Since the launch of the first Human Development Report (HDR) by the UNDP in 1990, the concept of a nation's wealth has expanded from goods and services produced and consumed to the **richness of human life**. This approach was introduced by the economist Mahbub ul Haq and was built on in Nobel laureate Amartya Sen's work on **human capabilities**, which centres on people leading long and healthy lives, with the knowledge, resources and freedom needed for a decent standard of living.²³ These multiple dimensions of human development are measured annually through the Human Development Index as part of the HDR. It is now widely accepted that economic growth without human development is an incomplete assessment of progress. There is global consensus that indicators such as GDP are insufficient to study development, warranting the measurement of additional dimensions of human life such as education, access to healthcare and sanitation, mobility, and social capital.

Thirty years after first challenging the dominance of growth as a measure of progress, UNDP is once again proposing a new frontier for human development. In 2020, against the backdrop of a global pandemic and widespread environmental imbalances, the HDR introduced the Planetary Pressures–adjusted Human Development Index²⁴. Recognizing that we are in a new geological epoch labelled as the Anthropocene, the report adds two dimensions to human development: i) **agency** (or the ability to participate in decision-making and to make desired choices) and ii) **values** (or the choices that are most desired), with a focus on the relationship that humans have with nature, and our role as stewards of the planet. The report acknowledges that these two dimensions along with the first dimension of **capabilities** are “like a three-legged stool²⁵” in which each leg depends on the others for stability.

23 Human Development Report, United Nations Development Programme, <http://hdr.undp.org/en/humandev>.

24 Human Development and the Age of the Anthropocene, Overview: http://hdr.undp.org/sites/default/files/hdr_2020_overview_english.pdf.

25 Ibid.

In response to an increasing demand from businesses looking to increase their capabilities on measuring and managing their impact, BCtA developed structured programmes for its member companies to help them understand their effects on people and the planet. With technical assistance from BCtA, companies in these programmes developed impact frameworks to measure changes taking place in the lives of their low-income stakeholders and assess improvements in their capabilities, assets, and choices adopting the PPI (Poverty Probability Index) tool to frame their income levels.

The Poverty Probability Index (PPI®) is a tool for measuring these multiple dimensions of poverty²⁶ commonly used by businesses that work with the poor. The PPI can help businesses identify its 'poverty outreach' – i.e., clients or employees that are most likely to be poor – in order to factor standards of living into their assessments and decision-making processes. A typical PPI tool is a 10-question survey on a household's characteristics and asset ownership, and estimates the likelihood that the household is living below the poverty line.²⁷ Data for PPI can be gathered simply by going door to door with pen and paper or increasingly via an automated or mobile-based data collection platform. Organizations that collect poverty data from households can use it in the following ways:²⁸

1. Measure their poverty outreach (i.e. the proportion of customers, clients, or employees who live below the poverty line or are vulnerable to becoming poor),
2. Assess the performance of the intervention among the poor and poorest, and
3. Track poverty levels over time.

The World Business Council for Sustainable Development (WBCSD) included PPI as one of the recommended tools in *Measuring socio-economic impact: A guide for business*,²⁹ noting that it generates an important single metric for company managers— e.g. those responsible for supply chain management, the development of distribution channels, product or service development and/or consumer marketing.

BCtA programmes for guiding companies on data gathering

Recognizing the importance of measuring and managing impacts on stakeholders for raising the effectiveness of inclusive business models as drivers of progress, in 2015 BCtA launched BCtA Impact Management Services (BIMS) in the wake of the launch of the SDGs by the UN. By sharing its technical expertise in the identification and development of social and environmental impact through inclusive business models, BCtA provided external support to companies wanting to collect data from employees, customers, suppliers, and other stakeholders in order to assess both their current impact and their potential for scaling or concentrating impact based on the results obtained.

Under this programme, the services delivered, and approaches adopted were largely tailored to the specific context of the member company, as well as the scale of its operations and its associated market. However, the services delivered were embedded within the structure of the 17 newly established SDGs to effectively categorize and evaluate impacts by reference to a consistent framework. Additionally, customized surveys were designed to include questions that would allow companies to understand the profile and living conditions of stakeholders, for example using the PPI tool, and business model-specific questions that identified the impact of companies in relation to their SDG-aligned targets and the mechanisms by which these impacts were occurring. Experts from BCtA pilot-tested the survey instruments and coached the companies' field staff on best practices in surveying. Data was collected by companies using mobile devices that streamlined the process of gathering data in real time and preparing them for analysis.

Recognizing the need to build upon the progress made under BIMS and the potential, BCtA explored the possibility of leveraging technology to expand this service to its members as well as the wider business community. Accordingly, BCtA launched an online tool (*Impact Lab*) in 2018, integrating its experience in establishing IMM approaches to provide an end-to-end

²⁶ Poverty Index, Innovations for Poverty Action.

²⁷ Ibid.

²⁸ Global Report on Poverty Measurement with Progress out of Poverty Index (PPI), 2014.

²⁹ Measuring socio-economic impact A guide for business (2013), WBCSD, <https://www.wbcsd.org/Programs/Redefining-Value/External-Disclosure/Reporting-matters/Resources/Measuring-Socio-Economic-Impact-A-guide-for-business>.

impact management solution for inclusive businesses. The *Impact Lab* helps companies develop an SDG-aligned impact framework for data collection, analysis, and reporting, and is designed to help companies drive business value, while also delivering impact by understanding, proving and raising their contributions to the SDGs. Therefore, it provides support to companies at all stages of impact readiness, allowing them to develop a long-term impact plan that benefits identified BoP populations.³⁰ This, therefore, represented the logical step in fostering a culture of impact management as a core concept within the inclusive businesses and in embedding impact on the SDGs as a key output for the private sector.

As a direct response to the requests received from member companies for mentorships and technical guidance to develop customized frameworks for IMM, BCtA ran the Impact Champions Programme in 2019, an end-to-end IMM programme including workshops on key concepts, online tools to guide companies in creating SDG-aligned impact frameworks, and hands-on support to collect data from stakeholders. The programme concluded with case studies from 12 companies documenting their IMM experience, approach and lessons learned. Therefore, guiding companies through the processes necessary for establishing impact targets in line with their³¹, assessing progress and reviewing impact mechanisms became recognized as vitally important. This was especially the case because, despite wanting to engage in data-driven assessments of their impact on BoP populations, companies were often reluctant to do so without support. Usually, this resulted from fears of adhering to the wrong framework, which would produce inaccurate results, or because they lacked the necessary human capital to embark on an impact management project without external support (commonly in developing a framework for analysis, in data collection and in reviewing outputs).

Companies participating in the *Impact Champions Programme* were provided with training, hands-on support and technical assistance from BCtA to develop their impact framework and data collection plans. In contrast with the extensive in-field support during the BIMS programme, in the *Impact Champions Programme*

BCtA provided mentoring and guidance on designing surveys and collecting data from stakeholders. As such, they are considered as the most notable examples of companies planning, measuring, and raising their impact on BoP populations and commonly act as advocates for the tool amongst existing and potential stakeholders, including other (inclusive) businesses.

The programmes were conceived to foster a community of best practice in IMM within the BCtA network over the long term. Companies collecting data on their inclusive business operations and their impact on the BoP have enabled BCtA to codify best practices across different business model types and provide an information source that can be used to advise stakeholders throughout the inclusive business community about 'what works' when trying to nurture sustainable but socially impactful businesses.

Thus, BCtA's programmes allowed 'tapping into' a group of companies that were ready and waiting to embark on impact management with the right tools and support. It represented the 'next step' in IMM, helping companies navigate a complex universe of methodologies and standards, and incentivizing them to internalize a culture of impact management. Through the two programmes and the Impact Lab tool, BCtA has widened access to effective IMM to include a greater range of companies within the effort to recognize and extend the positive contributions that the private sector is making towards attainment of the SDGs.

The experiences of BCtA's programmes and findings from data collection and analysis processes have advanced the collective understanding of effective IMM processes and have produced extensive insights into the scope of impacts by highlighting differentiated impacts amongst target populations and previously unknown or unrecognized forms of impact through indirect externalities. Here, these insights are presented in order to provide a 'big picture' analysis of the themes and results of the last five years of IMM.

30 The 'base of the economic pyramid' is defined as those living on less than \$10 a day in 2015 dollars.

31 Business Call to Action defines Impact Value Chain as a visual map to illustrate how a business's operations and activities lead to change for its stakeholders in the immediate, mid- and long term.

Gathering evidence of impact on lives at the base of the economic pyramid

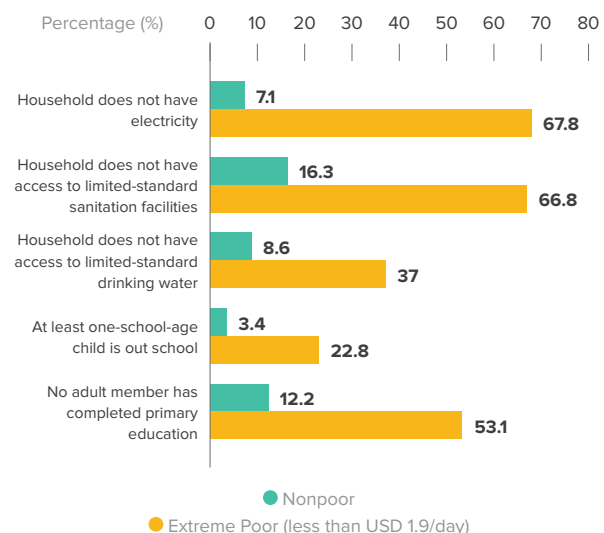
The base of the economic pyramid (BoP) refers to four billion people that live on less than \$10 a day in purchasing power parity.³² Thus, as the name suggests, this income bracket forms most of humanity and the bulk of developing countries' populations. While historically this population has been viewed as a source of cheap labour in the supply of primary goods and simple manufactures to the world market, the recent recognition of the vast potential provided by the marketing of affordable products and services (as well as in the delivery of skilled labour and high-quality inputs) has challenged this perspective. Today the BoP is increasingly accepted as an important market for businesses of all types and a key driver of high-quality, sustainable, and mutually beneficial growth. BCtA has been driving this change in how the BoP engages with companies' core business activities through their value chains, resulting in an improvement in standards of living of BoP stakeholders that are integrated in different segments of BCtA members companies' value chains.

Individuals living on \$4 to \$10 a day are at risk of falling below the poverty line and therefore categorized as low-income. This concept helps identify people that are unlikely to be poor in absolute terms using the conventional international poverty lines but are not yet in the middle class.³³ Evidence shows that their incomes may be closer to that of the poor than to that of the middle class, and there exist striking gaps in schooling, employment and social capital. For instance, a median adult within this bracket has probably not completed secondary education, is more likely to work in the informal sector, and typically does not have access to social insurance.³⁴ Therefore, the fact that people living on less than \$10 a day are not insulated from vulnerability to poverty has growing consensus within academia, multilateral organizations³⁵ and the private sector³⁶.

The living standards for people living at the BoP can be understood better by applying the multiple dimensions framework used for the poor and extremely poor as they are characterized not only by low income but also i) significant unmet needs (such as financial services, connectivity, formal property titles), ii) dependence on informal or subsistence livelihoods with limited access to the formal economy, and iii) impacted by a BoP penalty i.e. paying a higher price for basic goods and services such as transport and loans.³⁷

Data from the Global Monitoring Database summarize the profiles of the extremely poor (those surviving on less than \$1.90 a day) relative to the non-poor (Fig. 01). An update of a previous profile, the sample used for this profiling covers about 76 percent of the world's population and 86 percent of the extremely poor in 2015.³⁸ Evidently, **the extremely poor have a high degree of deprivation across multiple indicators for education and basic infrastructure** as compared to the non-poor, with the **greatest deprivation apparent in access to sanitation facilities and electricity**, followed by education.

Share of Education and access to services among the global poor and nonpoor households



32 Add citation.

33 Birdsall, N., Lustig, N., Meyer, C. (2014). *World Development* Vol. 60, pp. 132–146.

34 Ibid.

35 World Bank (2015), OECD (Kharas, 2010).

36 Monitor Deloitte.

37 Next 4 Billion (2018), World Bank.

38 World Bank. 2018. *Poverty and Shared Prosperity 2018: Piecing Together the Poverty Puzzle*. Washington, DC: World Bank.

However, as most BCtA company stakeholders belong to the BoP segment rather than the extremely poor, a more comparable profile is needed. An updated profile of the \$3.2 per day poor by the World Bank (2020) serves this purpose, whereby there are marked improvements in the indicators for educational attainment when compared to the above description of the extremely poor in 2015. In 2018, 30% of households among the \$3.2 per day poor had no adult member with completed primary education compared to 53.1% for the extremely poor in 2015, whereas the proportion of adults with at least secondary education was at least 4 percentage points greater in the higher income threshold. This, in addition to the regional snapshot for South Asia and Sub-Saharan Africa detailed ahead, forms a comparable benchmark for most BCtA member companies' stakeholders.

Inclusive businesses³⁹ need to understand stakeholders in their value chains and the mechanisms by which their company is driving social outcomes for them. Thus, BCtA's impact programmes described above provide welcome guidance for these companies in this endeavour. As part of the BIMS and Impact Champions Programmes, 18 companies⁴⁰ integrated PPI into their data collection instruments – reaching a total of 8,165 stakeholders – in order to measure the likelihood of their BoP stakeholders being poor and to understand whether their inclusive business models address the critical development gaps faced by these stakeholders.

Before 2015, the global poverty demographics were drastically different from what they are now. For instance, **only 9% of the world's poor live in low-income economies today compared to almost 60% before 2015.**⁴¹ With this drastic shift in the demographics of the global poor, in 2018 the **World Bank introduced higher poverty thresholds (than the prevalent \$1.90) of \$3.20 per day and \$5.50 per day in 2011 purchasing power parity to better reflect the enhanced economic conditions of the world's 'new' poor** – which were now concentrated in the low-middle-income and upper-middle-income economies.

Since **most of the sample covered by BCtA companies are living in South Asia (India and Indonesia; 48%) and Sub-Saharan Africa (41.3%, concentrated in Benin, Cameroon and Burkina Faso)**, it is worthwhile to consider a regional snapshot of poverty in addition to the global profiles of the poor. Although South Asia experienced a drastic decrease in extreme poverty during the period from 1990 to 2015, many households remain without access to electricity or adequate sanitation as the number of households living on less than \$3.2 a day decreased only slightly. On the other hand, Africa saw a population boom in the last three decades with one of the largest increases in people living between \$1.90 and \$3.20 a day. As a result, the African poor suffer from multiple deprivations such as lack of access to education and basic infrastructure services. An aggregated analysis of PPI data from 16 companies (12 of which are operational in these two regions) validates these observations by the World Bank (2018), whereby significant deprivations pertaining to basic infrastructure are observed in our sample.

Highlights from literature on poverty:

- Global poverty dynamics have changed: only 9% of the world's poor live in low-income economies today compared to almost 60% before 2015
- The World Bank introduced higher poverty lines of \$3.2 and \$5.5 in 2011 PPP (in 2018) to reflect the socio-economic conditions of the new poor
- An overwhelming majority of the sample covered by BCtA companies are living in South Asia (48% in India and Indonesia combined) and Sub-Saharan Africa (41.3% based in Benin, Cameroon and Burkina Faso), where a sizeable portion of population lives between \$1.90 and \$3.20 a day with significant development gaps in access to basic infrastructure (adequate sanitation and electricity)

39 In 2011, the G20 adopted the following working definition of inclusive business for the G20 Challenge on Inclusive Innovation: "a private sector approach to providing goods, services, and livelihoods on a commercially viable basis, either at scale or scalable, to people at the base of the pyramid by making them part of the value chain of companies' core business as suppliers, distributors, retailers, or customers."

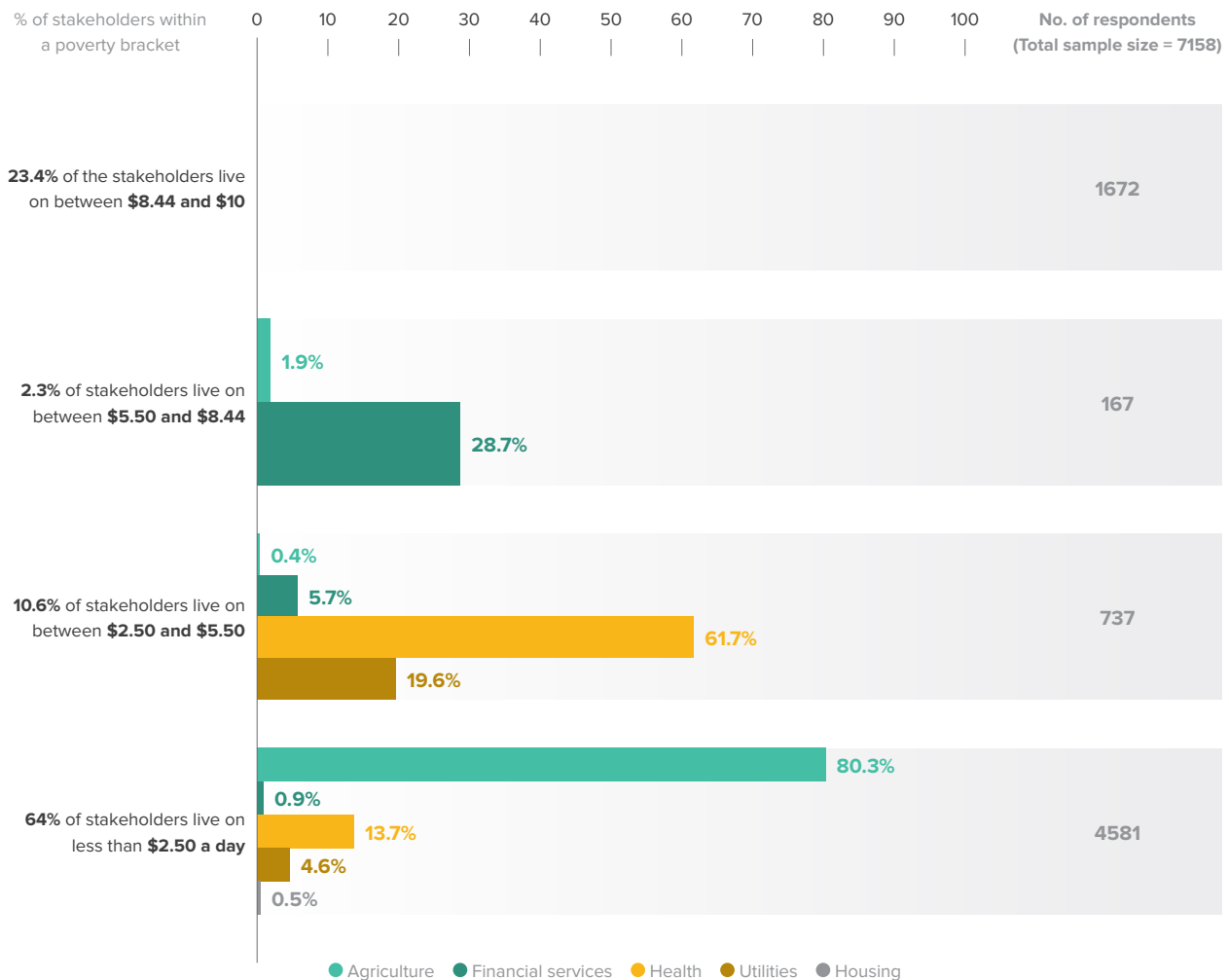
40 For two of these companies, (Mahindra and DBL) PPI data was in summarized form and therefore couldn't be included in the aggregated analysis. As a result, the sample analyzed in this section consists of 7158 stakeholders.

41 World Bank. 2018. *Poverty and Shared Prosperity 2018: Piecing Together the Poverty Puzzle*. Washington, DC: World Bank.

For the purpose of this report, we have used the poverty thresholds of \$2.50, \$5.50 and \$8.44⁴² per day to develop a deeper understanding of the BoP stakeholders engaged in the value chains of BCtA's member companies and their lives.⁴³

An analysis of the poverty data gathered by BCtA companies as part of the impact programmes using the PPI tool yields some interesting insights as summarized in Table 1 below.

Table 1: Summary of data gathered on poverty by 16 BCtA companies (n=7158)



Highlights from BCtA member companies' aggregated data:

Stakeholders' profile

- 64% of the BoP stakeholders reached by BCtA companies live on less than \$2.50 a day, with a majority of these (80%) engaged with the agriculture sector.
- Health companies mainly cater to the households in the \$2.50 to \$5.50 a day income bracket.
- Financial Services companies have stakeholders mostly in the higher income bracket of \$5.5 or above.
- For companies in the Utilities sector, two-thirds of the BoP stakeholders are living below the \$4 a day threshold

⁴² Lines at \$3, \$4, \$5 and \$8 dollars a day at 2005 PPP are also referenced occasionally by the World Bank and other development actors, particularly for use in Latin America and Eastern Europe. (<https://ashleyinsight.co.uk/wp2020/wp-content/uploads/2020/04/tracking-reach-to-the-bop.pdf>)

⁴³ \$2.50 per day in 2005 PPP, \$5.50 per day (in 2011 and 2005 PPP) and \$8.44 per day in 2005 PPP. The poverty lines suggested by World Bank can't be used strictly owing to the PPI method of estimating poverty by member companies, which determines contextual poverty lines suited to each individual country rather than a single aggregated line applicable across countries.

To further assess the profiles of the poor under each of the three poverty thresholds above, the World Bank (2018) suggests three dimensions of well-being along with respective indicators of deprivation, namely i) Monetary poverty, as measured by daily consumption or income of less than \$1.90 a day, ii) Education, as measured by at least one school-age child being out of school, and no adults in a household having completed primary education, and iii) Access to basic infrastructure, as measured by lack of access to improved drinking water and sanitation, and electricity. Additionally, UNDP–OPHI MPI considers ‘asset ownership’ as an alternate measure to gauge living standards or monetary poverty, along with ‘type of cooking fuel’⁴³. These two indicators are more readily found in BCtA member companies’ surveys, along with the ones mentioned earlier.

BCtA companies’ stakeholders, though not extremely poor, do fall under the base of the economic pyramid segment, and are largely situated in the rural areas. These characteristics are somewhat reflected in the summary below (Table 2), where 61.3% of households with the lowest incomes do not have access to electricity, 41.3% use solid fuels for cooking, 59% have no access to adequate sanitation facilities at home, and 24.4% are without any connectivity.

Moreover, the fertility rate is usually higher among the poor, resulting in larger-sized households. There are on average 7.7 members and 3.5 children under the age of 14 in the world’s extremely poor households (World Bank, 2018). BCtA members’ data reveals approximately 47% of households with 6 or more members in the relatively poor segments whereas only 19% of those in the \$5.50 to \$8.44 bracket have similar sized households.

Highlights from BCtA member companies:

Extent of poverty/deprivations prevalent among stakeholders

Standard of living



Among the lowest income threshold, 24.4% households are without any connectivity



27.8% do not have a steady source of income



A large proportion (65% to 80%) of the stakeholders own more than two hectares of land



70.5% households with lowest daily income own a vehicle

Access to basic infrastructure



61.3% of households with lowest incomes do not have access to electricity



59% lack access to adequate sanitation facilities at home



41.3% use solid fuels for cooking

Education

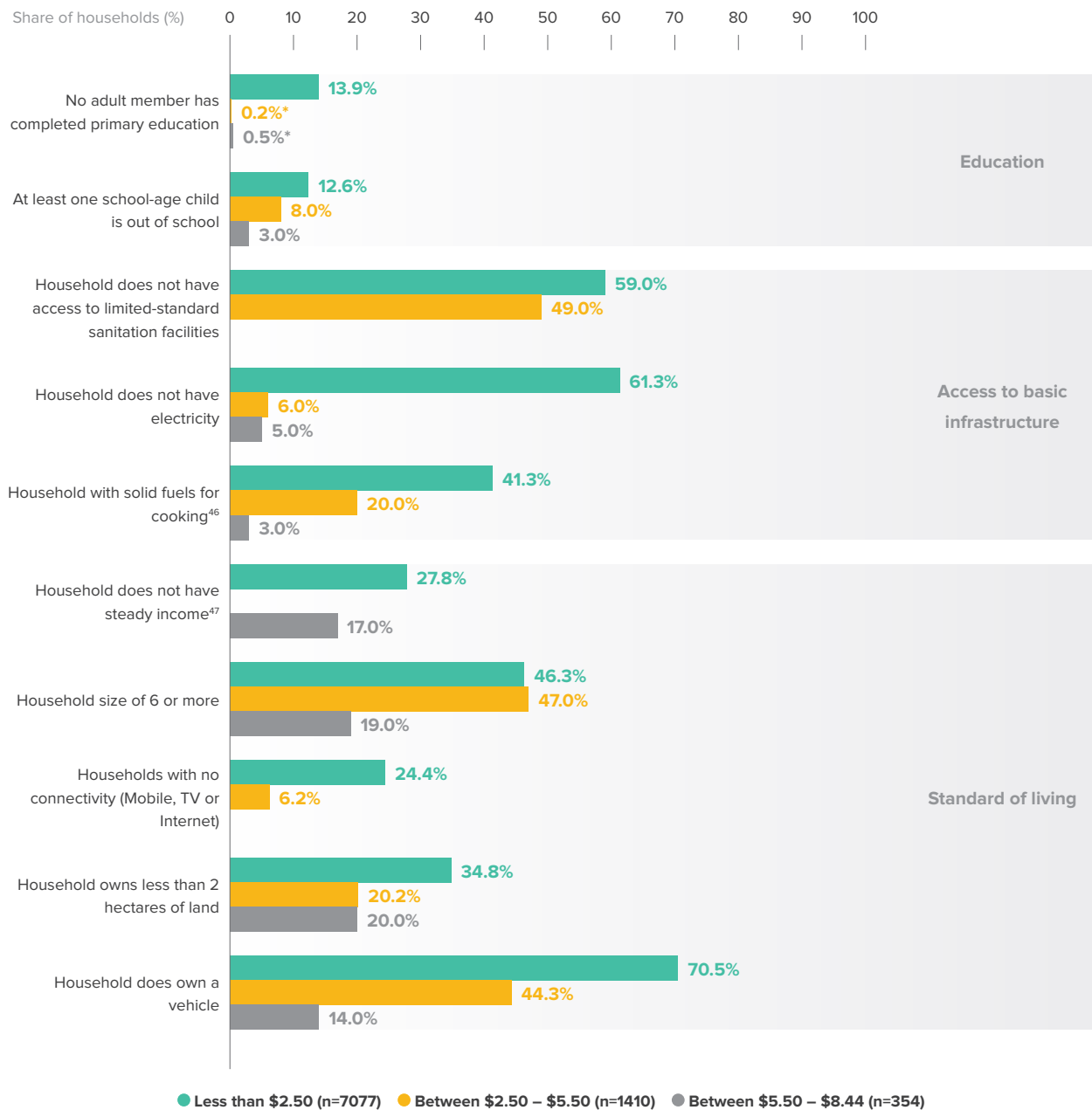


Optimistic indicators for adults and children alike among the poorest households – only 13.9 and 12.6 percent of households ‘deprived’ of education respectively



A significant proportion of households have adults with tertiary education (71%) in the higher poverty line (\$8.44 per day)

Table 2: Summary of aggregated PPI (Progress out of Poverty Index) data for 16 BCtA companies⁴⁵



The education indicators for adults and children appear optimistic in our sample compared to the generally observed statistics for the poor. **Only 13.9% of households have no adult member that completed primary education whereas only 12.6% households have out-of-school children.** Though having completed primary education does not guarantee an escape from extreme poverty (Castaneda et al. 2018), a strong

correlation is observed between poverty and educational achievement by the World Bank.⁴⁸ Consistent with this, we observe **a significant proportion of households having adults with tertiary education (71%) in the higher poverty line (\$8.44 per day)** as compared to the other two groups, where most reported having completed primary education only.

⁴⁵ A sample size of 7158 stakeholders was considered for the analysis. Dashes indicate that no data was available for the relevant indicator and poverty line.

⁴⁶ Current global data collection focuses on the primary fuel used for cooking, categorized as solid or non-solid fuels, where solid fuels are considered polluting and non-modern, while non-solid fuels are considered clean (WHO, 2020). UNDP considers households that use solid fuels such as dung, wood, coal or charcoal for cooking as multidimensionally poor (<http://hdr.undp.org/en/2018-MPI>).

⁴⁷ Households with a steady/regular flow of income, either weekly or monthly, are considered having a steady source of income.

⁴⁸ World Bank. 2018. *Poverty and Shared Prosperity 2018: Piecing Together the Poverty Puzzle*. Washington, DC: World Bank.

While there is a striking lack of access to basic infrastructure, it appears that households surveyed by BCtA's member companies are accumulating assets. For example, **a large proportion (65% to 80%) of the stakeholders own more than two hectares of land and only 28.8% of households in the lowest income bracket do not own a personal vehicle.** This could be because a sizeable portion of BCtA companies that collected this data (8 out of 16) are operating in the agriculture sector and the stakeholders are farmers that own land and/or farm vehicles but have limited access to other services and opportunities for development.

From the impact data gathered the most significant deprivations are related to unstable incomes and a lack of access to sanitation, electricity, and connectivity. Inclusive business models are addressing these gaps by providing formal employment through contracts (Saahas Zero Waste), upskilling labour (Centurion Systems, Drishtee, Empower Pragati), enabling access to sanitation (Banka BioLoo) and energy (Onergy), and bridging digital divides (Bluetown).

The impact data by BCtA's member companies attempts for the first time to fill the gap in evidence (DFID 2015)⁴⁹ on which income groups are being reached by inclusive businesses, the lives these groups lead and the various ways in which they interact with these business models.

Types of impacts to which inclusive businesses are contributing

For people living at the base of the economic pyramid, inclusive businesses address critical development gaps,⁵⁰ such as basic sanitation, banking, reliable electricity, water services, essential healthcare, and schooling through private sector solutions. Measuring impacts of an inclusive business can take two forms.⁵¹ The first one is **contribution** whereby an agency or investor reports all results taking place on the ground to which it *contributed* through its intervention without making claims as to the precise quantity of results that

can be attributed to an individual agency. The second approach is **attribution** where part of the results can be reasonably linked to an intervention, considering the inputs of other actors and/or even other influencing factors (macro-economic, regulatory etc.). In order to *attribute* impact or make claims about causal links between intervention and effect, it is necessary to have data that can be compared over time. BCtA provides support to its members companies with an attribution approach, training companies on gathering data that supports their impact claims on the livelihoods of their stakeholders,

Norms for impact management achieved through global consensus facilitated by the Impact Management Project (IMP) recognize **Contribution**⁵² as one of five dimensions of impact that enable enterprises and investors to describe effects on people and planet. "Contribution" in this case is the change that occurs in a dynamic system where several stakeholders are playing a role.

Consider a solar energy company aiming to improve the health of Kibera slum residents by reducing kerosene use. This enterprise operates in an environment where other enterprises, government policies and NGO programmes are all striving to achieve the same outcome but through different mechanisms. Accordingly, if customers' health improved by 20%, the solar energy company would need to consider how these other initiatives contributed to this percentage change, in order to understand its own contribution to the outcome.⁵³

To understand how companies supported by BCtA are **contributing** to outcomes taking place in the lives of their stakeholders, this report refers to the impact categories defined by United Nations Environmental Programme – Finance Initiative (UNEP-FI).⁵⁴ These impact categories are linked to sustainable development and allow us to detect impacts generated by the private sector through the provision of products and services.

The UNEP-FI's impact wheel provides a framework for analysing data gathered by companies participating

49 Tracking reach to the Base of the Pyramid through impact investing: Impact Programme Discussion Paper – UKAID, The Impact Programme <https://ashleyinsight.co.uk/wp2020/wp-content/uploads/2020/04/tracking-reach-to-the-bop.pdf>.

50 IFC Inclusive Business Factsheet.

51 <https://www.enterprise-development.org/wp-content/uploads/DCED-Report-on-Attribution-in-Results-Measurement-for-Impact-Investors.pdf>

52 <https://impactmanagementproject.com/impact-management/impact-management-norms/contribution/>

53 Impact Management Project.

54 <https://www.unepfi.org/wordpress/wp-content/uploads/2018/11/PI-Impact-Radar.pdf>

in BCtA's programmes. As such, it offers an effective means of uncovering insights and trends that might not be noticeable at the firm level. This structure is deemed to provide a more appropriate approach in the categorization of impact than other available alternatives – sectors of operation, geographical regions or firm size – because it allows mechanisms of impact to be compared on a more equal basis and recognizes that, when conducting empirical assessments both by aggregating and comparing companies, what primarily binds these businesses together is the nature of impacts being generated.

To analyse the data gathered, the companies are divided into six categories of impact – *Inclusive, Healthy Economies, Employment, Education, Health and Sanitation, Housing, Energy and Information* – wherein *Inclusive, Healthy Economies* contain supplier-based inclusive business models, *Employment* contains employment-based inclusive business models, and the remaining five categories contain consumption-based models divided across sectors.⁵⁵ However, reflecting the fact that some BCtA companies commit to creating impact through multiple channels, some companies appear in more than one impact category, with impact-relevant indicators aggregated in the appropriate category.

Although the surveys conducted by companies were tailored to factor the markets in which companies operate, the business models implemented, the geographical areas of operation, the developmental level of BoP populations supported, and the particular focuses prioritized by management, these categories of impact naturally also divide companies according to the impact they want to assess and, therefore, by extension, by the types of questions they ask. Thus, while a number of indicators were assessed through surveys conducted by several companies within an impact category, specific indicators were rarely asked by all companies within an impact category, such that each result is based on a subset of the category's population of companies. In the interest of clarity and transparency,

the text indicates the companies included in the subset for each aggregated result. Furthermore, where there is no potential for aggregation because some questions were only included in the surveys of one company in the category or because of the existence of structural issues for data aggregation but the results derived from surveys provide notable insights, results are provided directly from the respective company's survey.

These factors should be kept in mind when considering all the variables that might affect these results, as well as the fact that company results are aggregated from surveys that vary significantly in form so as to effectively measure the social, economic and environmental indicators most relevant to the individual company. This, coupled with the fact that most of the surveys were designed as point-in-time assessments rather than as longitudinal evaluations,⁵⁶ means that the aggregated results presented in this section should be considered as broad indicators of impact and not be read as being extrapolated and scaled to the level of larger populations with any significant degree of confidence.⁵⁷ Indeed, because of the use of point-in-time data gathering, the accuracy of the results in terms of quantifying models' impact on their populations of interest should in themselves be understood within this context and with a recognition that a range of unmeasured external factors may be significantly influencing the results.⁵⁸

The following subsections provide detailed results for each impact category; However, the most prominent results are displayed by Table 3.

55 This reflects the difficulties inherent within aggregating consumption-based impact indicators across sectors as the type and mechanisms of impact differ significantly between companies.

56 While change was measured in these point-in-time surveys either by asking respondents to consider the change experienced over a recent period or by asking respondents to report factors both at the present time and at some point in the past, these results are more subject to bias and misrepresentation when self-reported at a later time. It should also be noted that many companies' point-in-time surveys were intended to establish a baseline with later surveys scheduled in order to produce panel data and identify change. However, BCtA does not have access to this data, which falls outside of the window of BCtA's provision of services.

57 Notably, Pinar Dairy's impact survey employed a control group investigative model to measure the change produced by the provision of training.

58 Factors that are known to vary year-on-year (such as weather) should be recognized as notable external influences.

Table 3: Key results across impact category

Inclusive, Healthy Economies	Increase in yield quality, quantity: 53.0% Satisfaction with company or recognition of an improvement in life circumstances: 79.2%
Employment	Income rise or wage increase (issue with data structure): 77.2% Increase in income stability: 90.3%
Education	Implemented training (those receiving training): 91.4% Job progression or wage increase after training: 62.4%
Health and Sanitation	Improvement in condition: 89.1% Cost of treatment was less than expected: 59.1%
Housing	Live in secure and reasonable-quality housing: 54.7%
Energy	Improvement in quality of energy sources: 92.2% Average energy cost as a percentage of income: 4.5%
Information	Regularity of internet use (at least weekly): 87.9% Mobile phone ownership: 61.0%

Inclusive, Healthy Economies

Sustaining impact through the creation and development of sustainable, diverse, and innovative markets that add value to both society and the economy,⁵⁹ the companies in the inclusive healthy economies category are notably diverse, working in a broad range of markets and implementing varying models to improve the lives of BoP populations. They also undertake their activities in a wide array of markets, operating in 11 countries (mostly in developing countries) and are split relatively evenly between SMEs, LNCs and MNCs. The category’s 14 companies provide a dataset of 5,847 respondents – the largest of any category.

Overall Analysis:

The change in yield quality or quantity (for agricultural producers) serves as the best representor of the broadest-level impact achieved by companies working to embed the BoP into markets and achieving sustainable and mutually beneficial market linkages.⁶⁰ The results show that significantly more respondents experienced an improvement by this measure over either the last year or since becoming affiliated with the company than a deterioration in their economic position, with 53.0% reporting an improvement and 19.3% experiencing a reduction. This latter statistic does, however, indicate that these businesses could potentially be also creating unintended impacts that require further investigation.

Similarly, expanding the scope of impact further, 79.2% of respondents expressed either a satisfaction with the company or noted an enhancement in their standard of living. This demonstrates the positive outcomes being achieved by companies in this impact category. Furthermore, 67% of respondents said that the relevant company is the sole purchaser of their goods or services and 45.4% of respondents state that they are benefitting from microcredit in their effort to scale-up their operations and achieve both economic stability and financial independence.

59 <https://www.unepfi.org/wordpress/wp-content/uploads/2018/11/PI-Impact-Radar.pdf>

60 Ibid.

Analysis of Living Standards:

For companies operating in the inclusive, healthy economies category, three indicators provide insight into the scale and form of operations as well as the extent of validation received (either through structures put in place by the companies or entirely independently). These results show that the average respondent cultivates a farm that could be categorized as being between a smallholding and a mid-sized farm at 11.9 hectares,⁶¹ and cultivates a range of produce, with an average of 49.6% being cultivated for the crop bought by the inclusive business, but does not possess a form of certification, with only 32.8% respondents certified.

Analysis of BoP Stakeholders' Profiles:

Indicators that are common to multiple surveys conducted by companies in the *inclusive, healthy economies* category show a population with an average income of \$442.45 per month (in 2015 PPP dollars), where most (54.7%) have access to secure and reasonable quality housing, send all their school-age children to school (80%),⁶² have a household member educated to a secondary school level or above (78.3%) and have access to appropriate light sources (via the mains or other electricity source, LPG, oil, solar panels or generators) (73.9%). The average household size is 6.5. Therefore, these indicators indicate that the majority of the 5,847 respondents generally have access to the basic services necessary for a reasonable quality of life.

Employment

Companies in the employment category create social value by providing access to full and productive employment and decent work which delivers a fair income, security in the workplace, social protection for families, and provides opportunities for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment.⁶³ They achieve this both through the provision of services that support

employment and long-term career development, and through the implementation of policies that guarantee the companies' employees and suppliers receive a fair income and are provided with proper working conditions. Present in eight countries, the five companies in this category operate in both developing countries and least developed countries, with two conducting their inclusive business models across international borders and are all characterized as working in different sectors. The data for this category are collated from 2,535 respondents.

Overall Analysis:

The employment category's results demonstrate the impact achieved by employment-based inclusive business models both through the lens of 'tangible' factors, such as wage levels, and less tangible aspects, such as job satisfaction. They show that 77.2% have experienced increases in wages or earnings, 90.3% have experienced an increase in income stability and 92.1% in job satisfaction. Furthermore, 78.4% of respondents who received training were later in paid employment and 11.6% took a more senior role or started a business after receiving education.

Analysis of Living Standards:

The proportion of suppliers to which the relevant inclusive business represents the main income source (for value chain models), which is at 64.6%, and the proportion using the inclusive business' services in income-generating activities (for goods and services models), which is at 38.0%, demonstrate the BoP profile and the extent to which their livelihoods are integrated into companies' activities. Furthermore, average monthly savings of \$157.94 (in 2015 PPP dollars) provides insight into the BoP's ability to fund long-term priorities and build economic resilience.

Analysis of BoP Stakeholders' Profiles:

Aggregated results from surveys conducted by BLUETOWN, Centurion Systems, L'Occitane en Provence and Saahas Zero Waste show a population

61 As based on the general definition of a smallholder used in <http://www.fao.org/3/T0211E03.htm>

62 It is important to note that this figure should be expected to differ significantly to the overall percentage of school-age children enrolled at a school, which stands at around 90% globally (<https://data.unicef.org/topic/education/primary-education/>). BCTA's measurement of education enrolment at the household level means that effective comparison with individual-level statistics on school enrolment cannot be made.

63 <https://www.unepfi.org/wordpress/wp-content/uploads/2018/11/PI-Impact-Radar.pdf>

where 67.5% of households have all their school-age children attending school and are of an average size of 3.09 members. The majority of household heads have at least a secondary school level of education (at 66.5%) but do not benefit from connectivity services, with only 11.7% with access to the internet or a television in the home. Overall, however, these populations receive a high monthly income in 2015 \$ PPP terms of \$733.06.

Education

Bound by an objective to raise the ability of BoP populations to access quality education and lifelong learning opportunities in an inclusive and equitable manner,⁶⁴ the companies in the education category are spread across a number of sectors and model types but are concentrated in five African and Asian countries. Their models provide education both as part of relationships with employees or suppliers and as services delivered through the open market. The dataset consists of 4,506 respondents.

Overall Analysis:

Measuring the impact achieved through education via the quantifiable lens of the economic benefits accrued, aggregated results demonstrate how inclusive businesses have produced tangible effects on BoP populations. First, they show that these companies have both been able to reach their partners with relevant education, with 76.0% of respondents stating that they received education from the associated business or an external partner. Second, they measure further effects and satisfaction with training in multiple ways, including the rate of training implementation (91.4%), recognition that training has improved livelihood opportunities (96.8%), and knowledge improvement being recognized as the main benefit of the respondent's relationship with the associated company (99.8%). Lastly, the tangible secondary impacts measured are the rate of incidence of either job progression or wage increase after training (62.4%) and income level post-training (\$252.30 in 2015 PPP dollars).

Analysis of BoP Stakeholders' Profiles:

BoP profile results from multiple surveys by companies in the health and sanitation category show that the average respondent lives in a small household (4.60 members), possesses at least a secondary school level of education (68.9%) and sends all their school-age children to school (78.4%). In terms of asset ownership, 81.9% report owning a motorcycle, car, scooter or jeep, 92.9% own a mobile telephone, only 55.0% have access to main grid electricity, and 33.9% own a television.

Health and Sanitation

The companies in the health and sanitation category operate business models that support a population's ability to live in a state of physical, mental and social well-being, including, but not limited to, the absence of disease or infirmity.⁶⁵ They include three healthcare providers and one sanitation company mostly focused on providing essential health-related goods and services at a low cost. Two large-scale firms operate their inclusive business models on a continental scale, indicating the global reach of these MNCs. The dataset for the health and sanitation category comprises 599 individual responses.⁶⁶

Overall Analysis:

Due to the great variety of business models, healthcare and sanitation companies adopt a variety of mechanisms to assess their impact. These include the proportion of respondents reporting improvements in their condition following treatment (89.1%), indicating the highest order response on a Likert scale for improvement in wellbeing or general living standards post-treatment (91.1%), and increase in care seeking after the initial treatment achieved (99.1%). Furthermore, to assess the economic impact, Medtronic assesses the cost of treatment delivered relative to patient expectations, with 59.1% reporting that the treatment cost was less than they had expected and 5.7% reporting that it was more. Lastly, Saraya East Africa reports that seven out of ten hospitals to which they supply hand hygiene products are complying with the appropriate guidance.

64 <https://www.unepfi.org/wordpress/wp-content/uploads/2018/11/PI-Impact-Radar.pdf>

65 Ibid.

66 However, it should be noted that Medtronic's PPI surveys included many more responses (751) than their general impact assessments (88). The general impact assessment dataset is used to calculate the aggregated sample size of 599.

Analysis of BoP Stakeholders' Profiles:

The health and sanitation category's BoP profile data demonstrates that respondents live in relatively large households with an average of 6.13 people, where female heads of household possess a relatively low level of education, with only 33.5% having attended secondary school or having gone on to higher levels of education. Asset ownership results show that 50.8% of households own a refrigerator, 77.5% own a television, and 49.4% own a motorcycle, car, scooter or jeep.

Housing

The housing impact group includes companies working to improve a population's access to adequate, safe and affordable housing where one can live in security, peace and dignity.⁶⁷ It consists of two companies – Patrimonio Hoy (CEMEX) and ¡Échale! a Tu Casa, which, though both centred in developing Latin American countries, operate on very different scales, with the former being a large MNC and the latter an SME focusing on the Mexican market. The combined datasets of these two companies produce a survey sample of 411 respondents.

Overall Analysis:

The main impact produced by these two companies relates to the quality of housing (for which 54.7% report living in secure and reasonable quality housing), but a measure of ¡Échale! a Tu Casa's financial education and technical training, which was accessed by 83.0% of respondents, also demonstrates both reach and impact in this area.

Analysis of BoP Stakeholders' Profiles:

The BoP profile indicators measured by the two housing companies relate to the maintenance of steady and secure employment (which is reported by 63.3% of respondents), the education level of the female head of household (for which a secondary school level of education is reported by 80.8% of respondents), access to a home internet connection or television ownership (which is reported by 56.0% of those surveyed), and the presence of a piped water supply to the respondents

home (which is the case for 74.5% of the surveyed population).

Energy

Only one company – ONergy – is included in the impact group working to raise a population's access to modern energy sources because of restrictions on data access.⁶⁸ This company works to bring reliable solar-powered products to India's poorest and least served region by providing low-cost products and microfinancing solutions in partnership with local institutions and international organizations. Its dataset is made up of 167 consumer responses.

Overall Analysis:

The impact achieved by ONergy is demonstrated by the finding that 92.2% of respondents experienced an increase in the quality of energy sources used and the average 4.61 hours of use of solar lights or an electricity grid connection per day. Furthermore, an average energy bill that uses up only 4.5% of household income demonstrates the affordability of ONergy's services.

Analysis of BoP Stakeholders' Profiles:

Further data collected by ONergy demonstrates the need for the company's solar-based solution, with households reporting being without access to grid electricity for 3.57 hours a day, whilst other indicators show the living conditions of ONergy's customer base. Respondents reported an average monthly income of \$511.58 (in 2015 PPP dollars) and an average household size of 4.79 where 61.0% of female heads of household had a secondary school level of education or above. Additionally, 37.1% of ONergy's customer base own a refrigerator, 74.9% own a television, and 53.9% own a motorcycle, car, scooter or jeep.

Information

The *information* impact group, which relates to companies improving access to information and ideas through any media regardless of frontiers,⁶⁹ is also only

67 <https://www.unepfi.org/wordpress/wp-content/uploads/2018/11/PI-Impact-Radar.pdf>

68 Ibid.

69 Ibid.

made up of one company: BLUETOWN. By supplying solar-powered broadband connectivity to low-income populations living in rural and semi-urban areas of developing and least developed countries across three continents, BLUETOWN provides access to a range of digital services in education, health, finance and commerce. To produce its impact data BLUETOWN surveyed 100 customers.

Overall Analysis:

BLUETOWN's primary impact is measured by the regularity of internet use, for which 87.9% report using the internet on at least a weekly basis, as well as the regularity with which customers access content that should be expected to contribute to their long-term development. For these indicators, 46.0% of customers access educational content, 9.0% of customers access financial information or products, and 22.0% access health information at least once a month.

Analysis of BoP Stakeholders' Profiles:

BLUETOWN also measures two key BoP indicators relevant to the use of online services. It finds that 61.0% of respondents own a mobile phone – a basic necessity for using BLUETOWN's internet service – and 33.0% of respondents possess a secondary school level of education or above.

Linking inclusive business outcomes to a decrease in poverty over time

Looking at drivers of poverty alleviation through the lens of asset ownership broadens the subject beyond income and expenditure insufficiency.⁷⁰ A common finding across different studies is that transitory poverty accounts for a large share of overall poverty. As such, a focus on income and expenditures underscores the inherent irregularity of flow-based measures of welfare. By adopting an asset-based approach, the poor are considered as managers of complex asset portfolios: managing tangible and intangible assets can affect

the ways poor households deal with and set strategies to pull themselves out of poverty.⁷¹ Recognizing the importance of asset ownership to poor households, we apply the “asset accumulation framework”, as proposed by Moser⁷², which identifies various types of capital such as physical capital, financial capital, human capital, social capital and natural capital that households tend to build overtime in their effort to find a pathway out of poverty.

In this section, we categorize the data collected through BCtA's impact programmes to exemplify the various ways in which BCtA's member companies are contributing to the reduction of poverty over time by enabling households to accumulate these different types of capital. The findings below are not intended to be evidence of poverty reduction; they are illustrative of the number of ways business activities can support the effort of households in mitigating risks and accessing opportunities for alleviating poverty, underscoring the critical role of data-driven impact management in helping companies amplify these effects:

Natural Capital

Stock of environmentally provided assets such as soil, atmosphere, forests, minerals, water, and wetlands.



- Crop yield had improved for 89% of clients surveyed by **Rafiki Microfinance Bank** clients.
- By planting hazelnut trees on degraded and fallow land in Bhutan, **Mountain Hazelnuts** operations lead to 8 million metric tons of atmospheric carbon sequestered over the lifetime of the trees.

70 Carter and Barrett. The economics of poverty traps and persistent poverty: An asset-based approach, 2006; Brandolini, Magri, and Smeeding. Asset based measurement of poverty. Volume 29, Issue 2. Spring 2010. Pages 267-284 2010.

71 Caroline O.N. Moser; Ordinary Families, Extraordinary Lives: Assets and Poverty Reduction in Guayaquil, 1978-2004 (Kindle Locations 371-372). Kindle Edition.

72 Caroline Moser. 'The Asset Vulnerability Framework: reassessing urban poverty reduction strategies.' World Development, vol 6 no. 1. pp 1-19, 1998.

Physical Capital

Stock of plant, equipment, infrastructure, and other productive resources owned by individuals.



- 75% of customers surveyed by **Patrimonio Hoy** described the quality of housing space as ‘good’ or ‘extremely good’, enabling their children to study. Moreover, 97% of the new *socios* owned their properties.
- Only 13% and 3% of **¡Échale! a Tu Casa**’s surveyed clients prioritized health and education of their families respectively, while most prioritized improving their homes. More than 90% of households had access to potable water and electricity, however only 48% had access to proper drainage/sewerage.
- 96% of clients surveyed by **Shubham Housing Development Finance** cited better housing security and lower fear of eviction.
- **Onergy Solar** found that on average, solar lights/micro-grid connection were used for 4.6 hours daily by the households, with 43% using them between 4 and 6 hours per day.
- 94% clients surveyed by **Shubham Housing Development Finance** responded that their overall well-being improved because of the home loan. 70% also reported lower levels of personal stress and a better sense of financial security. A majority of the respondents reported better access to basic infrastructure (clean water, electricity, internet), and education and health facilities.

Social Capital

Intangible assets defined as the rules, norms, obligations, reciprocity, and trust embedded in social relations, social structures, and societies’ institutional arrangements.



- 91% of women farmers surveyed by **L'OCCITANE** spoke positively about being part of a union created by the company, highlighting solidarity and mutual assistance as beneficial with 80% saying the union made it easier to find other opportunities.
- 96% of **Shubham Development Housing Finance**’s borrowers feel secure about their future as they are no longer afraid of being evicted from their homes.
- 58% of **Mahindra Rural Housing Finance**’s borrowers referred their friends/family to the company with an average of around two referrals per borrower.
- 72% of women engaged by **¡Échale! a Tu Casa** wanted to participate in the construction of a community centre (compared to 66% of males) – suggesting a more active role of females in community-building.

Human Capital

Investments in education, health, and the nutrition of individuals.



Education:

- 88% of farmers surveyed by **East West Seed Indonesia** reported having received GAP or crop management training, out of which 84% were trained by the company.
- 88% of farmers surveyed by **Noha Nyamedjo's** farmers had never been certified, whereas 51% had never received any training related to cocoa farming before engaging with the company.
- 93% of farmers surveyed by **Tolaro Global's** farmers had received training related to cashew farming practices, compared only 7% of farmers in the control group. Moreover, 24% had received some certification, whereas almost none of them in the control group received certification.

Health:

- 89% of farmers engaged by **Pronaca** visit a proper healthcare facility when confronted with health problems, indicating active health-seeking behaviour.
- For 65% treated patients surveyed by **Medtronic**, their interpersonal interactions improved, while 50% reported an improved ability to work. 58% responded that the nearest point of eye/ear care was more than 10 kms away from their residence, which can be a major hurdle to active health-seeking behaviour, especially since only 45% of those surveyed for pre-screening reported owning a personal vehicle.
- Patients surveyed by **GE Healthcare** saved an average of 1.6 hours and 8,581 kyat (approximately \$6.50). Those surveyed appeared to not have good quality alternatives to GE's services, with 44% reporting that it would take over one hour to reach the nearest alternative. In terms of the financial cost of these alternatives, 32% would pay less than 5,000 kyat (approximately \$4) and 50% would pay between 5,000 and 10,000 kyat (approximately \$4 and \$7.80), so the alternatives could be unaffordable to the poorest stakeholders.

Financial Capital

Financial resources available to people (such as savings and supplies of credit).



- 28% of farmers engaged by **Pronaca** reported having private health insurance.
- 90% of women who received loans from **L'OCCITANE** reported that their revenue increased, 94% say they are managing daily activities better, and 51% that they now participate in household decisions. 27% of women allocated their revenue to cover household expenses.
- 98% had not taken any loans before being financed by **jÉchale! a Tu Casa**.
- 33% of **Rafiki Microfinance Bank's** clients did not have access to any alternative for agribusiness loans.
- 99% of **Saahas Zero Waste's** employees had formal bank accounts. The percentage of women employees with regular institutional savings increased from 8.7% at baseline to 15%, while those with regular savings increased from 11% to 21.4%. Overall, 47% of employees had access to insurance.

Among the types of capital outlined above, for households that were the subject of Moser's study⁷³ adequate housing was found to be a priority, followed by other capital for production and consumption purposes. Research suggests that physical capital can improve the well-being of poor households through income generation, livelihood diversification, risk mitigation, and creation of access to markets and essential services⁷⁴. This warrants further studies that can assess the impact of other income-generating assets, such as vehicles, and technologies like solar water pumps among others⁷⁵.

Having financial capital, on the other hand, can increase households' resilience to shocks by enabling them to diversify income-generating activities that mitigate overall risk, including improved agricultural practices (e.g., the use of drought-resistant seeds) or the use of financial instruments such as insurance.

Similarly, enhancing social capital can play a transformative role in breaking the structural barriers that keep a household rooted at the same poverty level for generations. Access to social networks and newly formed ties to institutions can provide the much-needed impetus for upward mobility.

Ultimately, for most households, it is the increase in the entire asset portfolio over time that ensures long-term upward mobility. Moser finds a household may have low income at any one point in time because of temporary factors such as illness or seasonality. On the other hand, a household that is structurally poor not only has income below the poverty line but also lacks the assets to lift itself above that level.

Engaging stakeholders at the base of the economic pyramid to better manage impact

Impact evaluation approaches grounded in social science entail a longitudinal measurement of effects experienced by beneficiaries of a development

intervention. Such an evaluation warrants setting up a control group of non-beneficiaries. It is typically an exercise that needs time, resources, and rigor. This can become challenging for businesses that need real-time data to adjust operations and deliver products and services effectively.

The popularity of the *Lean Data* approach⁷⁶ led to a mainstreaming of impact measurement beyond grant-giving institutions, expanding it to the universe of social enterprises and impact investors demanding greater returns. Using the Lean Data approach, social enterprises implement surveys rapidly, capturing insights into how their clients are interacting with products and services delivered to them and listening to feedback on the change they are experiencing in their lives. This approach builds on the work of Keystone Accountability's *Constituent Voice Methodology* which in turn built on participatory development techniques that emerged out of research in the 1950s. Constituent Voice takes a management perspective on data collection, that "even imperfect data can save lives"⁷⁷. It is understood as an ongoing and continuous process, refined, and validated through dialogue, insight and improved relationships.

Emerging from the above, and as gathering data from low-income stakeholders has remained a key component of BCtA's impact programmes, we have designed the surveys to solicit open-ended feedback such as experience of using products and services provided by the companies, including challenges faced by the clients as they engage with the business models. The following examples illustrate the types of feedback gathered by BCtA member companies from their BoP stakeholders:

- All employees surveyed by **DBL Group** said that their hygiene practices at home had improved greatly after they purchased hygiene products from the company sponsored Bandhan Fair Price shop. Employees were satisfied with the product quality, product range and availability, and customer service, and confirmed that the shop had improved their motivation to work at **DBL Group**.

73 Caroline O.N. Moser; Caroline O.N. Moser. *Ordinary Families, Extraordinary Lives: Assets and Poverty Reduction in Guayaquil, 1978-2004* (Kindle Locations 371-372). Kindle Edition.

74 Siegel, P. Using an Asset-Based Approach to Identify Drivers of Sustainable Rural Growth and Poverty Reduction in Central America: A Conceptual Framework. World Bank Policy Research Papers, 2005.

75 CGaP.

76 "The Lean Data Field Guide – Tips for Collecting Customer Data to Build More Impactful Businesses" (2015) Acumen Fund.

77 <http://keystoneaccountability.org/wp-content/uploads/2009/08/Technical-Note-1.pdf>

- 36% of employees surveyed by **Saahas Zero Waste** were able to save for emergencies and improve housing conditions.
- 85% of family members surveyed by **Drishtee** were willing to enhance their skills related to agriculture, banking, textiles and other livelihoods.
- 58% of clients surveyed by **Mahindra Rural Housing Finance** stated that they would refer their friends/family to the company with an average of around two referrals per customer.
- 53% of farmers surveyed by **Pronaca** stated that their lives had changed due to better availability of credit after engaging with the company. 82% of farmers surveyed by East West Seed Indonesia were satisfied with the seeds sourced from EWS, while 72% were satisfied with the level of their harvest.
- More farmers supported by **Tolaro Global** reported an increase in the quantity of raw cashews harvested (38%) than did farmers in the control group (24%).
- 98% of students surveyed reported experiencing a change in their security and personal well-being because of using BioLoos installed by **Banka BioLoo**; of these, 92% reported that their security and well-being had “greatly improved”.
- 48% of patients surveyed by **Medtronic** responded that their day-to-day life had improved significantly post-treatment.
- 23% of clients surveyed by **Patrimonio Hoy** felt unsafe in their homes, emphasizing doors and windows as points of vulnerability. The company is now considering what products to offer in order to improve the integrity of homes.
- All healthcare workers surveyed by **GE Healthcare** reported being somewhat to very motivated as a result of their access to training and technology, and all reported increased confidence in carrying out these services.
- 89% of clients surveyed by **Saraya** rated the training they received as being very useful, and 67% found it informative.
- 70% of women surveyed by **BLUETOWN** had never accessed educational content online, whereas 69% men regularly did. Overall, 89% of BLUETOWN’s clients had never accessed financial information, while 74% never accessed health-related information.
- 95% of women trained by **Bive** reported a better understanding of prevention measures for the risk of breast cancer, 68% of rural women report that they perform breast self-examination since participating in the trainings and 79% reported an increase in knowledge on how to adopt better self-care health practices.

SDG Impact Standards

UNDP has developed impact management Standards for Enterprises⁷⁸ with the aim of providing a common language and a clear system to fully integrate the SDGs into all business and investment decision-making processes. The Standards, developed in close consultation with experts and practitioners, place *meaningful stakeholder engagement* at the centre of impact management practice and integrate the inclusion of stakeholder voices throughout the guidance for enterprises on Strategy, Management Approach, Transparency and Governance.

A complete understanding of how business activities are affecting people can be formed only by asking the people who are experiencing the outcomes, whether intended or unintended, positive or negative, direct or indirect. In principle, enterprises and investors should be accountable to the people most affected by their activities. In practice, however, people at the base of the economic pyramid do not have the power to hold anyone to account. In creating and upholding the Standards for impact management, the UNDP is acting in the interest of those experiencing impact. More sophisticated approaches in research design further disaggregate stakeholders into sub-groups to study how effects may differ depending on gender, age, ethnicity, geographical location, etc. Armed with actionable insights on how different groups are affected in the short and long term, businesses can refine their theory of change and strategy, adjust metrics and monitoring systems to track performance, improve operations and decrease negative outcomes.

Integrating gender-awareness into impact data analysis

Applying a gender lens to the data collected, analysed and reported can guide inclusive businesses to deliver products and services more effectively and maximize the positive outcomes for women and girls. This entails asking the right questions such as “are our products accessible and affordable for both genders?” or “do we understand the training needs different genders might have?” which in turn can inform the indicators that are included in the company’s impact management framework. Gender-aware impact management shines light on otherwise invisible outcomes and allows for an investigation into potential harm as well as creating a pathway to replicate good practices. Accurate measurement in general, and gender-aware measurement in particular, entail setting robust goals and metrics, and systematically tracking performance of metrics with clear personal and team accountabilities.⁷⁹

As part of the HDR, UNDP publishes disaggregated data by gender to derive the Gender Development Index⁸⁰ to highlight the gaps between men and women within each dimension of human development. Data gathered consistently finds women at the front line when it comes to facing the worst impacts of the COVID-19 crisis. For instance, compared with men, women have less capacity to absorb economic shocks because they have lower earnings, savings, and job security, and they are overrepresented in the informal sector: 740 million women worldwide, and over 70 percent of women in informal employment in developing economies.⁸¹

Among inclusive businesses, however, a dearth of gender-disaggregated data limits our understanding of the effects on women. With this in mind, in 2018 BctA, in a move to support gender-aware performance measurement, made it mandatory for its member companies to include gender disaggregated indicators as part of their annual report on progress against their SDG commitments. For instance, BctA member

companies are now required to report on indicators such as the number of people directly and indirectly employed, the number of people receiving financial services, and the number of people with increased income, separately for women and men.

While this disaggregation in metrics is a step in the right direction as it enables companies to set quantitative targets under the SDGs, in order to measure impact more rigorously additional indicators that capture decision-making and economic empowerment also need to be included.

Gathering data on economic empowerment is not without challenges.⁸² For example, it is difficult to decipher whether an improvement in well-being is the result of women’s increased ability to make choices. Reaching marginalized women lacking power and voice to collect data on their opinions and ambitions can also be a challenge in itself. Moreover, there tends to be a bias in survey responses as participants are more likely to share what is perceived to be a socially desirable response rather than what they practice, or in other words people can say one thing but do another.

To overcome such challenges, impact measurement studies can focus on measuring changes in multiple important outcomes such as health, education, or economic status that are widely accepted as signals of improved well-being and triangulate outcomes using multiple indicators.⁸³ Impact studies should also investigate additional layers of status and choice when measuring labour market participation to derive a full picture of the impact of employing women.⁸⁴

Companies that participated in BctA’s impact programmes included gender outcomes in their impact management framework if they were assessed to be important, material outcomes.⁸⁵ Even those companies that were not materially contributing to *SDG 5: Gender Equality* were encouraged to disaggregate the data they gathered by gender to learn how products and services can be improved for women stakeholders.

79 Gender Mainstreaming in Skills Development: Guidance Paper and Tools, IICPSD, UNDP (2019).

80 <http://hdr.undp.org/en/content/gender-development-index-gdi>

81 Gender Inequality and COVID-19 crisis: A Human Development Perspective (2020).

82 A practical guide to measuring women’s and girls’ empowerment in impact evaluations Rachel Glennerster, Claire Walsh, Lucia Diaz-Martin: <https://www.povertyactionlab.org/sites/default/files/research-resources/practical-guide-to-measuring-womens-and-girls-empowerment-in-impact-evaluations.pdf>

83 Ibid.

84 Measuring Women’s Economic Empowerment: Lessons from South America <https://www.repository.fedesarrollo.org.co/handle/11445/3482>

85 “Material impacts include significant actual and potential, positive and negative, intended and unintended impacts on the economy, environment and people, including impacts on human rights. They relate to the Enterprise’s own activities and those of its supply and value chains”, SDG Impact draft Standards for Enterprises

Below are illustrative examples of findings made by BCtA companies measuring and learning from gender-disaggregated data:

- **Medtronic** found that the main decision-maker on health problems are men in more than half the households. Moreover, more women than men took a small loan from someone to arrange for money for the treatment and a lesser percentage of women than men were able to use their own savings for treatment.
- **¡Échale! a Tu Casa** found that 75% of women opted for additional training compared to 93% men.
- Data gathered by **Empower Pragati Vocational Training Centre** showed that 33% of women had to appear for a third interview compared to 13% of men, before finding a job.
- **BLUETOWN** learned about major gaps between men and women in access to internet. 80% of men owned a smartphone compared to only 44% of women. Moreover, 82% of men had used the internet in the last 3 months, whereas only 33% of women had. 70% of women had never accessed educational content online, whereas 69% men regularly did. In addition, even though the nature of employment was similar across genders, women's work-related usage of internet was lower than that of men.
- **Saahas Zero Waste's** impact data showed that the percentage of women with institutional savings increased from 8.7% at baseline to 15%. Moreover, 53% of women had health or life insurance compared to 38% of men and women's average savings were 55% lower than men.
- **Unintended impacts on the BOP detected through data gathering**

Measuring only positive, intended outcomes paints an incomplete picture of the impact an entity is creating for its stakeholders. In order to weigh in on the total impact an organization contributes to attempts need to be made to detect **intended** and **unintended** changes and be transparent about **positive** and **negative** outcomes. To identify impacts, for example, it is important to consider positive and negative impacts for all categories in an organization's reporting.⁸⁶ Importantly, a positive outcome in one category does not offset a

negative outcome in another and therefore, efforts must be made to discover unintended harm that an organization may be creating either **directly** or **indirectly** so that it can introduce policies and intervene to mitigate it.

Whilst collecting data, companies participating in BCtA's impact programmes also discovered unintended impacts, as illustrated by examples below:

- 17% of farmers surveyed by **Pronaca** reported a reduction in corn as a source of income after engaging with the company.
- 54% of farmers surveyed by **Noha Nyamedjo** reported a decrease in cocoa production compared to the year before.
- Only 21% of clients surveyed by **Patrimonio Hoy** were constructing homes entirely on their own, while 34% had paid local masons for construction. 23% felt the windows and doors provided for constructing their homes were not safe.
- Survey showed that while majority of customer surveyed by **Mahindra Rural Housing Finance** believed women should be co-owners of the houses constructed with the loans, but property-ownership titles remain only in the names of the male household members.
- Data gathered by Bive showed that it took **90 days** on average for women to receive the results of their mammography after the initial exam in the clinic.

Data on unintended outcomes can throw light on activities that can be scaled up as well as activities that are causing harm to people or the planet. Companies can use such findings to adjust business models, improve their service delivery to stakeholders, and manage their impact better. In the case of **Mahindra Rural Housing Finance** for example, the company designed policies to ensure that property title deeds were transferred to women in the households to ensure that they became asset owners. For **Bive**, this finding led to close follow-ups and one-on-one support for at-risk patients leading to a decrease in the time between initial clinical examination to receiving the mammography results from 90 days to 15 days.

86 Impact Radar, UNEP-FI: <https://www.unepfi.org/wordpress/wp-content/uploads/2018/11/PI-Impact-Radar.pdf>

This is a key aspect of impact management where a small change in the business model can mitigate the negative impact of an established social norm, especially one that is adversely affecting marginalized groups more by limiting their capabilities and opportunities available to them. Ultimately, the essence of impact management practice lies in the pursuit of information that can equip businesses in better managing their outcomes, whether intended or unintended, directly or indirectly caused, in a way that generates maximum positive contributions for people and planet.

Conclusion

A review of 70 evaluations focusing on women and girl's economic empowerment recommends the following checklist for gender-aware indicators⁸⁷:

- Transformational change in women's economic advancement and agency;
- Attitudes, norms, and behaviours of women and men;
- Change in gender mainstreaming and attitudes in institutions;
- Gender differences in empowerment between women and men to increase local relevance;
- Changes in men's and women's social capital, economic autonomy, and political participation;
- Rights of women in enterprise; and
- Effects of the wider market, value chain, and employment, as all of these will affect women's economic advancement and empowerment.

Ultimately, a combination of quantitative and qualitative approaches (such as interviews and stories) will result in a richer understanding of how women and girls engage with and are impacted by inclusive businesses. By including both genders in the research studies, companies can improve product design, delivery and overall impact.



Photo: UNDP Indonesia/Fieni Aprilia

**FOSTERING A
CULTURE OF
IMM WITHIN
BUSINESSES**





Photo: UNDP Uganda/Natsuki Matsumoto 2018

INTRODUCTION

Companies are coming under increasing scrutiny for their social and environmental impact, with all stakeholders demanding higher accountability and transparency. At the same time, many businesses are also facing a range of threats to their operations, including climate change, the availability of natural resources and rising energy costs. For these reasons, companies are looking to embed sustainability into decision-making processes and the formulation of core strategies. The **SDGs** provide a framework for companies undertaking this venture and investing in specific goals that they deem appropriate for their business interests and outputs.

In order to effectively track progress against the 2030 Agenda, impact needs to be measured and compared with baseline figures using IMM – the ongoing practice of measuring, assessing and raising positive impacts on sustainability factors. The aim of IMM is to provide companies with evidence-based validation of their returns across multiple dimensions, including social, environmental and financial results, and eventually improve business strategies, maximize returns and attract investment. IMM is relevant for enterprises and investors who want to manage environmental, social and governance risks, as well as other actors who also want to contribute positively to global development goals. However, to mainstream IMM, companies need coherent guidelines on how to collect data, measure, report, compare and improve.

BCtA addressed this need by offering services that installed a capacity for, and culture of IMM within companies. With the objective of building these requisite conditions for measuring and managing impact on the SDGs within private sector actors. BCtA has provided hands-on support and services for companies since 2015, represented in workshops, mentorships and Train the Trainers (TOTs) sessions for MSMEs, start-ups and large companies, along with other end-to-end IMM community of practice. Specifically, BCtA offered support to companies by crafting appropriate impact

management approaches that were relevant to the contexts in which companies operated. The overall objective of this support was not only to provide the means by which to perform impact measurement, but to instigate a culture change within organizations and induce a focus on impact.

BCtA commissioned Oxfam to carry out primary research in order to extract lessons learned from the last five years of providing IMM support services. The aim of the chapter is therefore to understand how companies have used BCtA's services and to assess their experience to measure and manage the impact of their business through the lens of the SDGs. The intention is that these companies become role models to others and provide examples of successful strategies to integrate IMM into mainstream business operations.

METHODOLOGY

This analysis explores which dimension of IMM worked well and which did not. Specifically, the chapter addresses the following research questions:

- What are the drivers for companies to implement IMM practices?
- What were the common challenges in measuring and managing impact?
- What strategies can inclusive businesses adopt for IMM?
- What are the key success factors for integrating impact management into companies' operations?
- What are common ways companies use and benefit from impact data?
- What suggestions do companies have on making IMM easier and more effective?
- How can IMM help companies make better decisions and increase their impact?

The study consisted of a survey of 28 companies that responded to our request, along with in-depth interviews with 10 companies, noting that these companies have already participated in either of BCtA's IMM support programmes: BIMS or Impact Champions, or both. The survey collates basic data that indicate the efficacy of the programmes, including whether

companies found the programmes useful, continue to collect impact data and use it in their pursuit of strategic goals. An online survey tool was developed to elicit feedback from companies participating in BCtA programmes on IMM. The survey consists of five sections employing a mix of quantitative and qualitative questions. The sections relate to the following areas:

1. Basic company information and confidentiality
2. Impact measurement method adopted
3. Users' experience and level of satisfaction with the programme
4. Continued use of IMM measures to enhance internal operations
5. Recommendations and improvements

The in-depth interviews analysed the motivations for conducting IMM and the process of gathering data that companies undertook in this context, providing insights into which factors facilitated or hindered the uptake of IMM practices. Interviews were conducted to assess the internal decision-making processes of participating in the programmes. The interview questions focused on five topics:

1. Motivation for implementing IMM
2. Users' experiences of the programme
3. Implementation of IMM
4. Outcomes of IMM
5. Future directions

Lastly, data were also extracted from BCtA's impact case studies to analyse the efficacy of their IMM services.⁸⁸ These case studies showed that, in general, the main objectives for companies enacting IMM processes were to measure their social impact, as related to their target SDGs, and to identify their company's degree of success as an inclusive business. Information from the case studies was used in the development of the survey tool and the interview questionnaire, and to provide context to the results.

88 Some case studies are available in the Annex. To access all case studies, please visit this link: <https://www.businesscalltoaction.org/impact-case-studies>.

LESSONS LEARNED

This study's main finding is that BCtA's IMM services provided companies with appropriate means to measure their impact and that these services allowed companies to adjust their business strategies and validate social and financial returns. However, the surveys also provided numerous other important findings relating to the main driving forces behind IMM adoption, common IMM challenges, key success factors for effective IMM integration, prominent IMM strategies, the most common uses for IMM data, the benefits of IMM identified and suggestions for the future improvement of IMM services. This section provides a closer look at the main findings of the study.

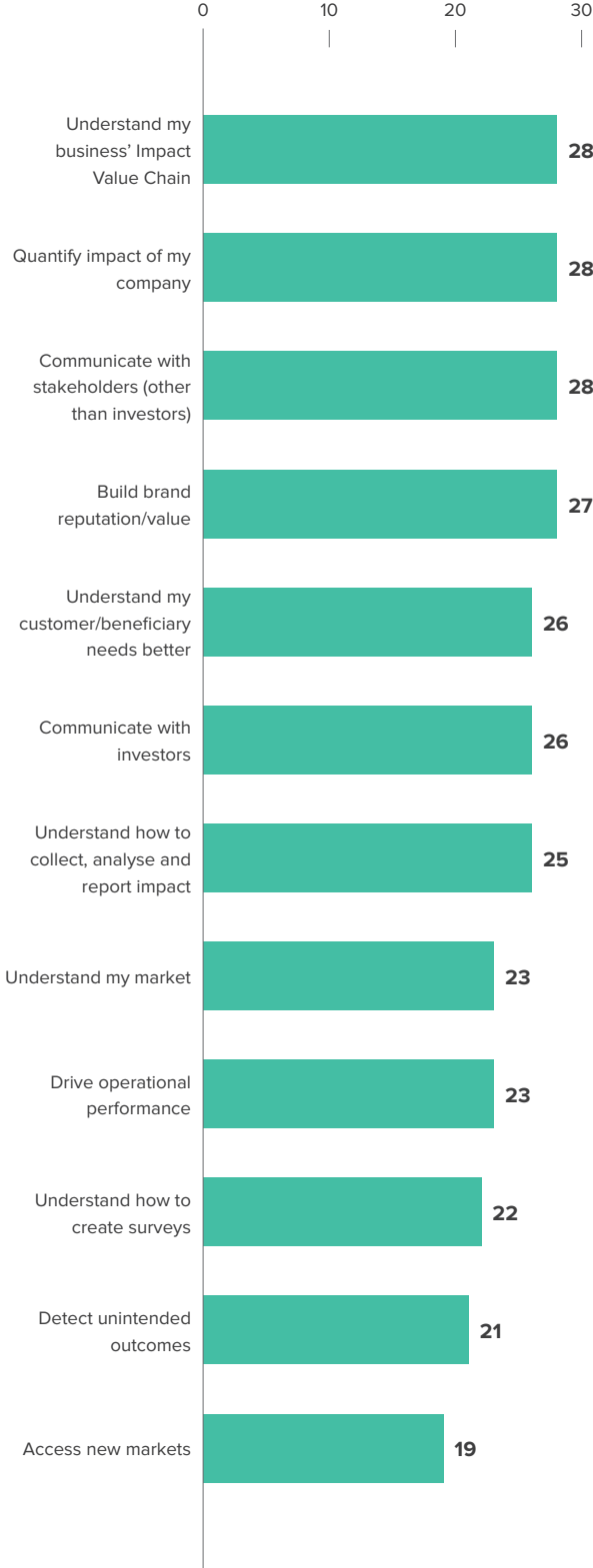
Drivers for companies' implementation of IMM processes

The study provides insights into companies' motivations for measuring and managing their impact on the SDGs. Figure 19 shows companies' collated responses (in descending order of frequency).⁸⁹ Unsurprisingly, the main drivers are to gain evidence-based knowledge of their impact on the SDGs, understand how impact is created through the company's impact value chain, and use this information to build brand reputation and communicate with a wide range of stakeholders (including investors). Many companies are also motivated by operational goals, including understanding their market and the needs of their customers and beneficiaries, driving operational change within the company, understanding how to collect, analyse and report impact data, understanding how to create surveys, and detecting unintended outcomes.

Why companies choose to adopt IMM

Most of the companies included in the study had either not been measuring their social impact before joining one of BCtA's programmes or were at a very early stage in IMM implementation. Therefore, a primary motivation for joining programmes was to understand how to better measure impact, test and learn from pilot initiatives, and then scale up approaches. This shows that BCtA's goal of initiating companies' IMM efforts and generating a culture of IMM chimes with companies' needs.

Figure 19 – Companies' motivation for measuring impact on SDGs



⁸⁹ The responses shown in Figure 19 make up the complete list of available responses within the survey.

Specifically, some companies expressed the objective of understanding how they could generate long-lasting impact by considering the following questions:

- “Are we creating positive impact?”
- “Are we going in the right direction?”

Conversely, other companies were motivated by a desire to integrate impact indicators into market research efforts. These companies had very simple, but clear questions related to their customer base:

- “Who are our customers?”
- “To which customer segments are we delivering?”

Some companies were also interested in how to manage impact, besides measuring impact (or in other words “*how to create intended impact*”). As for the alignment with the SDGs, 21% of participating companies explicitly noting the relevance of a connection with the Goals, which is relatively a number worth looking at to work on raising awareness on the benefits of aligning and connecting the business objectives with the goals. Additionally, some of these businesses were set up in response to the establishment of the SDGs, such that alignment with the SDGs resonated strongly with these businesses.

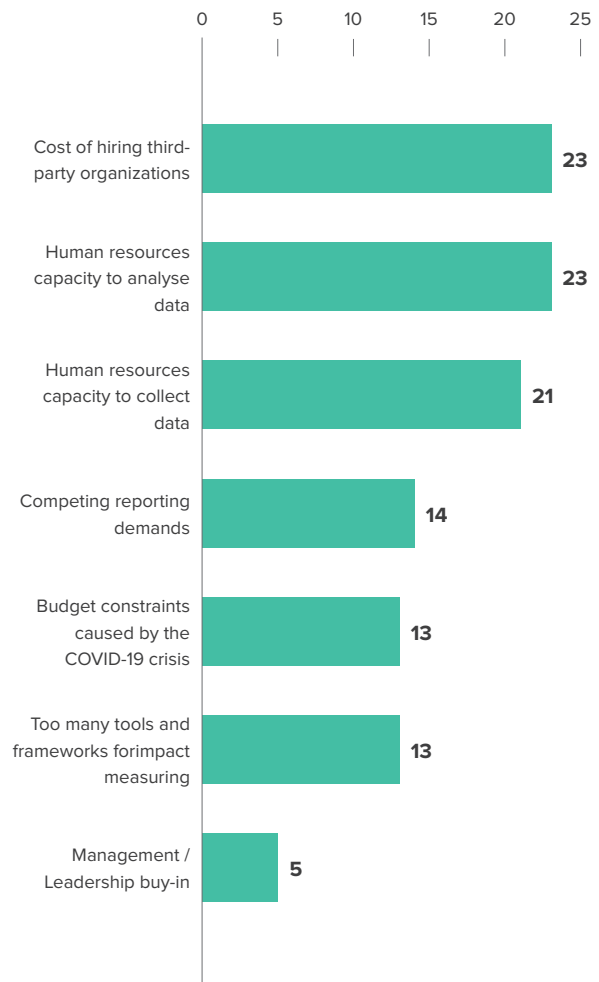
Common challenges in measuring and managing impact

Regardless of firm size and geographical location, companies identified three main challenges to effectively measuring impact and using data before joining BCtA programmes:

- Capacity of human resources to collect data
- Capacity of human resources to analyse data
- Potential cost of hiring third-party organizations

Figure 20 provides the full list of responses.⁹⁰ Interestingly, lack of commitment by senior management was recognized as an obstacle by only five companies. This finding suggests that the majority of the companies included in this sample were starting from a solid base, in that they had the company’s leadership ‘on board’ with IMM.

Figure 20 – Challenges for measuring impact and using data



The interviews conducted add further depth to this picture and reveal that, before participating in BCtA IMM programmes, data collection was not well integrated into companies’ business operations. Even for companies with a strong desire to understand their social impact, data collection strategies were often poorly defined, and, to quote one interviewee, “*the data were not so credible.*” Furthermore, one company representative directly identified that “*data need to be scientific,*” explaining that they understood the need to follow a rigorous process to properly prepare a survey, reach a minimum number of respondents, and analyse the data in a manner than will produce meaningful and accurate results. However, many of the companies surveyed and interviewed simply did not have the time, resources, and expertise to ensure strict adherence to these processes.

⁹⁰ The responses shown in Figure 20 make up the complete list of available responses within the survey.

Key success factors for integrating impact management within companies

BCtA's IMM programmes were well positioned to respond to the challenges outlined above by providing impact measurement tools, frameworks and assistance. The responses to the survey and the in-depth interviews provide solid evidence that companies perceived BCtA's programmes as being effective in supporting them in their IMM efforts:

- All 28 companies surveyed agreed that their IMM programme was effective in supporting them to measure impact
- Companies were also likely to recommend BCtA's programmes to other companies: 59% were "extremely likely" and 37% were "likely" to recommend BCtA's programmes to other companies (with one company responding as "neutral")

Companies reported that the IMM programmes were:

Easy and simple

- Programmes provided a simple, clear introduction to the importance of impact measurement and data management, which made it easy for companies to develop a systematic approach that could be applied to future initiatives
- Framework and tools were intuitive and easy to use
- Simple data collection tools to measure social impact were effective and suitable for different companies

Powerful and motivational

- The framework showed the holistic impact of a company on the SDGs
- Powerful way to understand linkages to outcomes and impact, especially the linkage between business and the SDGs
- Companies were able to realize tangible benefits from measuring their impact, which reinforced their motivation for adopting IMM approaches
- Understanding the positive impact of the company on their customers helped employees connect to the business even more

Accompanied by effective technical support and expertise

- Technical support was considered key, providing skills not usually available to small and medium firms or social enterprises
- Programmes were well planned in advance, with clearly defined tasks that the companies were able to execute in a timely manner
- BCtA's support helped companies to undertake impact measurement in-house, such that, following their participation in IMM programmes, companies reported being more confident about designing their own impact measurement frameworks
- Support and expertise were always accessible and of high quality

According to the survey responses, IMM programmes were instrumental in helping business in several ways:

- 96% valued the concept of the *impact value chain* as a means to monitor impact strategically and learn how to quantify the company's impact⁹¹
- 93% reported that the programmes supported them in communicating their impact to non-investment-related stakeholders and 20 companies reported better communication with investors
- 75% valued the programmes for allowing them to understand customer needs better
- 82% of companies reported that the programmes helped them to discover unknown positive impacts resulting from their business activities, and to a lesser degree (57%) to detect unintended impact
- A majority of respondents valued the support provided by BCtA for data collection, with 68% of responses emphasizing assistance on creating surveys and 89% on collecting data in the field, analysis and reporting impact data; This is a good sign and hopefully indicates that data collection process will enable further impact measurement moving forward

Continued impact measurement

In order to be able to figure out the success of the programme, BCtA considers that it is important to assess whether companies continue to develop a culture of IMM following the completion of their courses. A majority of the companies surveyed and interviewed are continuing to measure impact data after the training – of the 28 companies surveyed, 75% are still measuring impact and 46% do so on a regular basis (with one company collecting data in real time as part of its business operations).⁹²

Of the companies that collected data, only two hired an external third party to manage this task. Therefore, the majority of companies implement the IMM processes internally, either through an in-house team or via a data management system or a combination thereof. This suggests that after participating in the programmes, companies were generally able to rely on in-house capacities for measuring and managing impact. However, considering that the availability and capability of human resources was one of the main factors identified by companies as a barrier to impact measurement, the following section aims to shed light on strategies adopted by companies to overcome internal barriers and operationalize the IMM process.

Strategies that inclusive businesses can adopt to effectively implement IMM

The following findings from the study demonstrate how companies used the support provided by BCtA to enact IMM processes and the strategies they adopted to complete the programme.

Addressing internal capacity

The evidence gathered by the survey and interviews demonstrates that both programmes effectively strengthened internal expertise for measuring impact. Specifically, BCtA's programmes were most effective at overcoming two main challenges: the lack of in-house technical skills and difficulties identifying the appropriate tool and framework to measure impact.

For many, the two programmes were eye-openers on impact measurement, with one respondent saying: *“it was like going to kindergarten [where we] found someone with patience to hold our hands and show [us] what to do.”* Companies also tested what they learned about impact measurement tools and frameworks within their company and, by doing so, they understood first-hand the relevance of impact measurement. For some, this translated into developing a culture of impact measurement across the organization. Even the companies that previously collected impact data improved and broadened the types of information they captured, adding more data points and creating more credible systems. As a result, most companies now have more rigorous processes for data collection and analysis, which thereby produces more credible insights. Table 4 provides a summary of how companies built internal capacity for data collection and analysis.

Table 4: Key factors for building internal capacity for IMM

Leadership commitment	Commitment of the leadership team and belief in the benefits of the framework
Acquisition of new skills	Teams learnt new skills from the support and guidance provided by BctA
Awareness of the benefits of IMM	Awareness of the value that data collection and analysis brings to the companies' long-term strategy and the support it provides to product innovation, as well as that impact measurement can easily be built into routine monitoring and reporting systems, including customer relationship management (CRM) systems
Technology	Developed the necessary technology to collect data from the programme's inception including leveraging digital tools for data analysis to drive improved actions
Integrated IMM	Incorporating data collection into core business
Communicating impact	Creating impact case studies for investors
Presence on the ground	Availability of teams on the ground and/or partnerships with local NGOs dedicated to data collection

⁹² For the 7 companies (25%) that were not collecting impact data at the time of the survey, the main barriers have been disruption to business operations due to COVID-19, a lack of human resources, a lack of time or budget constraints.

Mainstreaming IMM into everyday operations

In many cases, one major effect of BCtA's IMM programmes was the integration of impact measurement into everyday operations and the company's management. Companies achieved this through the following activities:

- **Adding IMM responsibilities to existing job descriptions:** By tweaking existing roles and training in-house staff, companies were able to address the challenge of inadequate human resources for IMM.
- **Amending existing systems used to capture impact data:** Companies realized they were already collecting information about their customers and beneficiaries from existing processes so adjusted these to collect impact data. Likewise, some companies already had staff interacting with customers and beneficiaries as part of their core operations. By training these staff to collect data on impact measurement, companies can now rely on a workforce that can collect impact data directly. Furthermore, bringing field staff on board and keeping them motivated appears to be key. An added motivation for these staff is seeing the results from the data they collect once it has been reviewed and analysed, as they can see the direct result that their work has on the target population. This creates a positive feedback loop that reinforces their motivation for collecting impact data. Additionally, in some cases, IMM is in fact helping field staff carry out their routine work as it provides them with a deeper understanding of their customers.
- **Senior leadership commitment:** Companies that reviewed impact data regularly at senior management meetings were able to sustain the effort in the long term.

Demonstrating impact externally to reinforce a culture of IMM

Thanks to data collection and analysis processes, companies are now able to show the positive results of their programmes and communicate this to potential stakeholders. The BCtA case studies were particularly helpful in this regard, with companies using them to:

- Share evidence and provide inputs to policy makers seeking to influence public policy (for example in the education and health sectors)

- Explain the nature of the company or a specific project (which is often difficult to distil for an external audience)
- Educate stakeholders
- Train new employees (including senior management)
- Provide examples to follow for other business units or company sectors
- Shape the company's decisions
- Communicate to investors, consumers, clients and other stakeholders
- Leverage the credibility of case study partners such as the UNDP to attract additional funding (banks, grants, etc.)

3.5 Common uses of impact data

Most companies confirmed that they use impact data to understand the needs of their customers or suppliers, develop a culture of impact measurement, communicate with stakeholders, guide the company's decision-making processes, provide a framework for future projects and, more recently, to manage the COVID-19 crisis. Table 5 provides more details for each one of these uses.

Table 5: Companies' impact data uses

Understanding customers' and beneficiaries' needs	<ul style="list-style-type: none"> • As a result of an improved understanding of customers' and beneficiaries' needs, 75% of the surveyed companies made fundamental changes to their business operations, including redefining their market and refining or expanding their product offerings • Some companies are using data to better serve the BoP, using impact data to review their products and services so that they better meet BoP needs • Though their data gathering operations, one company gained insights from a new group of stakeholders who play an important role in the success of their operations
Culture change	<ul style="list-style-type: none"> • 60% of the survey respondents claimed that they incorporated structured social impact metrics into their everyday operations • 93% reported having increased capacity for measuring impact, which further confirms that companies have continued to collect data with one company affirming that impact measurement is now built in into the culture of the company and that the team is driven by the impact of their work
New communication tool	<ul style="list-style-type: none"> • 61% of surveyed companies use impact data in their communication with stakeholders • Companies use data to highlight their impact through publications and various marketing efforts with the goal of attracting new investors, build their brand's reputation and increase visibility
Framework for decision-making	<ul style="list-style-type: none"> • 82% of respondents use impact data to guide their decision-making process and 46% reported that impact data improves overall business performance • Based on the impact data, companies are able make more informed day-to-day decisions, adjust business activities and course correct. One company reported using data to gain insights into how they can improve convenience and customer satisfaction, as well as to answer questions like: <i>"Are there any particular segments of customers or a need that we are missing out on? Can I make the service easy to use for my customers?"</i>
Framework for future projects or other business units	<ul style="list-style-type: none"> • Data are helping 64% of respondents to scale the impact of their company, to apply the knowledge learned through the programmes and to provide a framework for other projects or business units to follow.
Managing COVID-19	<ul style="list-style-type: none"> • Collecting impact data has helped 39% of surveyed companies to manage their response to the COVID-19 pandemic • By collecting impact data, companies have gained a deeper understanding of their stakeholders' needs, such that they have been able to: <ol style="list-style-type: none"> 1. Tailor services to meet customers' needs during the COVID-19 pandemic. For example, one company noted that due to COVID-19, women's participation in their programmes was dropping. They offered a new programme that met women's needs more directly and observed a positive response in women's enrolment; 2. Quickly change service delivery to address the problems being experienced by customers during a crisis such as the pandemic; For example, one company shifted its entire service portfolio to online delivery in order to reach their beneficiaries during lockdown; 3. Collate workers' feedback to make sure that the company was supporting them as much as possible; and 4. Understand the extent and form of their customers' COVID-19-induced financial difficulties, which triggered higher levels of empathy amongst company staff

Changing business strategies

Impact management can serve as a means of implementing evidence-based changes within organizations, with companies using impact data to inform their choice of business strategy. From these cases, two main patterns emerged from the interviews:

1. Companies gained insights on a specific aspect of their business strategy that they consequently reviewed and modified. For example, one company learned that their customers were poorer than expected and had very low purchasing power (with 55% of their customers being below the poverty line). As a result, the company decided to make products more accessible by revising their price points and finding partners who could help in executing this strategy.
2. Companies used impact data to make small ongoing adjustments to strategies. These companies emphasized that impact data allows the company to respond to changing circumstances more effectively because they are more agile and better able to understand the market in which they operate.

Benefits of IMM

Companies were asked to reflect on whether they observed any tangible benefits on their business as result of IMM. Whilst in most cases it was too early to measure concrete benefits, all of the respondents said that IMM programmes had a positive impact on their business. A few companies were also able to point to tangible outcomes, as outlined by Table 6.

Table 6: Benefits of IMM

Communication	After conducting a first round of impact data collection, one company realized that they needed to do much more to communicate their brand to their potential customers; As a result, they launched a marketing campaign and their business volume increased.
Client engagement	One company was able to share impact data and communicate expected outcomes from the services offered to clients. This ability to anticipate outcomes became an asset that the company was able to leverage to gain more clients.
Financial results	In a few cases, an ability to demonstrate social impact for clients created new opportunities for grant applications, thus increasing financial resources.
Sales	One financial organization experienced a rise in value of their loan portfolio by growing their BoP customer base.
Benefits for the BoP	41% of respondents said that they identified positive impacts on the BoP (including income rises, increased satisfaction, improved education and strengthened relationships) stemming from data collection and measurement. Companies were able to provide metrics which showed a clear positive trend, notably also demonstrating that this company is analysing the data collected in order to provide these metrics.

Companies' suggestions for improving IMM services

Despite the overall positive experience and the concrete results that companies were able to achieve by participating in the IMM programmes, participants also identified ways in which services could be improved. These suggestions can be grouped into the following categories:

- **Flexible technology:** Companies noted that in some cases the technology used for data collection was not intuitive for the staff involved and acted as a barrier. They highlighted that the technology used should be flexible (e.g. able to be installed on different operating systems and a range of devices).
- **Language:** Whatever the technology or system, it should be translatable into different languages (e.g. for non-English speaking countries) so as to reach scale. This was not always the case in the companies' experience.
- **Data visualization:** Companies highlighted the need to have simple and effective ways to visualize impact data.
- **Alignment of the curriculum with companies' expectations:** Indicators and metric measurements were seen by the companies as the most relevant part of the IMM programmes. Companies therefore suggested that IMM programmes should strike a balance between the time needed to set up IMM frameworks and the need to actually implement and measure impact. Companies noted that, in their experience, the data collection process did not receive enough attention, which one respondent stating, "*it took a long while to get the framework right, and then almost no time to measure.*" In a similar vein, other companies suggested creating follow-up processes after the programme's end in order to provide a smooth transition from BCtA support to company-led processes. In their experience, participation in the programme seemed to be more of a "*one-off exercise*" with "good ideas but just one shot."
- **Flexible programmes:** Programmes should be designed to meet companies' needs and tailored to different contexts. For example, the training could be planned to be done in person or online, depending on the specific context.
- **Measuring impact generated via partnerships:** Companies found it difficult to measure the impact of activities delivered in collaboration with a partner organization as the platform forced the user to focus on the impact created by the company alone. It was the opinion of users that the methodology should be able to adapt to particular circumstances.



Photo: UNDP Cambodia/Manuth Buth

IMM FOR MICRO-FINANCE INSTITUTIONS (MFIS) AND MSMES





Imparting IMM knowledge to 2,000 MSMEs in the Arab States

In September 2020, BCtA and the Arab Gulf Programme for Development (AGFUND) signed an agreement to boost SDG-aligned impact measurement and management in Sudan and Jordan to 2,000 MSMEs.

The partnership has allowed BCtA to expand its footprint in the Arab States while promoting the concept of impact measurement and management for enterprises in the region. The programme has allowed great opportunities for formalizing the concept of business-generated social impact in Sudan and Jordan with MSMEs – and how to best measure this impact with the Sustainable Development Goals in mind.

The approach

As part of the agreement, BCtA delivered impact measurement and management training via a train-the-trainer methodology where state-based microfinance institutions were identified to facilitate knowledge sharing and reach of IMM services.

The National Microfinance Bank in Jordan and Ebdaa Bank in Sudan were selected due to their reach with clients and the number of MSMEs in their portfolios. From here on, branch managers and field officers were trained by BCtA on IMM as trainers to further deliver this knowledge to other employees and MSME clients on how to create an impact value chain, identify indicators, gather data, and illustrate how business activities contribute to the SDGs

Considering the reach of the two microfinance institutions at a grassroots level, knowledge on IMM was hence able to move beyond large organizations and business networks to local entrepreneurs and small business owners to increase the importance of the SDGs and IMM at a much more localized scale.

As we are aware that this concept is still new to MSMEs, and to ensure effective training program and

understanding of the IMM concept and process, all trainings were provided in simple Arabic language including BCtA's Impact Lab and four video tutorials, which were translated to Arabic too. This approach allowed for any gaps in understanding or any questions about the process of creating an impact framework, engaging with stakeholders or measuring impact to be minimized and enabled better reach to the desired beneficiaries.

A focus on gender

The programme adopted an embedded gender focus across all outlined activities with the aim of promoting the achievement of the Global Goals (Goal 5: Gender Equality) both, through empowering women-led businesses to scale up the impact achieved by companies, and through providing key financial mechanisms to increase access to livelihood opportunities for women and girls.

In addition, this project served to tackle a key developmental barrier in Jordan and Sudan in terms of supporting women and provide them with increased opportunities to stimulate the mechanism of inclusive business and contribute to economic development.

BCtA believes that a gender-aware impact framework allows organizations to:

- Uncover vital outcomes experienced by different genders among stakeholders, which might not be clear otherwise
- Investigate and mitigate potential harm
- Create a pathway to replicate good practices
- Enable enterprises to deliver products and services more effectively
- Maximize positive outcomes for women and girls

A video on incorporating a gender lens into a business impact framework was also developed to encourage the adoption of gender-aware metrics, it can be accessed [here](#).

Encouraging results

The results of this programme, which ran from November 2020 till December 2021, have been extremely encouraging. By December 2021, more than

1,700 clients and employees of the two organizations were trained on IMM via five train-the-trainer workshops held for 38 branch managers. To highlight the main achievements from the IMM journey, two case studies were prepared and published on how knowledge of impact measurement and management was utilized by the two banks.

Below is a summary of the main achievements.

NMB Bank – Jordan:

The BCtA team commenced the project by providing workshops, meetings and three focused train-the-trainer workshops, engaging 24 heads of branches and 32 field officers, who went on further to provide trainings to another 294 employees from different departments of the bank. Providing employees with such knowledge and experience led them to train more than 800 clients, of which 65% were individual entrepreneurs and 35% MSMEs, from the agricultural and educational sectors. The trainings focused on how to plan for impact and understand the outcomes of their projects to be able to better utilize their limited financial and human resources through focusing on initiatives that generate higher positive impact.

Great results were achieved due to the continuous engagements, mentorships and training – which allowed the bank and clients to identify the main gaps and rethink the management approach of their projects and to bring improvements in them. As a result, in relation to the agricultural sector, the main impact on NMB's farmer clients was an increase in income, as stated by 93% of farmers, thus improving the quality of their lives. Moreover, 28% of farmers reported creating additional job opportunities, while 51% stated that the variety and quality of their products had been enhanced.

Through the IMM process, NMB also decided to focus more on education and provided loans that exceeded US \$900,000 by the end of the project, with 71% of the loans going to female clients.

NMB continues to adopt the IMM in their internal operations and planning systems; new IMM-related KPIs were introduced to make sure to gather the right data and monitor and evaluate impact to make better decisions based on accurate information, with the main objectives of increasing impact.

Moreover, IMM training is part of the annual HR training plan for employees, and the number of trained employees is planned to be increased by 5% annually. Rami Nasraween, the Chief Operating Officer at NMB said that, “Engaging employees in several training sessions to understand the real concept and benefits of IMM has led to exciting discussions to try and diagnose the many social problems we face in our region and what could be the solutions for the clients’ problems that they deal with on a daily basis.”

Ebdaa Bank – Sudan:

The same process was followed in Sudan, where the BCtA team initiated the project through workshops, meeting and two train-the-trainer courses held for 14 heads of branched and 16 field officers. Those, in return, approached and provided trainings and capacity building on IMM for another 652 clients, of whom 82% were home-based businesses and 18% MSMEs with a focus on the agricultural and childcare sectors.

Since the launch of IMM training, several successes were seen in the agricultural sector. For example, when the bank financed agricultural projects, it focused on just financing farmers with minimal attention on the impact of these loans on farmers, their living standards and actual long-term changes that took place. However, after adopting impact measurement and management and understanding the needs of the farmers better, the bank has modified and introduced new agricultural products based on farmers’ needs, with the main objective of maximizing positive impact on these farmers. Accordingly, agricultural yield has increased and new products were introduced, such as: technical packages, improve seeds quality, the provision of new ‘modern’ agricultural services such as machinery. As a result, this has led to an increase in the total amount of production of peanut crops from 800 kilograms to 1,400 kilograms, which is around 43%. This has increased the positive impact of these farmers and improved their incomes, where women-led supplier organizations increased by 33% and more than 40% of farmers outlined that they opened saving accounts. This has resulted to increasing the financing portfolio of the bank, thus being able to support other projects.

In the childcare sector, Ebdaa considers the education for children under the age of five as very important and that it helps in solving many problems, which are represented in the quality of education for children

under the age of five, working women and young women who graduated and did not find an opportunity for employment. Therefore, the Bank designed a program for kindergartens and nurseries as follows:

- A business loan for young graduates to establish or rehabilitate existing kindergartens and nurseries
- An education loan for working women to allow their children to join nurseries and kindergartens

The main objectives of these two products were to:

Create an educational environment that keeps pace with modern development for young children and creates job opportunities for women to work as teachers, and for working women to allow their children to attend nursery schools. Ebdaa contributed through several activities and programs through disbursing financing loans to improve the environment of nurseries and kindergartens, in collaboration with the Arab Open University’s Lebanon branch.

There was a significant impact on the targeted beneficiaries, as the funding created job opportunities for more than 1,000 young women and the training helped in refining the skills of young women working in the field, which reflected positively on the performance, satisfaction of mothers, their confidence in nurseries and their stability at work. Moreover, there has been a 60% increase in the number of children joining kindergartens and around 83% increase in the number of women who found new job opportunities, either as teachers or because women feel confident leaving their children in a safe place while they work. In general, this has led to an improved living standards for the women and their families.

Nuha Elzain, Research, Development and Partnership Manager at Ebdaa Bank said, “In general, we developed the process of assessing the success of our projects by analysing and measuring impact on our stakeholders (mainly our clients), and not only by checking the achievement of our goals. For instance, we used to look into the number of loans distributed to farmers, and now we are looking into the positive and negative impacts and changes experienced by these farmers due to these loans, and how much change has affected them and their families.”

For more information, you can access NMB’s full case study on our website: [National+Microfinance+Bank-D5.pdf \(squarespace.com\)](#).



**THE WAY FORWARD
FOR BCTA'S IMM
PROGRAMMES**



Over five years, BCtA has played a vital role in the ecosystem by focusing on the needs of businesses as they undertake impact measurement and build a management approach that works for them. As this ecosystem has evolved and become more sophisticated over the last decade, there has been a proliferation of standards, principles, and guiding tools and an emergence of an entirely new language that companies need to navigate and translate for themselves. In this role, BCtA has sought to clarify concepts and make the process of IMM more digestible for companies with the purpose of making the adoption of good IMM practices more widespread.

This report seeks to provide insights from the implementation of BCtA's IMM programmes. Although the findings are based on data provided by a sample of companies that are members of the BCtA network, the analysis also offers important lessons that are transversal and applicable more broadly.

The report finds that companies are eager to continue measuring their impact and want to deepen their knowledge of IMM. Recognizing their future ambitions with regards to IMM and acknowledging the ongoing challenges that they face, BCtA can structure future provision of support in three ways:

A. Ongoing technical assistance

Setting up an impact framework and beginning to gather evidence is only the first step in the process of creating an impact data-driven culture. BCtA's experience has revealed that companies need continued ongoing support to analyse data, assess results to improve business decisions, and continuously refine the data collection processes used.

BCtA can help companies to strengthen ongoing impact measurement efforts and increase the overall effectiveness and rate of adoption of good IMM practice by continuing to offer various levels of support in this area. Illustrated below are recommended formats for extending support going forward:

- Streamlining data collection using technology: This could include making standardized survey questions easily accessible and digitally transportable within BCtA's IMM tools to enable cost-effective data collection and analysis
- Light-touch training and capacity building on common topics and challenges in IMM
- Sharing guidance on communicating impact to various stakeholders and for specific purposes such as influencing public policy
- Companies understand how they can mainstream IMM throughout their operations for all products and markets
- Facilitating connections to funders or knowledge-based institutions that can provide financial support to companies for impact data collection and management
- Linking companies to existing learning programmes and training schemes that can benefit all employees within the company (including new hires) that do not have a background in IMM
- Mentoring companies on how they can mainstream IMM throughout their operations for all products and markets
- Mentoring companies on how to plan to improve and scale up with the expectation that they will face future challenges on aspects they should measure and how new initiatives could strategically contribute to the SDGs

B. Leveraging technology to deliver assistance

IMM needs of companies vary considerably across size, prior experience in IMM, and ability to collect and integrate impact data. While some companies need constant hands-on guidance and supervision throughout the entire IMM process, from developing an IMM

framework with an SDG lens for analysing data, others may only require check-ins and assistance for specific tasks. On the other hand, some companies may just require a sounding board to reassure them that they are on the right track.

BCtA's support can be structured to be more flexible to meet different needs and business contexts while still being lean and resource efficient. One approach that BCtA has already integrated is to offer training programme virtually and develop video tutorials videos for the different stages and theoretical aspects of impact measurement. Additional resources that outline what is important for each step in the IMM process with testimonials from companies that have taken such steps before can facilitate peer learning. Moreover, webinars and other virtual events that bring voices of other experts and/or affected stakeholders can bring a range of perspectives on IMM to companies.

A standardized virtual training packed with a suite of online resources can also be supplemented by scheduled deep dives on a specific topic and/or periodic clinics with BCtA trainers during which tailored mentorship could be provided to companies on specific needs such as reviewing indicators or identifying appropriate data collection tools.

C. Community of IMM Practice

Among the companies surveyed for this report⁹³, 82% were of the view that connecting with other companies within BCtA's network that have similar business models and intend to produce similar outcomes for their stakeholders is of great value.

As part of the membership services, BCtA has started to facilitate peer-to-peer networks or communities of practice (CoP). These networks are formed in various ways, including on the basis of sector such as companies providing health-tech solutions, location, SDG priorities, or for specific groups such as women-led companies. They are convened through regular meetings and forums that allow businesses to share successful models and provide technical expertise on innovation, impact management, scaling up etc. The format for engagement can range from ad hoc informal meetings to curated sessions at BCtA's Annual Forum.

Such direct communication between businesses can also form the basis for long-term collaborative development as seen in the example of . Within a community of IMM practice, companies with a similar level of experience in IMM share how they are using data to improve operations or companies that work in the same geography could pool resources on data collection. Ultimately, regardless of the shape and form of these networks, the clear message from BCtA member companies is that BCtA should convene and facilitate this exchange of ideas by establishing mutual support networks.





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ANNEX

I. BCTA CASE STUDIES

(BCTA has been assisting companies develop their impact framework and collect data from stakeholders as means to measure impact against the Sustainable Development Goals. This service offered through the BCTA Impact Management Services (BIMS) and the Impact Champions Programme via the Impact Lab, an online IMM tool, has been documented in the collection of case studies.

We have featured some case studies in this section, and to access the full collection of case studies, please visit this link: [Tools and Resources — Business Call to Action](#).

BLUETOWN
Impact Management Case Study

Location: Ghana, India, Mozambique, Tanzania and Rwanda
Sector: Internet, Communications and Technology
RFP Stakeholders: Customers
Total Reach: more than 2 million people

Overview

At present, half of the global population is not connected to the internet and broadband access for low-income households grows by a mere 0.8% in 2018. This is a major global issue that threatens to reverse existing progress. It is also an opportunity for those willing to invest in innovative technology and new business models that target underserved communities.

BLUETOWN is a global internet service provider that strives to make connectivity accessible and affordable for everyone by connecting underserved communities using solar-powered, off-grid Wi-Fi solutions. To fulfil its vision of connecting the unconnected and enabling higher standards of living, BLUETOWN has gone beyond simply providing access and has built a business model that breaks down key barriers that keep people offline.

Since 2014, BLUETOWN has provided internet access to more than a million people in communities across Ghana, Rwanda, Mozambique and Tanzania, and to four Indian states. The company has planned installations in Ghana, India, Nigeria and Brazil that will cover more than 5 million people in 2023.

40% of the world's population is without internet access, with 1.4 billion of them in underserved communities.

\$260 billion in annual mobile internet revenue from the world's 100 largest mobile operators.

BLUETOWN model: Solar-powered, off-grid Wi-Fi solutions.

BLUETOWN problem: Lack of internet access in underserved communities.

BLUETOWN solution: Solar-powered, off-grid Wi-Fi solutions.

BLUETOWN impact: Improved digital literacy, increased income, and better access to services.

BLUETOWN impact management: Systemic impact management as follows:

- Build effective services that create value for users, which is key to attracting new customers as well as retaining existing ones;
- Better understand customer needs;
- Evaluate constraints for potential adoption beyond access and affordability; and
- Understand market opportunities and risks.

Key Stakeholders

BLUETOWN has identified three types of underserved communities, in which the majority of the world's unconnected and underserved people live: (a) the remote, (b) the rural, and (c) the semi-urban.

Location	Internet Connectivity	Power Availability	Connectivity Infrastructure
Remote (rural)	No grid	Unreliable grid	Unreliable grid
Rural (semi-urban)	Unreliable grid	Unreliable grid	Unreliable grid
Semi-urban (remote)	Unreliable grid	Unreliable grid	Unreliable grid

1. Assessing Readiness and Capacity

In collaboration with UNDP Denmark and Monitor Deloitte, BLUETOWN has recently conducted several impact measurement studies and developed an SDG Impact Framework as part of the UNDP/SDG Accelerator programme. This experience motivated the company to design an even more extensive and structured approach that will allow deeper insights to be gained on how its operations directly and indirectly impact communities.

BLUETOWN joined ECA's **Impact Champions Programme** to establish a baseline in the Ghanaian village of Asumadu and assess changes in the lives of customers over time.

At the beginning of the **Impact Champions Programme**, BLUETOWN was found to have an **advance capacity** for undertaking impact measurement and management. This is because managers at BLUETOWN viewed social impact management as an important activity and were willing to allocate time and resources for its proper implementation. Moreover, BLUETOWN had prior experience with using web-based tools, smartphones and laptops for collecting and managing data. The company also has some experience of collecting and reviewing non-financial data. BLUETOWN's field staff also has experience of collecting and using data for their daily operations.

BLUETOWN is systemising impact management as follows:

- Build effective services that create value for users, which is key to attracting new customers as well as retaining existing ones;
- Better understand customer needs;
- Evaluate constraints for potential adoption beyond access and affordability; and
- Understand market opportunities and risks.

Companies can have an initial, medium or advanced level of impact management capacity.

2. Planning For Impact

1. Impact Value Chain

The **Impact Value Chain** is a visual map of how an organisation's strategy and operations contribute to business value and the Sustainable Development Goals (SDGs). The Impact Value Chain allows the organisation to understand the effects of its business activities on these goals and the SDGs.

BLUETOWN operates in underserved communities that lack access to affordable internet. A significant share of potential users in these communities have limited ICT skills and lack information on the digital products and services that can be accessed using the internet, which ultimately limits their potential benefits from services.

Leveraging this market gap in its target communities, BLUETOWN installs solar-powered connectivity infrastructure (i.e. Wi-Fi internet hotspots) and offers affordable data bundles priced at less than 2% of the average monthly income for each GB. BLUETOWN equips local retailers to become micro-operators by training them to host ICT capacity among their peers. This is achieved through informal training, which includes analysing and showcasing relevant local connectivity use cases.

In addition to internet access, BLUETOWN makes local digital content and services available on its Local Cloud platform. The platform enables users to access digital content and services, such as learning courses, agricultural training videos, critical health information and selected entertainment content without incurring data costs. This makes essential content available for near the lowest access.

As a result of BLUETOWN's activities, community members have improved their ICT skills and are able to access green, affordable, and high-quality internet connectivity. This availability, coupled with the outreach activities of the micro-operators, results in an increased awareness of the relevant digital content, products and services available online and on the Local Cloud. In addition, community members save money by being able to access more affordable data packages.

In the medium term, BLUETOWN's activities in these communities lead to higher adoption rates of connectivity services across demographics (i.e. across gender, educational level, profession and age). This improves access to information, digital products and value-added services within education, health, finance, agriculture, commercial activities and government services. As BLUETOWN's infrastructure is solar-powered, the companies avoid carbon emissions and air pollution that would otherwise be emitted by diesel generators.

In the long run, BLUETOWN contributes to bridging digital divides and ultimately improves the standard of living in its target communities.

BLUETOWN's Impact Value Chain

Problems & Opportunities: Lack of affordable connectivity services. No access to quality connectivity services. Limited awareness of relevant digital products and services. High ICT expenses and low ICT proficiency among community members.

Impact Activities: Micro-operators are trained to host ICT capacity among their peers. BLUETOWN equips local retailers to become micro-operators. BLUETOWN installs solar-powered connectivity infrastructure (i.e. Wi-Fi internet hotspots) and offers affordable data bundles priced at less than 2% of the average monthly income for each GB.

Outputs: Micro-operators are trained to host ICT capacity among their peers. BLUETOWN equips local retailers to become micro-operators. BLUETOWN installs solar-powered connectivity infrastructure (i.e. Wi-Fi internet hotspots) and offers affordable data bundles priced at less than 2% of the average monthly income for each GB.

Outcomes: Improved digital literacy. Increased income. Better access to services. Improved digital literacy. Increased income. Better access to services.

SDG: 1. No Poverty, 2. Zero Hunger, 3. Good Health and Well-being, 4. Quality Education, 5. Gender Equality, 8. Decent Work and Economic Growth, 9. Industry, Innovation and Infrastructure, 10. Reduced Inequalities, 11. Sustainable Cities and Communities, 12. Responsible Consumption and Production, 13. Climate Action, 15. Life on Land, 16. Peace, Justice and Strong Institutions, 17. Partnerships for Sustainable Development.

BLUETOWN tracks its performance using its goals, activities, and short- and long-term outcomes using the following framework.

BLUETOWN's Impact Value Chain

Problems & Opportunities: Lack of affordable connectivity services. No access to quality connectivity services. Limited awareness of relevant digital products and services. High ICT expenses and low ICT proficiency among community members.

Impact Activities: Micro-operators are trained to host ICT capacity among their peers. BLUETOWN equips local retailers to become micro-operators. BLUETOWN installs solar-powered connectivity infrastructure (i.e. Wi-Fi internet hotspots) and offers affordable data bundles priced at less than 2% of the average monthly income for each GB.

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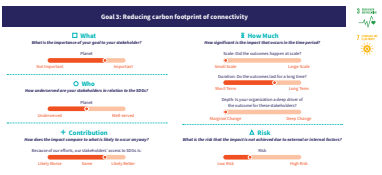
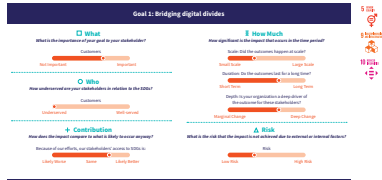
Outcomes: Improved digital literacy. Increased income. Better access to services. Improved digital literacy. Increased income. Better access to services.

SDG: 1. No Poverty, 2. Zero Hunger, 3. Good Health and Well-being, 4. Quality Education, 5. Gender Equality, 8. Decent Work and Economic Growth, 9. Industry, Innovation and Infrastructure, 10. Reduced Inequalities, 11. Sustainable Cities and Communities, 12. Responsible Consumption and Production, 13. Climate Action, 15. Life on Land, 16. Peace, Justice and Strong Institutions, 17. Partnerships for Sustainable Development.

II. Understanding and Describing Impact

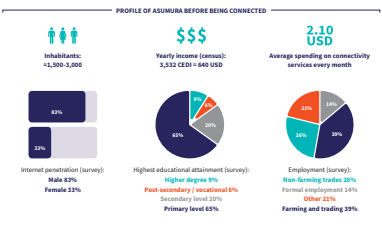
Business Call to Action adopts international standards on impact measurement and management with guidance from the Impact Management Project (IMP)¹¹.

¹¹ The Impact Management Project (IMP) is a leading global organization that has developed the Impact Management Standard (IMS) and the Impact Management System (IMS2). The IMS is a framework for understanding, measuring, managing, and reporting on impact. The IMP also provides guidance on how to integrate impact into business strategy and operations. For more information, visit <https://www.impactmanagementproject.com/>.



3. Monitoring Performance

BLUETOWN has been measuring its performance by conducting studies at project sites in Tanzania and India. With the support of the Impact Challenges Programme, BLUETOWN conducted a baseline study by surveying 100 inhabitants in the archaic remote village of Asusura, Ghana before it was connected by BLUETOWN. Asusura is a farming-dominated



What BLUETOWN is enabling a higher standard of living by providing access to affordable internet and reducing the digital divide in underserved communities. The importance of affordable access to the internet to individuals and organizations is well-documented¹² and underlined by BLUETOWN's own experience at its project sites.¹³

BLUETOWN contributes to the SDGs in three ways: (a) providing inclusive access to connectivity, (b) improving access to information, products and services, and (c) enabling contribution to air pollution and carbon emissions. To measure the effects of its business initiatives, BLUETOWN mapped 10 SDG targets. As a result of this exercise, BLUETOWN mapped its impacts as well as actionable insights for monitoring and improving performance.

Who The key impact stakeholders are individuals living in underserved communities that are connected by BLUETOWN. The baseline survey conducted in Asusura, Ghana, confirmed that the community had poor internet access before BLUETOWN. However, the survey showed that 61% of individuals had access to a smartphone but could not use it within the village. BLUETOWN also found that the rate of internet penetration was considerable: 51% of individuals had used the internet within the last three months, but only a third were frequent internet users as the nearest access point was far away.

The results also indicated a significant digital gender divide in Asusura: 80% of the men surveyed indicated that they owned a smartphone, whereas only 59% of women owned a smartphone. The divide in internet use was even greater, with just 34% of women reporting that they were internet users compared to 83% for men. However, significant gaps in terms of "awareness of online content" and "the application of online content to livelihoods" were found.

How Much Beyond Asusura, BLUETOWN has established 100 sites in Ghana as of December 2023 and will operate in more than 1,200 sites in Ghana in 2025. This will provide 600,000 Ghanaians with access to affordable internet.

Providing access to affordable connectivity enables a community to access digital information, content and services that raise the standard of living in multiple ways and provide sustained change through the following mechanisms:

- Education:** Connectivity enables access to world-class education at a reduced cost, by facilitating access to quality e-learning content. It ultimately improves the educational outcomes of under-served areas with a chronic lack of qualified teachers.¹⁴
- Health:** Connectivity brings down the unit cost of healthcare delivery and provides economies of scale for health resources.¹⁵ It is estimated that internet access can reduce the provision of inappropriate medication by 89%.¹⁶
- Income:** Connectivity is expected to produce a yearly individual income increase of 450 USD by enabling access to relevant information on best practices, market linkage and prices. This improves productivity, efficiency and product quality.¹⁷
- Finance:** With connectivity, those without bank accounts can access mobile money, micro-insurance and financial services, thereby increasing productivity and raising incomes.
- Government services:** Providing underserved communities with internet services increases transparency and promotes access to information on rights and entitlements, as well as on government schemes and programs.

¹² World Bank, World Development Report 2016, p. 46. Retrieved from <https://doi.org/10.1017/9781107303833.003>.
¹³ BLUETOWN, BLUETOWN Impact Management System (IMS) 2023, p. 10. Retrieved from <https://www.bluetown.com/impact-management-system>.
¹⁴ World Bank, World Development Report 2016, p. 46. Retrieved from <https://doi.org/10.1017/9781107303833.003>.
¹⁵ World Bank, World Development Report 2016, p. 46. Retrieved from <https://doi.org/10.1017/9781107303833.003>.
¹⁶ World Bank, World Development Report 2016, p. 46. Retrieved from <https://doi.org/10.1017/9781107303833.003>.
¹⁷ World Bank, World Development Report 2016, p. 46. Retrieved from <https://doi.org/10.1017/9781107303833.003>.

- Contribution**
 - 78% of those surveyed reported that the quality of internet available to them was poor before BLUETOWN brought their services to the community.
 - Inhabitants of Asusura previously had to travel for an hour to access the internet through dirt roads and on-poor roads.
 - 17% of BLUETOWN's customers in India have integrated internet services directly into their main income-generating activity, thereby lowering transaction costs, opening up markets and increasing incomes.
 - 45% of BLUETOWN users in Tanzania used the internet for the very first time through BLUETOWN's services.
 - The global growth rate of broadband access for low-income households of 8.9% in 2023 demonstrates that the underserved communities that BLUETOWN operates in would likely not have been connected without BLUETOWN.¹⁸

Risk BLUETOWN's impact is contingent on the model effectively breaking down barriers to the adoption of internet services. However, as the model has been tested in several markets, this risk is deemed as low.

There is an execution risk that the digital services made available do not provide quality information, products and services sought. However, this risk is low as survey services have already proven themselves to be impactful in well-connected semi-urban and urban areas.



Lessons Learned

Impact measurement and management is essential for connecting the unconnected
 "Impact data," explained BLUETOWN's Impact Manager, Mr. Emil Danahit, "has helped BLUETOWN grasp the complexity of the digital divide and learn how best to address it." The baseline study in Asusura found that while awareness of digital content and services were quite high, usage was relatively low. This suggests that awareness-raising may not drive adoption alone. Upon learning this, BLUETOWN has decided to put further emphasis on training its local micro-operators to actively analyze and observe concrete use cases for its customers. This is being done in collaboration with the NGO CARE, whose expertise in rural livelihoods and technology will be leveraged. The effect thereof will be monitored as part of the impact management and used to create a report on best practices.

Engaging stakeholders at all stages is paramount

From the beginning, BLUETOWN has been conscious of the fact that impact measurement is complex, and that it teamed up with competent partners to develop its approach - notably UNDP Denmark and Monitor Deloitte. According to Mr. Danahit, "working in India under the Impact Challenges Programme has helped BLUETOWN refine its methodology and BLUETOWN's partnership with CARE has added further detail and competence on data collection and analysis." This underscores that leveraging partners is critical to improving frameworks and producing the best possible results.

Building an impactful business is an iterative process
 BLUETOWN realizes that its impact management approach cannot be static as the conditions around the organization constantly change and evolve as do its context, geographies and people impacted. Mr. Danahit noted that "the company sees it as vital that it does not only monitor and evaluate [based on] the results produced by the model, but also the effectiveness of the model itself, and pursue further improvements."

Way Forward / Next Steps

BLUETOWN is committed to impact measurement and management and has decided to roll out the approach for all its activities, whilst using the metrics for measuring performance against both commercial and impact targets. The Asusura study will work as a model, but the envisioned scale requires an automated and lean approach with established core indicators. BLUETOWN will integrate core indicators of the impact data collection and data analysis with its regular customer surveys and outreach campaigns to continuously monitor progress in its regular operations. This will allow the company to "understand how effectively BLUETOWN's model addresses these barriers across geographies and agreements to adjust when necessary on a well-informed basis, being 'living' closer to our goal of connecting the unconnected and improving standards of living," said Danahit.



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Partners: UNDP, UKaid, Sida, UN Women, UN Women Africa, UN Women Asia, UN Women Europe, UN Women Latin America and the Caribbean, UN Women Middle East and North Africa, UN Women South Asia, UN Women Sub-Saharan Africa, UN Women Western and Central Africa.



Business Model

Ethical Apparel Africa (EAA) is a sourcing company that provides international apparel brands with ethical, cost competitive and quality manufacturing solutions in West Africa. EAA's vision is to demonstrate that commercially successful and ethical businesses are not mutually exclusive. Based in Ghana and Benin, EAA is working to unlock the tremendous potential of the West Africa apparel industry, supporting African-owned factories to grow exports to the US, UK and Europe. EAA is working with supply chain partners to ensure they are transparent, responsible, and accountable in the way they conduct their business. In terms of impact on the factory workers, particularly women, living at the base of the economy pyramid (BEP), this means high-quality job creation and improvement in the quality of working jobs. EAA provides hands-on, intensive training to workers followed by technical and compliance teams on the ground, including training in specific skill areas such as sourcing, product development, costing, production management, quality control, as well as international social compliance standards including training on workers' rights. EAA is also enabling access to market for factories through its network of international brands, equipping factory management with the relevant information and skills, and shaping their regulatory policies and empowerment to reflect sustainable business practices.

EAA applies a sourcing commission on the value of the orders it facilitates and keeps commission low, around 10% to 20%, to drive high-volume orders. EAA's commission is charged to the brands to service the whole order including raw material financing, quality control and critical path management. EAA also delivers direct technical assistance in the factories, ensuring quality, compliance and continuous improvement. Under this structure, incentives are aligned to drive both profit and sustainability by securing high-volume orders and improving the capacity of the workers employed by its partner factories to fulfil these orders. EAA is playing a leading role in ecosystem-level coalitions, including a 2 million euro public-private partnership with GIZ and private firms, partnering with technology and machinery providers that will build a Technical Centre of Excellence as a local university to develop a pipeline of skilled and qualified managers for the industry as it grows.



Ethical Apparel Africa Impact Management Case Study



Key Stakeholders

When identifying its partners, EAA looks at the factory owners' aptitude and vision, readiness to embrace technical and compliance international standards, ability to grow and scale, and willingness and passion to invest into their workers' wellbeing. A typical partner factory has the following profile:

- Lack of machinery, equipment, expert personnel, trade finance, and know-how to fully capitalize on the potential to scale
- Inability to buy larger consistent export contracts due to a lack of scale and sub-optimal operational efficiencies
- Lack of awareness and adherence to social and environmental compliance



Companies can have an initial, medium or advanced level of impact management capacity

1. Assessing Readiness and Capacity

Ethical Apparel Africa joined Business Call to Action's **Impact Challenge Programme** to understand the impact of its business activities on the global goals and to be able to collect evidence that would inform its strategy and operations. The company was found to have an **advanced capacity** for understanding impact measurement and management. This is because the company's senior managers view social impact management as a critical activity and devote resources to develop monitoring systems. The company is already collecting and reporting on non-financial data as part of regular monitoring of key performance indicators (KPIs). However, EAA has a culture of reflecting on key metrics to make business decisions. The company's senior managers are strongly committed to dedicating time and resources to carry out impact management. Clearly, EAA field staff regularly collect and use data for their daily operations and are ready to dedicate their time for impact management. Collecting the right amount of information is considered as key as it allows learning and improving operational decisions in a timely way. Learning is a critical part of the success of EAA operations. Given that they have developed their business in a new frontier with uncertainties, risks and variable dynamics that necessitate continuous improvement, EAA is passionate about understanding what worked, why it worked or did not work, what changed, why it did or did not.

Ethical Apparel Africa Impact Management Case Study

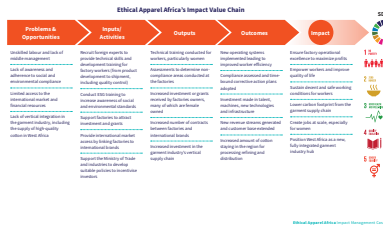
2. Planning For Impact

1. Impact Value Chain

The **Impact Value Chain** is a visual map of how an organization's strategy and operations contribute to its business value and the Sustainable Development Goals (SDGs). The Impact Value Chain shows the organization's management, policies and its inclusive business activities on different groups of people in the system. Ethical Apparel Africa first started its operations in Ghana and Benin in West Africa when rising demand for exports from the region involving favourable trade agreements, low costs of living and abundant supply of raw material was hampered by weak capacity in the countries to manufacture at the required scale and connect with international buyers. EAA identified several opportunities to create a positive impact. Firstly, there was a need to enhance skills of both labor and middle management to increase production. Secondly, there was an overall lack of awareness of environmental, social and governance (ESG) practices. Manufacturers did not have access to international buyers and could not mobilize capital to bridge this gap. Lastly, there was a rich supply of high-quality cotton that was untapped because of lack of vertical integration in the market. EAA focuses its business operations on recruiting technical experts across the world and bringing them to the factories to upskill workers and management teams through training on product development, quality control, lean manufacturing, patternmaking etc. EAA also invests in training implementing

global ESG standards. EAA facilitates connections to potential funders, including banks, angel investors and finance institutions, as well as international buyers. Lastly, EAA advocates for favourable policies and incentives for investors by engaging and supporting the Ministry of Trade and Industry of Ghana. As a result of EAA's activities and efforts, there are more workers, particularly more women, permanently employed at the factories and receiving training. Factories are also conducting ESG assessments to identify areas of non-compliance. There are more contracts between manufacturers and international brands as more investments and goods flow in, and there is more investment in improving vertical integration of the supply chain. Over time, EAA will contribute to higher technical skills of employees working at the factories with an enhanced capacity to produce orders. Factories will have an increased ability to invest in talent, machinery and infrastructure. There will be new and more revenue streams as consumer demand leads to an overall growth in the cotton industry in West Africa. In the long run, EAA's impact goals are to ensure operational excellence and maximize profits for cotton manufacturers, sustain decent and safe working conditions in their factories, empower workers and improve their quality of life, create jobs for women at scale, reduce carbon footprint of the garment supply chain through implementation of better ESG standards, and position West Africa as a new, fully integrated garment industry hub.

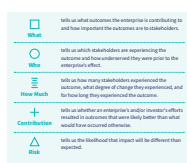
Ethical Apparel Africa tracks the performance of its inputs, outputs, outcomes and impact goals using the following framework:



Ethical Apparel Africa Impact Management Case Study

II. Understanding and Describing Impact

The Impact Management Project (IMP) is a focus on building global consensus on how to measure and manage impact. Through a series of consultations and co-creation across the world with thousands of practitioners including investors and not-for-profit institutions, IMP has developed shared frameworks on which to describe and understand through the lens of five dimensions of impact. These five dimensions are WHAT, HOW MUCH, WHO, CONTRIBUTION, and RISK.



The Business Call to Action integrates IMP's shared logic in the Impact List to help organizations plan impact measurement and management starting with assessing their outcomes considering the five dimensions defined above.

- Ethical Apparel is contributing to six distinct outcomes:
- 1) Ensure factory operational excellence and maximize profits.
 - 2) Sustain decent and safe working conditions for the workers.
 - 3) Empower workers and improve their quality of life.
 - 4) Create jobs at scale, especially for women.
 - 5) Position West Africa as a new, fully integrated garment industry hub, and
 - 6) Lower carbon footprint from the garment supply chain.
- EAA mapped each of these effects on the Big Dimensions of Impact to understand better its significance and to be able to better manage and communicate its impact.

Ethical Apparel Africa Impact Management Case Study

Goal 1: Ensure factory operational excellence to maximize profits



Ethical Apparel Africa Impact Management Case Study

Goal 2: Sustain decent and safe working conditions for workers



Ethical Apparel Africa Impact Management Case Study

Goal 3: Empower workers and improve quality of life



Ethical Apparel Africa Impact Management Case Study

Goal 4: Create jobs for women



Ethical Apparel Africa Impact Management Case Study

Goal 5: Position West Africa as a new, fully integrated garment industry hub



Ethical Apparel Africa Impact Management Case Study

Goal 6: Lower carbon footprints from the garment supply chain

Ethical Apparel Africa Impact Management Case Study

3. Monitoring Performance

EAA conducts initial baseline surveys among workers at each factory, comprising individual interviews, focus groups and, mobile surveys using SMS and Interactive Voice Response (IVR) in the local language. In addition to soliciting direct feedback from workers, EAA collected data gathered from the partner factories' human resource records for job data, average pay data, and from their performance records for efficiency and quality outcomes. Baseline studies conducted by EAA at its partner factories in July 2021 aimed to assess the profile of the workers and to support the design of relevant programs to tackle the challenges they face.

The sections are split into non-negotiable areas such as child labour and areas that differentiate factories as progressive, such as profit sharing. EAA SCIT evaluation is updated every quarter (each volume contains comments from EAA and external auditors on compliance findings including verification methods used). Factories must achieve a standard of 2 or more in all non-negotiable areas before EAA start capacity building. EAA works with factories to progress to standard 3 and 4 and 4 rate place international orders once they have reached standard 5 in all non-negotiable areas.

EAA's continued support of factory partners is contingent on their steady progress on compliance and impact, as measured by the four phase tool and a customized, real-time, time-bound corrective action plan that is reviewed on a monthly basis with each factory. The SCIT tool is a process of continuous and sustainable improvement rather than a one-off audit. The data collected allows EAA to monitor its performance as described in its Impact Value Chain. To ensure objectives, third-party audit results for quality and compliance have been and will continue to be benchmarked.

EAA works with partner factories daily to monitor, improve and go beyond compliance. EAA has developed three impact monitoring plans around Vertical Integration of Supply Chain, Decent Work, and Environmental Impact.

a. Vertical Integration of the Supply Chain

Vertical Integration	How many factories have been audited?	How many factories have been audited in the last 12 months?	How many factories have been audited in the last 6 months?	How many factories have been audited in the last 3 months?	How many factories have been audited in the last 1 month?
Number of factories audited	100	100	100	100	100
Number of factories audited in the last 12 months	100	100	100	100	100
Number of factories audited in the last 6 months	100	100	100	100	100
Number of factories audited in the last 3 months	100	100	100	100	100
Number of factories audited in the last 1 month	100	100	100	100	100

Vertical Integration of the Supply Chain

b. Decent Work

Decent Work	How many factories have been audited?	How many factories have been audited in the last 12 months?	How many factories have been audited in the last 6 months?	How many factories have been audited in the last 3 months?	How many factories have been audited in the last 1 month?
Number of factories audited	100	100	100	100	100
Number of factories audited in the last 12 months	100	100	100	100	100
Number of factories audited in the last 6 months	100	100	100	100	100
Number of factories audited in the last 3 months	100	100	100	100	100
Number of factories audited in the last 1 month	100	100	100	100	100

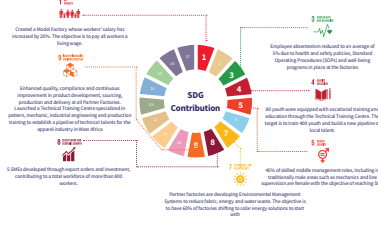
c. Environmental Impact

Environmental Impact	How many factories have been audited?	How many factories have been audited in the last 12 months?	How many factories have been audited in the last 6 months?	How many factories have been audited in the last 3 months?	How many factories have been audited in the last 1 month?
Number of factories audited	100	100	100	100	100
Number of factories audited in the last 12 months	100	100	100	100	100
Number of factories audited in the last 6 months	100	100	100	100	100
Number of factories audited in the last 3 months	100	100	100	100	100
Number of factories audited in the last 1 month	100	100	100	100	100

Environmental Impact

- Subsidized nutritional meals: 260,000 meals served in 2023 and 2022
- Provision of subsidised transport for workers: 400 workers reached during COVID-19

- Originating Sexual and Reproductive Health (SRH) training: 500 workers trained to become SRH ambassadors
- Provision of mosquito nets and associated health education: Vaccination against Hepatitis B
- Eye exercises and care including provision of glasses, with the support of Eyes on Africa
- Soft skills and leadership training for middle managers, particularly for women



Lessons Learned

EAA has adopted a multi-criteria and tailor-made approach combining quantitative and qualitative indicators based on field surveys that give voice to the stakeholders affected by its operations. This exercise has been essential to understanding the current processes in place and how to integrate them into a growing industry. For instance, EAA has learned that in addition to their open-door policy to solve workers' issues, factories also have active workers' committees that contribute to helping workers raise their voices and be actively listened to. 108 anonymous surveys were also conducted at one of EAA partner factories to assess the impact of the COVID-19 on

workers' and supervisors health and safety, wellbeing and pay. This gave another opportunity to collect employees' direct feedback, enhance collaboration and transparency to ensure safe and fair working conditions at all times. The criteria in the SCIT tool based on which EAA evaluates its partner factories has been defined through a consultative process, involving all partner factories and starting with the social mission of the company. EAA uses monitoring, evaluation and learning tools to make strategic evidence based decisions optimizing cost and outcome.

Way Forward / Next Steps

EAA views compliance as only the starting point; the company is developing partner factories to sustainably employment being wages, benefits and empowerment programs. EAA believes this is not only good for business but also leads to lower staff turnover, reduced absenteeism and better productivity. More specifically, by 2023, EAA commits to:

- Creating 2,500 high-quality jobs in the apparel sector in West Africa, enabling workers to support their families and uplift their communities with sustainable workforce empowerment programs designed to meet local needs.

- Develop six African-owned apparel factories that achieve operational excellence, collectively export more than US \$10 million to the international market, and continuously improve working environment, benefits, training programs and take-home pay for their 1,500 plus workers.

Impact management will continue to be integrated into EAA's strategy in order to learn and improve from impact data going forward.





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Business Call to Action

Sanofi

Impact Management Case Study



Location: Colombia
Sector: Health
SDP Stakeholders: Customers
Total Reach: 3.7 patients diagnosed

Overview

In 2016, Sanofi established a Colombian-based inclusive business using a patient-centric model designed to address local barriers in diabetes care for underserved populations that have limited access to services and/or products. Through the partnerships developed with local companies to involve new technologies such as artificial intelligence, Sanofi helps Health Maintenance Organizations (HMOs) manage at risk-of-diabetes patients and improve evidence-based treatments for those already diagnosed.

People already diagnosed and living with diabetes and/or cardiovascular disease have to face many challenges. They see their doctors only a few times per year, miss support in between, need to adapt their nutrition, exercise, medication, and also have to take adequate insulin dosage to prevent complications in the future.

Sanofi is a French multinational pharmaceutical company and a leader in providing diabetes treatment and related services. It has recognized the importance of the management of these diseases and the need to develop an integrated approach to improve quality of life and support patients and healthcare systems by offering more than medicine. By combining Sanofi's quality drug with services, devices and data management, it creates a new way to improve outcomes and patient experience and act as a health journey partner.

700 million
According to the International Diabetes Federation, the number of people living with diabetes by 2045 is expected to rise to over 700 million.

2. Planning For Impact

1. Impact Value Chain

The Impact Value Chain is a visual map of an organization's strategy and operations centered on business value and the Sustainable Development Goals (SDGs). The Impact Value Chain allows the organization to understand the effects of its business activities on different groups of people and the planet. Sanofi tracks performance on its business activities and results, measuring them across and against the following framework:

In Colombia, more than one million people have been diagnosed with diabetes. Diabetes ranks ninth among causes of deaths and sixth among the list of problems that cause the most disability. Yet, there is a very high proportion of undiagnosed diabetes within the subsidized national healthcare program. Many live at the base of the economic pyramid (BOP) and among those already diagnosed, including insulin-requiring diabetics, there is a high percentage of undiagnosed or inadequately treated patients due to lack of efficiency, tools and methodologies to find, track and treat patients, leading to elevated rates of avoidable complications. Moreover, there is a lack of structured data systems for better decision-making processes and limited resources to track patients diagnosed with diabetes.

To address these structural issues, Sanofi coordinates with HMOs of subsidized health programmes to promote efficiency in diabetes risk and care management. Sanofi provides the HMOs with breakthrough technology and a methodology that helps the monitoring of patients at a very large scale using artificial intelligence and big data analysis. The company also trains primary care physicians and health management staff that serve low-income communities in the prevention, diagnosis and treatment of diabetes. However, Sanofi provides an enhanced patient support programme that efficiently helps HMOs track individual patients.

These activities help Sanofi keep diabetes treatment affordable, increase access to insulin for low-income patients, improve basic needs for the treatment of illness, and catalyze local alliances between Sanofi and insurers in the subsidized health programme.

As a result, Sanofi contributes to the HMOs digital transformation enabling better health care management and treatment. This enables HMOs to increase efficiency and visualize more innovative solutions for the better understanding of patients' needs. This also provides better quality health services with more data and evidence-based treatments.

In the long run, Sanofi's contributions to diabetes management will lead to the sustainable consumption of products and services, allowing people to have a better quality of life. Sanofi aims to increase access to healthcare and reduce the burden of healthcare costs in low-income households and assist Colombia's health system in the prevention of morbidity and mortality with the better health risk and care management of patients.

Key Stakeholders

Colombian National Law 100 of 1993, established a healthcare system consisting of two parallel plans: a Contributory Health Plan for formal employees and citizens who can afford it and a subsidized health plan for those who cannot afford a contributory plan. These plans are determined by the socio-economic stratum of each person or family. Families whose socio-economic stratum is not viable or living in poverty are connected to a subsidized plan administrator. According to the Ministry of Health and Social Protection, in 2015, around 49% of the Colombian population, approximately 22.8 million people, fell under the subsidized programme.¹

Sanofi built an alliance with three HMOs who care for patients in the subsidized regimen. With the assistance of a technology company, Sanofi was able to identify and track patients by analyzing data collected by HMOs with new algorithmic models, help identify possible new patients.

1. Assessing Readiness and Capacity

Sanofi has strong experience in data analysis and management of performance indicators and commercial Key Performance Indicators (KPIs). Additionally, Sanofi has specialized in the effective assessment of costs and utility health initiatives.

The company has conducted several measurement studies over the years and recently designed a more structured impact management approach as part of Business Call to Action (BCA) Impact Champions Programme. The company measured the effectiveness of their interventions such as workshops and educational campaigns on diabetes prevention in early childhood. The company joined the Impact Champions Programme to organize and access data to support decision-making processes with concrete results that can assist previous empirical field observations, enabling the initiative to scale up.

At the start of the Impact Champions Programme, Sanofi was found to have an **advanced capacity** for undertaking impact measurement and management. This is because the company's inclusive business initiative is grounded in data analysis of their customers' and patients' needs, it's important to highlight Sanofi's adoption of new information and communication technologies for collecting and using data in daily operations and product design processes.

Sanofi benefits from impact management as it allows them to:

- Build a social reputation by demonstrating social and environmental impact;
- Understand customer needs;
- Understand market opportunities and risks.



Companies can have an initial, medium or advanced level of impact management capacity



Sanofi tracks the performance of its inputs, outputs, outcomes and impact goals using the following framework:

Sanofi's Impact Value Chain

Problems & Opportunities	Inputs / Activities	Outputs	Outcomes	Impact
Lack of efficiency in the prevention, diagnosis and treatment of diabetes. High percentage of undiagnosed diabetes. High percentage of undiagnosed or inadequately treated patients due to lack of efficiency, tools and methodologies to find, track and treat patients, leading to elevated rates of avoidable complications. Moreover, there is a lack of structured data systems for better decision-making processes and limited resources to track patients diagnosed with diabetes.	Partnerships with HMOs of subsidized health programs. Sanofi provides an enhanced patient support programme that efficiently helps HMOs track individual patients. Sanofi provides the HMOs with breakthrough technology and a methodology that helps the monitoring of patients at a very large scale using artificial intelligence and big data analysis. The company also trains primary care physicians and health management staff that serve low-income communities in the prevention, diagnosis and treatment of diabetes. However, Sanofi provides an enhanced patient support programme that efficiently helps HMOs track individual patients.	Quantitative performance with HMOs that generate complete and accurate data on patients and their health status. Sanofi helps HMOs manage at risk-of-diabetes patients and improve evidence-based treatments for those already diagnosed.	HMOs increase efficiency in management and treatment of diabetes. HMOs have more understanding and capacity regarding the management of diabetes. HMOs have a better understanding of patients' needs. HMOs have a better understanding of patients' needs. HMOs have a better understanding of patients' needs.	Efficiency in diabetes management and treatment. HMOs have a better understanding of patients' needs. HMOs have a better understanding of patients' needs. HMOs have a better understanding of patients' needs.
High percentage of undiagnosed diabetes. High percentage of undiagnosed or inadequately treated patients due to lack of efficiency, tools and methodologies to find, track and treat patients, leading to elevated rates of avoidable complications. Moreover, there is a lack of structured data systems for better decision-making processes and limited resources to track patients diagnosed with diabetes.	Partnerships with HMOs of subsidized health programs. Sanofi provides an enhanced patient support programme that efficiently helps HMOs track individual patients. Sanofi provides the HMOs with breakthrough technology and a methodology that helps the monitoring of patients at a very large scale using artificial intelligence and big data analysis. The company also trains primary care physicians and health management staff that serve low-income communities in the prevention, diagnosis and treatment of diabetes. However, Sanofi provides an enhanced patient support programme that efficiently helps HMOs track individual patients.	Quantitative performance with HMOs that generate complete and accurate data on patients and their health status. Sanofi helps HMOs manage at risk-of-diabetes patients and improve evidence-based treatments for those already diagnosed.	HMOs increase efficiency in management and treatment of diabetes. HMOs have more understanding and capacity regarding the management of diabetes. HMOs have a better understanding of patients' needs. HMOs have a better understanding of patients' needs.	Efficiency in diabetes management and treatment. HMOs have a better understanding of patients' needs. HMOs have a better understanding of patients' needs. HMOs have a better understanding of patients' needs.
Number of HMOs that have implemented digital health solutions.	Number of HMOs adopting digital health solutions.	Number of HMOs adopting digital health solutions.	Number of HMOs adopting digital health solutions.	Number of HMOs adopting digital health solutions.



II. Understanding and Describing Impact

The Impact Management Project (IMP) is a forum for building global consensus on how to measure and manage impact. Through a series of consultations and working groups, the world's leading funders of organisations including charities and multilateral institutions, IMP has developed shared fundamentals on how to describe and understand through the way they do business or impact. These five dimensions are **What**, **How Much**, **Who**, **Contribution** and **Risk**.

- What** - Info on what activities the organisation is contributing to and how important the outcomes are to stakeholders.
- How Much** - Info on which stakeholders are experiencing the outcomes and how understood they were prior to the company's effort.
- Who** - Info on how many stakeholders experienced the outcomes, what types of change they experienced, and for how long they experienced the outcomes.
- How Much** - Info on whether an enterprise's activities or services resulted in outcomes that were better than what would have occurred otherwise.
- Contribution** - Info on the likelihood that impact will be different than expected.
- Risk** - Info on the likelihood that impact will be different than expected.

Business Call to Action (BCA) shared info on the Impact Lab to help companies plan for impact measurement and management during well-essence their systems considering the five dimensions described above.

- Sanofi is contributing to four distinct goals:
- (1) Efficiency in overall diabetes management will lead to sustainable consumption of products and services associated with diabetes care,**
 - (2) Reduced morbidity and mortality from target disease and ailments,**
 - (3) Reduced burden of healthcare costs on low-income communities, and**
 - (4) Increased primary healthcare in low-income communities.**
- Sanofi mapped each goal against the five dimensions of impact to better understand its significance and to better manage and communicate its impact.



3. Monitoring Performance

Altogether, three HMOs collected data of 4.5 million affiliates covering 20% of the subsidised national healthcare programme. Sanofi engaged a third-party organization to consolidate, structure and analyse this data to help the company assess performance against its Impact Value Chain described above. Unstructured data from three HMOs, who have affiliates in the states of Jalisco, Yucatán, and Bolivia, was gathered in 2018 to form a baseline against which progress could be tracked annually. Key insights from the data gathered include:

- How Much**
 - 51% increase from 56,350 to 85,224 in the number of newly diagnosed patients by 2 HMOs since 2016 to 2018.
 - 23% increase from 4,970 to 6,021 in the number of patients with controlled diabetes (PbC) by 2 HMOs since 2016 to 2018.
- Contribution**
 - Patients in low-income communities have access to specialized healthcare programme because of the subsidised programme
 - Patients in low-income communities under the subsidised programme have access to better evidence-based diabetes treatment helping them to avoid future complications
 - The control rate, obtained from the sum of affiliates divided by the sum of the number of patients controlled, increased by 2.5% from 8.8% to 11.3% from 2016 to 2018 for two HMOs.
- Risk**
 - Sanofi's impact is contingent on external factors that might influence the capabilities and response of the HMOs. The company faces a relatively high external risk, since external variables such as pandemics can affect care provided to patients diagnosed with diabetes.
 - There is some association risk as the availability to monitor data analysis within the HMOs could be affected due to the need to attend to other priorities such as emergencies and other healthcare crises.
 - A low risk of endurance is prevalent in HMOs due to limitations on financial and technical resources which can reduce the desired outcomes.

- What**
 - Sanofi helps HMOs deploy new technologies such as artificial intelligence, making them more efficient in diabetes care management and helping them reduce morbidity and mortality.
 - 311 primary care physicians and health management staff that are low-income communities were trained in prevention, diagnosis and treatment of diabetes.
 - All three HMOs stated that Sanofi's technology solution added value to diabetes care management.
 - The HMOs agreed on the necessity and relevance of the technological resources in making their work more efficient.
- Who**
 - According to the Ministry of Health and Social Protection, around 48% of the Colombian population (approximately 22.8 million people) fell under the subsidised programme in 2018.
 - More than one million people have been diagnosed with diabetes. Out of these, there is a high percentage of undiagnosed or inadequately treated patients, leading to elevated rates of avoidable complications.



Lessons Learned

While HMOs have vast amounts of data available, for a project like this to be successful it is crucial to structure data in a manner that makes it usable and actionable. Sanofi also learned that engaging project leaders in day-to-day management is key to successful implementation of activities and close monitoring of patients.

Sanofi recognizes the importance of planning social impact using tools such as the Impact Lab to build Sanofi's strategic framework and understand how the company contributes to the SDGs.

Sanofi recognized the importance of stakeholder involvement in proper planning and change management. This involvement allowed them to co-create solutions that benefit the population and stakeholders and allow for improved management and healthcare in diabetes in the long term.

Way Forward / Next Steps

Sanofi's journey from the structuring of an inclusive business model to measuring contacts and impact goals has created a pathway that connects business operations with its desired social outcomes. The Impact Champions Programme was pivotal for Sanofi to integrate impact management in its inclusive business initiative. Sanofi aims to continue with measuring impact to drive its commitment and contributions to the SDGs.

"The mission of our Global General Medicines business unit is to reverse the course of chronic disease epidemics such as diabetes," said Oliver Charney, VP Global of General Medicines. Adding to Charney's sentiments, Camilo Gonzalez, Public Affairs Manager at Sanofi said, "The approach of involving new technologies and impact measurement and management tools such as ImpactLab help us understand how our daily activities conducted to achieve the aforementioned mission, are also contributing to achieving the SDGs." Going forward, Sanofi wants to improve its approach by integrating technologies that make provision of products and services more efficient and enable scaling up of subsidised healthcare for low-income communities.

Contact the Business Call to Action
www.BusinessCalltoAction.org
@bcajupdp.org | @BCAInitiative | #BusinessCall to Action

Written by: Juan-Eduardo Rivera Figueroa - November 2018

II. IMPACT LAB

The *Impact Lab* is designed to be appropriate for use by businesses and adaptable to any context, market, size or business model. The purpose of BCtA's Impact Lab is to support companies to identify, measure and manage their impact on the SDGs and integrate the SDGs into companies' decision-making processes. BCtA's *Impact Lab* enables the assessment and articulation of impact across regions and business sectors, and the measurement of impact according to a company's 'theory of change' (or impact value chain). It therefore builds on BCtA's previous programmes within IMM and offers companies an integrated step-by-step programme to follow for producing data-driven insights into the impact they are having on their targeted BoP populations.

Key features

1. SDGs as the framework for impact management
2. Alignment with global norms of impact management
3. Integration of globally accepted metrics
4. Step by step guidance on gathering data from stakeholders
5. A data monitoring dashboard for companies
6. A portfolio dashboard for managers of impact accelerators, impact investors and other types of funds to monitor the progress of individual companies in their portfolio

Figure 21 – Four-stage approach of BCtA's Impact Lab



While the tool is online BCtA has provided remote and in-person support to companies looking to structure their impact management frameworks through both one-on-one and group workshops. A basic version of the tool is accessible for free to all users, including non-member companies.

III. AGGREGATED CATEGORY DATA

Impact Lab has received 1,103 registrations, supporting businesses through the process of IMM without the need for the continued hands-on engagement of the BcTA team.

Table 6: Asset Types, by Index Categories and Components

Capital type	Asset index categories	Index components
Physical	Housing	Roof material Walls material Floor material Lighting source Toilet type
	Consumer durables	Television (none, black and white, color, or both) Radio Washing machine Bike Motorcycle VCR DVD player Record player Computer
Financial-productive	Employment security	State employee Private sector permanent worker Self-employed Contract or temporary worker
	Productive durables	Refrigerator Car Sewing machine
	Transfer-rental income	Remittances Rental income
Human	Education	Level of education: <ul style="list-style-type: none"> • Illiterate • Some primary school • Completed primary school • Secondary school or technical degree • Some tertiary education
Social	Household	Jointly headed household Other households on plot “Hidden” female-headed households
	Community	Whether someone on the plot: <ul style="list-style-type: none"> • Attends church • Plays in sports groups • Participates in community groups

Inclusive, healthy economies

Companies: Shree Kamdhenu Electronics Pvt. Ltd. (Akashganga)^a, Patrimonio Hoy (CEMEX)^b, East Bali Cashews^c, East West Seed Indonesia^d, ¡Échale! a Tu Casae, L'Occitane en Provence^e, Mahindra Rural Housing Finance Ltd.^g, Noha Nyamedjo Ltd.^h, Pinar Dairyⁱ, Pronaca^j, Rafiki Microfinance Bank^k, Shubham Housing Development Finance Co.^l, and Tolaro Global^m

Survey size: 5,847 respondents (Rafiki Microfinance Bank (90) to L'Occitane en Provence (1,890))

Sectors: Agriculture, Food & Beverage (6), Consumer Goods (1), Financial Services (3), Information Communication & Technology (1) and Manufacturing, Construction & Housing (2)

Countries present: India (3) Indonesia (2), Mexico* (2), Benin, Burkina Faso, Cameroon, Colombia*, Ecuador, Guatemala*, Kenya and Turkey

Development stage (of countries present): Developing Countries (9), Least Developed Countries (2)

SDG commitments: 1 (7), 2 (6), 3 (6), 4 (2), 5 (5), 6 (2), 7 (1), 8 (6), 9 (1), 12 (4), 13 (1), 17 (2)

Company sizes: SME (6), LNC (4), MNC (4)

Model types: Goods & Services (6), Value Chain (7), Both (1)

*Patrimonio Hoy (CEMEX)

- Increase in yield quality, quantity or income: 53.0% (95% conf. interval: 52.4 – 54.6%; range: 0.069 – 0.735; dataset size: 3,833; dataset companies: a, c, f, h, i, j, k, l, m)
- Decrease in yield quality, quantity or income: 19.3% (95% conf. interval: 17.7 – 20.2%; range: 4.0 – 67.5%; dataset size: 3,833; dataset companies: a, c, f, h, j, l, m)
- Satisfaction with company or recognition of an improvement in life circumstances: 79.2% (95% conf. interval: 48.4 – 51.9%; range: 65.9 – 88.9%; dataset size: 3,350; dataset companies: a, d, f, j, l)
- Producers only selling their produce to the inclusive business: 67.0% (95% conf. interval: 65.3 – 68.6%; range: 8.6 – 80.6%; dataset size: 3,270; dataset companies: a, c, f, j, m)
- Benefitting from microcredit: 45.4% (95% conf. interval: 43.3 – 47.5%; range: 41.9 – 59.0%; dataset size: 2,218; dataset companies: e, f, j, k)
- Land ownership (average) in hectares: 11.9 (95% conf. interval: 1.4 – 22.4; range: 1.3 – 29.2; Dataset size: 1,225; dataset companies: c, h, j, m)
- Percentage of land used to cultivate the crop bought by the inclusive business: 49.6% (95% conf. interval: 47.2 – 52.0%; range: 38.9 – 61.5%; Dataset size: 720; dataset companies: c, h)
- Received certification: 32.8% (95% conf. interval: 30.2 – 35.5%; range: 11.4 – 73.7%; Dataset size: 1,198; dataset companies: a, h, m)
- Average monthly income (in 2015 \$PPP): 442.45 (95% conf. interval: 429.97 – 455.03; range: 100.42 – 980.43; Dataset size: 5,102; dataset companies: a, c, d, f, g, h, j, m)
- Secure and reasonable-quality housing: 54.7% (95% conf. interval: 49.8 – 59.6%; range: 54.6 – 55.3%; Dataset size: 441; dataset companies: b, e)
- Households in which all school-age children are attending school: 80.0% (95% conf. interval: 78.5 – 81.4%; range: 72.8 – 96.1%; Dataset size: 2,921; dataset companies: c, d, f, h, j)
- Secondary school level of education or above (head of household): 78.3% (95% conf. interval: 76.4 – 80.1%; range: 67.8 – 94.4%; Dataset size: 1,966; dataset companies: a, b, c, d, g)
- Household size: 6.5 (95% conf. interval: 5.7 – 7.4; range: 4.0 – 10.0; Dataset size: 1,357; dataset companies: c, h, j, l, m)
- Light source (electricity (grid or otherwise), LPG, oil, solar or generator): 73.9% (95% conf. interval: 69.8 – 77.6%; range: 65.9 – 93.8%; Dataset size: 505; dataset companies: j, m)

Employment

Companies: BLUETOWN^a, Centurion Systems^b, EMPOWER Pragati Vocational & Staffing Pvt. Ltd.^c, L'Occitane en Provence^d, and Saahas Zero Waste^e

Survey size: 2,535 respondents (BLUETOWN (100) to L'Occitane en Provence (1,890))

Sectors: Consumer Goods (1), Education (1), Information Communication & Technology (1), Services (1) and Water, Sanitation & Waste Management (1)

Countries present: Bangladesh*, Brazil*, Burkina Faso, Ghana*, India** (4), Kenya*, Côte D'Ivoire*, Mozambique*

Development stage (of countries present): Developing Countries (5), Least Developed Countries (3)

SDG commitments: 1 (5), 2 (1), 3 (1), 5 (3), 8 (2), 9 (1), 10 (1), 12 (3), 13 (2)

Company sizes: SME (3), LNC (1), MNC (1)

Model types: Goods & Services (1), Value Chain (3), Both (1)

*BLUETOWN; † Centurion Systems

- Company is main income source: 64.6% (95% conf. interval: 52.4 – 66.7%; dataset size: 1,890; dataset companies: d)
- Using company services for income-generating activities: 38.0% (95% conf. interval: 28.5 – 47.5%; dataset size: 100; dataset companies: d)
- Average monthly savings: 157.94 (95% conf. interval: 135.44 – 180.44; dataset size: 198; dataset companies: e)
- Average monthly income (in 2015 \$PPP): 733.06 (95% conf. interval: 680.06 – 786.06; range: 534.35 – 866.05; dataset size: 424; dataset companies: c, e)
- Household size: 3.09 (95% conf. interval: 2.82 – 3.36; dataset size: 121; dataset companies: b)
- Use of internet, TV or connectivity services: (95% conf. interval: 6.9 – 11.7%; dataset size: 606; dataset companies: d)
- Secondary school level of education or above (head of household): 66.5% (95% conf. interval: 59.8 – 72.7%; range: 34.0 – 92.6% dataset size: 218; dataset companies: a, b)
- Households with all school-age children attending school: 67.5% (95% conf. interval: 65.5 – 69.5%; range: 72.2 – 80.2% dataset size: 2,144; dataset companies: d, e)
- Income rise or wage increase (issue with data structure): 77.2% (95% conf. interval: 73.4 – 80.7%; range: 9.1 – 100%; dataset size: 545; dataset companies: b, c, e)
- Increase in income stability: 90.3% (95% conf. interval: 85.5 – 95.2%; dataset size: 145; dataset companies: e)
- Job satisfaction: 92.1% (95% conf. interval: 88.8 – 95.4%; dataset size: 254; dataset companies: e)
- Employed after training: 78.4% (95% conf. interval: 73.2 – 82.9%; range: 47.9 – 100%; dataset size: 291; dataset companies: b, c)
- Took a more senior job or started a new business after training: 11.6% (95% conf. interval: 6.5 – 18.7%; dataset size: 121; dataset companies: b)

Education

Companies: Centurion Systems^a, Drishtee Skill Development Centre Pvt. Ltd.^b, EMPOWER Pragati Vocational & Staffing Pvt. Ltd.^c, East Bali Cashews^d, East West Seed Indonesia^e, L'Occitane en Provence^f, Pinar Dairy^g and Tolaro Global^h

Survey size: 4,506 respondents (Centurion Systems (121) to L'Occitane en Provence (1,890))

Sectors: Agriculture, Food & Beverage (4), Consumer Goods (1), Education (2) and Services (1)

Countries present: Benin, Burkina Faso, India* (3), Indonesia (2), Kenya*, Turkey

Development stage (of countries present): Developing Countries (4), Least Developed Countries (2)

SDG commitments: 1 (6), 2 (3), 3 (3), 4 (1), 5 (4), 6 (1), 7 (1), 8 (3), 10 (1), 12 (3), 13 (2), 17 (1)

Company sizes: SME (5), LNC (1), MNC (2)

Model types: Goods & Services (2), Value Chain (5), Both (1)

*Centurion Systems

- Monthly income post-training (in 2015 \$PPP): 256.87 (95% conf. interval: 243.47 – 270.27; range: 195.04 – 534.35; dataset size: 933; dataset companies: b, c)
- Household size: 4.60 (95% conf. interval: 4.46 – 4.74; range: 3.49 – 7.51; dataset size: 1,628; dataset companies: a, b, d, h)
- Households with all school-age children attending school: 78.4% (95% conf. interval: 76.7 – 80.1%; range: 73.2 – 80.2%; dataset size: 2,329; dataset companies: f)
- Secondary school level of education or above (head of household): 68.9% (95% conf. interval: 66.8 – 71.0%; range: 60.2 – 92.6%; dataset size: 1,925; dataset companies: a, b, d, e)
- Television ownership: 33.9% (95% conf. interval: 31.4 – 36.5%; range: 9.1 – 92.6%; dataset size: 1,369; dataset companies: b, f)
- Motorcycle, car, scooter or jeep ownership: 81.9% (95% conf. interval: 79.5 – 84.1%; range: 78.7 – 83.4%; dataset size: 1,124; dataset companies: b, h)
- Mobile phone ownership: 92.9% (95% conf. interval: 91.2 – 94.4%; range: 91.5 – 95.6%; dataset size: 1,049; dataset companies: e, h)
- Electricity grid connection or solar power usage: 55.0% (95% conf. interval: 52.7 – 57.4%; range: 20.5 – 86.5%; dataset size: 1,730; dataset companies: b, f, h)

- Received education from business or partners: 76.0% (95% conf. interval: 74.2 – 77.4%; range: 23.8 – 100%; dataset size: 2,305; dataset companies: a, c, d, e, f, h)
- Implemented training (of those receiving training): 91.4% (95% conf. interval: 88.9 – 93.4%; range: 71.5 – 96.2%; dataset size: 659; dataset companies: f, g)
- Job progression or wage increase after training: 62.4% (95% conf. interval: 56.6 – 67.9%; range: 11.2 – 100%; dataset size: 295; dataset companies: a, c)
- Knowledge improvement as the main benefit of company relationship: 99.8% (95% conf. interval: 99.1 – 100%; dataset size: 607; dataset companies: f)
- Training improved livelihood: 96.8% (95% conf. interval: 92.0 – 99.1%; dataset size: 125; dataset companies: a)

Health and Sanitation

Companies: Centurion Systems^a, Drishtee Skill Development Centre Pvt. Ltd.^b, EMPOWER Pragati Vocational & Staffing Pvt. Ltd.^c, East Bali Cashews^d, East West Seed Indonesia^e, L'Occitane en Provence^f, Pinar Dairy^g and Tolaro Global^h

Survey size: 4,506 respondents (Centurion Systems (121) to L'Occitane en Provence (1,890))

Sectors: Agriculture, Food & Beverage (4), Consumer Goods (1), Education (2) and Services (1)

Countries present: Benin, Burkina Faso, India* (3), Indonesia (2), Kenya*, Turkey

Development stage (of countries present): Developing Countries (4), Least Developed Countries (2)

SDG commitments: 1 (6), 2 (3), 3 (3), 4 (1), 5 (4), 6 (1), 7 (1), 8 (3), 10 (1), 12 (3), 13 (2), 17 (1)

Company sizes: SME (5), LNC (1), MNC (2)

Model types: Goods & Services (2), Value Chain (5), Both (1)

- Household size: 6.13 (95% conf. interval: 5.94 – 6.32; range: 5.88 – 6.32; dataset size: 865; dataset companies: a, c)
- Secondary school level of education or above (female head of household): 33.5% (95% conf. interval: 30.3 – 36.7%; range: 26.0 – 85.8%; dataset size: 855; dataset companies: a, c)
- Refrigerator ownership: 50.8% (95% conf. interval: 47.36 – 54.1%; range: 47.0 – 75.4%; dataset size: 865; dataset companies: a, c)
- Television ownership: 77.5% (95% conf. interval: 74.5 – 80.2%; range: 75.6 – 89.5%; dataset size: 865; dataset companies: a, c)
- Motorcycle, car, scooter or jeep ownership: 49.4% (95% conf. interval: 46.0 – 52.8%; range: 44.6 – 80.7%; dataset size: 865; dataset companies: a, c)
- Improvement in condition: 89.1% (95% conf. interval: 84.0 – 93.1%; range: 85.2 – 92.1%; dataset size: 202; dataset companies: a, c)
- Improvement in wellbeing or general living standards (highest response on a Likert scale): 91.1% (95% conf. interval: 86.3 – 94.6%; range: 86.4 – 94.7%; dataset size: 202; dataset companies: a, c)
- Cost of treatment was less than expected: 59.1% (95% conf. interval: 48.1 – 69.5%; dataset size: 88; dataset companies: c)
- Cost of treatment was more than expected: 5.7% (95% conf. interval: 1.9 – 12.8%; dataset size: 88; dataset companies: c)
- Increase in care seeking: 99.1% (95% conf. interval: 97.3 – 99.8%; dataset size: 316; dataset companies: b)
- Hand hygiene compliance: 70.0% (95% conf. interval: 34.8 – 93.3%; dataset size: 10; dataset companies: d)

Housing

Companies: Patrimonio Hoy (CEMEX)^a and ¡Échale! a Tu Casa^b

Survey size: 411 respondents (¡Échale! a Tu Casa (94) to Patrimonio Hoy (CEMEX) (317))

Sectors: Manufacturing, Construction & Housing (2)

Countries present: Colombia*, Guatemala* and Mexico* (2)

Development stage (of countries present): Developing Countries (3)

SDG commitments: 1 (1), 3 (1), 5 (2), 17 (1)

Company sizes: SME (1), MNC (1)

Model types: Goods & Services (2)

*Patrimonio Hoy (CEMEX)

- Live in secure and reasonable-quality housing: 54.7% (95% conf. interval: 49.8 – 59.6%; range: 54.6 – 55.3%; dataset size: 411; dataset companies: a, b)
- Education received: 83.0% (95% conf. interval: 73.8 – 90.0%; dataset size: 94; dataset companies: b)
- Steady and secure employment: 63.3% (95% conf. interval: 58.4 – 67.9%; range: 25.5 – 74.4%; dataset size: 411; dataset companies: a, b)
- Secondary school level of education or above (female head of household): 80.8% (95% conf. interval: 76.6 – 84.5%; range: 66.0 – 85.2%; dataset size: 411; dataset companies: a, b)
- Television ownership or internet connection: 56.0% (95% conf. interval: 51.0 – 60.8%; range: 43.8 – 96.8%; dataset size: 411; dataset companies: a, b)
- Piped water supply: 74.5% (95% conf. interval: 70.0 – 78.6%; range: 51.1 – 81.4%; dataset size: 411; dataset companies: a, b)

Energy

Companies: ONergy

Survey size: 167 respondents

Sectors: Energy & Utilities

Countries present: India

Development stage (of countries present): Developing Country

SDG commitments: 5, 12

Company sizes: SME

Model types: Goods & Services

- Improvement in quality of energy sources: 92.2% (95% conf. interval: 87.1 – 95.8%; dataset size: 167)
- Hours of solar lights or grid connection use (daily): 4.61 (95% conf. interval: 4.40 – 4.82; dataset size: 167)
- Average energy cost as a percentage of income: 4.5% (95% conf. interval: 3.8 – 5.2%; dataset size: 167)
- Unavailability of grid electricity (hours per day): 3.57 (95% conf. interval: 3.29 – 3.85; dataset size: 161)
- Average monthly income (in 2015 \$PPP): 511.58 (95% conf. interval: 467.28 – 556.68; dataset size: 165)
- Household size: 4.79 (95% conf. interval: 4.54 – 5.04; dataset size: 167)
- Secondary school level of education or above (female head of household): 61.0% (95% conf. interval: 49.6 – 71.56%; dataset size: 82)
- Refrigerator ownership: 37.1% (95% conf. interval: 29.8 – 44.9%; dataset size: 167)
- Television ownership: 74.9% (95% conf. interval: 67.6 – 81.2%; dataset size: 167)
- Motorcycle, car, scooter or jeep ownership: 53.9% (95% conf. interval: 46.0 – 61.6%; dataset size: 167)

Information

Companies: BLUETOWN

Survey size: 100 respondents

Sectors: Energy & Utilities

Countries present: Bangladesh, Brazil, Ghana, India, Côte D'Ivoire and Mozambique

Development stage (of countries present): Developing Countries (3), Least Developed Countries (2)

SDG commitments: 1, 9

Company sizes: SME

Model types: Both

- Regularity of internet use (at least weekly): 87.9% (95% conf. interval: 76.7 – 95.0%; dataset size: 58)
- Regularity of accessing educational content (at least monthly): 46.0% (95% conf. interval: 36.0 – 56.3%; dataset size: 100)
- Regularity of accessing financial information or products (at least monthly): 9.0% (95% conf. interval: 4.2 – 16.4%; dataset size: 100)
- Regularity of accessing health information (at least monthly): 22.0% (95% conf. interval: 14.3 – 31.4%; dataset size: 100)
- Mobile phone ownership: 61.0% (95% conf. interval: 50.7 – 70.6%; dataset size: 100)
- Secondary school level of education or above (head of household): 33.0% (95% conf. interval: 23.9 – 43.1%; dataset size: 100)

