BRIDGE Monitoring & Evaluation Community of Practice

Meeting held on 12 November 2019 at Tshikululu

This CoP was the final session of our 2019 Top Ten themes. Once again there were people attending the CoP for the first time, so participants were reminded that they will find previous Meeting Highlights and presentations on the BRIDGE website. Go to http://www.bridge.org.za/knowledge-hub/, click on Find a Community of Practice and select M&E CoP.

The Top Ten M&E Terms to Take Away for 2019

CoP 1	**Impact/ Return on Investment/ Theory of Change**
CoP 2	**Measurement/ Indicators/ Targets**
CoP 3	**Failures/ Learnings**
CoP 4	**Sustainability/ Context**
Cross-cutting themes	**Timing/ Technology / Funding**

PRESENTATION

Sustainability Reporting: Integrating M&E for robust reporting (Fatimah Wadvalla, IQ Business)

Fatimah presented on sustainability strategies for businesses and social investment, based on international and local research and experiences. Measuring impact and sustainability begins with data gathered through M&E.

Sustainability reporting combines economic performance with social responsibility and environmental care. It aims to help businesses set goals, measure performance and manage change towards long term sustainable growth.

To see Fatimah's presentation, click here.

In South Africa financial reporting has long been mandated through legislation, but ESG reporting was not required until 2010. ESG refers to the **Environmental, Social and Governance** factors – three key factors which are involved in the measurement of sustainability and the ethical impact of investment in a business or company. The recognition that business models and corporate activities have long term implications for the economy and the environment led to the need for strong analysis and disclosures of these for government. So, reporting requirements were instituted to bring in reporting on how business strategies link to sustainability. World-wide, the trend is that non-financial disclosures as well as financial reporting are now required by investors, stock exchanges and governments. It is also recognised that there is a correlation between good ESG performance and good financial outcomes. Poor disclosure leads to a decline in investment. Globally, a high level of financial resources is available to ESG management and reporting, which opens up investment opportunities and supports the development of a social and green economy.

There are many different standards, principles and frameworks used to guide ESG reporting. Sustainability reporting has evolved from little guidance as to what it should include, to a situation in which there are now 12 initiatives in South Africa and 17 internationally. Examples include GRI, IIRC, KING IV, PRI, SRI, UN Global Compact. Fatimah noted, however, that more needs to be done if sustainability reporting is to maintain its *integrity and value* - It needs to be critically assessed against international standards.

On the right is an example of a sustainability disclosure approach, which structures qualitative or quantitative data on topics not related to standard financial or operational disclosures. See slides for further examples.

There is now better leadership and information on governance, ethical, social and environmental perspectives in business, better connectedness between these elements and how they link to business practices, and on factors such as how supply chains upstream and distribution chains downstream can impact on these concerns. However, the measurement and reporting of sustainability against ESG factors can still be confusing, to both shareholders and stakeholders alike.

Fatimah spoke to some of the limitations in ESG reporting, and the challenges both locally and internationally.

- Many companies in SA still produce 'pseudo' integrated reports, with too much emphasis on financial performance and not enough evidence of integrated thinking.
- There is a lack of meaningful performance indicators for ESG, in part because there is a lack of evidence-based monitoring and evaluation. Sometimes no distinction is made between outputs and outcomes.
- The 'HOW' is often not addressed: for example, how can carbon emissions be reduced? There is very little of this type of information in the reporting space – and sometimes a reluctance to engage. Fatimah noted that Eskom is the biggest emitter of pollution, followed by Sasol. Investors filed a motion for a strategy to reduce emissions to tackle climate change, but Sasol rejected this motion. This poses a long term risk – investors might step back and hesitate to invest unless there can be more clarity.
- Strategies to achieve objectives are lacking, and there is little goal setting for sustainability.

- Reporting tends to concentrate on positive issues rather than offering a balanced view.
- Investors need to be able to see disclosures – so corporate South Africa often loses out on investment opportunities.
- There are too many different reporting frameworks, and companies sometimes apply more than one. This makes comparisons across companies (and countries) difficult. There are no uniform standards for compliance, such as those for financial reporting in SA.
- Many enterprises world-wide reference the Sustainable Development Goals (SDGs) – but these are very broad and open to interpretation, and are often not aligned across different countries.
- The investment industry struggles with valuing and analysing growth based on ESG reporting. A Mckinsey survey found that many standards are too loose and not related to financial performance; it is difficult to assess what data is being used, and the reliability of this data.

Fatimah ended with some general observations and recommendations.

- Use advocacy to get stakeholders to push for ERG reporting.
- Reduce the number of standards, and apply greater standardisation of disclosure.
- Enforce legal mandates requiring companies to issue sustainability reports.
- Set specific sustainability goals with time lines and monitor these.
- Better advocacy and support for stronger M&E could assist in a number of ways:
    - Metrics for ESG can serve as a benchmark for quality, and can also help with risk management for long term returns.
    - Consistent and reliable ESG metrics could be common but also adaptable for different sectors.
    - Audits could be conducted against common metrics.

In sum, accountability and transparency in ESG reporting will only be achieved if organisations start developing strong M&E systems into all business areas against vetted performance indicators; only then will we be able to track and monitor impact and sustainability over the long term.

PRESENTATION

Impact Investing and M&E (Khotso Tsotsotso, New Leaders Foundation)

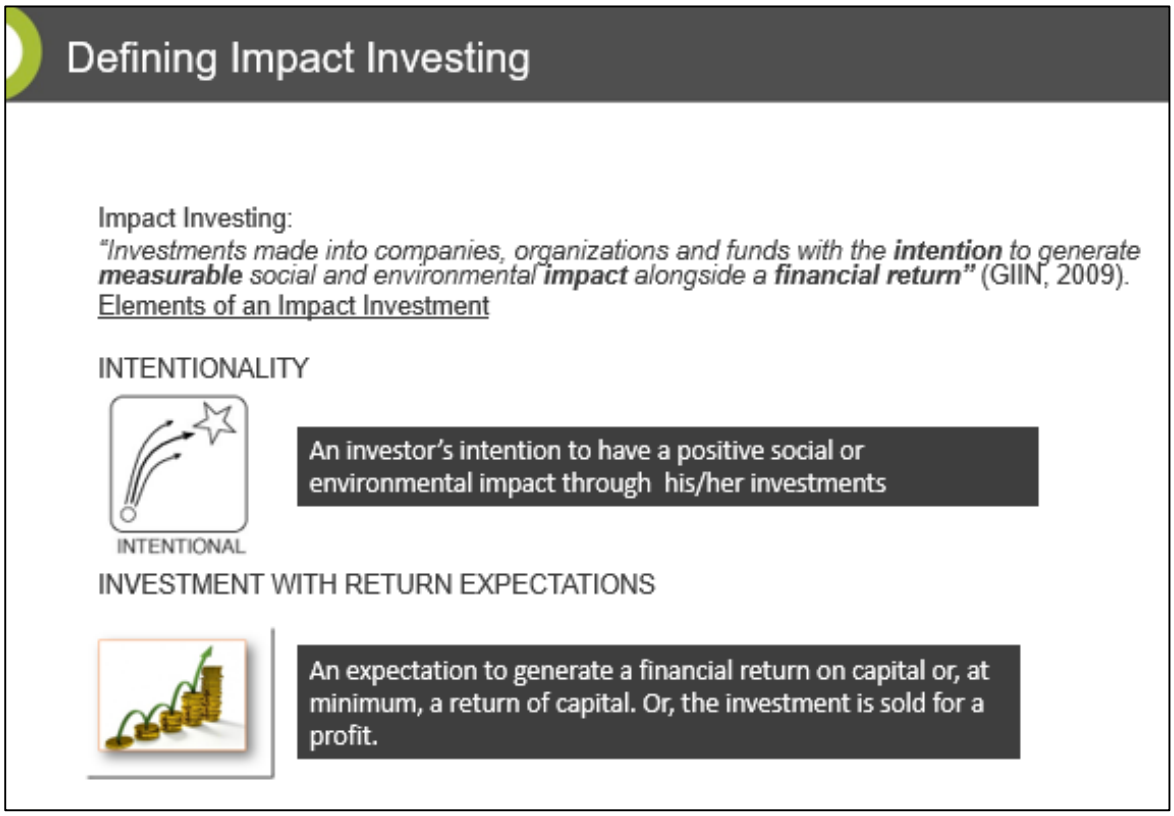
Khotso is the head of M&E at New Leaders Foundation, and a technical specialist for Clear AA at Wits, where his focus is on standard impact management framework building.

Impact investing is another way of supporting sustainable development, while at the same time building the role of M&E specialists.

Traditional Corporate Social Investment (CSI) works on a model where CSI 'follows profit'; a company pursues financial gain, then ploughs some of that profit into social improvement interventions, whether this is for compliance or for philanthropic reasons. The mining sector is a good example of traditional CSI. A key disadvantage to this approach is that the beneficiaries and service providers such as the NGOs remain in a state of perpetual dependency on CSI. Return on investment is difficult to measure because of challenging external factors, and it is sometimes hard to control how the money is spent. In addition, this approach does not necessarily support co-creation of change to the system; it is neither inclusive nor sustainable.

Impact investing, however, is a joint pursuit based on a one-step model. The investment into positive social or environmental impact is intentional, and some return on the investment is expected. Clearly, this needs to go hand in hand with a defined M&E system based on reliable and realistic indicators, so that externalities can be managed. The two slides below define the main elements of impact investing.

To view Khotso's whole presentation, click here.



Defining Impact Investing

IMPACT MEASUREMENT

The commitment of the investor to **measure** and **report** the social and/or environmental performance and progress as well as the underlying investments, ensuring transparency and accountability while informing the practice of impact investing and building the field.

POSITIVE IMPACT

The investment must primarily strive to deliver a positive social or environmental benefit

Impact investing could be linked to any of the Sustainable Development Goals. Impact investing is seen as an innovative way of releasing social development capital, and one that supports sustainability – for example, the programme or the intervention could become an asset which is sold on, and therefore has an extended life. The slide below summarises the differences between CSI and Impact Investing.

Impact Investments & CSI

Key Differences:

CSI

- Purely aimed at maximizing social or Environmental Impact
- No expectation to produce financial value
- Life of the programme *normally* depends on the involvement of the investor
- Traditionally, programmes cannot be sold at a profit. Exit usually means termination of programme
- Partial commitment by investors and corporates towards addressing social and environmental challenges

Impact Investing

- Aimed at achieving both Social/environmental impact alongside financial return
- Clear expectation to produce Financial return or at least be sellable at a profit
- The life of the enterprise depends on the business model and performance
- Businesses which can be sold at a profit. Provides mechanisms for investor exits
- Promotes full commitment from investors and corporates. Provides alternative investment option. Redirection of funding towards addressing key challenges in Africa

Building an impact investment ecosystem needs a well-regulated environment. Government has a role to play, as do advocacy groups and other intermediaries. There is a need for capacity development (such as that undertaken by the Bertha Centre for Social Innovation and Entrepreneurship at the UCT

Graduate School of Business), and an appetite for needs analysis linked to solutions. Some of the challenges include the following:

- Little appetite by investors for risk and innovation.
- Funding and credit rating systems are still linked to traditional assessment processes and grant procedures.
- No strong and standardised data system in the country (and the continent), which would help in building a 'common language' for understanding Impact Investment approaches.
- Weak understanding and implementation of M&E overall, especially in relation to reporting on social and environmental outcomes, which many enterprises neglect.

In the light of these challenges, Khotso went on to talk about Impact Measuring and Management (IMM). How do we attract investors, and keep them accountable, unless we conduct the cycle of estimating and planning for impact, monitoring performance, and measuring and managing impact? (See slide 15 for the main reasons for IMM.) One of the key questions, however, is who bears the responsibility, and who bears the costs, for IMM – the investor, the entrepreneur, where and how is this budgeted for in the capital expenditure? Some of the findings from a research Working Group on IMM practice include the following:

1	Over-emphasis on matrix, as opposed to understanding systemic change, or unpacking and better understanding mechanisms of change
2	Emphasis on benchmarking (or comparability) as opposed to the need to demonstrate attribution
3	Consensus about the need for common measures or matrix and emphasis on ease of measurement, less obsession about validity, accuracy and credibility results
4	Seem to be less talk about Process and Participation.
5	Who is responsible for measuring, and who bears the cost of measuring

Khotso finished by suggesting some of the key roles to be played by M&E specialists in IMM, in relation to applying technical expertise in this field. There is a need for building and strengthening industry-wide frameworks, for developing understandings of scaling up successful development, for the measurement of innovation. In addition, M&E specialists can play a key role through collaborating with customers, clients and policy developers.

DISCUSSION

Points made in discussion included:

Incentivising investors: How can investors be motivated to put money into innovative social development programmes, when we know how long it can take for a company to break even, or for an intervention to show results? Fatimah noted that this relates to inspiring investor confidence, which in turn will be linked to monitoring of performance and the production of evidence. For example, the manufacturing industry has shown that ESG funds do yield evidence. We are a risk-averse country, and so the need for tangible evidence is clear.

Khotso noted that there is still some intrinsic motivation driving impact investment. In addition, a solid regulatory framework would help inspire investor confidence. Corporate and social benefits need to be balanced to get the model to work. But there is growing recognition that these go hand in hand. Civil society movements are having an effect in that people want to work for organisations that are more outwardly focused, and take social impact into account. In addition, social unrest can serve as another motivator for ESG focus.

Sustainability and impact reporting: The Impact Investment approach demands that you have a measurement framework in place to do it; but the investor community is still unsure what 'impact' and 'impact measurement' actually means. **This speaks to the need for all those interested in social development and ESG reporting to become better informed about M&E.** It was also noted that corporates need to be educated on understanding the long term benefits of social and environmental change, and also the length of time projects and programmes require to show these benefits. Programme evaluators, funders and implementers need to have more structured and intentional conversations so that each can understand the others' pressures.

Another concern raised around time is that ESG reporting makes an assumption that we have time to evolve gradually. But given the speed of climate change, for example, we need to introduce a sense of urgency into ESG reporting, especially amongst both our own and international leadership. Both corporate CSI and the impact investment field in general require some leadership on ESG issues.

Sustainability and risk: Getting enterprises to recognise the links between ESG awareness and risk mitigation requires a paradigm shift. In the work she has done with Eskom around sustainability and risk, Fatimah noted that changing perceptions takes time: she gave the example of an increased awareness around the need to maintain coal plants and dispose of ash waste responsibly; however, there is still a lack of planning for the long term. Perceptual shifts are a first step, but this awareness needs to be linked to action. ESG reporting trends are linked to waste management, climate change and the green economy, and there is certainly more understanding of these issues. But factors such as the US stepping out of climate change agreements are a huge step backwards.

Communicating with funders: A number of participants raised concerns about a gap in communication between implementers, M&E practitioners and funders. How do we as evaluators approach funders about these issues? What is the uptake in relation to how grants are made to NGOs? How do service providers move forward once a funding grant for a programme comes to an end? Several points were made in discussion:

- Impact investing needs to become part of the financial regulatory framework for corporate social investment. Incentives such as tax relief for impact investment should be considered.
- NGOs and social entrepreneurs must become better at 'selling' the idea of impact investment to corporates and funding arms. We need to market our interventions and our value propositions on the basis of sustainability and some kind of investment return.
- The funders and the implementers often speak two different languages, and don't understand each other's expectations. It is vital that funders have a long term view of programmes, and for this funders and implementers need to work together on planning for impact measurement from the start. NPOs/ NGOs should position themselves more like a business, and funders need to understand the contextual factors that affect social interventions. However, we must also clear about the challenges in terms of reaching common understandings. Here are some examples:
    - Many funders simply expect providers to meet pre-determined log frames set out in a Terms of Reference, and require time consuming and unrealistic reporting requirements.
    - Funders don't understand the long term nature of change. In addition, while individual fund managers may understand the nature of a proposal, they need to present it to a Board who may not have this understanding and who may require unrealistic changes to the programme time frames, budget or deliverables.
    - NGOs are often unclear about how to structure their budgets in relation to deliverables.
    - NGOs often don't communicate their needs clearly enough – for example, a funder may agree to provide only half the amount put forward in a proposal, and the NGO will accept this without explaining how this will impact on its deliverables.
    - The costs of planning for M&E, developing a theory of change and practical indicators, and carrying out the monitoring and evaluation processes needed are frequently not factored in sufficiently, and/or allocated clearly enough.
- An interesting example of donor / provider collaboration was shared. Nedbank CSI is working with Sparrow Schools, and following a model of training their beneficiaries on M&E while supporting these costs. Nedbank and Sparrow are developing their Theory of Change together. The CoP participant from Sparrow Schools, and the Nedbank representative present, gave some credit to the M&E CoP as a resource for their joint work, and noted that their collaborative M&E journey will continue with the CoP.

REPORT BACK

'Learnings from SAMEA' – Reflections on the SAMEA Conference (Aluwani Mauda)

The theme of the SAMEA conference held in October was 'M&E for a Sustainable Future'. There were 15 different workshops across various topics, and 427 people attending the conference. Half the delegates were from outside of South Africa, as the SAMEA conference attracts international attention.

The six strands of the conference link directly into the theme of sustainability, and the ways in which M&E needs to support sustainable programme interventions and systemic changes. The six strands are summarised below.

Better Evidence for Public Policy & Implementation
focuses on how public sector institutions use evidence in policy and decision-making to deliver better outcomes for society. This strand delves into how M&E provides evidence on the nature and scale of developmental challenges, implementation successes and shortcomings, outcomes and impacts. It will bring together officials from national, provincial and local government to discuss how they use M&E to inform policy-making, programme design and implementation to deliver sustainable outcomes for citizens.

Climate Change & Building Resili
provides an opportunity to discuss h M&E helps us to assess implications climate change on individuals, communities and organisations and strong evidence contributes to build resilience. Monitoring and evaluating climate adaptat and mitigation projects and programmes can provide valuable insights on how to build resilience in a chang world. This strand focuses on the use of M&E in gathe evidence on the efficiency and effectiveness of adapti and mitigation programmes.

MERL Tech
explores the role of technology in monitoring, evaluation, research and learning. This strand will provide a platform to discuss the influence of technology on how practitioners design M&E studies, collect data, analyse information, report on and visualise data. This strand will appeal to M&E practitioners, data scientists and computer scientists, who use big data and technology to improve their monitoring capabilities and/or the rigour of their evaluations.

M&E & Non-Profits
draws lessons from how M&E is carr out in the non-profit sector and how enables learning, shapes current pra and adapts to changes brought abou technology, donor demands and communities' needs. Non-profit organisations are frequently called on to demonstrate the impact of the developmental interventions. This strand marshals ev on how M&E is used by non-profit organisations to m decisions on the design, funding and implementation their programmes.

Investing for Impact
explores the role of M&E in impact investing and corporate social investment. Impact investing is a rapidly growing industry and seeks to achieve positive social change alongside a sustainable financial return. This strand will focus on how M&E tools and methodologies can be used to measure the impact of investments and corporate social investment programmes. This strand draws together M&E practitioners, impact investors, non-profit organisations, foundations, development finance institutions and companies to discuss the M&E methods, tools and techniques involved in impact investing.

M&E Skills in a Changing World
examines the changing skills needed for M&E profession in the 21st century and discusses the evolving roles of practitio Development programmes are often co and require careful analysis before any value judgeme made about them. As such, M&E practitioners require multi-disciplinary set of knowledge and skills to effect monitor and evaluate interventions. While technical s such as qualitative and quantitative analysis are impo softer skills and attributes such as cultural awareness also essential for M&E practitioners. This strand will f on the skills required by M&E practitioners in a wide r of sectors and contexts.

Aluwani shared some key takeaways from the conference:

- What we do in M&E needs to be in the real world context, not a theoretical exercise: it is a critical practice for effective social justice.
- Power and privilege often affects what we deem to be evidence.
- Cross sectoral collaboration between business, civil society and government is vital if there is to be any change. This links to the issues discussed in this CoP; our problems are interconnected and affect everyone.
- Evaluations are about learning. Too often an evaluation gets done, recommendations are made, and then the report sits on a shelf and there is no follow up.

To view Aluwani's whole presentation, click here.

Evaluations need to be shared, and a learning culture around M&E needs to be actively created. M&E is everyone's business.

- The skills required in M&E and in social development in general are changing: technology, communication, ethical awareness should all be integrated for good design, balanced with timely decision-making.
- Evaluative and critical thinking needs to be embedded in business enterprises, funders and delivery organisations.
- Impact Investment is a new strand, and we need to build bridges between Impact Measurement and Management (IMM), M&E and implementation frameworks.

Khotso also shared two of his insights from the conference:

- M&E is about ensuring that good data is used for decision-making, and therefore links directly to power shifts.
- M&E also provides a platform for meaningful participation by young people, as can be seen by the elevation of emerging M&E practitioners.

GROUP WORK: LOOKING FORWARD TO 2020

Groups were asked to reflect on what members want to gain from this CoP, what they can bring to the CoP and share with others, and whether there are any particular topics to propose for 2020.

The following observations and suggestions were made:

- Exploring the bridge between Information Technology and M&E. This includes issues such as data management, data governance, the use of different platforms to conduct surveys and disseminate data, and any privacy or data protection issues arising from these. We need to use a common language for data management.
- Continuing the topic of impact investment and measurement, contextualised through South African case studies. This topic would include consideration of IMM expertise and opportunities.
- Deeper drilling into concrete ways of supporting conversations and mutual understanding between funders/ donors (including government), private sector/corporates, NGOs/NPOs in relation to M&E of social development interventions. This would include targeted and structured dialogues with funders: topic examples are guides on incentives to donors, the terminology of the skills development landscape (skills levies, learnerships, accreditation and so on), and roles and responsibilities in relation to funders and implementers of skills development and ESG interventions. In addition, the role of DPME in measuring impact and change in key areas of state provision (e.g. DSD, DBE), and why there does not appear to be standardised approaches to M&E of government interventions, should be explored.
- The interface between programme managers and external evaluators in the programme design and delivery cycle, including bringing in data collectors who often come into the process quite late. In addition, how do we bring internal M&E into organisational strategic

planning? Note that these topics were themes in the 2018 M&E CoPs, and we could perhaps revisit some key aspects of these discussions.

- Collaboration through sharing of evaluation reports and presentations of learnings from these.
- The building and sharing of real and practical M&E frameworks and methodologies.
- Information on measuring the changes and social impacts of more intangible concepts such as behavioural change, human connectivity and leadership. Behavioural change in particular is difficult to measure and disaggregate from all the other factors which affect human behaviour. The concept of an increase in 'shared values' and how to measure this also falls into this category.
- The CoP event that focused on M&E terminology was really helpful, and we could do with more of these kinds of explorations.
- What do CoP members bring to the CoP? How can we get to know each other better? CoP members should be able to showcase their own M&E learnings in relation to specific projects at the CoP.

TOOLS AND RESOURCES

Nyaradzo Mutanha from Tshikululu Social Investments shared various IMM tools, noting that Tshikululu commonly uses the Impact Reporting and Investment Standard (IRIS) as described below, and Principles for Responsible Investment (PRI) as a guideline.

TSHIKULULU SOCIAL INVESTMENTS

A. IMM approaches & best practices

As a first step, Tshikululu must demonstrate understanding of the most popular methodologies

IRIS

- IRIS (Impact Reporting and Investment Standards) was developed by the Rockefeller Foundation, Acumen, and B Lab in 2008
- It is a catalogue of generally accepted metrics for measuring social, environmental and financial performance
- Is it the most used standard with 62% of the GIIN (Global Impact Investing Network) survey respondents indicating usage in 2015
- https://iris.thegiin.org/metrics/

UN SDGs

- The Sustainable Development Goals (SDGs) were developed in 2015 as part of the agenda to eradicate global and environmental problems by 2030
- Many impact investors use SDGs in their IMM practice, including by aligning their impact objectives to the SDGs or using them to report impact
- https://sustainabledevelopment.un.org/sdgs

B-Analytics / GIIRS

- B Analytics, managed by the non-profit organisation B Lab, is a platform that aggregates and analyses data on over 40 000 companies' positive impact practices and performance
- Good Impact Investing Rating System
- B Analytics data are used to inform the GIIRS Ratings, a system for rating companies and funds on their social and environmental practices.
- https://b-analytics.net/

PRI

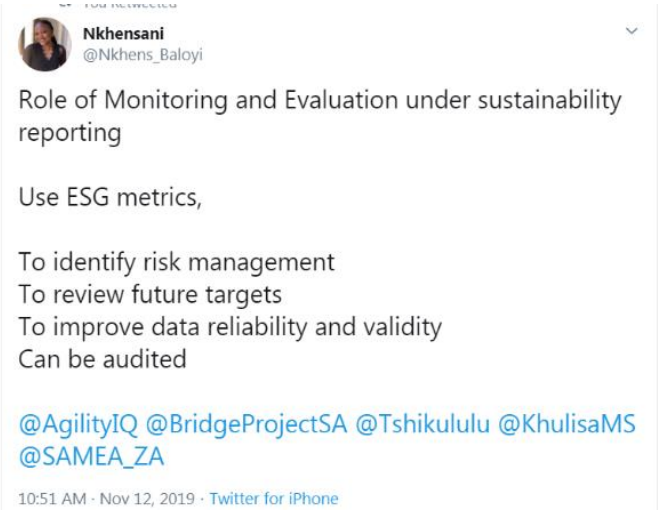
- The Principles for Responsible Investment (PRI) are a framework to guide institutional investors to consider environmental, social, and corporate governance (ESG) issues
- The PRI are intended to be relevant for large investors with traditional fiduciary duties and include commitments like adding ESG issues into investment analysis and seeking appropriate disclosure
- There are 2 232 signatories as of 2018 https://www.unpri.org/

Source: GIIN

CLOSING COMMENTS

In closing the CoP, Margie as facilitator noted that we have come full circle: we began the year with a reflection on impact investment in relation to Theories of Change, and now we have looked at this in relation to sustainability. ESG reporting and impact investment models both have implications for skills development in relation to M&E, for both experts and implementers alike.

Benter said that the group work feedback and the results of the survey conducted will help inform planning for the CoP programmes for 2019.



LIST OF PARTICIPANTS

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Felix Gumunyu	Sci-bono
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