

IRIS+ AND THE FIVE DIMENSIONS OF IMPACT

Developed in partnership with the Impact Management Project

FUNDAMENTALS

PURPOSE

This document describes the core concepts and structure for measuring and understanding impact according to the five dimensions of impact, through the use of both IRIS+ Core Metrics Sets and the IRIS Catalog of Metrics.

AUDIENCE

Impact investors. May also be useful to enterprises and intermediaries or service providers working with impact investors.

LEVEL: BEGINNER

REFERENCE

Use this document with



May 2019

ABOUT IRIS+

Background

Impact measurement and management (IMM) is a hallmark of impact investing. The vision of the Global Impact Investing Network (GIIN)—as articulated in its [Roadmap for the Future of Impact Investing](#)—is for social and environmental factors to be integrated into investment decisions simply by default, as the ‘normal’ way of doing things.¹ Impact investing can play a central role in realizing this vision by setting and raising the standards for investment practice and generating the tools and data that allow investors to evaluate impact and channel capital to the most effective solutions. A coherent, consistent practice of high-quality IMM must be implemented as the norm for all organizations seeking to understand and improve their effects on people and planet.

IRIS+

IRIS+ makes it easier for investors to translate their impact intentions into real impact results.

Credible, comparable impact data are needed to inform impact investment decisions. Effective measurement and management of impact data is essential for investors to know whether they are actually achieving the impact they seek. IRIS+ supports investors at every stage of the IMM process.

Measuring and communicating impact performance through agreed-upon norms, standards, and conventions—all anchored by best practices and based on evidence—will ensure that impact investing expands with integrity while enabling investors and enterprises to drive toward stronger impact results.

ABOUT THE GIIN

The Global Impact Investing Network (GIIN) is the global champion of impact investing, dedicated to increasing its scale and effectiveness around the world. The GIIN builds critical market infrastructure and supports activities, education, and research that help accelerate the development of a coherent impact investing industry. IRIS+ is managed as a public good by the GIIN.

¹ Amit Bouri, Abhilash Mudaliar, Hannah Schiff, Rachel Bass, and Hannah Dithrich, [Roadmap for the Future of Impact Investing](#) (New York: Global Impact Investing Network, March 20, 2018).

The Impact Management Project

The Impact Management Project (IMP) is a forum for building global consensus on how to measure and manage impact. In coordination with the insight over one thousand stakeholders in the industry, the IMP found that understanding impact performance requires collecting data across [five dimensions of impact](#)².

- **WHAT:** Identifying the level of outcome(s) one aims to deliver, contribute to, or both, based on how important stakeholders perceive the outcome to be).
- **WHO:** Understanding the baseline characteristics of stakeholders (people or planet) with respect to the outcome.³
- **HOW MUCH:** Understanding the degree of change experienced by those affected and identifying how many are affected.
- **CONTRIBUTION:** Comparing performance towards market benchmarks as a proxy to understand—in the absence of the resources or possibility to establish a control group—what would have otherwise happened.
- **RISK:** Understanding impact risks.

IRIS+ AND THE FIVE DIMENSIONS OF IMPACT

Overview

The IRIS+ system enables investors and other impact investing stakeholders to measure and describe impact performance using a common language: the IRIS+ Core Metrics Sets and the IRIS Catalog of Metrics. Besides allowing investors and enterprises to share impact performance expectations and results, commonality also reduces the reporting burden on enterprises.

Backed by evidence and based on best practices, IRIS+ Core Metrics Sets may be used to assess the effects of any investment or enterprise across the five dimensions of impact. Core Metrics Sets standardize impact performance data, helping to aggregate that data across investments with similar goals. The IRIS Catalog of Metrics contains the generally accepted social and environmental performance metrics.

The remainder of this document summarizes the alignment of IRIS metrics with the five dimensions of impact. As noted, different IRIS metrics may be used to measure and describe the dimensions of impact through IRIS+ Core Metrics Sets.

Over time, IRIS+ will include further guidance, additional coverage of metrics, and examples of practice in measuring impact across the five dimensions.

To learn more about IRIS+ Core Metrics Sets, please refer to IRIS+ Guidance: [IRIS+ Core Metrics Sets](#). For specific, detailed alignment of IRIS metrics to the five dimensions, refer to the [IRIS Catalog of Metrics \(5.0\)](#).

Important preliminary considerations about the alignment of IRIS metrics to the five dimensions

Data are a 'set'

Data collected must be kept together as a 'set' across all dimensions to preserve context, as with the IRIS+ Core Metrics Sets, as the use of metrics may change depending on the impact it is measuring.

IRIS metrics and the five dimensions are not exhaustively aligned

As of this publication, most IRIS metrics have been identified as helpful for measuring the WHAT, WHO, and HOW MUCH: Scale dimensions. Only a few IRIS metrics have been identified under the HOW MUCH: Depth, HOW MUCH: Duration,

² Although measuring or describing all five dimensions is ideal, investors acknowledge that current practice sometimes leaves gaps in information for some dimensions. Over time, the IMP and the GIIN expect that measuring and describing all five dimensions will become the norm. "[What Is Impact?](#)" Impact Management Project.

³ Baseline, in this case, is the level of outcome happening at the beginning of the project. In the absence of data, investors may use reliable third-party data to inform their baseline assumptions.

and (Enterprise) CONTRIBUTION dimensions. Further development of metrics relevant to RISK and CONTRIBUTION (INVESTOR) are planned for future development.

Note that individual IRIS metrics may be relevant to more than one dimension of impact or, by contrast, may be useful only in very specific contexts. For example, Client Retention Rate (PI9319) would not, by itself, typically align with an impact dimension. However, in the context of affordable housing investments, retention rate is a good measure of the outcome of residential stability under the WHAT dimension. The presented alignment might therefore vary with context and objective.

IRIS metrics are not always exclusively aligned to one dimension

Metrics can be multi-dimensional. For example, some IRIS metrics are helpful both for measuring HOW MUCH: Scale and for identifying a specific WHO demographic, such as Client Individuals: Female (PI8330). In this case, PI8330 is marked in the IRIS Catalog of Metrics under both WHO and HOW MUCH: Scale. By contrast, metrics helpful for measuring HOW MUCH: Scale but not for specifically identifying WHO, such as Client Individuals: Total (PI4060), are only marked as HOW MUCH: Scale.

Further alignment of some IRIS metrics is planned for future


Many IRIS metrics have not been identified as specifically relevant to any of the five impact dimensions. Most of these fall under the Financial Performance, Operational Impact, Organizational Description, and Product Description sections of the IRIS taxonomy. These metrics provide important context for the effects of the investment or enterprise in question, and IRIS+ Core Metrics Sets incorporate many of them in the “How is change happening?” section, as well as in Additional Metrics.

As of this publication, the GIIN is working with the IMP Structured Network to build further guidance on using IRIS metrics as a ‘set’ across the five dimensions. More, currently unaligned IRIS metrics, will likely be aligned with dimensions once more norms have been agreed. The GIIN also plans to work with the IMP to adapt existing IRIS+ metrics or add new metrics to more closely align with the five dimensions.

DIMENSION-BY-DIMENSION ALIGNMENT

WHAT

Impact Management Project Summary

 WHAT	IMP Definition	What outcomes does the effect relate to, and how important are they to the people (or planet) experiencing it?
	IMP Data Categories	Outcome level in period, outcome threshold, SDG, importance of outcome to stakeholders

IRIS+ Approach

The data categories under the WHAT impact dimension help enterprises and investors identify the outcomes to which they contribute and the importance of these outcomes to stakeholders.

Each of an investor’s strategic goals may lead to several different outcomes.⁴ For example, the Strategic Goal ‘increasing gender equality through financial inclusion’ has been shown to lead to increased income for female clients, improved financial resilience, and increased spending on family’s basic needs, among other outcomes. IRIS+ Core Metrics Sets highlight several common outcomes,⁵ backed by evidence, for each strategic goal. They also provide specific metrics to measure the importance of the outcome to the target stakeholders. Evidence should be clear that outcome

4 IRIS+ includes common strategic goals deployed by impact investors to achieve established social or environmental impact objectives within generally accepted impact categories and themes. Strategic goals included in IRIS+ have been recognized as common practice and are supported by research. They are not exhaustive.

5 Outcomes listed in IRIS+ Core Metrics Sets are based on research and evidence but are not meant to be exhaustive.

metrics for the WHAT data categories are reliable indicators of the intended outcome. Historically, IRIS metrics have largely been proxy outcome metrics. IRIS+ has begun to incorporate outcome metrics. Over time, IRIS+ will seek to increase its coverage of outcome metrics.


In the IRIS Catalog, metrics aligned to the WHAT dimension fall under the following data categories of the Impact Management Project:

- An outcome (or proxy outcome) metric to measure the level of outcome experienced by the WHO (people or planet) or the outcome threshold (often measured by the same metric for easy comparison). These quantitative-type metrics measure the level of outcome experienced by people or planet compared to the level of outcome sought (the 'outcome threshold'). Example IRIS metrics in this category include (not exhaustive):
 - Average Client Agricultural Yield: Total (PI3468)
 - Client Income (PI9409)
 - Energy Savings from Products Sold (PI7623)
 - Greenhouse Gas Emissions: Direct (OI4112)
 - Health Completion Intervention Rate (PI3902)**
 - Jobs Created at Directly Supported or Financed Enterprises: Low-Income Areas (PI2251)**
 - Student Transition Rate (PI4924)
 - Value of Carbon Credits Purchased (OI2436)
 - Value of Voluntary Savings Accounts (PI3240)
 - Waste Disposed: Total (OI6192)
 - Water Used: Total (OI1697)
- Importance of the outcome in question to the stakeholders involved is aligned with the IRIS metric, Importance of Outcome to Stakeholder (OI5495)

** As noted above, the identification of a metric with a specific effect must be supported by evidence and used in the right context. For example, Health Completion Intervention Rate (PI3902) may be appropriate to measure the achievement of an outcome related to vaccination. Such a metric, however, would be inappropriate to measure outcomes related to weight loss or reduction in dependencies on alcohol or tobacco. Similarly, Jobs in Directly Supported/Financed Enterprises: Total (PI4874) can measure the support of decent jobs if and only if it is used in context with other IRIS metrics that measure whether or not the jobs in question are decency job, such as Worker Safety Policy (OI18001), Employment Benefits (OI2742), Employees Trained (OI4229), Flexible Work Arrangements (OI7983), and Employees: Minimum Wage (OI5858). This again underscores the importance of using metrics in sets.

WHO

Impact Management Project Summary

	IMP Definition	Who experiences the effect and how underserved are they in relation to the outcome?
	IMP Data Categories	Stakeholder type, geographical boundary, baseline level of outcome, stakeholder characteristics

IRIS+ Approach

The WHO dimension covers the data needed to understand which stakeholders an enterprise or investment affects and how underserved they are in relation to the outcomes generated by that enterprise's activities.


In IRIS+ Core Metrics Sets, WHO metrics describe WHO (people or planet) an enterprise or investment affects, while the baseline level of the outcome is included under WHAT and the count (scale) of stakeholders affected is included under HOW MUCH: Scale.

In the IRIS Catalog, metrics aligned to the WHO dimension fall under the following data categories of the Impact Management Project:

- Stakeholder type, geographical boundary, and stakeholder characteristics:
 - *For social objectives*, these metrics refer to demographics, geography, socioeconomics, and settings. Example IRIS metrics in this category include:
 - Target Stakeholder Setting (PD6384)
 - Target Stakeholder Socioeconomics (PD2541)
 - Target Stakeholder Demographic (PD5752)
 - Target Stakeholder Geography (PD6424)
 - *For environmental objectives*, these metrics refer to the target habitat (air, water, land), non-human species or population type (plants, animals), geography or zone, setting, and conservation status (threatened, endangered, critical). While some of these metrics currently exist in IRIS+, more comprehensive metrics will be added over time based on expert contributions. Example IRIS metrics in this category include:
 - Conservation Priority Characteristics (PD9009)
 - Type of Land Area (PD3922)
- Since the metric to measure for the baseline level of the outcome matches the metric to measure the threshold level of the outcome (in the WHAT dimension) IRIS+ Core Metrics Sets include the baseline under WHAT.

HOW MUCH

Impact Management Project Summary

	IMP Definition	How much of the effect occurs in the time period?
	IMP Data Categories	Scale: number of people experiencing the outcome (social outcomes only) Depth: degree of change experienced by the stakeholder Duration: time period for which the stakeholder experiences the outcome

IRIS+ Approach


The HOW MUCH dimension covers the data needed to understand the significance of the outcome in terms of scale, depth, and duration. IRIS+ Core Metrics Sets provide metrics and calculations for the scale (number of stakeholders experiencing the outcome) and depth (degree of change experienced). Depth is calculated by comparing the baseline value of the outcome for the target group (people or planet), as identified under the WHAT dimension, to the outcome value in the current (reporting) period.

In the IRIS Catalog, metrics aligned to the HOW MUCH dimension fall under the following data categories of the Impact Management Project:

- *Scale*: many IRIS metrics are helpful for calculating the number of people experiencing the outcome. Examples in this category include (not exhaustive):
 - Client Individuals: Total (PI4060)
 - Client Individuals: Active (PI9327)
 - Client Individuals: Provided New Access (PI2822)
 - Client Households: Total (PI7954)
 - Client Organizations: SME (PI4940)
 - Full-time Employees: Total (OI3160)
- *Depth*: since Depth is a calculation of change in outcome over time (as identified in the WHAT), only a few IRIS metrics have been identified as aligned with this data category. Examples in this category include (not exhaustive):
 - Energy Conserved (OI6697)
 - Water Conserved (OI4015)
 - Greenhouse Gas Reductions Due to Products Sold (PI5376)
 - Waste Reductions from Products Sold (PI5926)
 - Waste Reductions from Services Sold (PI5678)
- *Duration*: very few IRIS metrics have been identified as helpful to measure the time period for which the stakeholder experiences the outcome. Example IRIS metrics in this category include:
 - Student Dropout Rate (PI9910)
 - Average Employee Tenure (OI2248)

CONTRIBUTION (INVESTOR)

Impact Management Project Summary

 CONTRIBUTION	IMP Definition	How does the effect compare and contribute to what would likely occur anyway?
	IMP Data Categories	Depth: An enterprise's contribution to the depth of an outcome by factoring in the estimated degree of change that would have otherwise happened. Duration: An enterprise's contribution to the duration of an outcome by factoring in the estimated duration that the outcome would have otherwise endured.

IRIS+ Approach

The CONTRIBUTION dimension covers the data needed to assess an enterprise's contribution to the social and environmental outcomes that people and planet experience relative to what the market or social system would have achieved anyway.

CONTRIBUTION is a comparison of the depth and duration data (under the HOW MUCH dimension) against local or peer benchmarks: that is, what would likely have taken place without the enterprise. This analysis helps an enterprise to establish the contribution made beyond such benchmarks.


With very few exceptions, IRIS metrics do not align with CONTRIBUTION. For that reason, IRIS+ Core Metrics Sets do not yet identify specific metrics for this dimension, instead pointing to guidance by the Impact Management Project.

In the IRIS Catalog, metrics aligned to the CONTRIBUTION dimension measure towards a benchmark. Examples include:

- Greenhouse Gas Emissions of Product Replaced (PD2243)
- Producer Price Premium (PI1568)
- Water Consumption of Product Replaced (PD7621)

RISK

Impact Management Project Summary

 RISK	IMP Definition	Which risk factors are significant and how likely is it that the outcome is different from the expectation?
	IMP Data Categories	The type of impact risk, typically described using one of 10 risk factors: evidence risk, external risk, execution risk, stakeholder participation risk, drop-off risk, unexpected impact risk, efficiency risk, contribution risk, alignment risk, and endurance risk.

IRIS+ Approach

The RISK dimension covers the assessment of ten impact risk factors. While all are critical, not all are equally important for a specific intervention, investment, or period of time. Though certain IRIS metrics can provide a directional understanding of some types of impact risk—for example, Client Protection Policy (OI4753) is a likely indicator of unexpected impact risk. At the time of publication, since IRIS metrics do not cover all risk factors under the RISK dimension, no IRIS metrics have been aligned to the RISK dimension. Such alignment and RISK-specific metric development is planned for future collaboration among the GIIN, IMP, and other stakeholders in the field.

IRIS+ Core Metrics Sets address RISK by describing risk factors identified as material for each specific Strategic Goal.

CONTRIBUTION (INVESTOR'S)

This dimension considers CONTRIBUTION from the perspective of the investor, seeking to assess the contribution an investor makes to the impact of an underlying investee enterprise. As noted by the Impact Management Project, investors can use a range of strategies to contribute to impact, often in combination:

- **Signal that measurable impact matters.** If all investors committed to factoring in an enterprise's impact, capital markets would 'price in' social and environmental effects. Often termed values alignment, this strategy expresses an investor's values and offers an important baseline. Taken alone, however, it is unlikely to advance progress on social and environmental issues as much as other forms of contribution.
- **Engage actively. Investors can use their expertise, networks, and influence to improve businesses' environmental or social performance.** Their possible engagement ranges on a broad spectrum: dialogue with companies, creation of industry standards, taking board seats, and using their own team or consultants to deliver hands-on management support (as is often seen in private equity). This strategy should involve, at a minimum, substantial proactive efforts to improve impact.
- **Grow new or undersupplied capital markets by anchoring or participating in new or previously overlooked opportunities.** This strategy may involve more complex or less liquid investments—or investments in which some perceive risk as disproportionate to return.
- **Provide flexible capital by recognizing that certain types of enterprises do require acceptance of lower risk-adjusted financial return to generate certain kinds of impact.**

Investor-specific intentions and constraints drive different combinations of strategies that investors use to contribute to impact.

The IMP and the GIIN will work together to develop indicators for both public- and private-market investors on how investors can assess, communicate, and report the effectiveness of their investors' contribution strategies.



info@thegiin.org

www.thegiin.org

[🐦 @theGIIN](https://twitter.com/theGIIN)

© 2019 Global Impact Investing Network. All rights reserved.

These materials do not constitute tax, legal, financial or investment advice, nor do they constitute an offer to invest. Readers should consult with their own investment, accounting, legal and tax advisers to evaluate independently the risks, consequences and suitability of any investment made by them.

The information contained in these materials is made available solely for general information purposes and includes information provided by third-parties. The GIIN does not warrant the accuracy, completeness or usefulness of this information. Any reliance you place on such information is strictly at your own risk. We disclaim all liability and responsibility arising from any reliance placed on such materials by any reader of these materials or by anyone who may be informed of any of its contents.