The DCED Standard and GIIN’s IRIS+ and Navigating Impact Project

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1. The Linkages

More development programmes are engaging with a broader range of businesses (beyond SMEs that have been the traditional focus) and the ability to interpret and translate between development and business tools is increasingly important. Impact investments aim to create positive, measurable social and environmental impact alongside financial returns. This note identifies synergies between the DCED Standard for Results Measurement (the Standard) and the Global Impact Investing Network’s IRIS+ system, which builds on the IRIS metrics catalogue and the Navigating Impact Project. Each tool originated in different communities - the Standard in international development community and IRIS+ and the Navigating Impact Project for impact investors.

The DCED Standard for Results Measurement (Standard) is a framework that helps organisations and programmes manage for impact. Since 2008, more than 150 development programmes, who have a specific goal to create positive economic and social benefits for poor and disadvantaged persons, have used it to design and implement systems to collect, analyse and use impact information. To find out who uses the DCED Standard, click here.

The IRIS+ system¹ helps investors measure the social, environmental and financial performance of an investment and. IRIS+ combines impact investing’s most widely used impact performance metrics with research, evidence, and practical implementation guidance into a single comprehensive system. Users can find material relevant to their type of organisation and investment preferences. IRIS+ was built on the insights and active participation of 600+ stakeholders including asset owners, asset managers, service providers, evaluators, market builders, and enterprises.

Audience: The note is for development practitioners who use the DCED Standard and are implementing interventions with private sector investors who are familiar with the IRIS metric catalogue and Navigating Impact Project. It is also for businesses who are asset owners and managers who may be co-investing or receiving support from bilateral and multilateral agencies who use the Standard on their development programmes.

The Linkages

IRIS+ relates most closely to the Standard’s components 1-3.² Good practices across Components 1-3 also help increase the quality of reporting and management of the system.

1. Articulating the results chain
2. Defining indicators of change and other information needs
3. Measuring attributable change
4. Capturing wider changes in the system or market
5. Tracking costs and impact
6. Reporting costs and results
7. Managing the system for results measurement

¹ IRIS+ will be launched in May 2019; it builds on the IRIS catalogue of metrics that was developed in 2009 and the Navigating Impact Project work that began in 2017.

² The terms indicators and metrics are used interchangeably in this brief depending on which tool is referred to. They are viewed as synonymous.
Articulating the results chain

The DCED Standard’s first component, Articulating the Results Chain, asks programmes to clearly 1) identify the short to long term positive changes they would like to see and who experiences them; 2) describe the actions programmes will implement to trigger these changes, and 3) explain how and why the actions are expected to lead to the positive changes. For programmes using the DCED Standard, common changes may include net increased income for workers, reduced cost of production inputs, e.g. fertiliser, seeds. This information is used to create a results chain diagram that describes each change, and shows the relationship between actions and changes. Results chains are also called impact maps, impact logics, change pathways or theories of change.

IRIS+, through the development of the Navigating Impact project, is grouped around thematic areas and strategic goals. For instance, under the theme of smallholder agriculture, strategic goals include: improved access to better quality inputs, improved market linkages, and improved farm profitability. With reference to the Impact Management Project’s 5 dimensions of impact, each strategic goal page on IRIS+ firstly guides users to consider: what the strategic goal is, who it reaches, what its contribution is, and how much change is possible. It provides examples for each of these questions, as well as a list of evidence that shows the types of outcomes and impacts that investments aligned with this strategic goal can have, based on academic and field research. This is like action 1) above: identify the short to long term positive changes they would like to see and who experiences them. It does not however, ask users to describe what the investee business does and will do with investment and how these actions are expected to trigger the changes – 2) and 3) above. Mapping out these actions, examining the evidence about their effectiveness or why investees and investors expect the actions to work, helps to strengthen impact strategies, identify assumptions and risks.

Defining indicators of success

The DCED Standard requires programmes to develop quantitative and qualitative performance indicators for each change in a results chain. These must include the products and services produced (called outputs) as well as the short to long-term changes that result from the products and services produced (the outcomes and impacts). The indicators must be adequate to understand different aspect of the change: what, how, when, how much and why, and changes over time. The DCED provides guidance on developing indicators. However, programmes can also access resources such as the IRIS metrics catalogue to help them develop or identify indicators.

Investors can use IRIS+ identify metrics relevant to their impact strategy, either through IRIS+’s evidence- and expert-backed core metrics sets developed for each strategic goal within a theme, or by accessing the full catalogue of metrics. IRIS+ therefore helps users to make the link between strategic goals and metrics. The core metrics sets are theme-specific metrics to measure what the goal is, who the strategy reaches, how much change is happening, etc. For each metric, the definition is outlined along with guidance on calculations, the rational for inclusion, and links to other potentially relevant metrics. The full taxonomy further allows users to search for individual metrics according to impact category (e.g. agriculture, financial inclusion, affordable housing, gender lens, clean energy access and health. More themes -- including sustainable forestry, sustainable water management, education, and WASH -- are in development.

3 IRIS+ currently hosts themes developed originally through the Navigating Impact project including: smallholder agriculture, financial inclusion, affordable housing, gender lens, clean energy access and health. More themes -- including sustainable forestry, sustainable water management, education, and WASH -- are in development.

4 Including evidence that originates from development programmes using the DCED Standard. For instance, PropCom in Nigeria and Samarth in Nepal.

5 There are many indicator sets or catalogues that programmes and investors can draw upon. For instance, the DCED has published a set of commonly used indicators for business environment reform indicators and also summarised commonly used measurement methods for selected indicators. The GIIN also provides linkages to other sets of metrics and reporting frameworks – see here. IRIS+ incorporates and aligns with widely accepted 3rd party standards wherever possible.

6 And as such, cover each of the Impact Management Project’s 5 dimensions of impact.
energy, financial services), type of beneficiary (e.g. employees, suppliers), type of operational impact (social, environment, governance); financial (e.g. balance sheet, cash flow), investment lens (e.g. gender, SMEs), dimension of impact (e.g. WHAT, WHO), and SDG (e.g. SDG 5 – Gender Equality).

**Measuring attributable change**

Component 3 of the DCED Standard outlines requirements for the measurement of the indicators. This includes planning for measurement, conducting data collection and analysis including assessing the extent the changes are attributable to the programme. The DCED Standard does not stipulate which methods should be used as this depends on the what is being measured, the context and how the information will be used.

IRIS+ gives guidance on how to measure each indicator through usage guidance – including factors to consider when measuring – and offers footnote guidance to help organizations include details not otherwise captured. In some cases, IRIS+ also includes guidance on how to collect the data.

**Conclusion**

Component 2 of the Standard guides users to define ‘indicators of change’ to measure and monitor their results. IRIS+ provides a helpful resource for users sets of metrics for use in their results measurement practices. The Standard complements the IRIS+ by helping programs to select appropriate indicators relevant to their expected results, follow good measurement practices and credibly report achievements.

*Diagram: Example of IRIS+ metric guidance*

The Donor Committee for Enterprise Development is a forum for learning about the most effective ways to promote economic growth and reduce poverty in developing countries through building private enterprises. Strategies to build private enterprises include working with businesses directly, with membership organisations that represent businesses, or advocating and developing policy and regulatory change to stimulate functioning, competitive markets that create benefits for all people. These strategies are generically referred by the international development industry as ‘private sector development’. DCED members are public, private and multilateral organisations, which fund and support private sector development.