

Investments of high social impact to tackle poverty



RESULTS: HOW WE ASSESS OUR IMPACT

Netri's activities aim to improve the lives of people living in extreme poverty and understanding the impact generated from our grant and investment programs is key. We assess our impact based on our effectiveness in helping underserved communities (**Reach**), by how much (**Depth**) and how many people are benefitting (**Breadth**).

We have developed a methodology for monitoring the impact of all our donations and investments, selecting a number of **key indicators** for each project and monitoring these over time. We recognise that this only gives a fairly limited quantitative assessment of the impact, so we actively engage with entities who use surveys and comparative studies that allow greater insight into the **depth** and **quality** of the impact they are generating.

Estimating the **breadth**, or how many people have been impacted by our programs is something we have calculated since inception, allowing us to aggregate the number of people benefitting from our donation and investment programs across time, focus areas, and geography.

Grant program – methodology of monitoring impact

For our donation program, we work with our partners at the proposal stage to define a number of indicators that will be monitored, and these will be used to assess the success of the program. The breadth of this impact is also clearly provided in terms of how many people will benefit from any given program.

To better understand our impact and improve on our impact measurement, Netri commissioned an independent study by Stone Soup Consulting of the social impact its grants have generated over the first 10 years (2006-2015) that is available on our web.

Investment program – impact evaluation drives decisions

Understanding the social impact derived from an investment is a core part of our due diligence process and key to motivating our decision to invest.

We choose to support social businesses who share this focus on impact and who measure their impact on an ongoing basis, provide impact reporting as an integral part of their business reporting, and use impact results to drive their strategy.

We identify, with each investment partner, a few key metrics most relevant to them in capturing their social impact and monitor this over the life of the investment to assess whether they are reaching the desired social impact.

In terms of understanding our **breadth**, Netri calculates the amount of beneficiaries generated from each investment by using the following methodology:

For investments focused on microfinance, we estimate the number of microloans generated by the institution receiving our financing using the following methodology:

The following formula represents the number of microloans generated from our investment:

$$\# \text{ microloans generated} = \frac{\text{Netri loan amount disbursed to MFI} \times \frac{12}{\text{microloan tenor (months)}}}{\text{average size of microloan provided by MFI}} \times \# \text{ years invested}$$

We also adopt this methodology to calculate the impact of some of our partners in the Agriculture segment, who focus on providing loans to the clients for the purchase of good quality seed, fertilizer, and farming services.

Whereas, for our other investments in other focus areas, we calculate the impact directly attributable to an investment by taking the percentage our investment would represent of the total capital (share capital, debt, and grants) that the enterprise requires during the investment period and multiply this by the total impact expected over the investment period.

The formula below represents Netri’s attribution:

$$\text{Netri’s Impact} = \frac{\text{Netri loan amount}}{\text{Total capital employed by company over investment period}} \times \text{Impact over investment period}$$

By way of example, our loan to M-KOPA represented on average around 2.3% of the total capital they would have received by 2017 when our loan matured. The number of households expected to gain access to clean electricity over this four-year period is over one million. Our 2.3% contribution therefore would impact over 23,000 households (an estimated 100,000 people).

Should the impact be relevant to a household rather than individual, the number of beneficiaries is calculated by looking at the impact indicator measured per household and multiplying this by the average number of people per household. We have calculated that the average family size across the countries Netri invests in is five people.

In terms of **reach**, we aim to focus our activities in places and communities where there is a real and urgent need for the service or infrastructure provided. The results of the Stone Soup Study showed that Netri through its grants program did well on this dimension. On the investment programs, we monitor our beneficiaries according to gender, and geographical location to understand our reach with the aim to help as much as possible the more marginalised groups in the poorer countries of the world.