

IMPACT Q&A

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1. What is Impact?

By impact we mean the change in behavior, attitudes, knowledge or life situation among a defined target group through a specific intervention. The change can occur on an individual as well as on a societal level. For example, in the case of poverty among the elderly, impact occurs when the intervention aimed at the target group brings about a positive change, e.g., guarantees a higher income or enables greater participation in society.

2. What are Target Groups?

A basic distinction can be made between target groups and other stakeholders. Target groups can be divided into direct and indirect. The direct target group includes all those we are working with to generate impact. Those can be the beneficiaries directly, but also organizations that then in turn reach out to the individuals. In the latter case, the individuals would be the indirect target group.

Stakeholders are groups or individuals who can influence the achievement of the impact, e.g. politics, administration, competitors or NGOs. Stakeholders are also people who are employed in the supply chain.

3. How can we plan impact?

For effective social engagement and to achieve the greatest possible impact, planning it is crucial. The first step is to understand the causes of a social problem and the impact on the target group. The first step is to analyze the available resources and use them to devise activities to be implemented. From this, outputs are derived, i.e. the results from the activities – number of products produced and sold, trainings conducted – and their acceptance by the target group. The outputs then lead to changes in the target group. Their changed awareness or their new skills lead to changes in their actions and thus to an improvement in their living situation, and even to societal change.

4. How do we measure impact?

The planned impact should also be measured in order to be able to prove whether the goals are being achieved. For this purpose, it is necessary to provide the goals with meaningful KPIs. In addition to quantitative data, qualitative data should also be collected, as this helps to gain a deeper understanding of causes or relationships. It is also not enough to simply collect and provide data, but these must also be interpreted in order to be able to correct possible errors and to improve the impact even further.

5. What is Impact Orientation?

Impact orientation means that a project is designed to achieve impacts and the project planned and implemented based on these impacts.

6. What is Impact Investing

Impact Investing is the term we use to describe investments in business models that aim to solve fundamental (social/environmental) problems. Impact is an integral part of the business model and not an add-on. Returns can be market rates (finance first) or concessionary (impact first). In the public markets, impact investments can be in thematic funds (climate protection, health care) or in high-impact individual securities.

In alternative assets, impact investments could be done in private equity/debt, real estate, infrastructure, microfinance, among others.

7. What is the difference between ESG and Impact Investing?

Impact Investing tries to solve societal and/or ecological problems with commercial approaches. ESG (environmental, social, governance) aims to manage the risk to a company's financial performance that may arise from environmental, social or governance risk and is not necessarily aimed at a positive impact of the business model.