

# Alliance Magazine

## NPC and KLF beginning to sort the impact investment wheat from the chaff

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**New Philanthropy Capital (NPC) in the UK and the KL Felicitas Foundation (KLF) in the USA have together launched a new framework for measuring the social and environmental returns on impact investments.**

In a new report, *Investing for Impact*, NPC reviews the KLF's work since 2004. Looking at the 41 investments made by KLF to date to which impact is central, the Impact Assurance Classification classifies those investments by sophistication of the impact data available and the impact measurement carried out by each investee. According to NPC's findings, KLF had, as one of many investors, invested in funds and organisations which achieved a range of social impact including:

- The creation or support of 30,000 jobs in deprived areas of the US
- Support for over 400 small social and environmental businesses in the global south
- Over \$400m in affordable loans to under-banked areas of the US
- 360,000 acres of land protected or conserved in North and Central America

The assessment helps confirm the continued success of KLF's portfolio. Set up by Charly and Lisa Kleissner, the Foundation acts as a kind of laboratory for impact investment, committing all of its \$10m in assets to the approach. Prior to NPC's study, KLF's 2013 financial performance demonstrated that competitive financial returns could be achieved from impact portfolio investing across all major asset classes. The Kleissners are also active in building an impact investment 'movement' by supporting effective investees and intermediaries, building investor networks and attracting more investors.

The main 'news', however, is that this is a system that, as its developers guardedly affirm, allows comparison of social impact across investments (Plum Lomax of NPC, one of the report's authors acknowledges that while the report 'shows how investors can start to sort the wheat from the chaff...Measuring and comparing the social impact of investments across a range of fields will always be a tricky task'), and enables analysts to assign each investment a status through four stages, from stage one (where some data and metrics are available) to stage four (where positive social impact can be ascribed to that investment).