SARAH GELFAND

It's really exciting to follow from Shari because I see that the work we're doing at the GIIN, or the Global Impact Investing Network, to develop a meta-standard in IRIS which an acronym for the Impact Reporting and Investment Standards, has many of the same goals. And I hope has the same successful evolution in enabling and supporting a range of infrastructure much like Shari described evolved in microfinance. For those of you who don't know what IRIS is, it's an independent and transparent set of indicators that's being developed by a broad set of stakeholders in order to support impact investors. And it came really out of work conceived by the Rockefeller Foundation acumen fund. And BELAB [?], who recognized through their work with investors, the need for and the value of this atomic level agreement on indicator definitions. And for that to work across sectors in geographies to the extent that this growing community of impact investors is largely making a range of investments that span microfinance and CDFIs, affordable housing, energy, and others, to actually just get started. And the need was really often, we describe, as analogous to the role that financial reporting standards play, in that we want to help investors evaluate potential investments with a more holistic set of data. So data that just doesn't look at financial performance, but that takes into account the non-financial dimensions of an investment. In large part because these investors are motivated by not just financial returns, but by social returns. And in thinking through those dual objectives, a broader set of data is required. And also not only in evaluating potential investments, but once an investment is made, to look at the monitoring and ongoing assessment and goal-setting for that investment. Which is relevant, both for the investor and the investee. The role that standards play, and why I think IRIS is so important in driving consistencies, is that a lot of folks had been doing this, and have been doing this, and continue to do this in somewhat siloed and fragmented ways. And really, what that means is that individual data reports, as Shari described, don't have comparability or the same level of credibility. And there is a lot of inefficiency in reporting. And so I would just say in a nutshell that what we're trying to do with IRIS is to, through work with a lot of different organizations, serve as a foundational element that can solve some of those inefficiencies. And create the kinds of market intelligence that will allow for people to ask the real fundamental questions about impact investing, in terms of what are the tradeoffs we make when we're looking to achieve both social and financial returns. When are [...?...] investment vehicles appropriate, and when are other models appropriate. And what, to some of the questions that I've heard come up throughout the day, is the admissible scope of things that falls into the impact investing universe. One thing we had talked about in preparing for this panel is really what are some of the challenges, and how do we think about where IRIS is going as an emerging set of standards in an emerging sector that's trying to coalesce. How do we deal with trying to serve such a broad set of stakeholders? And I think one of the things that is both a challenge and a benefit of IRIS, is that we are really focused on this atomic level of data collection. And I think sometimes reasoning by analogy is helpful. And I'll just say that, for example, the CDC, the Center for Disease Control, looks at a lot of data about health to evaluate different initiatives. And the Healthy Aging Initiative, for example, cares a lot about an aggregate indicator that looks at a range of activities that an elderly population might partake in. Whether it be blood pressure screening, screening for mammograms, or colorectal cancer, or recency of influenza vaccinations. And all of those sub-pieces get aggregated into some overall measurement for that initiative to look at its effectiveness. But if we think about some other initiatives at the CDC, like the Infectious Disease Initiative, they care mostly about data, about influenza. Whereas the Health Heart program cares a lot more about blood pressure screening. And so I think if there's consensus about how we track those individual components of any one of a rolled up KPI, or performance metric for an individual investor in this space. Or an individual company in this space that has its own broader criteria, then agreement about those fundamental data parts really does help streamline. And so when we look to the world of partners in IRIS that we think can benefit from standard data, we look to ratings agencies, auditors, other networks. Or communities of practice that have agreed for their own community, what a comprehensive set of metrics looks like to understand their performance. That said, well I think perhaps there isn't tons of disagreement about the value in standardizing at this atomic level. There is a challenge as being an early stage entity in getting adoption of IRIS. And adoption of any standard that is existing as a voluntary standard. And we often talk about the fact that we sit in a pool, and we're waiting for people to jump in. And we haven't quite gotten to that tipping point where everybody wants to get in and play in the water with us. And so I guess, furthermore, I think because impact investing has such a broad tent right now, and because I think, as [...?...] Shaw [?] mentioned that the social criteria part of this is a bit nebulous. We do struggle to think about what is in scope, and what's not in scope for IRIS. And frankly, to recommend investors to think about the same set of challenges. And finally, maybe this will come up later. I'll just end with a few ideas about how I think the government can help. And one is that – I mean, I think the government can help add tremendous legitimacy and credibility to the work we do. There are lots of analogs in the traditional financial accounting space where the SEC played a strong role in requiring reporting, and encouraging transparency. Which is really, I think, a big part of what is needed in this space. Well, many of us in this room are all sort of believers of the power and value of data. There are others who are not yet ready to move to the level of conversation where we ask – we say it's not good enough to say that we're having an impact. We want the more nuanced discourse about really what the meaning of that impact is. And so the more we can look to government to encourage that kind of transparency, and requirements around transparency, I think the stronger the incentive will be to have a broader set of folks participate. And I think, in general, that's tied to if I look at some of the information that – or some of the history of what led the SEC to start requiring, through their partnership with series [?], broader disclosure around greenhouse gas emissions, was that, ultimately, there was a decision that this kind of information was relevant to shareholders. Relevant to investments. And that if we think the impact investing community does really care about both the social and financial side, then this kind of data should be required part of reporting. And that we really can't not – we can't ask investors to make these kinds of decisions without giving them the data about what this aspect of the investment looks like. So I think I'll stop there.