

COMPETENCE FRAMEWORK IMPACT INVESTMENT ANALYST

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— INTRODUCTION

Impact investing is bound to become the norm capital investment. This news is positive only if the very people working in the investment space can live up to the original promise of the impact investing movement, namely to significantly accelerate the transition to a fair society and sustainable planet.

Investing in enterprises that create blended returns requires an unconventional skillset. It means advancing with a new meaning of success, managing long-term value creation for all stakeholders, and showing creativity in supporting innovative impact-business models.

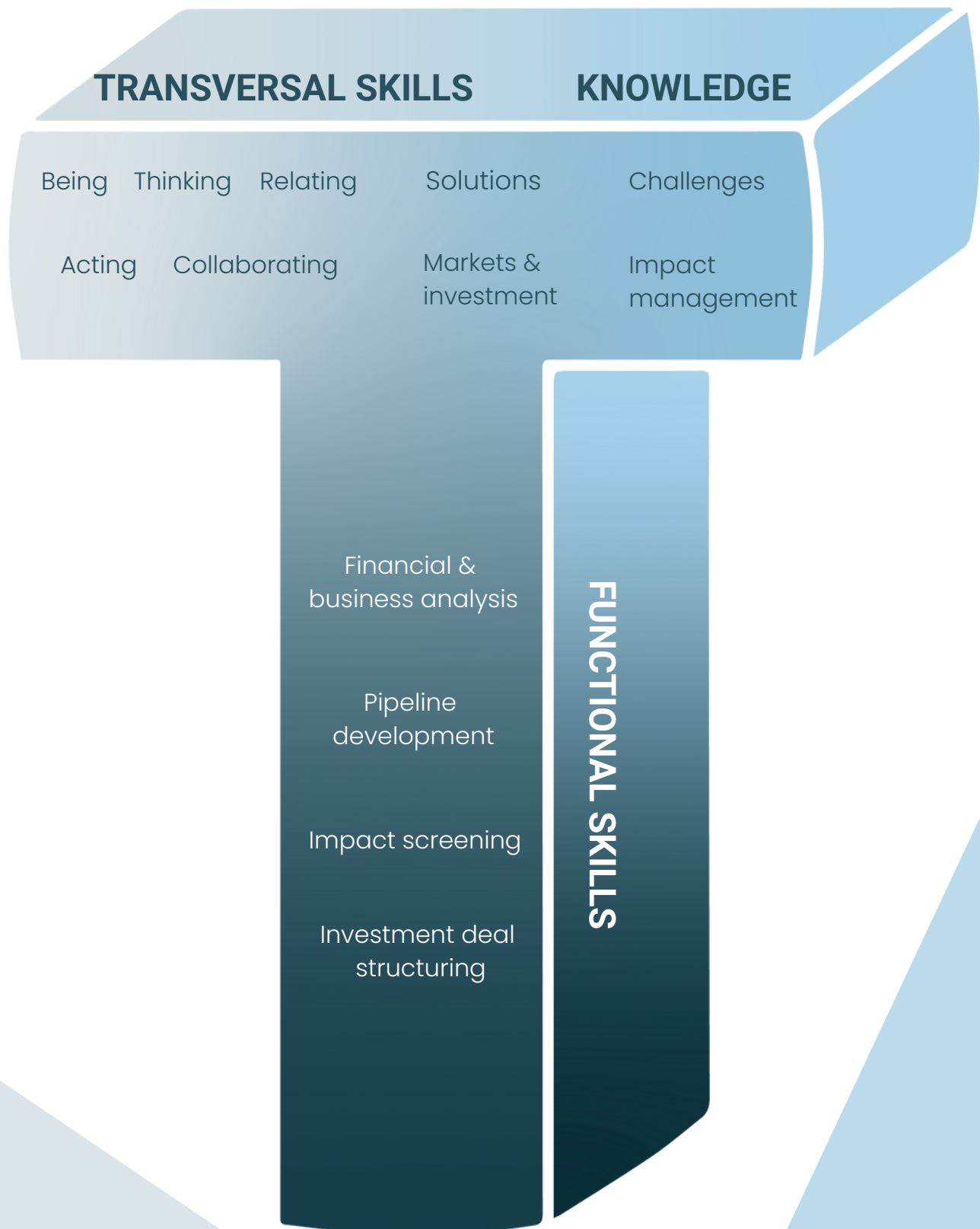
The Competence Framework intends to offer a personal development pathway for people who care about using finance as a force for positive change. The framework is based on prior publications from Big Society Capital, the Impact Investing Institute, the InnerDevelopmentGoals and dozens of interviews with practitioners.

— HOW TO USE THIS FRAMEWORK?

The Learning and Development Framework can be used as a guide for individual development, hiring and by leadership for strategic purposes:

- Current and prospective analysts: use this framework to check in on your own strengths and weaknesses and advance your learning and proficiency
- Hiring managers: adopt competency-based hiring practices in vacancy descriptions, interviews, and hiring
- Leadership: level up your impact investment strategies by ensuring your team has the skills and knowledge they need to succeed

— T-SHAPED COMPETENCE FRAMEWORK



— T-SHAPED COMPETENCE FRAMEWORK

In this document, we introduce a T-shaped competence framework of a typical impact investment analyst.

The concept of a T-shaped person refers to someone who possesses a broad range of skills and knowledge while also displaying deep expertise in a specific domain or skill area.

- The horizontal, side-to-side stem represents the fundamental knowledge and transversal skills everyone working or aspiring to work in impact investing should have
- The vertical, up-and-down stem represents the functional skills typically relevant for impact investment analysts.

Overall, this competence framework shines a light on the skills, abilities and knowledge that someone working in this role needs to master in order to excel in their job.

Disclaimers: the exact functional description of an analyst will depend on the size of the organisation and the team structure. Therefore competencies required from an analyst might differ across organisations and not exactly match the competence framework.

Also, the framework is in its first version and will undergo several updates in the months to further improve its reflection of market practices.

— EFIKO ACADEMY

The learning hub for **impact-driven** professionals

OUR MISSION

Our mission is to empower professionals to successfully leverage finance and social innovation as tools to enact positive change and meet the UN SDGs.

500+ Impact-driven professionals trained in just over two years

60+ Net Promoter Score achieved across our training catalogue

50+ partners and practitioners have contributed to our courses



INTERESTED IN LEARNING MORE? LET'S TALK

Efiko Academy offers a variety of competence-based professional training courses: from in-house training to 24/7 accessible online courses and hybrid formats.

Do you have questions about this competence framework or Efiko's training opportunities? Reach out to us via email at support@efiko.academy!



TRANSVERSAL SKILLS

— WHAT ARE TRANSVERSAL SKILLS?

Transversal skills are the essential abilities to confidently navigate and act with the right attitude, consciousness and curiosity about what is new and different. These skills are essential to your everyday work regardless of your specific function.*

- Being
- Thinking
- Relating
- Collaborating
- Acting

*Based on the framework developed and promoted by [InnerDevelopment Goals](#)

— BEING

WHY DOES IT MATTER?

Be the change you want to see in the world, said Gandhi. Cultivating one's inner-self by developing an awareness of our relationship to fear, anxiety, the ego, and concepts such as money, status, and popularity, is essential to engage in serving humanity and the planet with the right attitude.

WHAT DOES IT BOIL DOWN TO?

In practice, it means showing a genuine and durable commitment to your purpose and values, acting with integrity and authenticity in your interactions with entrepreneurs, asset owners and other stakeholders. While also being curious and open to learning about different perspectives, being present in our daily lives (i.e., not on auto-pilot) and formulating healthy expectations for ourselves, and for others.



HOW CAN THIS BE LEARNED?

- Get mentoring support from trusted peers
- Explore your inner-self through mindfulness practices, sports and deep conversations
- Embrace feedback as a means to grow and improve as a person

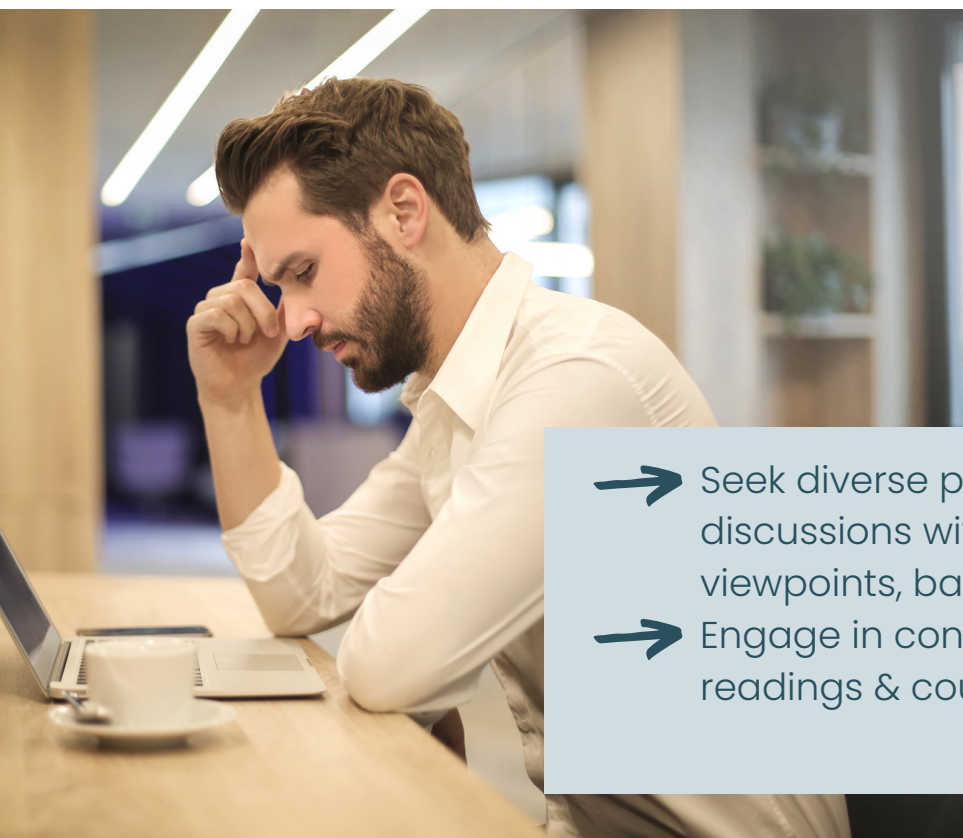
— THINKING

WHY DOES IT MATTER?

Science without conscience is nothing but ruin to the soul, said Rabelais. Cognition is an essential and powerful tool, particularly when it is free of ideologic, mechanistic or reductionist biases and embraces the diversity in human nature, ecosystems, and system-level dynamics.

WHAT DOES IT BOIL DOWN TO?

Impact finance professionals should be able to use critical reasoning in the evaluation and support of investment opportunities. They should also show awareness for system dynamics, and the array of possible outcomes arising from interdependencies between stakeholders. Excellent analysts will also use heuristics to make sense of the world and to think of solution impacts over a long-term horizon.



HOW CAN THIS BE LEARNED?

- ➔ Seek diverse perspectives by engaging in discussions with individuals holding different viewpoints, backgrounds, and expertise
- ➔ Engage in continuous learning through readings & courses

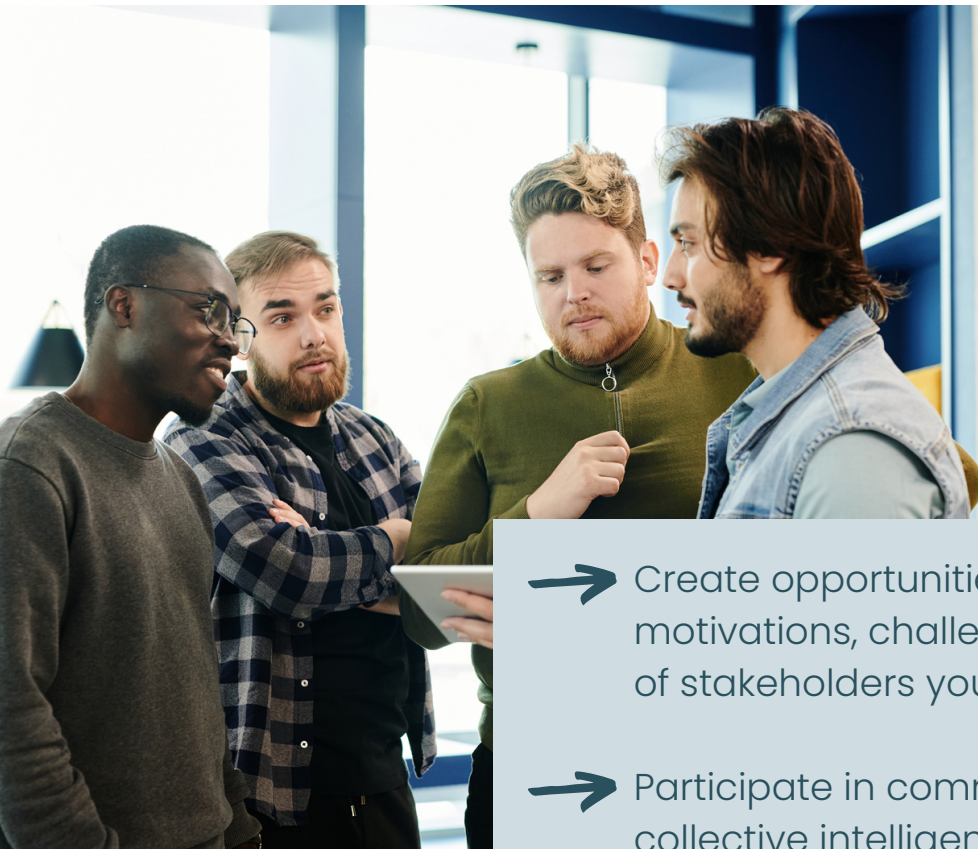
— RELATING

WHY DOES IT MATTER?

Caring for others and the world should be at the heart of an impact finance professional's relationship to their work, as otherwise, one may end up acting in ways that hinder the durable development of this investment strategy and slow the needed pace of change.

WHAT DOES IT BOIL DOWN TO?

Impact finance professionals should be able to approach every interaction with empathy and strong listening skills. Showing gratitude, acting with kindness, respect and appreciation for entrepreneurs' work, their stakeholders and the contributions of colleagues and asset owners.



HOW CAN THIS BE LEARNED?

- Create opportunities to learn about the motivations, challenges and sources of motivation of stakeholders you interact with.
- Participate in communication, listening and collective intelligence training courses or sessions
- Practise mindfulness and/or team-based activities

— COLLABORATING

WHY DOES IT MATTER?

Investors are enablers ideally positioned to support entrepreneurs and unlock collaboration opportunities between diverse stakeholders. Holding the keys to capital also implies a power impact finance professionals should ensure not to abuse. Supporting diverse entrepreneurs and their teams, and seeking collaboration opportunities to advance the mission of enterprises are all key to successful impact investing.

WHAT DOES IT BOIL DOWN TO?

In practice, this means being able to foster open discussions, identify synergies and connection opportunities, thinking alongside stakeholders about challenges in a collaborative, equal and inclusive spirit. It also means communicating ideas and positions in a clear, compelling and respectful manner.



HOW CAN THIS BE LEARNED?

- Actively build a diverse network of impact professionals
- Regularly reflect on your collaborative experiences and assess what works well and what does not
- Learn to co-create with others, structure partnerships and develop synergies

— ACTING

WHY DOES IT MATTER?

There is a gap between the amount of people who know what should be done, and the amount of people actually taking action. Impact finance professionals should be committed actors of change, passionate advocates of new ideas and structures, mobilising activists inspiring others, whether it be their investors, co-workers, entrepreneurs or public institutions to move the needle.

WHAT DOES IT BOIL DOWN TO?

In practice, this means cultivating creative thinking, developing original ideas, maintaining a sense of optimism, hope and showing perseverance. It requires a mindset open to innovation, fresh thinking, fast learning and being able to admit personal failures or mistakes to learn from.



HOW CAN THIS BE LEARNED?

- Engage in cross-sector partnerships to collaborate with professionals from different sectors
- Join industry associations and groups to connect with and learn from actors in the field

KNOWLEDGE

— WHAT IS IMPLIED WITH KNOWLEDGE?

The following knowledge domains cover the key concepts, practices and dynamics that are required to be understood and assimilated to stand a chance at investing in value enhancing ways. These domains represent the foundations that underpin the impact finance sector.

- Sustainability challenges
- Innovative solutions to sustainability challenges
- Impact measurement and management
- Markets and investment know-how

— SUSTAINABILITY CHALLENGES


WHY DOES IT MATTER?

Impact finance exists to contribute to tackling sustainability issues. Genuine care for stakeholders and an understanding of the complex nature of these issues are essential to effectively use finance as a lever for positive change. A deep understanding of social and environmental issues is necessary to identify and assess investment opportunities that aim to generate positive impacts.

WHAT DOES IT BOIL DOWN TO?

In practice, this means that you should be able to understand the root causes and key consequences of a range of sustainability issues. While also understanding the stakeholders involved in these issues, including their interests, actions and power relations, as well as the system-level dynamics affecting the outcomes.

HOW CAN THIS BE LEARNED?

- 
- Seek insights and engage with subject matter experts who possess specific field experience
 - Engage in research on social and environmental challenges that align with your investment focus
 - Cultivate a systems-thinking mindset to understand the interconnectedness of social, environmental, and economic factors

— SOLUTIONS

WHY DOES IT MATTER

Failure to assess the effectiveness of solutions, including the financial and impact implications of business models and innovations, will result in poor allocation of (still scarce) impact capital resources.

WHAT DOES IT BOIL DOWN TO

In practice, this means putting in the effort to study past failures, successes, and lessons learned by others, while also understanding the characteristics and financial implications of impact enterprise models. For example, this includes appraising the relationships between business models, market dynamics, legal forms, customer segments and investment structures.



HOW CAN THIS BE LEARNED?

- ➔ Engage in learning opportunities, such as webinars, courses, and workshops, to stay updated with emerging approaches
- ➔ Examine case studies documenting the causes behind past failures and successes

— IMPACT MANAGEMENT

WHY DOES IT MATTER?

Impact capital needs to be accountable for its positive and negative contributions to sustainability issues. Not doing so would impede its chances to thrive as an investment strategy. Accountability is owed to those committing their capital to achieve financial goals but equally to the people and communities most affected by the investments.

WHAT DOES IT BOIL DOWN TO?

Engaging in impact finance requires every professional to develop an understanding of the five dimensions of impact, the importance to track and manage both positive and negative effects, whether or not they are intended to evaluate past and future impact performance and risks. Therefore, one needs to appreciate how to define sound KPIs, choose a measurement approach that is fit-for-purpose and align data disclosure with specific impact reporting standards.



HOW CAN THIS BE LEARNED?

- Attend webinars and online courses to enhance your understanding and learn from examples (e.g., Efiko Academy's Impact Measurement courses)
- Learn from real-world case studies or impact reports to gain practical insights
- Seek opportunities to collaborate on impact assessments and evaluations with others to share best practices

— MARKETS & INVESTMENT

WHY DOES IT MATTER?

Markets have an unparalleled power to shape our everyday lives, and investments have systemic impacts by determining the allocation and distribution of financial resources. Understanding when solutions to sustainability challenges should embrace market-based strategies and when they shouldn't, and being conscious of the implications of investment structures & asset classes on society is a prerequisite to engaging in impact finance.

WHAT DOES IT BOIL DOWN TO?

In practice, it means understanding the role, characteristics and implications of different asset classes, investment strategies and portfolio constructions. It also means taking stock of the role and interests of public institutions, civil society and other stakeholders and addressing a sustainability issue. It further means assessing the match between asset classes and enterprise financing needs, models and development potential.



HOW CAN THIS BE LEARNED?

- Take online courses and webinars on key competencies like business modelling, financial analysis, valuation techniques and investment strategies
- Stay informed about market trends, regulatory changes, and emerging investment practices in the impact investing space by following industry news and newsletters

FUNCTIONAL SKILLS

— WHAT ARE FUNCTIONAL SKILLS?

Functional skills are those necessary to fulfil the responsibilities and perform the tasks within a particular job or professional field. In this case, these are the job-specific skills that an impact investment analyst will typically need to master in order to successfully perform their day-to-day work.

- Financial & business analysis
- Pipeline development
- Impact screening
- Investment deal structuring

— FINANCE & BUSINESS ANALYSIS


WHY DOES IT MATTER?

At the core of any investment activity, these skills are essential to evaluate the commercial and financial potential of enterprises, the risks and opportunities related to a leadership team, business model, track record and market.

WHAT DOES IT BOIL DOWN TO?

In practice, one should be able to assess the past financial performance of an enterprise, performing benchmarking exercises with competing offers and creating reasonable predictions of future cash flows. It also means being able to conduct robust market research (e.g., market trends, market size, competitive forces), analyse business model strengths and USPs, conduct interviews with stakeholders and assess team composition and performance.

HOW CAN THIS BE LEARNED?

- 
- ➔ Participate in professional certifications of industry organisations (e.g., Certified Financial Planner (CFP), Chartered Financial Analyst (CFA))
 - ➔ Seek exposure to real-world impact investment scenarios through on-the-job training

— PIPELINE DEVELOPMENT

WHY DOES IT MATTER?

At the start of the investment funnel, it is essential to develop a sustainable approach to sourcing quality investment opportunities in line with the fund's impact thesis. Even more so to nurture good relationships with entrepreneurs and responsibly deal with leads that are screened out.

WHAT DOES IT BOIL DOWN TO?

Being able to pitch and present your fund's thesis, market positioning, and USPs in a convincing fashion in direct meetings and events. It further means constructively engaging with ecosystem actors and networks to create mutually beneficial synergies. Finally, it requires the articulation of a pipeline management system that helps track the progress of early-stage leads, & consistently assess and systematically document screening conclusions whilst engaging entrepreneurs in respectful & value-adding ways.



HOW CAN THIS BE LEARNED?

- Learn from peers within and outside of your team, get their feedback and tips
- Ask for regular feedback from entrepreneurs on your interactions
- Pitch to entrepreneurs and at industry events, such as conferences, forums, and networking events to broaden your network and increase visibility

— IMPACT SCREENING


WHY DOES IT MATTER?

For impact investments to be a source of happy marriages and not conflicting divorces, it is essential that analysts adequately assess the impact profile, past and future performance of leads and the fit with the fund's thesis and sources of additionality.

WHAT DOES IT BOIL DOWN TO?

Screening impact of enterprise leads means being able to adopt a systematic and consistent approach to assessing the sources of impact value creation and destruction for stakeholders. It also means using screening results to assess the fit with a fund's impact thesis or goals to conclude whether there is a strategic fit or not. Finally, an important aspect of screening is to respectfully challenge entrepreneurs, incentivise impact data reporting and provide support where relevant/needed on this front.

HOW CAN THIS BE LEARNED?

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- A photograph of a woman with long dark hair and glasses, wearing a dark blazer over a light blue shirt, sitting at a desk and smiling while looking at a laptop. In the background, other people are working in a modern office setting with large windows and contemporary lighting.
- Follow training to learn how to screen and measure the social and environmental impact of leads taking a course (e.g., Impact Frontiers, Efiko Academy)
 - Engage in conversations with your colleagues on your respective assessments of the impact potential of enterprises

— IMPACT INVESTMENT STRUCTURING

WHY DOES IT MATTER?

Impact ventures tend to be early-stage and operate unconventional business models in underdeveloped markets. This reality calls for philanthropic, investment professionals and entrepreneurs capable of evaluating the profile of a venture and defining the most adequate funding solution – even if the solution is beyond the realm of traditional venture capital investing.

WHAT DOES IT BOIL DOWN TO?

This means being able to creatively explore and propose investment structures that meet the impact and commercial objectives of entrepreneurs and investors. This includes the ability to identify the right instruments, tailor investment terms (e.g., by embedding Impact links), and source adequate co-investors when relevant. Many impact businesses run hybrid models and therefore require the capacity to blend different types of capital within a deal structure.



HOW CAN THIS BE LEARNED?

- ➔ Analyse case studies and real-world examples of hybrid or blended impact investments
- ➔ Follow training to explore impact deal structuring (e.g., EVPA, Efiko Academy)



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