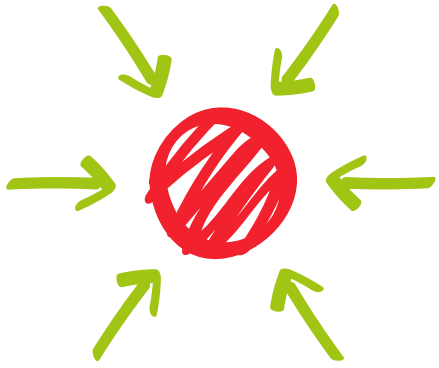
IMPACT VERIFICATION TOOLKIT



A practical guide to lean impact verification for Impact-Linked Finance

B-BRIDDHI
Scaling Impact Enterprises of Bangladesh

Impact Verification Toolkit

A practical guide to lean impact verification for Impact-Linked Finance

Created by D-BRIDDHI Scaling Impact Enterprises of Bangladesh

A programme by Supported by Switzerland · Roots of Impact · LightCastle PARTNERS

With the support from SOCIAL FINANCE ACADEMY

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GLOSSARY OF TERMS

Baseline	The starting value of each incentivised metric, which serves as the reference point for setting targets and assessing later performance. It should ideally be verified before targets are finalised and the ILF contract is signed.
Bottom of the Pyramid (BoP)	The largest but poorest socio-economic segment of a population, whose low incomes constrain access to essential products and services such as healthcare, finance and affordable food. In Bangladesh, B-Briddhi enterprises typically identify BoP customers using official poverty data from the Bangladesh Bureau of Statistics, such as district-level poverty rates, since collecting income data directly from customers is often impractical.
Calculation trail	The documented record of how a verifier recalculated each incentivised metric, including the reason for every exclusion or adjustment, so that an independent reviewer can reproduce the verified figure from the enterprise's raw data.
Data audit	The verification activity that tests whether reported figures are correct. The verifier applies the contractual eligibility criteria to the enterprise's raw data and recalculates each incentivised metric using the method agreed in the ILF contract.
DCED Standard for Results Measurement	A framework developed by the Donor Committee for Enterprise Development (DCED), a forum of development agencies and donor organisations. It helps programmes set out how their activities lead to results and monitor whether those results occur. Roots of Impact adapted its 2017 version into the scorecard used for the IMM Systems Check.
Eligibility criteria	The conditions set out in the ILF contract that a customer must meet to be counted towards an incentivised metric, such as belonging to a particular customer group or location.
Entrepreneur-ship support organisation (ESO)	An organisation, such as an incubator, accelerator or advisory firm, that helps entrepreneurs build their businesses through capacity building, mentoring, networks or access to finance.
Fund manager	The organisation that structures and manages ILF transactions on behalf of the outcome funder, including contracting the verifier, reviewing verification reports and managing disbursement timelines.
IMM Systems Check	The verification activity, also referred to as the personnel and systems check, that assesses whether an enterprise's people, processes and systems can produce reliable impact data. In B-Briddhi, it used a scorecard of 27 control points across six categories, each rated green, yellow or red.
Impact additionality	Positive outcomes that would not have occurred anyway, which the ILF Design Principles identify as the outcomes that ILF incentives and rewards should pay for.
Impact enterprise	An enterprise whose business model creates social and/or environmental impact while remaining financially self-sustainable.
Impact evaluation	A study that generates substantial external data to establish whether an enterprise's products or services caused a change, typically by comparing customers with a similar group who did not use them. Its cost and complexity make it disproportionate for most ILF transactions.

Impact-Linked Finance (ILF)	An approach that links financial rewards for market-based organisations to the achievement of positive social outcomes. Rewards range from incentive payments to preferential financing terms and are all tied to outcomes that are predefined, achieved and verified.
Impact Measurement and Management (IMM)	The practice of measuring and improving the effects an enterprise has on its customers, suppliers, employees, society and the environment. It is comparable to financial management but focuses on social and environmental performance.
Impact Monitoring Plan (IMP)	The spreadsheet in which an enterprise records the definition, calculation method and data source of each incentivised metric. The enterprise also reports its results in the IMP after every measurement period for verification.
Impact-Ready Matching Funds (IRMF)	A hybrid ILF instrument tailored to Bangladesh's startup ecosystem. It provided early-stage enterprises with non-repayable funding in tranches as they completed the building blocks of an IMM system, matched by private investment and combined with hands-on IMM support.
Impact verification	A process, ideally conducted independently, that establishes whether a funder can be sufficiently confident that an enterprise achieved the results it reports. It combines a review of the enterprise's data and systems with evidence from staff, customers and documents. In ILF transactions, it takes place before any incentive payment is released.
Impact Verification Principles	The five principles defined by Roots of Impact that set the minimum standard for verifying enterprise-level results, namely, Proportionate Rigour, Independent Judgement, Systems Before Numbers, Traceable and Triangulated Evidence, and Constructive Resolution.
Impact Verification Tracker	A tool developed by Roots of Impact and available on the ILF Transaction Hub. It helps fund managers follow several verifications at once and record deadlines, key insights and proposed changes to incentive schemes.
Impact washing	The overstatement or misrepresentation of an enterprise's impact, whether deliberate or the result of weak measurement.
Incentivised metric	An impact metric agreed in the ILF contract, with a defined calculation method, data source and target, whose verified results determine the incentive payment.
Lean verification	An impact verification that is pragmatic and proportionate to the stage and maturity of the enterprise while still meeting a defined minimum quality standard, which also keeps its cost proportionate to what is at stake.
Measurement period	The period over which an enterprise's performance against its incentivised metrics is measured, reported and verified before any payment is calculated. B-Briddhi's SIINC transactions used five measurement periods of five to six months each.
Operating Principles for Impact Management	A framework for managing impact across the investment process. Its signatories must arrange independent verification of their impact management systems at the level of the investor or fund, but not of the results their investees report.
Outcome funder	The public or philanthropic funder that pays for verified outcomes in an ILF transaction and on whose behalf the impact verification is carried out.
Results-based financing (RBF)	Financing approaches in which payments are made only once pre-agreed results have been achieved and verified, widely used in the public and development sectors.
Saturation	The point in qualitative research at which additional interviews no longer reveal new patterns. In a lean verification, it is generally reached after ten to fifteen customer interviews.

Social Impact Incentives (SIINC)	An ILF instrument, co-created by Roots of Impact and the Swiss Agency for Development and Cooperation (SDC), which pays high-impact enterprises a time-limited premium for achieving predefined social outcomes. The premium strengthens their risk-return profile and helps them raise private investment.
Theory of Change (ToC)	A description of how an enterprise's activities are expected to lead to its intended outcomes and impact, which provides the basis for selecting impact metrics.
Ticket size	The total value of the incentive committed to an enterprise under an ILF contract, which also serves as a benchmark for setting a proportionate verification budget.
Triangulation	The comparison of enterprise data, supporting documents, interview findings and enterprise clarifications to establish whether they point in the same direction. Its purpose is to ensure each verified result is corroborated by at least one independent source.
Verification Decision Tree	An internal Roots of Impact tool that recommends a level of rigour for each verification activity, from minimum through lean and medium to high. Its recommendations are based on the five factors set out under Principle 1 (Proportionate Rigour).
Verification report	The verifier's written output after each verification. It states the verified result and resulting payment eligibility for each metric, documents the calculation trail and separates payment-relevant findings from wider recommendations.
Verifier	The independent researcher or firm contracted to conduct an impact verification, who reaches conclusions independently of the funder, fund manager and enterprise. In B-Briddhi, all verifications were conducted by an LCP team kept separate from day-to-day programme implementation.

EXECUTIVE SUMMARY

Impact verification can give funders reasonable confidence in the results they pay for without the cost of an impact evaluation, provided it is proportionate to what is at stake and designed into a transaction from the outset. This Toolkit draws that lesson from the Biniyog Briddhi (B-Briddhi) programme, which is supported by the Embassy of Switzerland in Bangladesh and co-implemented by Roots of Impact and LightCastle Partners (LCP). Between 2020 and 2026, its Catalytic Funding component disbursed USD 2.4 million to 16 enterprises, with every Impact-Linked Finance (ILF) payment resting on results verified by an LCP team kept separate from programme implementation.

Despite its importance for outcomes-based finance, impact verification still lacks a globally recognised standard for lean practice, so verifications tend to follow individual funders' requirements and budgets rather than a shared benchmark. The Toolkit addresses this gap for impact investors and funders in Bangladesh, for the verifiers and entrepreneurship support organisations (ESOs) working alongside them and, as a third audience, for the enterprises whose data underpins every verified result. For B-Briddhi specifically, Social Impact Incentives (SIINC) required more comprehensive verification than Impact-Ready Matching Funds (IRMF), which is why SIINC transactions serve as the Toolkit's primary reference point.

Chapter 1 sets out five Impact Verification Principles, which Roots of Impact developed by building on established global frameworks and over ten years of ILF practice. Principle 1 (Proportionate Rigour) determines how deep a verification should go, depending on factors such as incentive size, data confidence and the available budget. Principles 2 to 5, namely Independent Judgement, Systems Before Numbers, Traceable and Triangulated Evidence and Constructive Resolution, set a floor that every verification should meet, whatever its budget.

Chapter 2 shows that most decisions determining whether a verification is credible and affordable are taken before the verifier is contracted, from metric definitions and verified baselines to arrangements for customer consent. In this regard, it offers a menu of lean, medium and high options for each verification activity, alongside practical guidance on budgeting, sample sizes and the contracting and onboarding of verifiers.

Chapters 3 to 5 turn to implementation, starting with the five-step methodology that LCP applied to every SIINC verification, which runs from the IMM Systems Check and customer interviews through independent recalculation and triangulation to the verification report. Where enterprise data proves inconsistent, the Toolkit

recommends resolving discrepancies transparently in a three-way discussion between verifier, enterprise and fund manager rather than treating them as evidence of bad faith. Chapter 4 then explains how to conduct the IMM Systems Check using a scorecard adapted from the Donor Committee for Enterprise Development (DCED) Standard for Results Measurement, while Chapter 5 sets out how to select and interview customers independently and with attention to gender.

Chapter 6 covers the final stretch of each verification cycle, from concise reports that lead with the verified result to a predictable disbursement process. In B-Briddhi, enterprises could expect payment within two to three months of the end of each measurement period, which helped them plan their cash flow amid geopolitical volatility and global investor pullback. The chapter closes with follow-up monitoring, since verification findings strengthen IMM systems and incentive schemes only when the enterprise and fund manager act on them between measurement periods.

The **Conclusion** draws these lessons together, concluding that verification works best when it is designed in from the outset, informed by customer voices and followed up between measurement periods. As B-Briddhi concludes at the end of 2026, responsibility for these practices passes to the funders, fund managers, verifiers and ESOs working with Bangladesh's impact enterprises. In sum, the approach applies wherever funders seek to link capital to verified outcomes without placing a disproportionate burden on the enterprises delivering them.



SETTING THE CONTEXT

A. WHY AND FOR WHOM THE TOOLKIT IS WRITTEN

After seven years of implementation, the Biniyog Briddhi (B-Briddhi) programme has accumulated practical learnings about helping mission-driven entrepreneurs in Bangladesh generate credible evidence of their environmental and social impact. Across B-Briddhi's Catalytic Funding portfolio, third-party impact verifications evaluated enterprises' Impact Measurement and Management (IMM) systems, validated their impact claims and informed the disbursement of Impact-Linked Finance (ILF) incentive payments. The clearest lesson from this experience is that verification must be lean, as enterprises manage their impact evidence more sustainably when the process is light enough to run alongside their business operations. **In this Toolkit, a lean verification is understood as pragmatic and proportionate to the stage and maturity of the enterprise while still meeting a defined minimum quality standard, which also keeps its cost proportionate to what is at stake.**

Despite its importance for outcomes-based finance, impact verification remains relatively under-addressed within the IMM field. Longstanding Monitoring and Evaluation (M&E) frameworks, designed over years and used largely for donor-funded programmes and public sector projects, are often too rigid and costly for early-stage impact enterprises. However, no globally recognised standard for lean impact verifications exists. As a result, impact verifications tend to be tailored to individual funders' requirements and budgets, which makes it difficult to judge the effort and rigour a new verification requires.

As the B-Briddhi programme concludes at the end of 2026, Roots of Impact, co-implementer of the programme, aims to help close this gap by sharing its knowledge and learnings, so that impact verification principles, tools and practices continue to be applied by local actors in Bangladesh. The Toolkit is therefore written primarily for two audiences:

- **Impact investors and funders deploying capital in Bangladesh:** Guidance on ensuring that enterprises in their portfolio hold credible impact evidence, without burdening them with excessive data collection efforts or incurring the cost of impact evaluation studies.

- **Impact verifiers and entrepreneurship support organisations (ESOs) in Bangladesh:** An overview of verification modalities, context-appropriate practices and practical tools for conducting verifications and helping the enterprises they support generate credible impact evidence.

Enterprises in Bangladesh form a third audience, since they produce the data underpinning impact evidence and benefit most when verifications are proportionate to their commercial maturity stage. Beyond Bangladesh, the Toolkit is also relevant for practitioners working with impact finance and results-based financing in similar emerging market contexts.

B. SETTING THE SCENE – IMPACT VERIFICATIONS IN B-BRIDDHI

Impact verifications are a core part of Impact-Linked Finance. Because B-Briddhi's Catalytic Funding component used two ILF instruments, Social Impact Incentives (SIINC) and Impact-Ready Matching Funds (IRMF), verifications were needed to validate enterprise results before any payment was released.

All verifications in B-Briddhi were conducted by LightCastle Partners (LCP), the programme's other co-implementer. To maintain independence, the LCP team that conducted the verifications was separate from the team involved in day-to-day programme implementation.

B-Briddhi Funding Modalities – ILF in Practice

Both ILF instruments featured impact verifications, albeit with deliberately different focuses, budgets and levels of rigour, with SIINC requiring the more comprehensive approach. Although both instruments are described below, this Toolkit focuses primarily on SIINC verifications.

While SIINC suited commercially mature enterprises with relatively strong IMM systems, IRMF targeted earlier-stage enterprises yet to develop them.

IRMF: A PIONEERING HYBRID SOLUTION TAILORED FOR THE BANGLADESH MARKET

Designed for Bangladesh's startup ecosystem, IRMF offered non-repayable funding of up to USD 100,000, released in three tranches over 12 to 18 months as enterprises completed the building blocks of a strong IMM system: a Theory of Change with impact metrics, a working data system reporting against them, and a published impact report. The funding had to be matched by private investment and came with hands-on IMM support, which helped enterprises embed practices that paid off commercially.

B-Briddhi provided IRMF to 12 enterprises, two of which also received IRMF Follow-on support. To dive deeper, read the Aunkur (formerly iPAGE) case study or the *Agroshift* and *Shomvob* IRMF Follow-on case studies.



Figure A.1 – "IRMF", source: Roots of Impact.

PROVIDING SOCIAL IMPACT INCENTIVES (SIINC) IN THE BANGLADESH CONTEXT

SIINC is an ILF instrument that pays high-impact enterprises a time-limited premium for achieving predefined social outcomes, turning verified impact into an additional revenue stream that strengthens their risk-return profile and helps them raise private investment. An independent verifier confirms the results against a small set of co-created metrics before the outcome funder makes any payment. Roots of Impact co-created SIINC with the Swiss Agency for Development and Cooperation (SDC) and first piloted it in Latin America and the Caribbean. Read more about how SIINC works, see where it has been applied, or read SDC's case study on the model.

B-Briddhi introduced SIINC in Bangladesh for commercially mature, high-impact enterprises that were raising investment, offering premiums of up to USD 250,000 so that SIINC worked alongside private capital rather than replacing it. Payments depended on independently verified performance after each measurement period. B-Briddhi provided SIINC to four enterprises in Bangladesh: iFarmer, Apon Bazaar, CMED Health and MedEasy.

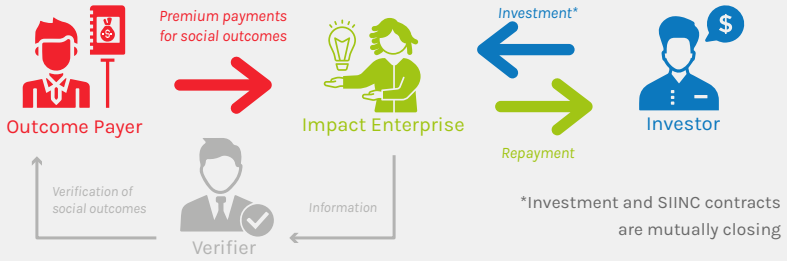


Figure A.2 – "Social Impact Incentives (SIINC)", source: Roots of Impact.

Taken together, B-Briddhi's Catalytic Funding portfolio covered 16 enterprises serving customers at the Bottom of the Pyramid (BoP) in sectors such as agriculture, health, education and financial inclusion. Between 2020 and 2026, the programme disbursed USD 2.4 million to these enterprises, with every payment resting on independently verified results. This made credible impact reporting a requirement for accessing non-dilutive capital, without a commensurate compliance burden, and the steady payments helped enterprises keep the lights on amid geopolitical volatility and global investor pullback in Bangladesh.

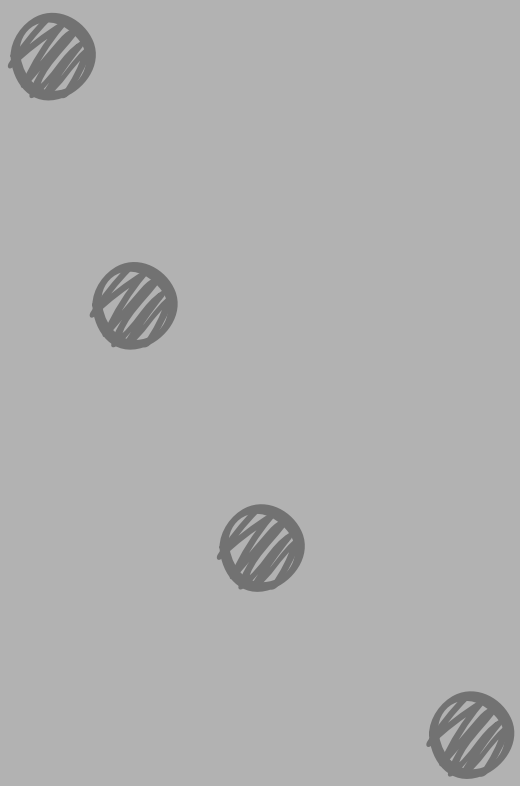
PRACTICAL TIP

LEVERAGE IMPACT VERIFICATIONS TO HELP PREVENT IMPACT WASHING

Funders and impact investors can leverage impact verifications to avoid impact washing, which occurs when an enterprise overstates or misrepresents its impact, whether deliberately or through weak measurement. Because ILF payments are released only for independently verified results, verification builds a safeguard against overstated claims into the transaction itself, particularly when funders and enterprises also base their wider communications on verified results. Four practices help in this regard:

- **Claim only what has been verified:** State the metric, measurement period and verifier behind each public impact claim.
- **Be precise about contribution:** A verification confirms that results occurred, not that the enterprise or the incentive alone caused them, so claims should not credit an activity with more value than it created.
- **Disclose scope and keep claims current:** Make clear how results were verified, including any use of samples, and refresh claims before reusing them given that each verification relates to a specific measurement period.
- **Distinguish systems from results:** Verification of an investor's impact management system, such as under the *Operating Principles for Impact Management*, does not by itself provide sufficient evidence of the results its investees achieved.

In B-Briddhi, impact enterprises were encouraged to use the content of their verification reports for marketing and fundraising, provided their claims stayed within what each report verified.



CHAPTER 1

LEAN VERIFICATION PRINCIPLES

ALIGNMENT WITH GLOBAL STANDARDS

Although no single global standard yet governs the verification of impact results at enterprise level, the approach taken by Roots of Impact in B-Briddhi is consistent with well-established global frameworks. Its foundation was the ILF Design Principles, which call for verification requirements to be in reasonable relation to the size of the transaction, the stage of the enterprise and the available budget, while the IMM Systems Check used in B-Briddhi verifications was adapted from The Donor Committee for Enterprise Development (DCED) Standard for Results Measurement (see Chapter 4 for more).

The impact verification approach used in B-Briddhi also mirrors the Principles of Social Value (established by Social Value International) in involving the people who experience change and avoiding overclaiming. Moreover, it fills a gap left by the Operating Principles for Impact Management, whose signatories must arrange independent verification of their impact management systems at the level of the investor or fund, but not of the results their investees report.

Building on these frameworks and drawn from over 10 years of implementing ILF transactions globally, Roots of Impact has defined five Impact Verification Principles that set the minimum standard for verifying enterprise-level results.

PRINCIPLES AND IMPLEMENTATION GUIDANCE

Whereas the ILF Design Principles guide how such transactions are structured, the Verification Principles introduced below set out how the results they reward should be checked before any incentive payment is released. Together, the five Principles set the minimum standard for an impact verification, irrespective of its budget and whoever conducts it. Principle 1 determines how deep a verification should go in a given transaction, while Principles 2 to 5 set a floor that every verification should meet, whether it involves several weeks of fieldwork or a few days of remote review.

Following the Principles does not prove that the incentivised change occurred for every customer or that the incentive alone caused it. Instead, the Principles aim to give the outcome funder reasonable confidence that reported results are accurate and the systems producing them reliable, which is enough to support a payment decision and is what distinguishes verifications from impact evaluations (see the Practical Insight under Principle 4 below).

The Principles apply across the four activities that make up a typical impact verification: desk research, a personnel and systems check (referred to in this Toolkit as the IMM Systems Check), qualitative research with customers and other stakeholders, and a data audit. The findings of all four are brought together in a verification report, and Chapter 3 shows how B-Briddhi organised these activities and the report into a five-step methodology.

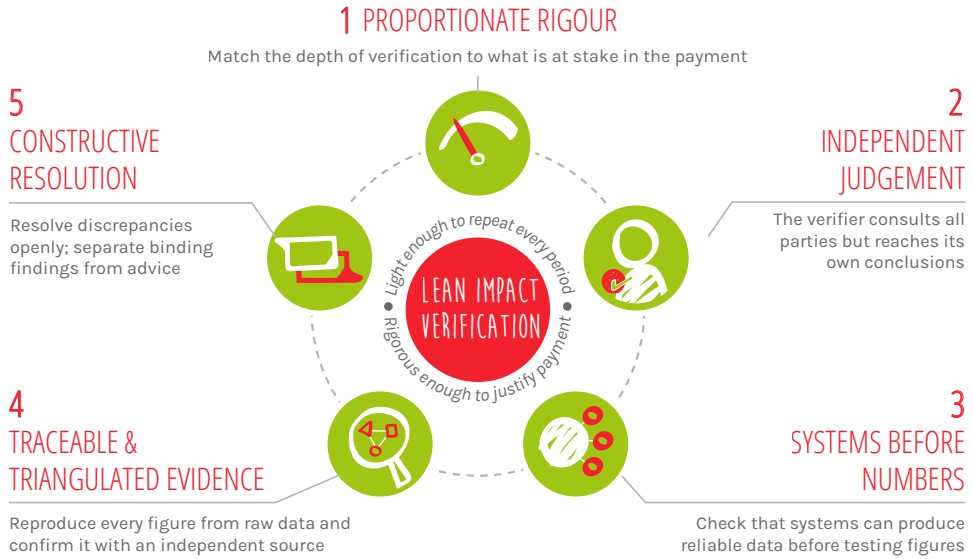


Figure 1.1 – Overview of the five Impact Verification Principles

Principle 1: Proportionate Rigour

The depth of a verification should reflect what is at stake in the payment decision it informs, rather than following a fixed checklist applied identically to every transaction. In practice, five factors shape this judgement:

- The size of the incentive relative to the enterprise's revenue.
- The confidence that can be placed in the enterprise's data.

- Whether the verification is the first and/or the only one during the transaction contract period.
- Whether the verification results will inform targets for later measurement periods.
- The budget available for impact verifications.

Proportionality, in line with the ILF Design Principles, is also what makes a verification lean, as it concentrates effort where the risk of an inaccurate payment is highest.

For B-Briddhi specifically, SIINC verifications sat at the most rigorous end of this spectrum, while IRMF verifications were deliberately lighter. Chapter 2 lays out leaner options, which can be more easily decided upon using the Verification Decision Tree, a tool created by Roots of Impact that matches the correct verification rigour based on these five factors.

Principle 2: Independent Judgement

The credibility of a verification rests on the verifier reaching its conclusions independently. Funders, fund managers and enterprises should be consulted, but none of them should shape the findings, which is why verifications build in several practical safeguards:

- The verification is conducted by an independent verifier wherever the budget allows, and any other role the verifier holds in the programme or transaction is disclosed to all parties.
- Enterprises share documents directly with the verifier, even where the fund manager already holds them, so that the verifier works from primary sources.
- Customer interviews are conducted anonymously and without the enterprise or the fund manager present.
- Verifiers select respondents at random from contact lists the enterprise provides, rather than accepting a list of respondents the enterprise has chosen.
- The fund manager reviews each draft report, but its feedback should not unduly influence the verifier's conclusions.

Principle 3: Systems Before Numbers

Before testing whether reported figures are correct, a verifier should establish whether the enterprise's personnel, processes and systems can produce reliable data in the first place, since a weak system means that even correct figures in one period offer little reassurance about the next. This assessment, referred to in this Toolkit as the IMM Systems Check, does not audit the data itself but examines whether information moves from its point of origin to impact reporting without losing fidelity to the situation on the ground.

Wherever possible, verification should also rely on data the enterprise already generates for its own operations, which keeps the reporting burden proportionate and strengthens the systems management uses to run the business.

In B-Briddhi, the IMM Systems Check entailed using a scorecard that Roots of Impact adapted from the 2017 version of the DCED Standard, which tests whether an appropriate IMM system is in place, how well staff understand it, how data is handled and how impact is reported. Please see Chapter 4 for more details, which shows the scorecard's six categories, explains how to conduct the IMM Systems Check in practice and introduces potential alternative frameworks a verifier could consider using.

Principle 4: Traceable and Triangulated Evidence

Every verified figure should be traceable, meaning that an independent reviewer could reproduce it from the enterprise's raw data using the calculation method agreed in the ILF contract. Verifiers should therefore recalculate each incentivised metric independently and document every exclusion or adjustment in a calculation trail.

Traceability alone is not sufficient, however, since a figure can be calculated correctly from data that does not reflect reality. Each result should therefore also be corroborated by at least one independent source, which usually includes interviews with a small, randomly selected sample of customers that test whether they meet

the eligibility criteria and experienced the change the metric captures. Where interviews, documents and enterprise data diverge, the discrepancy becomes a question to resolve under Principle 5 (Constructive Resolution) rather than a conclusion in itself.

In B-Briddhi, verifiers reproduced each metric from the data enterprises submitted in their Impact Monitoring Plan (IMP), an Excel spreadsheet in which results were reported after each measurement period, and corroborated the figures through interviews with customers and frontline staff, such as store managers and field facilitators.

PRACTICAL INSIGHT: IMPACT VERIFICATION VS. IMPACT EVALUATION

An impact verification establishes whether the funder can be sufficiently confident that the enterprise achieved the results it reports, combining a review of the enterprise's own data and systems with evidence from staff, customers and documents.

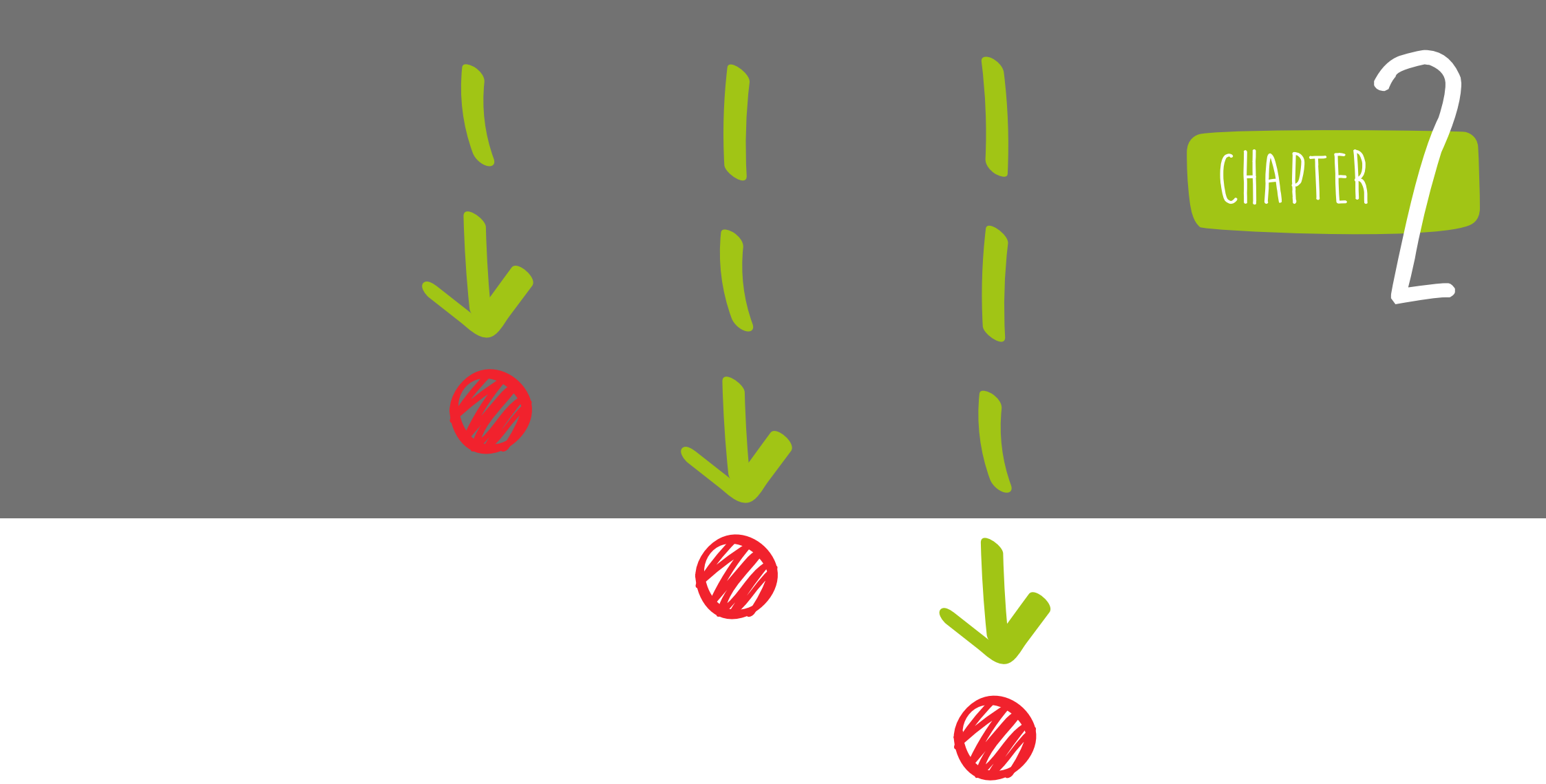
An impact evaluation, by contrast, generates substantial external data in an attempt to establish causality, typically by comparing customers with a comparable group who did not use the enterprise's products or services. Due to their added cost and complexity, impact evaluations are considered disproportionate for most ILF transactions and would rarely satisfy Principle 1 (Proportionate Rigour).

Principle 5: Constructive Resolution

Discrepancies in enterprise data may arise from unclear definitions, data collection gaps or simple errors rather than bad faith. Verifiers should therefore resolve each discrepancy transparently with the enterprise before reaching a conclusion, and distinguish findings that affect the payment, which are binding, from wider recommendations, which are considered as advice for the fund manager and enterprise to take into account during the remainder of the transaction.

Moreover, constructive resolution runs in both directions, since a verification may reveal that a metric, target or eligibility rule no longer captures the impact it was designed to reward and should be adjusted. In B-Briddhi, for example, concerns were resolved through action plans agreed between Roots of Impact and the enterprise, ranging from reinforcing data systems to adjusting incentive calculations or, in a specific SIINC transaction's case, removing a metric by contract addendum (see Chapter 2).

Taken together, these five Principles describe an impact verification that is light enough to repeat after every measurement period yet rigorous enough to justify releasing public or philanthropic capital to reward impact additionality, which is the ideal balance.



CHAPTER 2

VERIFICATION SET-UP AND DESIGN

Most of the key decisions made by a fund manager that determine whether an impact verification is credible and affordable are taken before the independent verifier is contracted. This chapter covers such decisions in the order they typically arise:

- **Balancing cost and rigour:** How deep each verification should go, what it should cost and how far the enterprise's data can be trusted.
- **Laying the foundations:** Measurement periods, metric definitions, the baseline, data access and sample size.
- **Contracting and onboarding:** Selecting and briefing the verifier and preparing the enterprise.

BALANCING VERIFICATION COSTS AND RIGOUR

Every verification trades the confidence it provides against the time, money and effort it requires. A verification that is too light exposes funders to the risk of paying for results that did not occur, while one that is too heavy could inadvertently absorb a disproportionate share of the funding it is meant to safeguard.

The ILF Design Principles address this trade-off by defining three broad verification options, each with a different level of cost:

- **Lower cost:** The fund manager verifies results internally, with the option of commissioning an independent verifier if doubts arise.
- **Medium cost:** An independent verifier assesses the enterprise's IMM system and at least one incentivised measurement period.
- **Higher cost:** An independent verifier assesses the IMM system and every incentivised measurement period.

The ILF Design Principles also encourage rigour to evolve, for example from evidence-backed outputs to stronger outcome measures as IMM systems mature, so the level of verification can be revisited as trust and data quality grow alongside commercial maturation.

For B-Briddhi specifically, SIINC transactions sat at the highest of these three options, with every measurement period verified independently, so readers can treat them as the upper end of what a proportionate verification may require.

Budget Considerations

Verification costs are driven mainly by the person-days spent on verification activities and report writing, typically amounting to ten to thirteen working days per verification, spread over four to five weeks. Other cost drivers include:

- **Timing:** The first verification takes longest, so pricing can fall from the second onwards.
- **Scope:** The number of metrics and measurement periods to be verified.
- **In-person or remote work:** In-person interviews and site visits cost more.
- **Language:** Interpretation and translation where the team does not work in the local language.
- **Travel:** Best agreed separately and reimbursed against invoices.

As a general guide, a verification that costs a large share of the payment it informs is unlikely to represent good value for any of the parties involved.

In-person verification remains the preferred approach for its depth and reliability, whereas remote verification is cheaper but carries a greater risk that data, documents or interview responses are not what they appear to be. B-Briddhi combined both, with field visits in the early verification rounds of each transaction and largely telephone-based interviews thereafter.

PRACTICAL INSIGHT

B-BRIDDHI IMPACT VERIFICATION BUDGETING

B-Briddhi designed its SIINC verifications to generate credible evidence of enterprises' impact performance while keeping programme spending effective and prudent. To this end, the cost of SIINC verifications was set at under 5% of the ticket size, which amounted to USD 7,000 to 10,000 per transaction across all of its measurement periods.

Three questions can help funders and fund managers set a first verification budget:

- How large is the incentive at stake relative to the enterprise's revenue, and what would an incorrect payment cost the funder?
- How far can the enterprise's data already be trusted, given who collects it, how it is captured and whether anyone has checked it?
- Which activities must happen in person, in the local language or across several locations?

Confidence in Enterprise Data

How much confidence a verification can provide to the fund manager depends on the methods used by the verifier and on the quality of enterprise data. Confidence declines when verifications are conducted internally without an IMM Systems Check or customer interviews, and data quality depends largely on how the data is generated:

- **Higher confidence:** Data collected by a third party paid by the funder, audited by a third party, or captured and uploaded automatically through digital systems.
- **Medium confidence:** Data collected by the enterprise's own staff following clear protocols.
- **Lower confidence:** Data collected and entered manually without established protocols.

Where confidence is low, the data audit should go deeper and may require third-party data collection. Digital records, as kept by many of B-Briddhi's SIINC enterprises, raise the baseline level of confidence but do not remove every risk, such as verifiers discovering that several family members shared a phone number used as a single customer identifier.

Impact Verification Menu of Options

Within each option, funders can also adjust the depth of each verification activity. Roots of Impact's Verification Decision Tree, an internal tool, recommends a level for each activity based on the five factors introduced under Principle 1 (Proportionate Rigour), ranging from a minimum level (at which some activities become optional) through lean and medium to high. Three patterns determine which verification level suits each activity:

- **The IMM Systems Check matters most in the first verification:** Its depth then depends mainly on the budget, and later verifications during the contract can be limited to following up on earlier recommendations.
- **The data audit depends mainly on data confidence and incentive size:** High-confidence data usually warrants a lean audit, whereas missing or low-quality data calls for a medium or high level.
- **Desk and qualitative research matter most at the start and whenever results inform future targets:** In these cases, a medium or high level is advisable, depending on the budget, and otherwise both can be reduced to the minimum.

Verification Activity	Lean	Medium	High
Desk Research	Review of the Theory of Change, company website and any press coverage	Comprehensive review of the company profile, including impact reports and market position	Thorough review, including the market and competitive landscape and a value chain and stakeholder assessment
IMM Systems Check	Scorecard assessment, ideally but not necessarily in-person	Detailed scorecard assessment in-person, with interviews with several staff members	Detailed in-person assessment at headquarters and field offices, with interviews across stakeholder seniority levels
Data Audit	Basic cross-check of data and calculations for obvious errors	Detailed profiling of data for accuracy, consistency and completeness	Extensive checks across multiple sources, with third-party data collection where data is poor or missing
Qualitative Research	Optional remote conversations with a few customers targeted by the funding instrument	Interviews with 10-15 customers targeted by the funding instrument, plus other stakeholders (as necessary)	Interviews with 10 or more customers, including those targeted by the funding instrument and those not, across a wider range of locations and backgrounds – plus other stakeholders

Figure 2.1 – Menu of Potential Impact Verification Options

Two of the Impact Verification Principles still apply at the leanest end of this menu:

- **Corroboration (Principle 4, Traceable and Triangulated Evidence):** Each result must still be corroborated by an independent source, such as partner contracts or third-party payment records, even where the budget does not allow for customer interviews to occur.
- **Independence (Principle 2, Independent Judgement):** An internal verification should be assigned to a team member who does not manage the relationship with the enterprise.

LAYING THE FOUNDATIONS

Many of the factors that decide whether a verification runs smoothly are set when the ILF transaction is structured, long before the verifier is appointed:

- **Measurement periods:** These should follow the outcomes being rewarded rather than administrative convenience, with annual cycles or cumulative targets suiting strongly seasonal businesses (such as agriculture). B-Briddhi's SIINC transactions used five measurement periods of five to six months each.
- **Definitions and documentation:** Each metric needs a precise definition, a documented calculation method and an identified data source, recorded in the transaction rationale and the Impact Monitoring Plan (IMP).
- **Baseline:** As the reference point for all later performance, baseline impact data should ideally be verified before targets are finalised and the contract is signed, to avoid disputed starting points and recalculated targets later (see the Practical Tip below).
- **Data access and customer contact:** Agreeing at contract signing whether customers will be interviewed, and roughly how many, gives the enterprise time to obtain consent, while a confidentiality agreement can usually resolve privacy restrictions (see Chapter 5).
- **Deadlines:** B-Briddhi's experience showed that data submission deadlines work best when the contract states what happens if they are missed.

Sample Sizing and Saturation

Customer interviews in a lean verification corroborate reported results rather than estimating outcomes with statistical precision. Ten to fifteen interviews is generally sufficient, as conducting any additional interviews no longer reveals new patterns. B-Briddhi SIINC verifications covered between seven and twenty customers, as well as frontline staff and managers.

Coverage matters more than size, so samples should be split by metric and, unless a metric concerns only one group (such as women customers), balanced by gender and location. Chapter 5 sets out how the verifier should select and interview respondents.

Where a metric is itself derived from a sample, such as a customer survey, the verifier needs a quantitative research background to assess the enterprise's sampling approach, and re-interviewing some surveyed customers can show whether the results hold up.

VERIFIER CONTRACTING AND ONBOARDING

The quality of a verification depends heavily on the verifier, who should combine qualitative research experience, fluency in the local language, an understanding of how businesses operate, knowledge of the region and sector and, where metrics are statistically derived, a quantitative research background. Here are the key details to keep in mind:

- **Independent researchers and firms:** Funders can engage either independent researchers or firms. Researchers should hold at least a bachelor's degree, preferably a master's or doctorate, and bring an M&E or qualitative research background, local knowledge and previous field assignments, while firms should have at least three years of operation and three similar assignments, with local team members who meet the same criteria.

- **Sourcing:** The search should begin once the transaction is approved, so that the verifier can verify the baseline before the ILF contract is signed. Referrals have proven the most effective source of candidates, with professional networks and the authors of published verification reports as other potential routes.

PRACTICAL TIP

CONDUCTING BASELINE VERIFICATIONS

Skipping baseline verification can lead to disputed starting points, recalculated targets and disagreements over payments throughout the transaction, whereas a verified baseline provides a defensible reference point and makes later verifications more efficient.

What to Verify at Baseline

- **Indicator definition:** Each indicator is clearly defined, measurable and within the enterprise's capacity to collect.

- **Eligibility criteria:** The definition of a beneficiary matches the criteria agreed in the contract.

- **Starting data quality:** Baseline records are complete, free from duplication and traceable to their source.

- **Calculation methodology:** The baseline calculation is documented, including how missing or ambiguous records are treated.

- **Data collection systems:** The enterprise can collect and reproduce the required data throughout the transaction.

Learning from B-Briddhi

In B-Briddhi, baseline data for one of the SIINC transaction metrics proved too limited to support a reliable incentive, and the metric was removed by contract addendum, reducing the ticket size while still rewarding the company for the IMM system it had built. Verifying baseline data before targets are finalised allows such issues to be resolved before they affect payments.

- **Selection:** Ask candidates for a CV, two to three work samples, details of their DCED-based and qualitative research experience and confirmation that a team member fluent in the local language will take part. Where budgets rule out larger firms, individual researchers or smaller firms often provide a suitable alternative.

- **Pricing and contract clauses:** Differentiated daily rates help keep costs proportionate, and service agreements benefit from clauses on cancellation for substandard reports, inflation adjustment over multi-year terms and separate invoicing of travel.

- **Briefing the verifier:** The briefing pack should include the transaction rationale and incentive scheme, the Impact Monitoring Plan (IMP), the enterprise's pitch deck, the verification report template, the IMM Systems Check scorecard and the enterprise's verification guide.

- **Timeline:** The verifier should be introduced to the enterprise four to six weeks before the first verification. In later rounds, a provisional IMP shared with the verifier about four weeks before the measurement period ends lets the verifier start selecting interviewees in advance, with the rest of the verification sequence continuing thereafter.

- **Onboarding the enterprise:** In each transaction, the fund manager should walk the enterprise through the verification process after contract signing and share a verification guide explaining each activity and how to prepare for it, together with an example scorecard and a verification tracker.

- **Verifier capacity:** Where one verifier covers a whole portfolio, as LCP did in B-Briddhi, checking in with the verification team quarterly to review their capacity helps prevent overlapping verifications from causing delays.

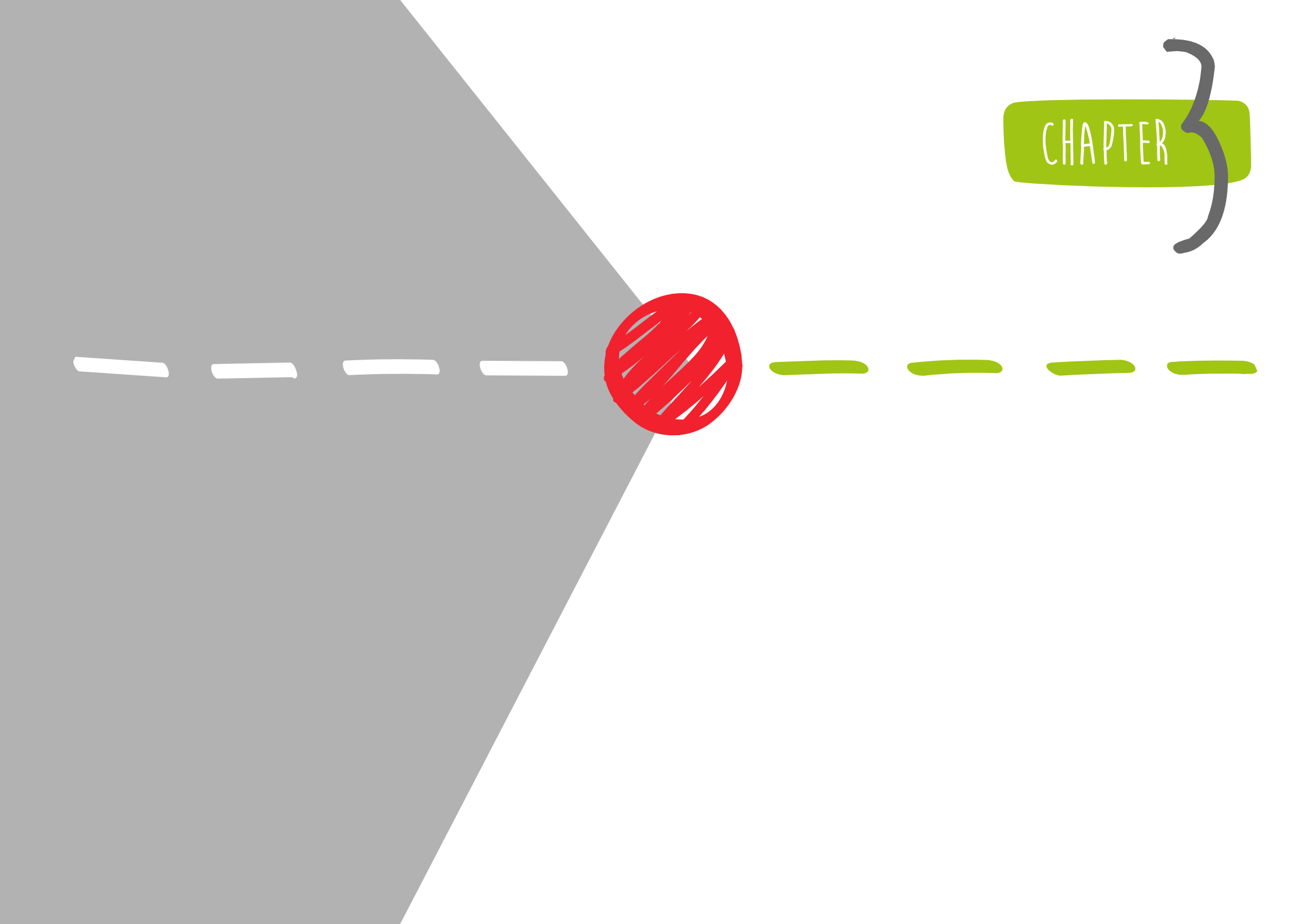
An Impact Verification Tracker, a tool developed by Roots of Impact and available on the ILF Transaction Hub, helps fund managers follow several verifications at once, from identifying the verifier to managing disbursement timelines, while recording deadlines, key insights and potential proposed changes to the incentive scheme based on verification insights.

PRACTICAL TIP

ADAPTING VERIFICATIONS FOR IMPACT INVESTORS

Impact investors verifying portfolio companies' impact claims without linking payments to them can still apply the same Impact Verification Principles with a lighter touch, for example through internal verification supported by an independent IMM Systems Check early in the holding period and periodic spot checks thereafter.

Verification can then follow the investor's own decision points, such as annual reporting, a follow-on investment or an exit, and serves mainly as a safeguard against overstated impact claims passed on to the investor's own funders. Where investors later introduce impact-linked terms, such as interest rate reductions tied to verified outcomes, verification moves back into the pre-disbursement territory covered by the rest of this Toolkit.


CHAPTER

B-BRIDDHI'S FIVE-STEP VERIFICATION METHODOLOGY

In B-Briddhi, LCP organised the four verification activities plus report writing into a five-step methodology, which it applied to every SIINC verification and refined over time. The table below maps the steps to the activities and Principles, and verifiers should adjust the depth of each step to the level chosen from the menu of options in Chapter 2 and to the risks they identify.

Verification Step	Verification Activity	What the Step Establishes	Verification Principles Applied
IMM Systems Check	Personnel and systems check, supported by initial desk research	Whether the enterprise's people, processes and systems can produce reliable data	Principle 3
Customer and Stakeholder Interviews	Qualitative research	Whether customers meet the eligibility criteria and experienced the incentivised change	Principles 2 and 4
Impact Calculations	Data audit	Whether each reported figure can be reproduced from raw data using the agreed method	Principle 4
Evidence Review and Triangulation	Desk research and data audit	Whether data, documents and interviews point in the same direction	Principles 4 and 5
Verification Report	Reporting	The verified result for each metric, material findings and recommendations	Principles 2 and 5

Figure 3.1 – How the five steps relate to the verification activities and Principles (1: Proportionate Rigour, which governs the depth of every step; 2: Independent Judgement; 3: Systems Before Numbers; 4: Traceable and Triangulated Evidence; 5: Constructive Resolution).

1. IMM Systems Check

- **Collect documents and data:** Obtain the completed IMP, underlying databases and supporting documents for the measurement period directly from the enterprise, together with background material such as the Theory of Change in the first verification.
- **Review and discuss:** Review the submitted information for completeness and note any questions, then hold a kick-off meeting with the enterprise to understand how the measurement period went and to clarify those questions.
- **Complete the IMM Systems Check scorecard:** Hold a dedicated session with senior management and the staff responsible for IMM, asking the enterprise to demonstrate its systems or dashboards rather than describe them (see Chapter 4).

2. Customer and Stakeholder Interviews

Chapter 2 discusses how many customers to interview, and Chapter 5 then explains how to select, contact, question and record respondents.

- **Select respondents independently:** Request an anonymised contact list for each metric that is several times larger than the intended sample, confirm that customers have consented to be contacted, and select respondents at random, stratified by metric, gender and location as relevant.
- **Interview frontline staff and management:** Speak with the staff who generate or handle impact data, such as store managers, field facilitators or partner agents, as well as mid- and senior-level managers, to see how data is collected in practice.
- **Conduct interviews independently:** Interview customers anonymously and without the enterprise or fund manager present. Cross-check their responses against the enterprise's data and record any material inconsistencies for follow-up in Steps 3 and 4.

3. Impact Calculations

- **Review the calculation inputs:** Confirm the baseline, customer population, contractual eligibility criteria, measurement period and target for each metric.
- **Filter the data:** Apply the contractual eligibility criteria to the enterprise's database. Check for duplicates, records outside the measurement period and records that cannot be identified.
- **Recalculate independently:** Recalculate each metric in a separate worksheet using the method agreed in the contract. Include any exclusions or adjustments arising from the data review, the interviews or supporting documents.
- **Document the calculation trail:** Record the reason for every exclusion or adjustment, so that the fund manager can reproduce the verified figure if needed.
- **Determine achievement:** Calculate achievement against each target and the resulting eligibility for incentive payment. Apply any thresholds, multipliers or caps set out in the contract.

Where the recalculation differs from the enterprise's figures, the process for handling inconsistencies below applies, and submissions that follow the practices in Figure 3.2 keep such differences to a minimum.

4. Evidence Review and Triangulation

- **Triangulate the evidence:** Compare the IMP, underlying databases, supporting documents, interview findings and enterprise clarifications to establish whether they point in the same direction.
- **Test key assumptions:** Where relevant, use desk research or external sources to check the assumptions behind the reported results. Examples include market rates or official statistics that a metric relies on.
- **Request clarification:** Ask the enterprise for further evidence or explanation where gaps or inconsistencies remain.

5. Verification Report

- **Consolidate the findings:** Bring the findings from the previous four steps together into a single assessment of each metric, leading with the verified result and the resulting eligibility for payment.
- **Reach an independent conclusion:** Share the draft with the fund manager, whose feedback should clarify rather than change the verifier's conclusions.

Adapting the Steps for Later Measurement Periods

In later measurement periods, desk research and the IMM Systems Check can focus on what has changed, while interviews, calculations and the evidence review are repeated in full because each payment depends on them. In B-Briddhi, the updated Systems Check scorecard was annexed to every report, recording how each enterprise's IMM system developed over time.

HANDLING INCONSISTENCIES IN ENTERPRISE DATA

As Principle 5 (Constructive Resolution) sets out, records that appear not to meet the agreed criteria should be treated as questions rather than evidence of bad faith, using the following process:

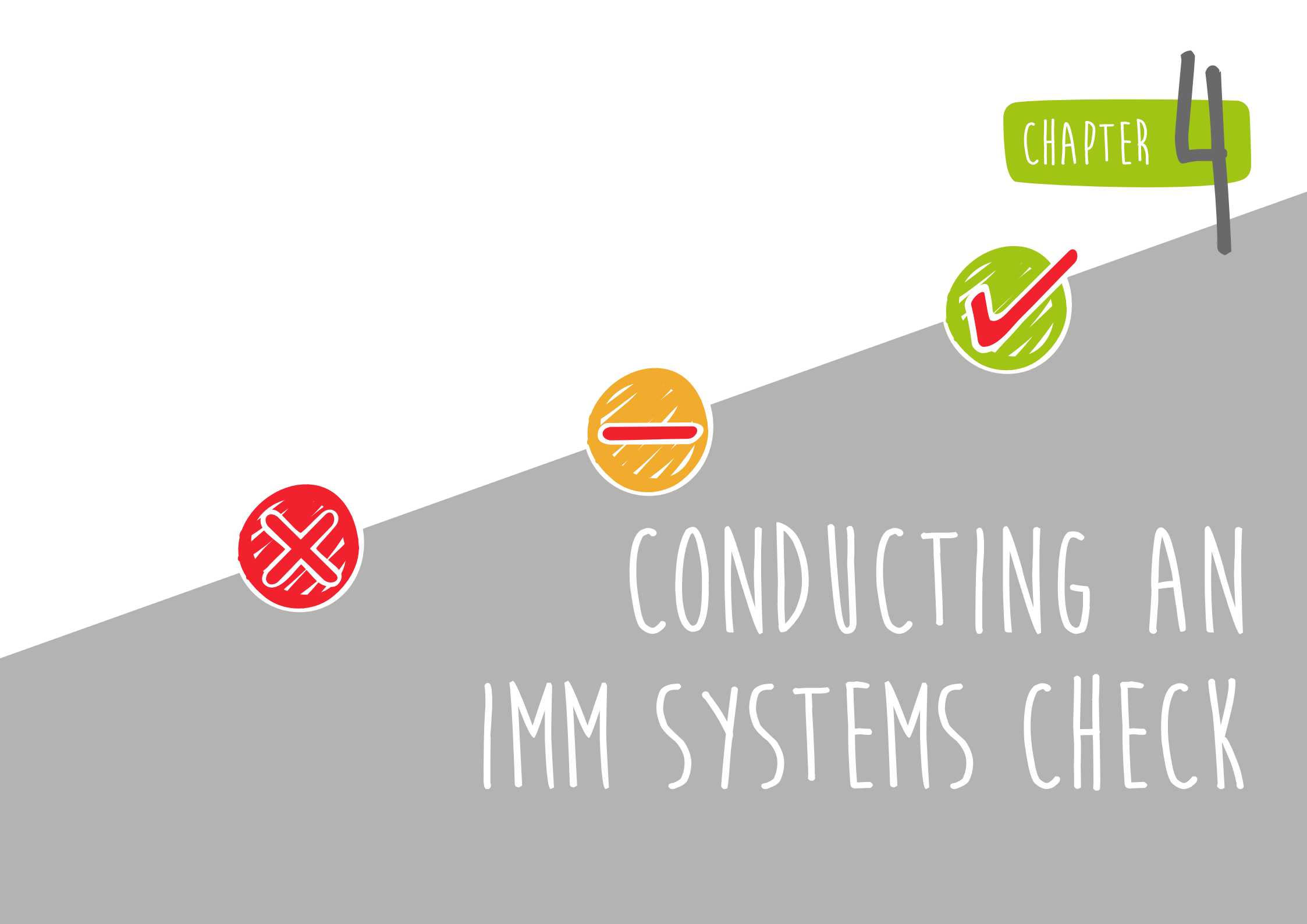
- **Flag and document:** List the records proposed for exclusion or adjustment, with the reason for each, alongside the independent recalculation.
- **Share with the fund manager:** Share the preliminary recalculation and flagged records with the fund manager before discussing them with the enterprise.
- **Hold a three-way discussion:** Bring the verifier, enterprise and fund manager together to discuss the flagged records, giving the enterprise the opportunity to provide clarification or further evidence.
- **Finalise the verified figure:** Incorporate any valid clarifications and finalise the recalculation. Record the outcome in the verification report, including any reinstated records.

Best Practices for Data Submission

Data submission is part of the verification rather than an administrative formality. The practices in Figure 3.2 draw on Roots of Impact's guidance document on common verification pitfalls, which enterprises should ideally review a few months before their first verification.

Figure 3.2 – Best Practices for Enterprises Submitting Verification Data

Area	Do	Don't
Align data with the contract	Check the agreed metric definitions and eligibility criteria before entering data in the IMP and share the full customer database with relevant supporting evidence.	Apply a different internal interpretation of eligibility without explanation. If external factors forced a change, inform the verifier and fund manager before submission.
Keep a clear calculation trail	Submit spreadsheets with formulas intact, documented assumptions, and separate tabs for all data and for the data relevant to each metric.	Submit only aggregated figures or values that cannot be traced back to source data.
Make records identifiable	Give every customer a unique identifier and include the details needed to confirm eligibility, such as gender or location. Use a confidentiality agreement where privacy rules require it.	Include customers who cannot be identified, or count the same customer more than once.
Check data quality before submission	Review the data for duplicates, records outside the measurement period, inconsistencies and unusual values. Provide translations of local-language entries where the verifier needs them.	Leave data cleaning entirely to the verifier or submit data that has not been reviewed internally.
Keep data accessible and on time	Update the IMP ahead of the contractual deadline, keep backup copies of data held on third-party platforms, and share files through a folder all parties can access.	Rely on links or platforms the verifier cannot open, or miss the submission deadline without notice.
Support independent verification	Provide a broad customer contact list, obtain consent, respond transparently to queries, and be prepared to demonstrate relevant systems or dashboards.	Pre-select favourable respondents or coach customers before interviews.


CHAPTER 4
CONDUCTING AN
IMM SYSTEMS CHECK

WHY IT'S NEEDED

Every incentive payment rests on data the enterprise has generated, often through systems built to run the business rather than to satisfy a funder. The IMM Systems Check examines whether the people, processes and tools behind the reported figures can be relied on period after period. This process complements the data audit, which tests whether a given set of figures is correct. For B-Briddhi specifically, the IMM Systems Check also linked verification to the programme's IMM capacity building, giving enterprises and the programme team a structured basis for strengthening IMM practices during the contract period.

Using the DCED Scorecard in B-Briddhi

The DCED Standard for Results Measurement was developed by the Donor Committee for Enterprise Development, a forum of development agencies and donor organisations, and is used by more than one hundred private sector development programmes in over 50 countries. It helps programmes set out how their activities lead to results and monitor whether those results occur, and the DCED also offers an independent audit service for monitoring systems.

Roots of Impact adapted the 2017 version of the Standard into a scorecard for ILF transactions, keeping the elements most relevant to an enterprise's IMM system. Its 27 control points are grouped into six categories, summarised in Figure 4.1.

Category	What it Examines
1. Results Chain Orientation	Whether the enterprise has a documented, logical Theory of Change that staff understand, use and review regularly
2. Indicator-Based Scoring	Whether each change in the Theory of Change has a defined indicator, including indicators of sustainability and gender-differentiated results, and realistic projections
3. Programme Orientation	Whether baseline and monitoring data are collected using good practice, disaggregated by gender, checked for unintended effects and used in decision-making
4. Cost Allocation, Tracking and Impact	Whether costs are tracked over time and results are aggregated clearly across the business
5. Compliance and Reporting	Whether results, including gender and wider changes, are reported at least annually, and whether reports are made public
6. Programme Management	Whether impact information feeds into management decisions and whether the IMM system has sufficient people, budget and clearly defined responsibilities

Figure 4.1 – Categories of the IMM Systems Check used in B-Briddhi

Some other key points to keep in mind include:

- **Mandatory and recommended control points:** The recommended points, covering gender-specific analysis, projections, unintended effects and systemic change, separate wider good practice from core requirements.
- **Reading the terminology:** References to programmes, interventions and results chains should be read as the enterprise, its products or services and its Theory of Change.

- **The scorecard and payment:** The scorecard is not a pass or fail test, and in B-Briddhi it did not determine payments directly but was annexed to each report as a basis for discussing strengths, gaps and priorities.

The exception is a red rating on a control point that underpins an incentivised metric, such as the absence of any reliable customer records, which should prompt the verifier to question that metric's result under Principle 4 (Traceable and Triangulated Evidence).

How to Conduct the Scorecard Assessment

- **Share the scorecard in advance:** Before the first verification, give the enterprise the scorecard or a completed example, so that it can update its Theory of Change, brief the staff involved and prepare documentation such as potential data collection procedures and screenshots of key systems.

- **Engage senior management and IMM staff:** Conduct the assessment with the people responsible for IMM, together with senior management, and record a lack of leadership engagement in IMM as a finding.

- **Assess practice, roles and evidence:** Assess not only whether systems exist but how consistently they are applied, clarify who collects, reviews, validates and reports impact data, and record the evidence behind each rating.

- **Go to where data originates:** Where feasible, interview staff where data is first recorded, such as stores, field offices or partner outlets.

- **Test processes in practice:** Where the enterprise keeps a live customer or impact dashboard, ask for a brief walkthrough or screen-sharing demonstration, which helps distinguish documented processes from practices that are actually followed.

- **Update rather than repeat in later periods:** Focus on changes and on progress against earlier recommendations, updating ratings only where the evidence has changed.

Each control point is rated using the three-colour traffic-light system shown in the following table.

Rating	What It Means
Green	Relevant systems and processes are in place and operational.
Yellow	The enterprise has demonstrated a clear intention to introduce the required systems, but these are not yet fully operational.
Red	Non-compliance with the assessment criteria. This is a significant finding and should be documented in the verification report.

Summarising the overall result consistently, for example as fully, mostly or partially compliant, allows comparison across periods and enterprises.

ALTERNATIVE IMM SYSTEM EVALUATION FRAMEWORKS

Other frameworks can offer a proportionate alternative to the DCED-based scorecard, provided they are adapted to the context and, in ILF transactions, complemented by targeted verification of the incentivised metrics:

- **SDG Impact Standards for Enterprises:** These standards suit assessments of whether impact management is embedded in an enterprise's strategy, management, transparency and governance, rather than detailed reviews of its results measurement.

- **Social Value International Standards:** These standards help assess whether an organisation identifies material outcomes, engages stakeholders, assesses its contribution and avoids overclaiming, and suit cases where stakeholder outcomes are central.

- **Operating Principles for Impact Management:** Although not a scorecard, the Impact Principles can be translated into assessment questions and are most relevant to impact investors and fund managers reviewing their own practices.

In sum, the choice of framework matters less than applying it consistently and linking its findings to the metrics on which payments depend.

CASE STUDY

B-BRIDDHI: WHAT THE IMM SYSTEMS CHECK REVEALED ACROSS THE SIINC PORTFOLIO

Across B-Briddhi's four SIINC transactions, the IMM Systems Check revealed a consistent set of strengths alongside recurring gaps.

- **Strengths:** Most enterprises recorded customer data digitally, and their management teams knew their Theories of Change and reviewed performance data regularly.

- **Recurring gaps:** Theories of Change were rarely reviewed and updated on a regular schedule, impact results went unpublished, and systems for monitoring unintended effects and reporting gender-differentiated results often remained informal.

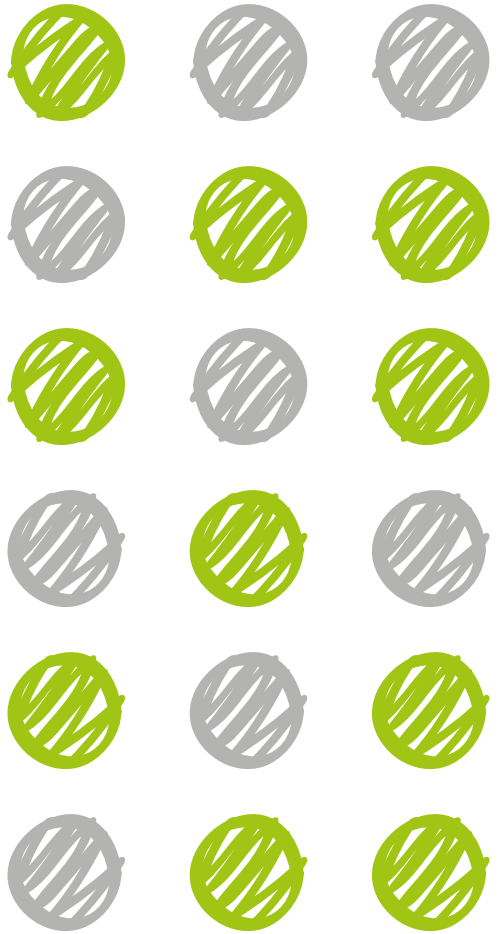
- **Follow-up:** Some enterprises strengthened their systems between verifications while other recommendations recurred without visible change, and an internal review concluded that the link between verification insights and later adjustments needed strengthening.

This experience showed that the value of the IMM Systems Check depends on what happens between verifications. Findings are most likely to lead to change when they are turned into a small number of agreed follow-up actions that the next verification revisits.

CHAPTER 5

CUSTOMER INTERVIEW GUIDANCE





THE ROLE OF CUSTOMER INTERVIEWS IN IMPACT VERIFICATIONS

Customer interviews let a lean verification hear directly from the people an ILF incentive is meant to benefit, providing evidence that enterprise data cannot supply on its own. Well-designed interviews are among the strongest sources of corroboration, whereas poorly designed ones can introduce bias, mislead or put respondents at risk.

In an ILF verification, interviews serve two distinct purposes:

- **Verification:** Confirming that the customers counted in the enterprise's data exist, meet the eligibility criteria set out in the contract, and experience the change the incentivised metric is meant to capture.
- **Understanding:** Learning how and why that change occurred, how it varies between groups such as women and men, and what barriers customers still face.

The verification purpose requires interviews to be linked as closely as possible to the enterprise's own data, with respondents drawn from the records that underpin the reported metric and questions that test the same eligibility criteria and outcomes the metric measures. In B-Briddhi, verified figures rested mainly on the independent recalculation described in Chapter 3, with interviews corroborating eligibility and supplying qualitative insights. Because interviews can also reveal records that should not have been counted, verifiers should treat them as a genuine test of the data.

Throughout this chapter, "customers" means the people whose outcomes the incentive rewards, including those who benefit without paying themselves, such as a customer's family members.

A STEP-BY-STEP APPROACH

Step 1: Designing the Interview Pool and Sample

- **Request a pool drawn from the metric's own records:** Ask for contact details of customers drawn from the dataset underpinning each incentivised metric, in a pool several times larger than the sample, so that the verifier selects respondents directly rather than the enterprise.
- **Agree on coverage of relevant customer groups:** Agree with the fund manager which groups (rather than individual customers) the sample must cover, such as customers from several of Bangladesh's divisions for a metric measuring national reach.
- **Select respondents at random within each group:** Random selection minimises selection bias.
- **Exclude previous respondents:** Remove customers interviewed in earlier verifications from the pool, so that each round adds new perspectives.
- **Track non-response and replacements:** Make several attempts before replacing a respondent, draw replacements from the same group at random, and report high non-response within a group as a finding.

Step 2: Obtaining Consent and Protecting Confidentiality

Consent must be obtained without letting the enterprise influence who is interviewed or what they say, which is best achieved by seeking consent from the whole pool or customer base rather than only from selected respondents.

- **Obtain consent before sharing contact details:** This should be in line with the enterprise's privacy policy and data protection requirements, as a non-negotiable ethical requirement.
- **Keep notification neutral:** Advance communication should explain a possible call without suggesting how to answer.
- **Confirm consent at the start of the interview:** Explain who the verifier is and how the information will be used, and that declining will not affect access to the enterprise's products or services.
- **Protect respondent confidentiality:** Store contact details securely, use them only for the verification and never attribute responses to named respondents without documented consent.

Step 3: Developing Indicator-Linked Questions

- **Link every interview question to the metric:** Each question should help confirm eligibility, test the outcome or explain how the change occurred. Anything else should be left out.
- **Confirm eligibility first:** Begin with factual questions on whether and when the respondent used the product or service and whether they meet the defined criteria, which also shows whether new customers were counted correctly.
- **Test the outcome and go beyond measuring satisfaction:** For a solar home system enterprise reporting lower household energy costs, for example, ask what the household used for lighting before, how its energy spending has changed and whether the system works reliably, leaving satisfaction questions until the end so that they do not colour earlier answers.
- **Ask how and why:** A few open questions on how the change came about provide context on the enterprise's contribution, without establishing causality on their own.
- **Keep the guide short:** The interview should fit comfortably into a single telephone call.
- **Translate and test the guide:** Translate it into the respondents' language, usually Bangla in the Bangladesh context, check that terms keep their meaning and pilot it with a few respondents.

Step 4: Conducting Interviews Neutrally

- **Use a standardised interview guide:** Apply consistent core questions, probing further only where needed.
- **Confirm you are speaking to the right person:** Ask for the respondent by name or registered identifier and arrange a call-back if another household member answers a shared phone (unless the metric explicitly covers the household).
- **Choose the right time and setting:** Call when the respondent can speak freely and, if conducting interviews in person, choose a setting away from enterprise staff.
- **Ask neutral, non-leading questions:** Questions should not imply a preferred answer or signal what the verifier expects to hear. For example, instead of asking "Has the service helped you save money?", ask "How, if at all, has the service affected the amount you spend?"
- **Probe unexpected responses:** Ask neutral follow-up questions before treating an inconsistency as an error.

Step 5: Recording and Using Interview Findings

- **Record each interview consistently:** Note an anonymised respondent code, the customer group, the date, the answers to core questions and any discrepancies with the enterprise's data.
- **Treat individual discrepancies as questions:** Where a respondent's account contradicts the enterprise's data on eligibility, flag the record and raise it later rather than excluding it on the strength of the interview alone.
- **Look for patterns across respondents:** Where several respondents contradict the data in the same way, treat this as a possible systemic issue and consider extending the data audit or the sample before reaching a conclusion. Agreeing with the fund manager before interviews begin on how discrepancies will be weighed, including what level of discrepancy is acceptable, avoids disagreement later.
- **Report findings in aggregate:** Present findings by customer group and gender, using individual stories only with consent and without identifying details.

PRACTICAL TIP

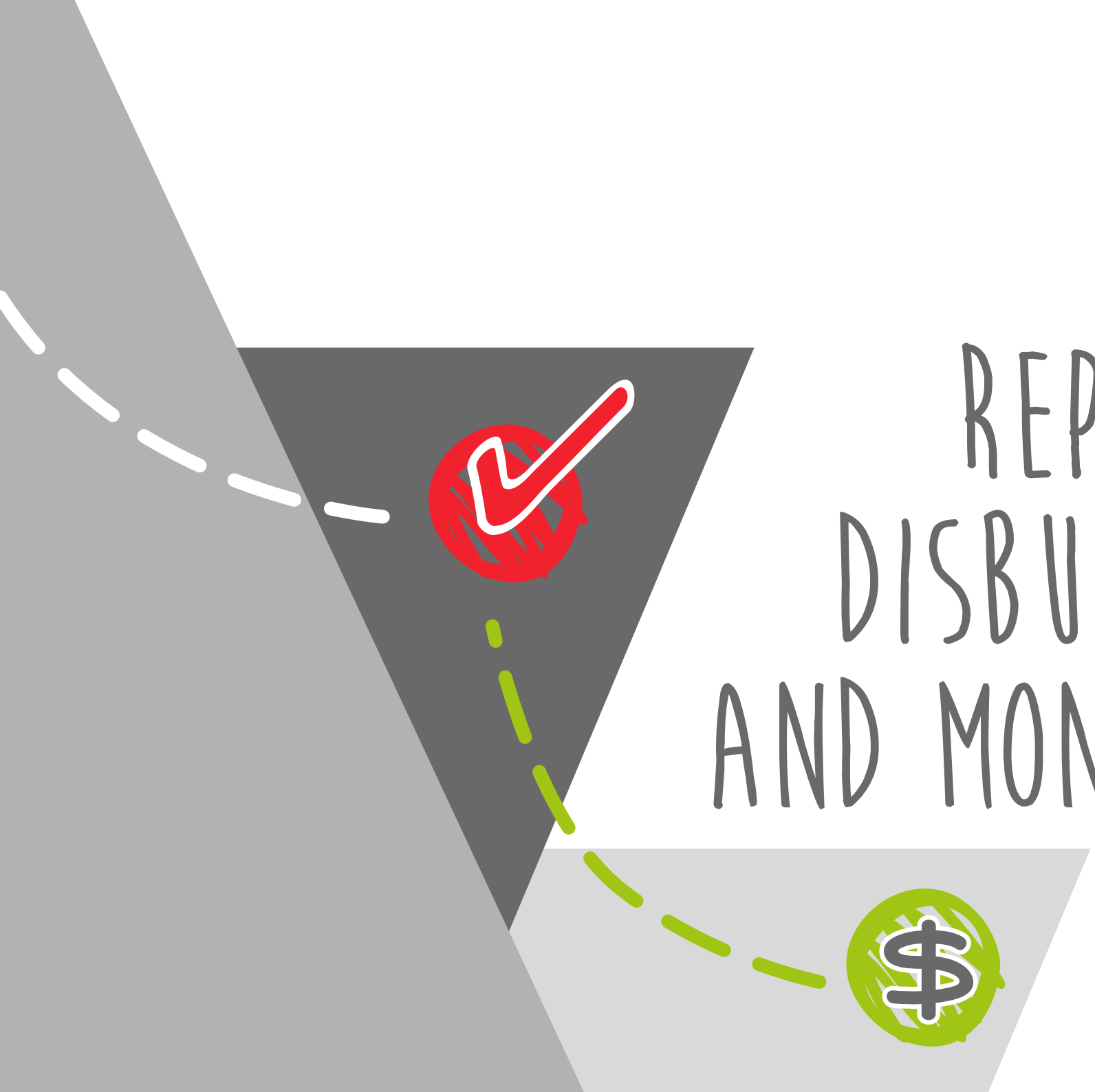
GENDER SENSITIVITY IN CUSTOMER INTERVIEWS

Gender norms shape who uses a product, who answers the phone and who feels able to speak openly. Experience from B-Briddhi suggests six best practices for conducting customer interviews with gender-differentiated analysis in mind:

- **Balance the sample by gender:** Where the metric allows, select similar numbers of women and men, as many B-Briddhi verifications did.
- **Offer female interviewers:** Women customers in B-Briddhi repeatedly felt more comfortable with female staff, so female respondents should be offered a female interviewer.
- **Time calls around respondents' responsibilities:** Ask when it is convenient to talk and whether the respondent can speak privately, and reschedule if they cannot.
- **Ask about decisions as well as use:** Questions about who decides on purchases or controls household spending help reveal whether the benefits of a product or service actually reach women.
- **Handle sensitive topics with care:** Ask only the health, financial or family questions the metric requires, and allow respondents to skip any question.
- **Analyse findings by gender:** Report differences in aggregate so that gender-specific barriers are visible.

CHAPTER 6

REPORTING, DISBURSEMENT AND MONITORING



LEAN VERIFICATION REPORTING

A verification report does not need to be long to be credible, since the payment decision rests on clear conclusions supported by traceable evidence rather than a narrative of every step. The following practices support concise, decision-useful reporting:

- **Lead with the verdict:** State the verified result and the resulting eligibility for payment for each metric at the start of the report and open each section with its conclusion.
- **Document the calculation trail:** Include or attach the independent recalculation so that another reviewer can reproduce the result.
- **Separate payment-relevant findings from advice:** Present IMM Systems Check findings, data quality concerns and recommendations in a dedicated section, making clear which affect the payment.
- **Write for a reader outside the transaction:** Use plain language, consistent formats, and charts or tables where they explain a point more clearly than text.

Report length should reflect the complexity of the transaction rather than the effort involved. The report template developed by Roots of Impact and used in B-Briddhi keeps the main body to around 15 to 20 pages for two or three metrics, with supporting material in annexes. Leaner verification reports can be considerably shorter, provided the executive summary, verified results and calculation trail remain complete and understandable.

DISBURSEMENT PROCESSES

In an ILF transaction, the verification report triggers payment, and because enterprises often plan their cash flow around these payments, a predictable disbursement process matters almost as much as the verification itself. Within B-Briddhi's SIINC transactions, each metric carried a share of the total incentive and payments were calculated metric by metric from verified results. SIINC contracts combined several features:

PRACTICAL TIP

IMPACT VERIFICATION REPORT STRUCTURE

Roots of Impact's report template moves from conclusions to evidence and can be adapted to most ILF transactions:

1. **Executive summary (up to 1 page):** The IMM Systems Check result, the verified result for each metric, key gender findings and the interviews conducted.
2. **Context and methodology (1 to 2 pages):** Who was interviewed, where, why and under what conditions, and what was verified.
3. **Findings and recommendations (2 to 3 pages):** Target achievement, contextual factors, how the enterprise creates impact and the main recommendations.
4. **Verification of metric data (up to 1.5 pages per metric):** The definition, verified figures, how the metric is measured and any deviation from sound practice.
5. **Impact on customers and other stakeholders (2 to 3 pages):** How interviews confirmed or qualified each impact claim.
6. **Additional context (up to 1.5 pages):** Wider factors that help explain the results.
7. **Gender integration (up to 1.5 pages):** How the enterprise addresses gender-specific barriers beyond the share of women it serves.
8. **Issues to be resolved (up to 1.5 pages):** The nature, seriousness and implications of each issue, how it was found and the recommended action.
9. **Annexes:** The outreach list, sites visited, completed scorecard, photographs and/or other supporting material.

- **Targets and minimums:** A target or range per metric and period, with no payment below the minimum and, in some contracts, reduced payments below outreach thresholds.
- **Metrics assessed separately:** A shortfall on one metric did not reduce payments on the others.
- **A cap on total payments:** Earlier overperformance could reduce the final payment so that the contract value was not exceeded.
- **Conditions:** Payments could depend on milestones, such as raising a minimum amount of investment.
- **Adaptability:** Targets or the incentive scheme could be revised by contract addendum where circumstances changed significantly.

Payments then followed a predictable sequence after each measurement period:

- **IMP submission by the enterprise:** Within an agreed number of working days after the period ends.
- **Verification report produced by the verifier:** About four weeks after the IMP is due, and no later than six.
- **Review:** The fund manager reviews the report, provides feedback to the verifier, and shares it with the enterprise to discuss the results in a meeting.
- **Invoicing and payment:** The enterprise invoices about two months after the period ends and is paid within two to three weeks into a Bangladesh-based bank account.

Enterprises could therefore expect each payment within two to three months after the end of a measurement period. The Impact Verification Tracker introduced in Chapter 2 helps record each transaction's progress through these four stages, which helps fund managers spot delays before they affect an enterprise's upcoming cash flow.

FOLLOW-UP MONITORING

A verification's findings are only valuable if they shape what happens next.

Acting on Verification Findings

The meeting after each verification is the natural point to agree on a few follow-up actions, which the next verification should revisit and the Impact Verification Tracker can record.

Verification results also provide the most objective basis for the regular reviews of metrics and targets. In B-Briddhi, some targets proved too ambitious and others too easily met, and recalibrating them based on verified results kept the incentive achievable and meaningful.

Interim Checks Between Verifications

Where verifications are less frequent, for example with annual periods or cumulative targets, quarterly check-ins of 30 to 45 minutes on a provisional IMP show where the enterprise stands and surface data issues early.

Where more formal assurance is needed, a lightweight remote data audit can serve as an interim control, combining a desk review of the updated customer database, written confirmation of any operational changes, a spot-check of five to ten records against source documents and a short summary note for the next full verification.

Beyond the Transaction

The end of a SIINC contract can leave enterprises without the engagement they had grown used to, and B-Briddhi's experience showed that this transition deserves as much planning as the start of the transaction. In this regard, it is recommended to hold a final meeting on which metrics the enterprise will keep tracking and how to sustain IMM practices going forward.

Verification reports also remain valuable after the final payment, since a series of independent reports gives investors evidence of impact performance that few peers can match.

CASE STUDY

B-BRIDDHI: HOW IMPACT VERIFICATIONS SHED LIGHT ON APON BAZAAR'S WOMEN CUSTOMERS

Apon Bazaar runs discount stores inside garment factories, where workers buy groceries on credit repaid through their salary, and was among the first enterprises to receive SIINC in B-Briddhi. One of the outcomes Apon's SIINC rewarded was a larger share of women among its customers.

What did the verifications reveal? Interviews with customers and store staff helped explain the barriers that limited women's use of Apon's stores:

- In many households, men were responsible for buying groceries.
- Women often handed their earnings to male relatives.
- Carrying heavy purchases home on foot was difficult.
- On average, women were less aware of in-store promotions.

How did Apon respond to these findings? Apon tested women-focused discounts, transport support for heavy purchases, more female store staff and gender-inclusive staff trainings. Many of these changes were driven by Apon's own monitoring, while the verification reports added an independent customer perspective on barriers that its sales data alone could not explain. The result was that, over the course of the SIINC, women grew from about 43% of Apon's customers in 2023 to 53% in 2024 and 2025.

"Our sales data told us that fewer women were shopping with us; the verification interviews told us why. Knowing the real barriers, from who controls the household budget to carrying heavy bags home, led us to changes like rickshaw-fare support and women-only counters, and took women from about 43% of our customers to over half. It also gives us an independent, evidence-based impact story when we talk to new factory partners and investors."



Saif Rashid, CEO, Apon Bazaar

This experience showed that verification findings are most useful to an enterprise when they explain the results behind the numbers, not only whether a target was met.

CONCLUSION & FURTHER RESOURCES

Impact verification sits between accepting self-reported results on trust and commissioning impact evaluations that few early- and growth-stage enterprises, or their funders, can afford. Drawing on B-Briddhi and Roots of Impact's wider ILF practice, this Toolkit has set out a lean path between the two, allowing funders to release outcome-based payments with reasonable confidence while keeping the burden on enterprises proportionate.

Every SIINC payment in B-Briddhi followed an independent verification, which gave the programme a credible basis for disbursing catalytic funding amid geopolitical volatility and global investor pullback and gave high-impact enterprises a predictable cash flow of non-dilutive capital.

Taken together, several lessons stand out from B-Briddhi's experience:

- **The Principles set a floor:** Principles 2 to 5 define a minimum that every verification should meet, while Principle 1 (Proportionate Rigour) determines how far above that minimum a given transaction needs to go.
- **Verification works best when it is designed in from the outset:** Precise metric definitions, verified baselines and clear arrangements for data access and customer consent should be in place before the first measurement period, not added once results are due.
- **Customer voices are the most direct test:** They remain the clearest indication of whether reported results reflect real change, provided that interviews are linked to the enterprise's own data and conducted independently.
- **Follow-up determines value:** Verification findings can help strengthen an enterprise's IMM system or improve an incentive scheme only when they are acted on by the enterprise and fund manager between measurement periods.

As B-Briddhi sunsets at the end of 2026, responsibility for these practices passes to the funders, fund managers, verifiers and entrepreneurship support organisations that will continue to work with Bangladesh's impact enterprises.

The same practices have been applied in other Roots of Impact-managed funds, including the *Impact-Linked Fund for Gender Inclusive Fintech*, and are relevant wherever funders link capital to verified outcomes. In sum, lean verification is less about doing less than about doing what matters, consistently and transparently.

Further Impact Verification Resources

The following additional resources, grouped by topic, offer further guidance. Most were developed for results-based financing in the public and development sectors, but they share this Toolkit's emphasis on proportionality, reliable existing data and risk-based verification.

Impact-Linked Finance and IMM Systems

- **Design Principles for Impact-Linked Finance:** This is the *starting point* for designing an ILF transaction, including guidance on balancing transaction costs and rigour.
- **DCED Standard for Results Measurement:** This is the source of the *IMM Systems Check scorecard*, with guidance on complying with each element of the Standard.

Verification in Results-Based Financing

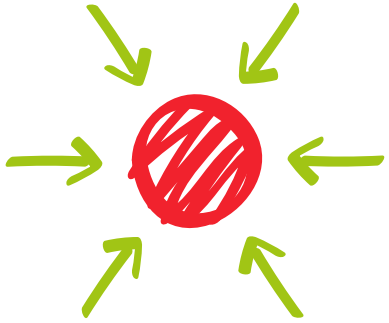
- **Getting Results - Independent Verification in Output-Based Aid (GPOBA, 2016):** *This note* discusses how many results to verify and how often, which helps funders set the scale and frequency of verification.
- **A Guide for Effective Results-Based Financing Strategies (GPOBA, 2018):** *Instiglio's diagnostic tool* helps funders decide whether results-based financing suits a programme before any verification is designed.
- **Verification in Results-Based Financing for Health (World Bank, 2016):** *This analysis* compares verification strategies and their costs across six countries, which is relevant to the discussion of cost and rigour in Chapter 2.
- **Current Practices in RBF for Energy Access (UCL/Climate Compatible Growth):** *This report* reviews 59 documents on results-based financing for stand-alone solar and clean cooking, weighing phone, field and digital verification against cost and reliability, which makes it a relevant point of comparison from the energy access sector for the lean approach set out in this Toolkit.

Customer Interviews and Data Collection

- **The Lean Data Field Guide (Acumen):** *This guide* is a practical companion to Chapter 5 for designing short customer surveys, particularly by telephone.
- **B-Briddhi IMM Toolkit:** *This toolkit* offers a step-by-step introduction, with a gender lens, to the IMM practices that the IMM Systems Check assesses.

WORK WITH ROOTS OF IMPACT ON IMPACT VERIFICATIONS

Roots of Impact has designed and managed Impact-Linked Finance (ILF) transactions for more than a decade across over 35 countries, including overseeing the verifications behind every SIINC and IRMF disbursement described in this Toolkit. Its advisory support for funders, fund managers and verifiers ranges from incentive and metric design to the scoping, budgeting and quality assurance of impact verifications. **Readers interested in the tools referenced in this Toolkit can also request further information on how they are applied in practice. To discuss a potential collaboration, please send us an email at info@roots-of-impact.org or visit www.roots-of-impact.org.**



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B-Briddhi Phase II is a multi-year programme dedicated to improving the lives of underserved groups in Bangladesh and increasing their access to essential products and services by supporting and scaling impact enterprises.
The programme is gender-inclusive and seeks to contribute to climate adaptation.
B-Briddhi Phase II is supported by Switzerland #SwissinBD and implemented by Roots of Impact & LightCastle Partners.

B-BRIDDHI

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