

# Systems Thinking for Impact Investing

*Primer*



SHIFTING  
SYSTEMS  
INITIATIVE



ROCKEFELLER  
Philanthropy  
Advisors

# *Primer: Systems Thinking* for Impact Investing

This Primer equips impact investors with practical frameworks to integrate systems thinking into their strategies and operations.

Drawing on real-world examples, it offers accessible entry points and ambitious pathways for enhancing systemic impact, regardless of where you are on your systems journey.

## **The Opportunity: Systems Thinking for Greater Impact**

Systems thinking presents a **timely and distinctive opportunity - some would say an imperative** - for impact investors to enhance their strategies by addressing the complexities and interdependencies inherent in social, environmental, and economic challenges. Traditional approaches, while valuable, often focus on individual transactions and direct outcomes. Systems thinking goes beyond this by recognizing the complex web of factors that shape how change happens, with the ultimate goal of unlocking deeper, more extensive and lasting positive impact. By understanding **strategic leverage points, feedback loops, and non-linear relationships** within systems, investors can shift key aspects of impact investing practice, from strategy development and due diligence, to portfolio construction and impact measurement and management (IMM).

We situate impact investing to include the expansive range of capital strategies seeking social and environmental impact. Impact investors can use various combinations of capital characterized by their impact and financial return expectations – ranging from philanthropic to catalytic to commercial. Across the capital spectrum, systems perspectives influence strategy, deployment, and measurement practices. The key insight is that different forms of capital can be strategically deployed to influence systems-oriented outcomes, regardless of their financial return profile.

## From Concepts to Practice: Integrating Systems Thinking

Some impact investors are already integrating systems thinking into their work, utilizing it to develop strategies that address both immediate needs and systemic issues. This Primer showcases how impact investors can leverage their **unique positioning and flexibility** to apply systems principles. By doing so, they expand the toolkit of approaches available to them, including blending different forms of capital, engaging diverse stakeholders, and rethinking impact measurement. This expanded toolkit enables investors to contribute to structural shifts in systems beyond individual interventions. This, in turn, enables positive, lasting impact on the challenges and opportunities investors care about.

We recognize that systems thinking may not seem immediately accessible or suitable for every investor. However, there are **entry points for everyone**, regardless of their current level of engagement or organizational context. Drawing on the emerging literature and perspectives from practitioner and investor interviews, we sought to uncover the key shifts required to operationalize a systems approach, and to provide practical guidance and tools for investors at different stages of their journey.

We suggest that all impact investors start by integrating systems thinking into select aspects of their work, gradually deepening their understanding and application over time. This might begin with mapping the system context for one investment area, identifying key stakeholders and relationships, or adding system-level indicators to existing measurement frameworks. The journey toward more system-oriented impact investing is iterative, with each step creating opportunities for learning, building confidence and capacity for more comprehensive approaches.

## Practical Guidance Across Your Impact Investment Journey

The frameworks and tools presented in this Primer and its companion Playbook are designed specifically for impact investors seeking practical ways to implement systems thinking. It is designed to meet you wherever you are on your systems thinking journey – whether you're just beginning to explore these concepts or looking to deepen your existing practice. With a particular focus on foundations and family offices, as well as “impact-first” asset managers, these resources aim to inform and implement systems approaches in an **accessible and actionable way**. They connect to familiar processes and frameworks while introducing systems perspectives that can enhance their effectiveness.

This Primer and its companion Playbook are not a prescription, but an invitation to engage and learn. By providing examples and guidance, these tools help facilitate the transition from concepts to practice, making systems thinking more concrete and applicable in day-to-day investment activities. From systems-aware due diligence questions to portfolio construction strategies that target multiple leverage points, these resources offer practical means to operationalize systems thinking across the investment lifecycle.

## Archetypes of Primary Audiences & Use Cases

### *Impact Investing Strategists*

Responsible for setting the direction and approach for deploying capital

#### *Use Cases:*

- Redesigning investment strategies to address root causes rather than symptoms of complex challenges
- Optimizing the mix of financial instruments and non-financial resources to influence system leverage points

### *Impact Investing Officers*

Responsible for sourcing, evaluating, and managing investments.

#### *Use Cases:*

- Incorporating systems analysis into due diligence and transaction structuring to assess ecosystem effects
- Supporting investees to understand and navigate their systemic context beyond immediate business outcomes

### *IMM Practitioners*

Responsible for designing, implementing, and evolving IMM approaches.

#### *Use Cases:*

- Adapting impact measurement frameworks to capture both direct outcomes and system dynamics
- Developing learning processes that generate actionable insights about system dynamics to inform strategy

### *Board or Investment Committee Members*

Overseeing investment strategy, approvals, and performance.

#### *Use Cases:*

- Evaluating investments based on both financial performance and potential for systemic transformation
- Setting governance parameters that accommodate the conditions to support systems change

## About This Project

This primer is the result of a practice research effort at the intersection of systems thinking and impact investing as part of a 'deep dive' in 2024-2026 of the [Shifting Systems Initiative](#) (SSI) at Rockefeller Philanthropy Advisors (RPA). It builds on RPA's Impact Investing Handbook, which provides a comprehensive roadmap for asset owners, and embeds a systems orientation particularly in foundational chapters 1-3.

Drawing on emerging literature and interviews with practitioners and investors, we sought to uncover the key shifts required to operationalize a systems approach and provide practical guidance for investors at different stages of their journey. It complements and amplifies learning from existing work in this field by organizations - including TransCap, TWIST, TIIP, Transform Finance, and others - who have been actively engaged in articulating the conceptual underpinnings of systems-oriented investing.

While there is growing interest and knowledge around systems-oriented approaches, impact investors face distinctive challenges in translating these ideas into their day-to-day practice. This initiative focuses specifically on bridging this critical gap—addressing the “how” of applying and integrating systems thinking across impact investing strategy and implementation, and impact measurement and management (IMM) approaches and frameworks.

### *Systems-Oriented Guidance for Asset Owners*

The RPA Impact Investing Handbook, particularly the first three chapters, provides structured guidance for asset owners for developing impact investing strategies, including:

- Situating Donella Meadows' work on identifying key leverage points within a system
- Recognizing the range of financial and non-financial assets that investors can leverage
- Developing multi-level theories of change that account for complex impact pathways

## Understanding Systems Thinking for Impact Investing

Throughout this primer, we use the term “systems thinking” broadly to encompass approaches that consider the wider context and dynamics of social change. In the context of impact investing, systems thinking involves several key elements:

**Embracing Broader Perspectives:** Moving beyond individual transactions to consider how investments fit into larger ecosystems of actors and initiatives working toward similar goals. This emphasizes the complexity and interconnectedness of social and environmental challenges.

**Understanding System Dynamics:** Recognizing the complex interactions and feedback loops between various actors, factors, and processes. This allows investors to develop a more nuanced understanding of how their investments may influence or be influenced by other actors and factors.

**Contextualizing Financial Capital:** Recognizing that while financial capital is a powerful tool, it is not the sole driver of transformation. This encourages investors to consider how their investments can complement or amplify the efforts of other change agents.

**Advancing Systemic Change:** Viewing systems change as both a means and an end—a way to address the limitations of current approaches to impact investing while responding more effectively to complex social and environmental challenges.

### *Systems Thinking: A Dual Perspective*

Another way to describe systems thinking is by asking what changes:

**Mindset:** Systems thinking is as much a lens for viewing the world as it is a methodology for engaging with it. It encourages asking deeper, more strategic questions about how we can design and implement solutions that consider the entirety of a system, rather than just its individual components.

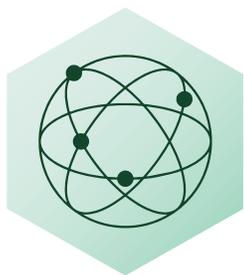
**Actions:** Beyond the cognitive perspective, systems thinking involves a set of differentiated actions that can significantly alter all aspects of impact investment strategy and operations. This includes constructing portfolios, applying screening criteria, and designing IMM strategies.

## Shifting Perspectives: An Integrated Framework

The Shifting Perspectives Integrated Framework describes six key shifts from integrating systems thinking in impact investing, informed by perspectives from research and practice. The Framework is structured around several key organizing principles designed to support users in translating systems thinking concepts into tangible practices:

- **Moving from shifts to strategies:** Each component begins by articulating conceptual shifts, and then breaks these down into actionable strategies. This structure helps to bridge the gap between the often abstract ideas of systems thinking and the day-to-day realities of impact investing practice.
- **Providing options for design and implementation:** For each component of the framework, a range of strategies and approaches are offered, illustrating the diversity of ways in which systems thinking can be applied. These options are not prescriptive, but rather serve as a menu of possibilities from which users can select based on their specific context, capabilities, and goals.
- **Meeting users where they are:** Some investors may choose to focus on one or two key shifts to begin, while others may pursue a more comprehensive combination. The “Where to Start” sections provide immediate, actionable guidance for those beginning to integrate systems thinking. The “Where it Can Go” sections serve to inspire and challenge the potential and ambition of system thinking in impact investing.

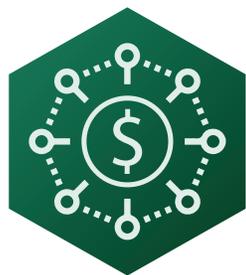
# Framework Components



# 1. Valuing Systems Perspectives

Valuing systems perspectives represents moving from linear, siloed thinking to approaches that recognize interconnections, feedback loops, and the dynamic nature of systems. This shift emphasizes understanding the broader context in which investments operate and their potential ripple effects.

Shift	Description	Where to Start	Where it Can Go
<p><b>Shifting from linear to complexity thinking</b></p>	<ul style="list-style-type: none"> <li>→ Recognize interconnections and feedback loops</li> <li>→ Embrace uncertainty and adapt to emerging dynamics</li> </ul>	<p>Conduct a basic systems map for one investment area (e.g., map key actors in clean energy sector)</p>	<p>Integrate systems thinking into all investment decisions (e.g., require systems analysis for each IC presentation)</p>
<p><b>Broadening impact goals and understanding of change</b></p>	<ul style="list-style-type: none"> <li>→ Consider broader, indirect, and long-term effects</li> <li>→ Acknowledge complexity of pathways to impact</li> </ul>	<p>Reframe one existing impact goal in systemic terms (e.g., from “increase access” to “transform governance”)</p>	<p>Set portfolio-wide goals for influencing system-level indicators (e.g., policy change, market shifts, norm evolution)</p>
<p><b>Embracing diverse perspectives and data sources</b></p>	<ul style="list-style-type: none"> <li>→ Actively seek out stakeholder insights</li> <li>→ Use multiple forms of evidence to understand system dynamics</li> </ul>	<p>Host a strategy session with local community representatives to gather system insights</p>	<p>Create an ongoing “systems advisory board” with diverse experts to inform evolving strategy</p>



## 2. Reimagining Capital Deployment

Reimagining capital deployment involves moving beyond traditional investment approaches to strategically combine different forms of capital (financial, social, human) and financial instruments to address systemic challenges.

Shift	Description	Where to Start	Where it Can Go
<p><b>Strategically combining different forms of capital</b></p>	<ul style="list-style-type: none"> <li>→ Develop blended finance approaches</li> <li>→ Use catalytic capital to unlock additional resources</li> </ul>	<p>Experiment with one blended finance deal (e.g., combining grant and investment capital)</p>	<p>Create a fully integrated capital stack across the portfolio, optimizing use of grants, equity, debt, and guarantees</p>
<p><b>Leveraging and co-investing in alignment with systemic goals</b></p>	<ul style="list-style-type: none"> <li>→ Build cross-sector partnerships</li> <li>→ Create co-investment opportunities with aligned investors</li> </ul>	<p>Identify and engage one potential partner from a different sector (e.g., a foundation for an investment fund)</p>	<p>Establish a multi-stakeholder investment platform with public, private, and philanthropic capital</p>
<p><b>Adopting longer time horizons for systemic impact</b></p>	<ul style="list-style-type: none"> <li>→ Implement longer-term fund structures</li> <li>→ Test new combinations of incentives and instruments</li> </ul>	<p>Set long-term impact targets alongside financial ones for one fund</p>	<p>Design a comprehensive multi-decade approach across multiple funds and direct investments</p>



### 3. Transforming Investment Strategies and Portfolios

Transforming investment strategies and portfolios emphasizes the connection between specific investments and long-term, large-scale change, ensuring that individual investments are strategically aligned to create synergies and amplify impact. This often involves a greater emphasis on long-term vision and patience in realizing both financial and impact returns.

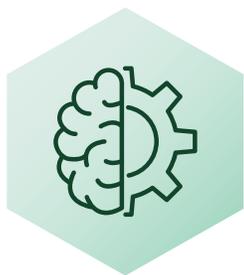
Shift	Description	Where to Start	Where it Can Go
<p><b>Systems thinking across individual investments and portfolios</b></p>	<ul style="list-style-type: none"> <li>→ Link investments to broader theories of change</li> <li>→ Design portfolios as interconnected ecosystems</li> </ul>	<p>Map current portfolio investments in one sector, identifying potential synergies or gaps</p>	<p>Optimize entire portfolio for systemic impact, actively managing for cross-investment synergies</p>
<p><b>Evolving screening and selection criteria</b></p>	<ul style="list-style-type: none"> <li>→ Assess potential for catalyzing systemic change</li> <li>→ Look beyond direct impact to broader influence</li> </ul>	<p>Add 2-3 systems-focused questions to current screening process (e.g., policy influence, market shifts)</p>	<p>Develop a comprehensive systems-aware due diligence framework, weighing systemic potential alongside traditional criteria</p>
<p><b>Balancing and aligning short-term and long-term objectives</b></p>	<ul style="list-style-type: none"> <li>→ Track both immediate and long-term effects</li> <li>→ Structure investments to enable patient, flexible capital</li> </ul>	<p>Set long-term impact targets alongside short-term ones for one investment</p>	<p>Develop a “transformation quotient” for investments, balancing near-term results with long-term system change potential</p>



## 4. Evolving Ecosystem Dynamics and Relationships

Evolving ecosystem dynamics and relationships involves moving from transactional relationships with investees to more collaborative, ecosystem-oriented partnerships. It emphasizes the investor’s role as an active participant in the system, working alongside investees and other stakeholders to collectively shape the conditions for systemic impact.

Shift	Description	Where to Start	Where it Can Go
<p><b>Nurturing collaborative, ecosystem-oriented relationships</b></p>	<ul style="list-style-type: none"> <li>→ Provide non-financial support to build systemic capacities</li> <li>→ Facilitate connections beyond individual investments</li> </ul>	<p>Offer capacity building to one investee (e.g., systems thinking training)</p>	<p>Create a comprehensive support program with mentorship, technical assistance, network connections</p>
<p><b>Actively participate in collective impact initiatives</b></p>	<ul style="list-style-type: none"> <li>→ Engage in or initiate field-level collaborations</li> <li>→ Align investments with collective impact goals</li> </ul>	<p>Join an existing collective impact initiative in a key area and align one investment with its goals</p>	<p>Launch a multi-stakeholder systemic change initiative, bringing together investors, investees, and other ecosystem actors</p>
<p><b>Developing shared accountability for systemic outcomes</b></p>	<ul style="list-style-type: none"> <li>→ Co-create impact goals and metrics with stakeholders</li> <li>→ Establish mechanisms for joint learning and adaptation</li> </ul>	<p>Co-design impact metrics with one investee, incorporating feedback from their stakeholders</p>	<p>Implement a participatory, ecosystem-wide impact framework with regular joint reflection and course-correction</p>



## 5. Reframing IMM for Adaptability and Learning

Reframing IMM for adaptability and learning involves moving from static, compliance-oriented reporting to more dynamic, learning-oriented IMM processes. This also requires a shift in how investors understand and assess their own roles in influencing and claiming impact.

Shift	Description	Where to Start	Where it Can Go
<p><b>Shifting to adaptive, learning-oriented IMM</b></p>	<ul style="list-style-type: none"> <li>→ Emphasize continuous improvement over annual reporting</li> <li>→ Create feedback loops for real-time learning and adaptation</li> </ul>	<p>Redesign one impact report to focus on insights and lessons learned rather than just KPI reporting</p>	<p>Implement a real-time, interactive learning platform for internal and external stakeholders to track progress and share insights</p>
<p><b>Embracing experimentation and iterative learning</b></p>	<ul style="list-style-type: none"> <li>→ Test assumptions and prototype new approaches</li> <li>→ Build in regular reflection and adjustment points</li> </ul>	<p>Introduce quarterly review and adaptation points for one investment, using systems insights to refine strategy</p>	<p>Develop a comprehensive adaptive management system with real-time monitoring, scenario planning, and rapid iteration across portfolio</p>
<p><b>Reconceptualizing accountability and additionality</b></p>	<ul style="list-style-type: none"> <li>→ Shift from attribution to contribution when assessing impact</li> <li>→ Redefine influence and identify system-level roles</li> </ul>	<p>Map one investment's first and second-order effects, looking beyond direct attribution</p>	<p>Create an "ecosystem influence index" to assess and communicate the various ways investments contribute to system change</p>



## 6. Enhancing IMM for Systemic Impact

Enhancing IMM for systemic impact changes how investors define, measure, and manage impact. This includes expanding the scope and strengthening the methodologies of impact measurement and management to better capture and influence systemic effects. It recognizes that traditional IMM approaches, while valuable, often fail to account for the complexity and dynamism of systems.

Shift	Description	Where to Start	Where it Can Go
<b>Widening the scope of impact measurement</b>	<ul style="list-style-type: none"> <li>→ Identify system-level effects and changes</li> <li>→ Develop indicators for key systemic outcomes</li> </ul>	Add 1-2 system-level indicators to existing IMM framework (e.g., policy shifts, market dynamics)	Create a comprehensive systems change measurement framework with indicators for shifts in system conditions, relationships, and paradigms
<b>Integrating diverse data and perspectives</b>	<ul style="list-style-type: none"> <li>→ Use mixed methods to capture quantitative and qualitative insights</li> <li>→ Engage stakeholders in defining progress</li> </ul>	Incorporate one new data source into impact assessment (e.g., add stakeholder interviews to annual metrics reporting)	Develop a participatory, multi-method impact evaluation approach that engages system actors in design and interpretation
<b>Developing systemic indicators and dynamic practices</b>	<ul style="list-style-type: none"> <li>→ Create metrics around leverage points and feedback loops</li> <li>→ Evolve measurement as the system changes over time</li> </ul>	Identify one leading indicator of systems change for a key investment and track it quarterly	Build an adaptive, multi-layered impact measurement system that evolves with the changing system and investment priorities

# Case Studies

## Access

### Integrating Systems Thinking into Strategy and Ecosystem Engagement

#### *Key Takeaways:*

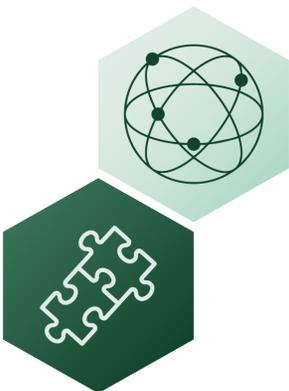
- Systems thinking can simplify complexity by focusing on key relationships and leverage points
- Measuring ecosystem health, not just individual outcomes, opens new avenues for impact
- Design strategies to build system capacity that persists after your direct involvement ends

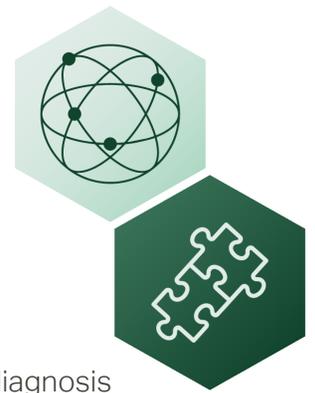
Access – The Foundation for Social Investment (“Access”) demonstrates how systems thinking can transform an organization’s strategy from focusing on individual transactions to strengthening entire ecosystems. Their recent strategy process placed systems thinking at the center, particularly in understanding and strengthening the ecosystem of social enterprises and charities they serve. Their approach prioritizes developing resilient intermediaries, fostering connections between different actors, and building relationships based on trust and shared goals. This approach allows Access to see beyond individual interventions and consider how their actions can influence the entire social investment landscape.

By identifying key leverage points and relationships within their ecosystem, Access has developed a practical framework that captures systemic change while remaining manageable and actionable. As Chief Executive Seb Elsworth explains, “We’ve learned over the years that, ultimately intermediaries are everything in our ecosystem... If those organizations are not well led, well run, resilient, well capitalized, able to think long term, able to work deeply in communities, build partnerships that have longevity and value... We’re not going to achieve our vision and their vision.” This insight emphasizes the importance of relationship quality and trust-building in creating systemic change, and has led Access to shift the focus of attention and resources toward strengthening these key ecosystem actors.

Access also considers the sustainability of the ecosystem beyond their own involvement. As Board Member Emilie Goodall explains: “Your role is to build resilience in the system, but you’re not going to be there forever. So how are you going to do that in a way that has lasting effect, beyond your ability to just provide capital flows.” This long-term view represents a fundamental shift from traditional impact investing approaches that focus primarily on direct outcomes to a systems perspective that prioritizes enduring ecosystem health.

Through careful analysis, Access distilled complex systemic considerations into five key performance indicators that track system-level changes. Significantly, one of these KPIs focuses on partner resilience; as the Head of Impact and Evaluation, Lydia Levy, notes: “One of the five KPIs is the resilience of our partners. And that is just not something, frankly, we would have measured five years ago.” This demonstrates that systems thinking can lead to greater clarity and focus rather than overwhelming complexity, and shows how systems thinking can also lead to new ways of defining and measuring success.





# Omidyar Network

## Discerning Problem Types for Strategic Intervention

The Omidyar Network demonstrates how systems thinking transforms problem diagnosis and strategy development by recognizing that different problem types require different approaches. Their strategy involves analyzing how various elements within a system interact, identifying underpinning assumptions and leverage points, and developing tailored approaches for different contexts. This systems orientation informs their opportunity identification, use of different financial and non-financial tools, portfolio construction, and partnership development processes.

Jessica Kiessel, formerly Senior Director of Learning and Impact at the Omidyar Network (ON), describes this approach: "I think systems thinking is both the discernment of problem types and a way to orient yourself in the world. And then, it's also the tools, approaches, and mindsets that can help us adapt how we work, to the types of problems that we're working on." This focus on matching strategies to problem types allows ON to deploy resources more effectively across different contexts.

On shifting from linear to complexity thinking, Kiessel notes: "I think what's really hard for people to absorb is that in any system, there will always be good things and bad things happening at any given time. Almost anything you do will have intended and unintended, and negative and positive, effects." This recognition of complexity led Omidyar to develop more nuanced investment strategies that anticipate ripple effects and potential unintended consequences.

In practice, Omidyar's systems approach encourages deeper questioning of fundamental assumptions. As Kiessel observes: "Mostly [without a systems approach] we're asking some form of efficiency questions, like how can we do this better?, versus [with a systems approach], we are making space to ask are we doing the right things?" This distinction between efficiency and effectiveness questions demonstrates how systems thinking can shift the focus from optimizing existing approaches to questioning whether those approaches address root causes of problems.

### ***Key Takeaways:***

- Differentiate between problem types to select appropriate investment and engagement approaches for each context
- Embrace the inherent complexity of change processes, including both positive and negative unintended effects
- Ask fundamental questions about effectiveness ("are we doing the right things?") not just efficiency

# elea Foundation

## Blended Capital Deployment for Interconnected Challenges

### *Key Takeaways:*

- Combine different capital types (grants, equity, debt) to support ventures at various stages
- Recognize interconnections between impact areas to inform capital allocation decisions
- Incorporate explicit ecosystem contribution criteria in investment selection processes

elea Foundation for Ethics in Globalization (“elea”) illustrates how systems thinking can transform capital deployment and portfolio construction by recognizing the interconnections between traditionally separate impact areas, and the need for combinations of different forms of capital at both the venture and portfolio level. This systems perspective has led them to develop flexible capital strategies that can support ventures addressing multiple impact dimensions simultaneously, acknowledge the combination of financial tools and necessary patience required, and to incorporate explicit ecosystem considerations into their investment selection process.

elea has recognized the importance of deepening their understanding of thematic areas - which are the conventional approach to segmenting their portfolio including: agricultural value chains, employable skills, and last-mile retail and services - as well as the interconnections between them. As Adrian Ackeret, Partner and Chief Investment Officer at elea, notes: “We reflected on a lot of the interconnectivity between climate outcomes and livelihood outcomes becoming way more tangible, but also how the system is already, in a way, responding as more entrepreneurs bring innovations into models that address these two things at the same time.” This intersectional approach demonstrates a thoughtful understanding of how different systemic challenges interact and influence each other.

The foundation has developed an innovative approach to capital deployment that recognizes the complexity of systemic change. Ackeret emphasizes that “some sort of mix of equity, grant capital, and other types of concessionary capital are very often necessary” for ventures operating in complex systems. This flexible, blended approach to capital deployment allows elea to support interventions at multiple leverage points within a system. They see this diversity as a strength, noting that “it is useful to not just focus on the one niche and then double down, but also create diversity [where] people learn from each other and complement each other in the portfolio.”

elea has embedded systems thinking into their investment screening and impact assessment through developing an “ecosystem factor” in their assessment criteria. This recognizes that individual investments can have broader ecosystem effects, whether through demonstration effects or by influencing previously unaddressed parts of the system. Accordingly, elea has created a scoring model where potential investments are evaluated not just on their direct impact, but on their potential to influence broader system dynamics through interaction with local investors and other stakeholders. They also recognize that working at a market systems level requires patience, flexible capital deployment, and a willingness to support ventures through various stages of development.



# Laudes Foundation

## Multi-Dimensional Rubrics and Inquiry-Based Measurement

### *Key Takeaways:*

- Using rubrics for systematic assessment of multiple dimensions of systems change
- Design measurement approaches that invite inquiry rather than compliance and accountability
- Use measurement insights to identify resource allocation patterns and address portfolio gaps.

Laudes Foundation's approach to measuring, understanding and learning from its contribution to impact demonstrates how investors can move beyond simplistic metrics to capture the complexity of systems change (for Laudes, this is focused on supporting industry transitions to address climate change), while focusing on the use of evidence to inform strategic decision-making.

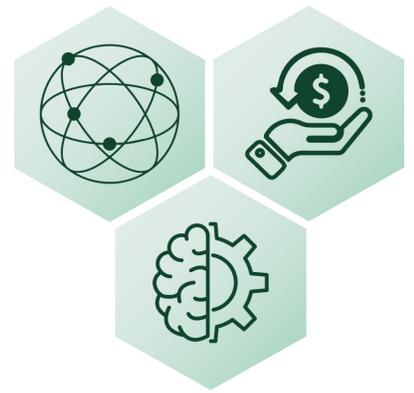
Laudes has developed a [set of rubrics](#) that cover different aspects of industry change. These are derived from the [foundation theory\(-ies\) of change](#). These rubrics allow the foundation to assess progress across multiple dimensions, from contributions to policy and regulatory changes to investor and business pressure and narrative change inter alia, based on a rating scale. The rubrics also incorporate different time dimensions of change from early indications of change to the five and 10 year time horizon. This temporal aspect is crucial to complex systems, where changes often unfold over extended periods, are often not linear, and to allow for tracking of progress even when immediate results might not be visible.

This approach directly addresses the challenge of measuring systemic impact while acknowledging its inherent complexity. Importantly, Laudes' approach acknowledges the uncertainties of their work in that ratings of the rubrics are designed to be starting points for discussions on quality of impact, and not used as judgments. As Lee Risby, Director of Effective Philanthropy at Laudes, notes: "They're not there to call people to account. [...] It's there as an invitation to ask questions together - how well are we doing and why?" This is a critical cultural setting for informing strategy and tactics with evidence, as Risby stresses: "I want us to be accountable to learn and use evidence, I do not want accountability and learning in the traditional sense of evaluation."

The rubrics have proven valuable not only for measurement but also for portfolio development and partnership strategies. They provide a structured way to categorize where Laudes is placing most strategic emphasis as each partner organisation selects a rubric that is most relevant to its work and strategy. Further, Risby explains: "It also allows us within the categorization of those rubrics to say, where are we putting the most resources and why, and conversely where to have less, and why?" This integration of measurement and strategy exemplifies how systems thinking can influence both assessment and decision-making processes.

This approach also creates space for learning and adaptation, recognizing that systemic change often unfolds in unexpected ways. As Risby explains, "If you're really trying to do systems change, there will always be [negative or unintended effects], and you should always be looking for and expecting that." The foundation combines these rubrics with a real-time developmental evaluation and using AI, so programme teams can sensemake evidence annually to get a more comprehensive understanding of progress within a rapidly changing external context.





# Working Capital Fund

## Embedding Systems Thinking in Investment Processes

Working Capital Fund (WCF) demonstrates how systems thinking can be embedded throughout the entire investment process, in response to complex labor rights challenges. Their approach involves identifying how different interventions can collectively address labor exploitation and promote responsible practice in global supply chains. By conceptualizing their fund itself as a systemic intervention rather than just a collection of investments, WCF designs its strategy to address multiple leverage points within global supply chains simultaneously. This approach transforms how they identify opportunities, structure investments, and measure impact.

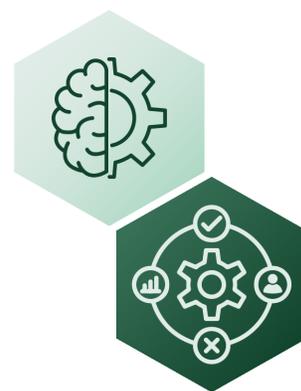
WCF demonstrates how systems thinking can be fully integrated into an impact investing fund's DNA from inception. As Dan Viederman, Managing Partner at WCF, notes: "The creation of an impact investing vehicle to try and solve those problems was explicitly an intervention in the system." The fund took a systemic approach to addressing labor rights exploitation in supply chains, recognizing that meaningful change required coordinated interventions at multiple points in the system.

The fund's approach is anchored in evolving theories of change that maintain a consistent systems orientation while adapting to both internal and external developments. This adaptive approach is evident in how WCF anticipated and responded to regulatory changes: "We foresaw where US and EU supply-chain legislation was going, which helped guide our interventions... We invested in a set of portfolio companies that could help businesses comply." This demonstrates how systems thinking can inform both portfolio construction and investment selection.

WCF also shows how system-oriented strategies can be operationalized across the entire investment process. Their theories of change directly inform due diligence criteria, portfolio design, and IMM activities. As Viederman explains, "Compared to philanthropic funding that may be narrower in terms of its scope and timeline, we are now able to think in more sophisticated ways about long-term capitalization of firms, about their team capacity, and their resilience." This comprehensive approach ensures that systems thinking is influential both at the strategic level as well as embedded in day-to-day investment and IMM operations.

### ***Key Takeaways:***

- Design investment strategies that target multiple intervention points within a system
- Anticipating regulatory and market shifts creates strategic advantages for systemic investors
- Embedding systems thinking in operational processes ensures consistent implementation



# Acumen

## Multi-Level Measurement and Adaptive Learning

Acumen illustrates how systems thinking can transform impact measurement from a standardized reporting exercise to a dynamic learning practice that captures change at multiple levels. By developing approaches to examining effects on individuals, organizations, and broader systems, Acumen has created measurement approaches that match the complexity of the challenges they address. This multi-layered approach generates richer insights about how change happens and enables more responsive investment strategies over time.

Acumen's approach to systems thinking is particularly evident in how they've evolved their impact measurement and learning practices. As Julia Mensink, Director of Impact at Acumen, explains: "I now try to make sure that each of our theories of change has a component around what happens for the individuals, what happens with the portfolio companies, and how we're solving the problems at the system level. Our IMM and insights agenda goes beyond our portfolio companies: what are we driving that is bigger than the sum of its parts?" This multi-layered approach demonstrates a sophisticated understanding of how individual investments contribute to broader systemic change.

The organization has developed innovative approaches to measuring systemic impact over different time horizons. Mensink notes, "We're not going to be able to measure our systemic or market impact upfront. There's no way to set a baseline for that, because we just don't know what the wider impact looks like over time. So we use our impact measurement alongside an insights agenda that may include research projects in say year 3, 6 and 9 across a 10-year time frame so we can analyse and manage impact along the way." This approach acknowledges the emergent nature of systemic change and builds in structured learning opportunities over time.

On shifting from static reporting to adaptive, learning-oriented IMM, Mensink articulates: "I believe system thinking requires an adaptive learning mindset, as opposed to something that you can pre-set precisely, because we just don't know yet, until we get going, what actually matters." This perspective embraces the inherent uncertainty in systems work and positions measurement as a discovery process rather than merely a verification exercise.

### ***Key Takeaways:***

- Structure frameworks to capture changes at individual, organizational, and system levels
- Incorporate adaptive learning cycles to respond to emerging insights about what matters
- Adaptive learning mindsets are essential for effective measurement in complex systems

## Conclusion

This Primer has introduced frameworks, tools, and practical approaches for integrating systems thinking to impact investing. We've outlined six key shifts that can transform how investors approach complex challenges—from valuing broader perspectives and reimagining capital deployment to cultivating ecosystem relationships and enhancing measurement approaches. Our intent has been to make systems thinking accessible and actionable, meeting investors wherever they are on their journey.

The organizations featured in our case studies demonstrate various entry points and applications of systems thinking. Access Foundation illustrates how strategy development can incorporate ecosystem health and intermediary resilience. Omidyar Network shows how discerning different problem types enables more targeted intervention strategies. elea Foundation demonstrates blended capital approaches that address interconnected challenges. Working Capital Fund reveals how embedding systems awareness throughout the investment process creates more coherent impact portfolios. Laudes Foundation demonstrates how rubrics can capture multiple dimensions of systems change while fostering learning. Acumen highlights how multi-level measurement frameworks and structured research initiatives can track emergent systemic effects.

We invite you to experiment with the approaches presented in this Primer and the companion Playbook, adapting them to your specific context and gradually expanding your systems practice as you build capacity and confidence. Start with small steps—perhaps conducting a stakeholder session to gather diverse perspectives, or redesigning one impact report to focus on learning rather than just reporting. Share your experiences, challenges, and insights with peers as you go, contributing to the growing community of practice in this field. The complex challenges we face require new approaches to deploying capital, and your efforts to integrate systems thinking into your work will help build a more effective impact investing ecosystem that creates lasting, meaningful change.

# Acknowledgements

This Primer was written by Karim Harji, Advisor to the Shifting Systems Initiative. The development of this resource would not have been possible without the collaborative efforts of many individuals who generously shared their time, expertise, and insights.

The author wishes to express deep gratitude to SSI colleagues who provided invaluable guidance and feedback throughout the research and writing process: Heather Grady, Alex Álvarez von Gustedt, Diana Scearce, and Patrick Briaud. Their thoughtful contributions and commitment to advancing systems change work significantly shaped the Primer's development, as well as the broader project approach and content. Special thanks to Julia Cassano for her thoughtful design work to enhance the usability of this resource.

We are particularly grateful to the representatives from the case study organizations who generously shared their time and experiences to reflect candidly on their systems journeys:

- Seb Elsworth, Emilie Goodall, and Lydia Levy, Access Foundation
- Jessica Kiessel, formerly of The Omidyar Network
- Adrian Ackeret and Arnaud Schuele, elea Foundation
- Dan Viederman, Working Capital Fund
- Lee Risby, Laudes Foundation
- Julia Mensink, Acumen

We are also grateful to the many practitioners and thought leaders who contributed their perspectives through interviews and conversations that informed this work. Their diverse experiences and insights across different contexts and approaches have enriched our understanding of how systems thinking can be operationalized in impact investing.

- Alison Fort, TWIST: Investing for Systems Change
- Andrea Armeni, Transform Finance
- Bill Burckart, The Investment Integration Project (TIIP)
- Dimple Sahni, Anthos Fund & Asset Management
- Donna Loveridge, Independent
- Erica Barbosa Vargas, Eclipx Family Office
- Joanna Cohen, Builders Vision
- Jess Daggars, Transcap Initiative
- Kanini Mutooni, DRK Foundation
- Mike McCreless, Impact Frontiers
- Sarah Teacher, Impact Investing Institute
- Wren Laing, JW McConnell Foundation

SHIFTING  
SYSTEMS  
INITIATIVE



ROCKEFELLER  
Philanthropy  
Advisors