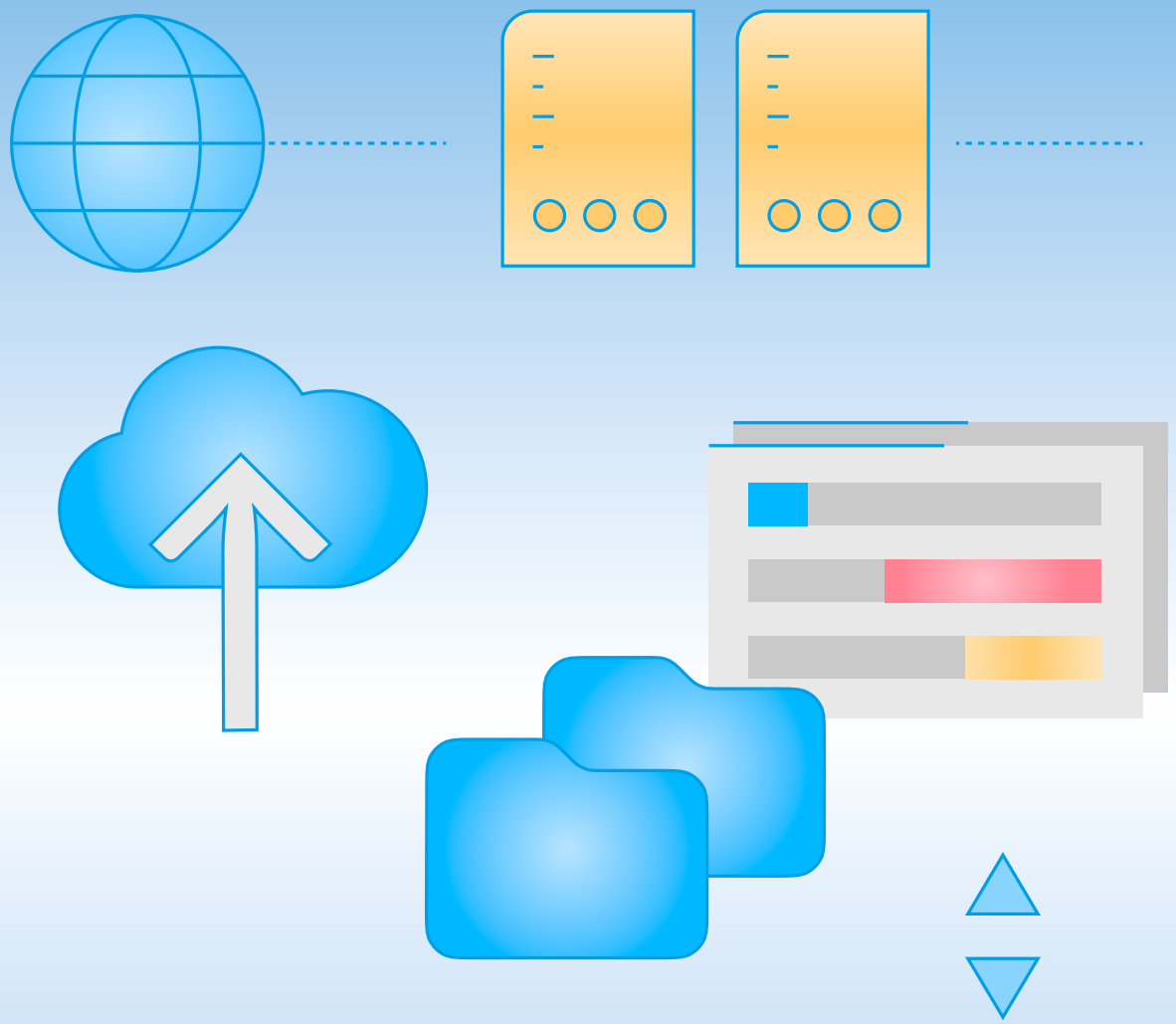

Impact Data Xchange – Vision Paper

BertelsmannStiftung

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Publisher
Bertelsmann Stiftung
Carl-Bertelsmann-Straße 256
33311 Gütersloh
Phone +49 5241 81-0
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Authors
Dr. Aurel Stenzel
Martin Pompéry

Responsible
Murali Nair
Dr. Felix Sieker

Editing
Barbara Serfozo, Berlin

Layout and Typesetting
Nicole Meyerholz, Bielefeld

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BertelsmannStiftung

Contents

Foreword

We live in a time of complex, interconnected global challenges – from climate change and biodiversity loss to poverty, inequality and fragile health systems. The solutions to these challenges already exist, often in the form of promising social enterprises, breakthrough technologies and innovative blended finance models. Yet too often, these solutions remain fragmented, siloed, and underfunded.

To scale what works, we need to do what the Impact Data Exchange (IDX) now makes possible: open up the data silos, share knowledge and build a truly collaborative infrastructure for impact. No matter how successful, isolated pilot projects alone cannot solve the scale of the problems we face. Real transformation requires scale, and scale depends on shared data, shared learning and coordinated action.

The IDX provides a clear, actionable vision to make this possible. It sets the stage for seamless, sovereign and standardized data exchange across the entire impact ecosystem — connecting enterprises, investors, platforms and intermediaries. In doing so, it significantly lowers the transaction costs that stall promising deals, while increasing trust, transparency and capital flows to where they're needed most.

But the significance of IDX goes beyond efficiency. At its core, it reflects the values that define the impact economy: openness, reciprocity, data sovereignty and agility. It lets founders spend less time on paperwork and more time scaling impact. It helps investors find better-aligned opportunities with less friction and lower risk. And it gives policy makers and institutions the tools they need to respond at scale.

Now is the time to shift – from fragmentation to federation, from guarding data to growing ecosystems. The only path forward is a shared one. We call on all stakeholders to contribute to the IDX vision, not only by using the tools, but by helping shape the community that will steward this infrastructure for the long term.

Together, we can share. Together, we can grow.

Dr. Brigitte Mohn
Member of the Executive Board

Preamble

Executive Summary

The 2030 Sustainable Development Goals (SDGs) require trillions of dollars in investment. While impact investors are contributing to the SDGs today, the lack of accessible, high-quality[1] impact data results in elevated search and transaction costs, ultimately hindering the scale and credibility of the impact investing industry. The Impact Data Xchange (IDX) envisions a world in which stakeholders collaborate seamlessly around high-quality, standardized impact data to unlock capital and accelerate progress toward achieving the SDGs. Although numerous valuable initiatives have advanced impact data interoperability, major challenges remain in achieving broad adoption and delivering tangible results at scale. IDX builds on these efforts by proposing a roadmap centered on two key pillars:

- **The IDX Community** – a shared governance body responsible for shaping open standards.
- **The IDX Network** – a connectivity layer that integrates and harmonizes existing solutions into a cohesive digital ecosystem, ensuring data quality and reliability to support informed decision-making.

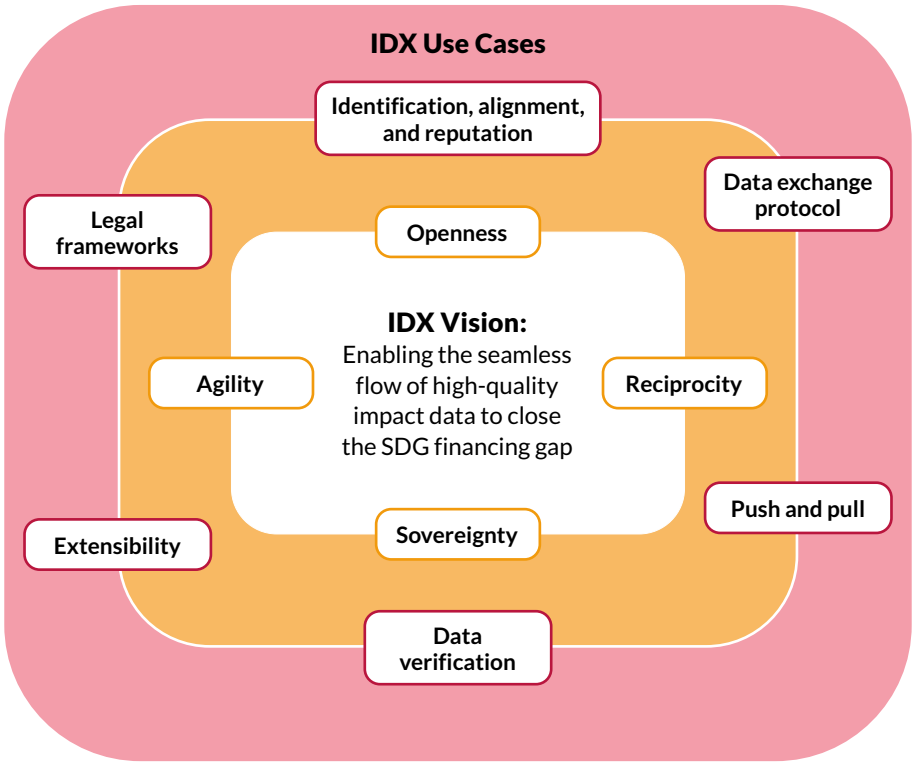
IDX aims to drive the mobilization of capital toward sustainable impact by improving data quality, increasing transaction efficiency, and streamlining investment coordination.

The platform is grounded in four core principles: Openness ensures broad participation through minimal barriers and open-source software applications. Reciprocity ensures that data-sharing delivers mutual benefits without privileging any one stakeholder group. Sovereignty guarantees that participants retain full control over their data, preserving privacy and trust. Finally, agility reflects IDX's commitment to continuous evolution through community-driven governance, empowering stakeholders to refine methodologies and respond to an ever-changing impact landscape.

1 High-quality data is typically defined by accuracy, completeness, timeliness, and consistency, but here, we focus on whether it is fit for purpose—specifically, its ability to identify SDG investment opportunities and support informed decision-making. While third-party verification can enhance data quality, this aspect will be addressed in future development phases.

Design principles and core functionalities in a nutshell

The IDX Vision establishes the design principles that shape the architecture of the core functionalities. These, in turn, support practical use cases that realize seamless, high-quality impact data exchange.



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Methodology

Our proposal is grounded in an analysis of real-world challenges within the impact investing ecosystem. To engage with stakeholders, we facilitated workshops at major conferences, including SOCAP, Sankalp, and Katapult Future Fest. These sessions offered valuable insights into data-sharing dynamics across investment pipelines and portfolios. In addition, we conducted more than 20 in-depth qualitative interviews to deepen our understanding and capturing diverse perspectives from across the impact ecosystem. These empirical findings are integrated into theoretical frameworks drawn from commons research, data collaboration, and multi-stakeholder governance, alongside best practices from previous sustainability-focused data-sharing initiatives.[2]

Collaborators and contributors

The Impact Data Xchange (IDX) is a collaborative initative initiated by the Bertelsmann Stiftung, with the support of Artha Networks, ImpactableX, and SINE Foundation.

Aurel Stenzel, SINE Foundation e. V.
Martin Pompéry, SINE Foundation e. V.
Murali Nair, Bertelsmann Stiftung
Felix Sieker, Bertelsmann Stiftung
Audrey Selian, Artha Networks Inc.
Kenneth Hynes, Artha Networks Inc.
Catherine Griffin, ImpactableX
Rory Tews, ImpactableX

The following individuals contributed to the development of IDX by participating in in-depth interviews and/or workshops, generously offering their time, perspectives, and expertise:

Allie Burns, Village Capital
Astrid Scholz, Armillaria
Adam Spence, Social Venture Connexion
Avinash Mishra, Global Innovation Fund
Carolina Suárez, Latimpacto
Daniel Izzo, VOX Capital
David Richmond, Independent Expert on Impact Data
Dimple Sahni, Anthos Fund & Asset Management
Fleur Heyns, Proof of Impact
Jenaan Lilani, Family Business Network
Jim Chu, Untapped Global
Jon Patell, Convergence Blended Finance
Komal Sahu, AVPN
Malika Anand, Community Investment Management
Mark Hennessy, Anthos Fund & Asset Management
Melody Jensen, Toniic
Patricia Klauer, ImpactHub
Petra Kuti, Anthos Fund & Asset Management
Rex Raimond, Transformational Investing in Food Systems
Shally Shanker, AiiM Partners
Stefan Dierks, Melitta Group Management
Tom Dawkins, LendForGood

2 See, for example, https://sine.foundation/datacommons.

Introduction

The SDG financing gap and the role of impact investing

The 2030 Sustainable Development Goals (SDGs) provide a global consensus framework for addressing the world's most pressing economic, social, and environmental challenges. Adopted by all 193 UN member states in 2015, the SDGs establish measurable targets to create a more just, sustainable, and prosperous world by 2030. Achieving these goals will require trillions of dollars in investment.[3] However, current capital flows are not directed toward the most needed areas of sustainable development. Large sums of capital are not reaching the regions and sectors where they could generate the highest social and environmental value.[4] Despite global commitments, public sector funding alone remains insufficient to meet the 2030 targets.

While governments and development agencies play a critical role, unlocking private capital is essential to closing the SDG financing gap. Impact investing presents a promising solution, offering the potential to achieve financial returns while delivering positive social and environmental outcomes. It encompasses a broad range of financial instruments – including equity, debt (such as invoice factoring, supply chain finance, and revenue-based financing), and grants (including convertible grants).[5] These instruments differ in terms of return expectations, risk-sharing mechanisms, and impact objectives.

Examples of where impact and financial outperformance align

- Impact data can highlight improvements in resource efficiency – such as reduced energy or water use – that result in long-term cost savings and stronger financial returns.
- Companies that comply with environmental, social and governance (ESG) regulations and align with industry impact standards are less likely to face litigation, regulatory penalties, or consumer backlash.
- Impact data can identify greenhouse gas (GHG) reductions and removals across the value chain, potentially lowering exposure to carbon taxes – particularly under policies like the European Union's Carbon Border Adjustment Mechanism (EU-CBAM).

3 See, for example, https://www.undp.org/eurasia/our-focus/development-impact/sdg-finance.

4 See, for example, Hand, D., Ulanow, M., Pan, H., & Xiao, K. (2024). Sizing the Impact Investing Market 2024. The Global Impact Investing Network (GIIN). New York. https://thegiin.org/publication/research/sizing-the-impact-investing-market-2024/

5 See, for example, Power, Aunnie Patton. Adventure Finance: How to Create a Funding Journey that Blends Profit and Purpose. Wiley, 2021.

Impact investors typically align their risk-return-impact preferences with specific financial instruments. As a result, they prioritize different types of data in their investment decisions, spanning both financial and impact-related metrics. Nonetheless, deal flow and a limited pipeline of investable opportunities remain persistent challenges, particularly for investors operating in developing and emerging markets. For these investors, financial performance data often serve as the primary decision-making criteria at the transaction level, with impact data becoming more influential once financial viability is established.[6] Impact data can also demonstrate financial outperformance or mitigate investment risk.

Data needs and challenges

The role of data in impact investing varies significantly depending on the financial instrument, the stage of the investment, and the type of capital market participant – whether a fund manager (and at what scale), a limited partner (LP) such as a family office or pension fund, or another institutional actor. For example, early-stage equity investors tend to prioritize qualitative signals – such as the strength of the leadership team and the venture's long-term vision – over detailed metrics. At this stage, both financial and impact assessments often hinge on potential rather than proof. Similarly, in donation-based crowdfunding, where large numbers of individuals contribute modest amounts, storytelling and perceived mission alignment are key to mobilizing support.

> "The availability of accurate, comparable and decision-useful nature-related data is an essential prerequisite to address the global challenge of accelerating nature loss, to help organizations become more resilient in the face of nature-related risks, to deliver sustainable development for local communities, and to facilitate the flow of capital to nature positive outcomes." – TNFD Report[7]

When focusing specifically on investors who place capital directly with a recipient organization, impact data serves distinct purposes at different stages of the investment process. Pre-investment data informs signaling, decision-making, and the final investment commitment. Post-investment data, which captures actual performance, supports accountability and ideally facilitates continuous improvement. In this sense, post-investment data can also serve as pre-investment data for subsequent investment opportunities or fund products.[8] There may be some overlap in actual data fields/units – such as the number of widgets sold to rural households, which may serve as both a retrospective performance metric and a prospective component of an impact thesis – but the purpose and intention of why and how data is shared will vary according to funding status and reporting obligations, as well as investment strategy and impact goals.

All stakeholders incur significant costs in collecting, verifying, and sharing high-quality impact investment data – as well as in transforming that data into actionable insights to guide investment decisions.

First, founders repeatedly fill out surveys, often providing the same information multiple times without the ability to reuse past responses. This process is typically undertaken without any clear indication of their actual chances of securing funding. In short, they face high effort and costs – with limited incentives – due to the uncertainty of investment outcomes.

> „Our main hurdle as a social enterprise operating in India and actively fundraising over the years has been adapting the same data to different formats, requiring significant time and effort to meet varying investor preferences. Implementing standardized reporting frameworks would streamline this process and improve efficiency." – Piyush Jaju, ONergy (India)

6 Investment processes do vary; some impact investors conduct preliminary impact due diligence at the same time as or before the initial financial analysis.

7 See Taskforce on Nature-related Financial Disclosures. (2023, August). Findings of a high-level scoping study exploring the case for a global nature-related public data facility. https://tnfd.global/wp-content/uploads/2023/08/23-24755-Global-Data-Facility-Paper_V14.pdf

8 See, for example, Lahaye, E., Clarke, C., & Kiamba, E.M. (2024, October). Investing for Financial Inclusion: Four Enablers for Outcomes Measurement and Management. Working Paper. CGAP. Washington, DC.

Pre- and post-investment impact data

Pre-investment impact data refers to the qualitative and quantitative information used (i) at the fund level to design a product or strategy and (ii) at the transaction level to assess the potential social and environmental value of an investment before capital is committed. This data is critical for socializing deal flow and live opportunities – whether listed on platforms or presented as stand-alone cases within investor portfolios requiring additional or blended financing through varied instruments. It serves to align prospective collaborating stakeholders on the expected impact thesis, investment fit, financial model, and strategic alignment with broader portfolio goals. This data often includes projected impact outcomes, alignment with recognized frameworks (e.g., SDGs, IRIS+), and baseline assessments of the problem the investment seeks to address.

Post-investment impact data consists of measurable performance metrics that track and validate the realized impact and financial performance of an investment over time. This data enables investors and stakeholders to assess whether individual investments – and the overall portfolio – are meeting intended return targets and achieving stated social and environmental objectives. It provides evidence of effectiveness and progress toward both financial and impact goals. Key components include ongoing performance indicators, impact verification methodologies, third-party evaluations, and strategic adjustments based on observed outcomes. Access to post-investment data from capital recipients can vary depending on the timing, terms, and structure of the investment – posing a practical challenge in many cases. While investors may have limited influence over a recipient's strategy after capital deployment, such data remains essential for informing responsible exits and for shaping future portfolio or fund design.

Second, investors face substantial challenges in identifying and evaluating viable opportunities. Conducting due diligence on a business model operating in a rural area of an emerging market can be time-consuming, costly, and labor-intensive. Establishing baseline figures prior to measuring an intervention's impact often relies more on trust than on official data sources at the district, municipal, or national level. Many social enterprises operate in data-scarce environments, where their theory of change cannot easily be validated against government data or third-party aggregates of objective indicators.

> "In the absence of strong governance models and financial audit practices, prospective investors will often find themselves trying to jot down the basics of provisional financials and operations in their notebooks. We are left to whatever presentation format comes in the pitch decks of prospective investees, and our ability to interrogate these." – Audrey Selian

Third, investors must navigate a fragmented landscape of frameworks, taxonomies, or metrics for measuring impact.[9] Different organizations use different systems, formats, and definitions for their impact data. The impact investing ecosystem lacks so-called semantic and technical interoperability. As a result, investors – and the software platforms they rely on – are unable to communicate effectively, making it difficult to access, share, and compare impact data across the ecosystem.[10]

9 See, for example, Hand, D., Sunderji, S., Ulanow, M., Remsberg, R., & Xiao, K. (2024). State of the market 2024: Trends, performance and allocations. Global Impact Investing Network (GIIN). New York.

10 For more details, see, for example, the report by the Impact Finance Network. Retrieved March 27, 2025, from https://impactfinance.network/

Fourth, there is widespread uncertainty about the re-sharing of impact data. Enterprises often express concerns about potential misuse or unintended exposure, fearing that shared data could be used against them at a later stage – particularly in the event of changes, setbacks, or shifts in their operating models and projected targets. Conversely, investors may be unsure whether they are legally permitted to re-share certain data provided by enterprises, resulting in hesitation and inefficiencies in data exchange. The absence of clear and consistent legal or cross-border regulatory frameworks[11] contributes to ambiguity around data ownership, access rights, and confidentiality, making both investors and enterprises reluctant to re-share detailed information. Even in jurisdictions with well-established legal protections, enterprises are often unwilling to share data unless a clear business case justifies the disclosure. This reluctance is further compounded by the fact that many existing platforms, tools, or networks rely on data hoarding as part of their revenue models – limiting data portability and discouraging open collaboration.

In sum, these challenges increase transaction costs and limit the ability to make well-informed investment decisions.

11 For example, a clear legal framework in country A may not apply in country B.

Interoperability

- Technical interoperability enables data to flow seamlessly between different systems without the need for manual intervention. It is comparable to sending an email from a Gmail account to someone using Outlook or another provider – different platforms, but uninterrupted communication.
- Semantic interoperability ensures that systems interpret the data in the same way. It is similar to translating between languages: all parties agree on a shared vocabulary or common definitions, allowing data to be accurately aligned and understood across platforms.

Data challenges in a nutshell

Challenges	Consequence
• Data collection and validation • Lack of semantic & technical interoperability • Legal and data governance uncertainties	• High costs _ Enterprises: repetitive workflows _ Investors: high levels of effort and manual work • High risk for misallocated capital and fragmentation

The Impact Data Xchange

The vision

The vision of the Impact Data Xchange (IDX) is a world in which the impact investment gap is closed through collaboration enabled by high-quality impact data. Seamless yet sovereign access to and exchange of this data – across all relevant stakeholders, regardless of size or geography – enhances deal sourcing, risk assessment, and financing coordination. Lower transaction costs create opportunities for new investment instruments, unlocking additional capital SDG solutions. Rather than building yet another impact platform, IDX aims to connect the currently fragmented ecosystem of impact investors, enterprises, and data providers – transforming it into a cohesive whole.

To bridge the gap between fragmented impact data and efficient investment flows, IDX brings forward two key pillars:

(1) The IDX Community as the heart and soul of IDX: The Community brings together all relevant stakeholders – from impact investors and data providers to intermediaries and technology enablers. It serves as the governing body responsible for shaping the IDX vision and guiding its implementation. With an adaptive governance model, the Community evolves continuously to reflect the needs of a diverse ecosystem. It drives key decisions and fosters alignment, collaboration, and shared ownership of IDX's development.

(2) The IDX Network as the digital backbone: The Network operationalizes the Community's principles through a cohesive, open-access digital ecosystem. It integrates and standardizes essential functions such as identification, alignment, data exchange, and verification, enabling seamless collaboration among stakeholders.

Example of impact collaboration

A company with global operations is under growing regulatory pressure to reduce emissions across its value chain. To meet these requirements, it seeks to incentivize suppliers to adopt regenerative agriculture practices that reduce fertilizer use. The company supports this transition by committing to long-term procurement contracts with price premiums, offering stability and predictability to its suppliers. With the support of IDX, impact investors, financial institutions, and development banks collaborate using a shared, standardized impact data set. This reduces redundancy in due diligence and accelerates financing decisions, allowing capital to flow more efficiently – and at lower cost – to suppliers adopting sustainable practices. Once financed, these suppliers can reuse the same standardized data for post-investment reporting to both investors and the buyer, enabling seamless, transparent monitoring and verifiable impact without duplicative reporting burdens.

The Community and Network are deeply interconnected: The Community defines the vision, governance, and standards, while the Network brings them to life at scale through technical infrastructure. Together, they form a positive feedback loop: stakeholder collaboration informs the Network's development, while the Network equips the Community with the tools needed to drive measurable impact.

Design principles

In alignment with the project's vision – to close the SDG investment gap through collaboration enabled by high-quality impact data – the development and design of the IDX Community and Network are guided by the following core principles:

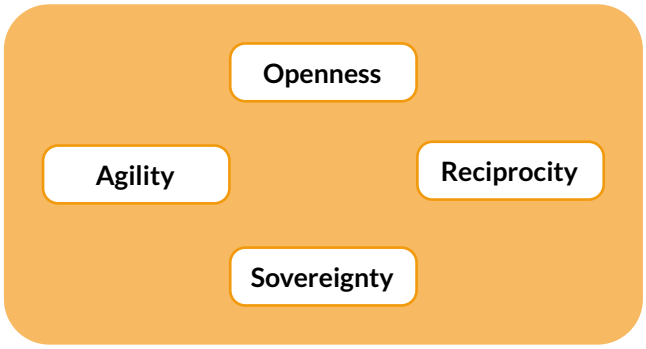
- **Openness:** IDX is accessible to all stakeholders seeking to exchange or facilitate impact data, provided they adhere to shared standards that ensure data quality, integrity, and reliability. Technological, financial, and knowledge-based barriers are minimized to encourage broad participation. Open-source software is prioritized whenever possible to foster transparency and community-driven innovation. IDX actively seeks collaboration with existing initiatives and supports the integration of their methodologies into the IDX Network.

- **Reciprocity:** IDX is built on the principle that data-sharing should never be one-sided but always create mutual benefits. Founders gain improved access to capital with less manual work. Funders access high-quality deals at lower costs and risk through streamlined due diligence and more investment capital. No stakeholder group is given priority over another. IDX fosters a balanced, equitable ecosystem in which all participants benefit.

- **Sovereignty:** Participants retain full control over their data, which is shared only on a peer-to-peer basis and upon request. Stakeholders determine what data to share, with whom, and when. There is no central storage or automatic redistribution. Peer-to-peer exchange ensures that no intermediary owns, controls, or profits from shared data, reinforcing trust and autonomy. No identifiable data is re-shared without explicit consent.

- **Agility:** IDX acknowledges the complexity and heterogeneity of the impact investing landscape and recognizes the need for continuous evolution to maintain relevance at a global scale. Rather than imposing rigid frameworks, IDX fosters structured adaptability – allowing stakeholders to test, iterate, and refine methodologies in real-world conditions. Through community-driven governance, modular integration, and phased adoption, IDX ensures its deliverables remain relevant, interoperable, and aligned with the evolving demands of the impact investing ecosystem and emerging regulatory frameworks.

IDX design principles in a nutshell



Source: Own representation | BertelsmannStiftung

Core functionalities

To realize its vision, the IDX Community and Network must be built around the following core functionalities:

- **Identification, alignment, and reputation:** IDX provides standardized capabilities to uniquely and reliably identify funders, founders, and other participants in the impact investing ecosystem. Given the diversity of the ecosystem – where stakeholders operate with varying risk preferences, investment theses, and impact priorities – IDX must enable dynamic alignment and the formation of sub-groups based on relevant parameters. These may include investment criteria (e.g., company stage, financing instrument), impact themes (e.g., climate technology, regenerative agriculture), or geographic focus (e.g., Latin America, Africa). These self-governed sub-groups facilitate repeated interactions, fostering reputation-building mechanisms that are essential for building trust and collaboration.

- **Data exchange protocol:** The protocol[12], implemented through an open-access and easily integrable API, will connect existing impact systems and platforms, enabling seamless peer-to-peer data exchange without requiring a central repository. It will focus on basic enterprise information, financial data, and several impact-related key performance indicators (KPIs), which remain the key interest of impact investors. To further enhance trust and credibility, founders can use the API to transmit KPIs directly from primary data sources, such as accounting systems – offering greater reliability than self-reported survey data.

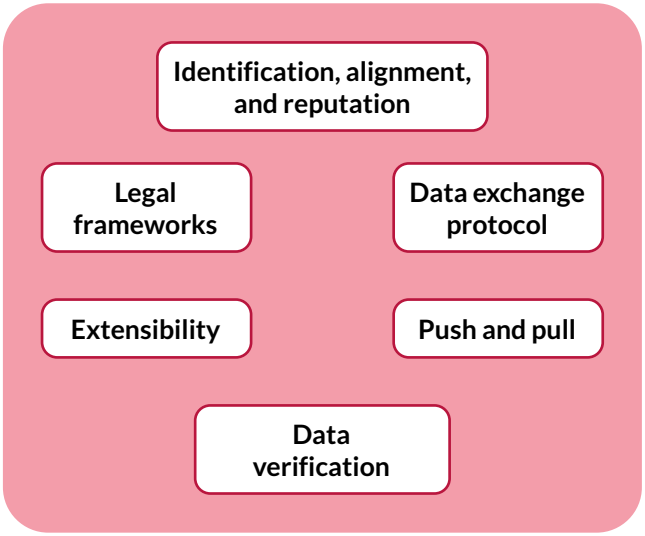
- **Push and pull:** Impact data must be updated continuously; it is not a one-time reporting effort. Investors demand up-to-date data on enterprises, yet most data repositories rely on static profiles that quickly become outdated. The push and pull functionality addresses this challenge by facilitating ongoing data updates across platforms and systems.

  _ **Push:** Founders can seamlessly update and distribute their company information through IDX. Once submitted, the data is made available to selected recipients across relevant registries, eliminating the need to repeatedly share the same information with different investors – following the once-only principle.

  _ **Pull:** Funders can request standardized data directly from founders. By consistently pulling structured and comparable financial and impact metrics, they can make better-informed investment decisions with significantly less manual effort.

- **Data verification:** The IDX Network establishes a trusted environment for sharing verification results related to the accuracy and completeness of impact data. This increases investor confidence while reducing verification costs. The Network also enables comparability of data, creating a common infrastructure for validating information against certain standards or requirements.

IDX core functionalities in a nutshell



Source: Own representation | BertelsmannStiftung

12 "Protocol" is a term from software and standardization approaches. It means a set of technical definitions that allow two or more systems to communicate and interact with each other. By implementing protocols, interoperability at the level of software systems can be achieved.

- **Extensibility:** Given the ecosystem's heterogeneity, IDX will provide a governance framework that enables (sub-)groups to co-develop and extend the IDX according to sector- or use-case-specific needs. This includes selecting methodologies, defining KPIs for exchange throughout the IDX Network, or facilitating community-led verification mechanisms and principles to further reduce the cost of data verification.

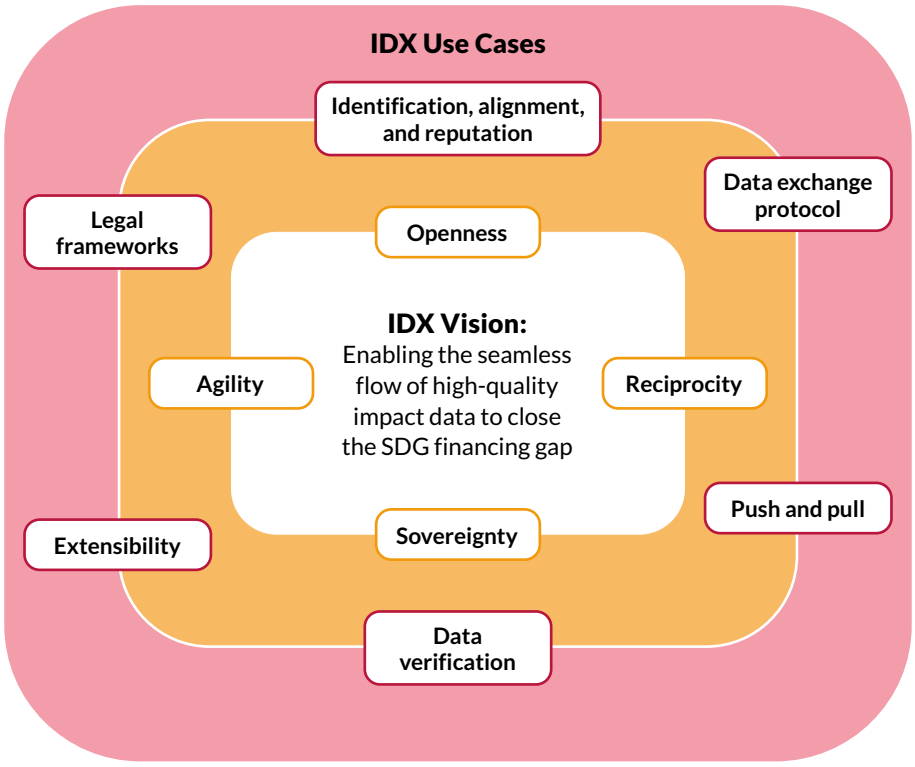
- **Legal frameworks:** To facilitate data-sharing adoption, IDX will provide standard legal agreements for stakeholders who wish to engage in structured data-sharing. These agreements will eliminate ambiguity around data ownership, access rights, and confidentiality. They will also define permissible uses of shared data, ensuring transparency regarding how data can be accessed, analyzed, or integrated into decision-making. In addition, the agreements will outline data monetization guidelines, including revenue-sharing mechanisms to ensure fair distribution of benefits among contributors.

These Network functionalities will serve as the foundation for IDX. **As a first step, we will launch the IDX Data Exchange Protocol.**[13] To guide all subsequent developments, the IDX Community must convene to create an actionable roadmap. This approach will ensure that the prioritization and eventual extension of the Network functionalities will be guided by community needs, ensuring a phased and effective implementation.

13 Available at: https://sine-fdn.github.io/idx-protocol/

Design principles and core functionalities in a nutshell

The IDX Vision establishes the design principles that shape the architecture of the core functionalities. These, in turn, support practical use cases that realize seamless, high-quality impact data exchange.



Source: Own representation

Our theory of change

Many of the ideas outlined in this chapter are deeply embedded within the IDX design principles and core functionalities. This is intentional. While those sections describe what IDX is building, this chapter outlines why we believe this approach is necessary to drive systemic change.

The current impact investing ecosystem is fragmented, with disconnected platforms that compete rather than collaborate. Although the importance of collaboration is widely acknowledged, progress toward integration has largely stalled. Most platforms compete for users and funding rather than aligning their efforts. Many rely on grant-based funding, making long-term infrastructure investment a low priority. The ecosystem remains siloed, and attempted solutions result in reports – not implementation.

Building on our experience from previous projects, we believe that the best way forward is to (1) engage all stakeholders in a community-led effort, to (2) connect the fragmented ecosystem by using (3) customized digital tools provided by the IDX and (4) further exploring the incentive structures that will yield scale and success for participants.

(1) **Participatory approach to community and governance:** Rather than relying on top-down mandates from industry bodies, IDX prioritizes a participatory governance model that brings together diverse stakeholders to co-develop solutions of, by, and for the impact ecosystem. This ensures inclusive participation, particularly from those on the frontlines of impact creation, while also accommodating the compliance-driven needs of firms mobilizing capital under increasing ESG scrutiny.

(2) **Interoperability at its core:** Rather than building yet another platform, IDX is designed to enable seamless integration with existing standards, platforms and workflows. By focusing on semantic and technical interoperability, IDX lowers transaction costs and enhances access to reliable, high-quality impact data. This enables enterprises, investors, and platforms to directly collaborate over reliable data – without intermediaries controlling or profiting from data.

(3) **Software-enabled and action-oriented:** Instead of stopping at vision statements and roadmaps, IDX delivers customized digital tools and guidance to connect the impact ecosystem – beginning with the launch of the Data Exchange Protocol. All IDX core functionalities will be co-developed with the Community and undergo rigorous testing. This approach ensures that IDX delivers a practical, scalable infrastructure that accelerates impact investments.

(4) Mutual benefits: Creating a collaborative ecosystem in which stakeholders voluntarily share high-quality data requires careful incentive design. Identifying and vetting a promising investment opportunity involves significant effort, leading investors to guard such data within closed, trusted circles. In the pre-investment phase, a potential investor sharing data runs the risk of being bypassed by others who capitalize on his due diligence. Conversely, once an investment is secured, there's little motivation to share valuable insights – particularly when investors seek to maintain majority control over the cap table. These dynamics are particularly pronounced in emerging market social enterprise investments, where competitive concerns and trust constraints shape private transactions. For IDX to succeed, it must clearly demonstrate that participation offers a competitive advantage – not a cost or a risk. To gain traction, leading industry investors and platforms must take the first step and showcase that there are strong incentives for participating in the IDX.

Intended IDX advantages

- **Reduced transaction costs:** Investors using the IDX Network can access more high-quality data about investment opportunities at a lower price than ever before.
- **Enhanced capital access:** Investors using IDX can identify investment-ready enterprises faster, reducing barriers to funding.
- **Collaborative risk reduction:** Aggregated funding increases total capital available, ultimately lowering individual risk for funders.
- **Reduced compliance burdens:** Participating enterprises will no longer have to complete redundant questionnaires across multiple platforms.
- **Lower reporting costs:** By aligning with investor requirements, enterprises can reuse standardized data instead of continuously adapting to different impact reporting requests.

Outlook

Unlocking the power of AI

AI has the potential to unlock entirely new levels of efficiency gains in impact investing. The most substantial improvements are expected in reducing the manual effort – and therefore the cost – associated with data collection and preparation. This includes automating tasks such as data verification and the harmonization of diverse impact metrics. By effectively "translating" between various reporting standards, AI can enhance interoperability across fragmented reporting frameworks. AI can also augment human decision-making in several domains, including risk assessment, capital allocation, and due diligence. By analyzing large volumes of financial and impact data, AI can streamline processes and generate additional efficiencies.

> As AI-driven tools become more sophisticated, the opportunity cost of fragmented, non-standardized data will only increase, limiting the ability of investors to harness AI for improved decision-making.

Despite its promise, the effective use of AI in impact investing depends on several critical foundations: the availability of clearly defined impact methodologies, stakeholder consensus on key issues, and trust in both the underlying data and the broader data-sharing ecosystem. Skepticism remains around AI-generated impact metrics that are not grounded in community consensus or scientific and practitioner-based expertise. Concerns also persist about AI models "hallucinating" data or reinforcing biases. These concerns were echoed by several of our interviewees, who expressed limited trust in AI for making investment decisions or generating forecasts for business and impact models.

Ultimately, AI models require access to high-quality structured data, especially when training models. Without such access, AI-driven approaches will struggle with the current heterogeneity of impact-related data. AI models trained on such data are at greater risk of generating unreliable outputs, while the lack of high-quality reference data makes performance evaluation notoriously hard to achieve. IDX can support the shift to AI in impact investment by delivering the necessary foundations for its implementation. This includes:

- delivering responsibly sourced training datasets,
- designing incentives for the creation and curation of appropriate training datasets, or
- establishing governance structures for AI model development and deployment.

Unlocking additional capital

There is significant potential to mobilize more capital toward SDG solutions by more effectively matching impact investors with companies through IDX. Many companies face growing pressure to meet sustainability targets driven by regulatory requirements (e.g., CSRD, EUDR), consumer

expectations, and investor demands. However, they often struggle to access reliable, standardized impact data to guide their sustainability strategies and inform investment decisions. At the same time, impact investors require high-quality data to evaluate and de-risk potential investments. IDX can serve as a critical bridge, offering an interoperable data-sharing framework that enables companies to align their sustainability initiatives with investment opportunities more quickly.

> "ESG ratings influence the terms of financial services, creating incentives for companies to invest in their transformation – for example, by reducing and removing emissions across their supply chains. This, in turn, lays the foundation for new impact-linked business models and enables innovative collaboration opportunities between private enterprises and impact investors." – Stefan Dierks, Director Sustainability Strategy at Melitta Group Management

Companies are particularly interested in blended-finance solutions that integrate impact-driven capital into their financial strategies. This could include sustainability-linked loans, impact bonds, or direct investment in SDG-aligned projects contributing to their net-zero or ESG goals. However, the lack of common standards and the high cost of due diligence currently hinder these opportunities. By fostering and standardizing such collaborations, including a seamless data exchange between corporates and impact investors, IDX can help businesses demonstrate the credibility of their sustainability claims. This, in turn, enables the creation of new investment vehicles that attract both financial and impact-oriented capital. Such integration has the potential to unlock significant capital flows, helping to mainstream sustainability investments while ensuring measurable impact.

Outlook given the current political shifts

A global shift in political priorities may signal a deprioritization of sustainability and climate policies – issues that once held a central place on international agendas. At the same time, government-backed international development aid is in decline. For example, the United States is scaling back its foreign assistance programs, while the United Kingdom is reallocating portions of its aid budget to defense. This growing gap in funding for global development and sustainability initiatives underscores the urgent need to mobilize more private capital.

This political shift may also lead to a regulatory rollback in sustainability reporting. Companies could face reduced pressure to meet sustainability targets, even if regulatory requirements remain relatively high. As a result, investors may become more hesitant to commit capital to SDG-aligned projects. In parallel, ongoing efforts to harmonize sustainability reporting frameworks and enable cross-platform impact data-sharing may experience delays or reversals, further fragmenting the impact investment landscape.

In this evolving context, the need for IDX is more pressing than ever. By making impact investing more accessible and efficient, IDX plays a critical role in maintaining capital flows to SDG-aligned projects – particularly as public sector leadership wanes.

Call to action

IDX is taking bold steps to move from concept to impact. The initiative will begin by focusing on four key actions:

1. **Launching the first version of the IDX Data Exchange Protocol:** IDX will release its Protocol by the end of March 2025, ensuring interoperability from day one. This will allow stakeholders to exchange standardized data seamlessly and with full respect for sovereignty.[14]

2. **Building a committed group of Lighthouse Stakeholders around a high-impact use case:** To ensure strong adoption, IDX will focus on a clearly defined, real-world investment challenge where interoperability can efficiently mobilize capital. It will onboard Lighthouse Stakeholders across the entire data value chain.

3. **Developing and executing the first live data-sharing pilot:** The pilot will enable the exchange of real-world investment data and measure key improvements, such as greater due diligence efficiency, lower transaction costs, and more informed investment decisions.

4. **Scaling the network through continuous expansion:** IDX is built for iterative growth. Each successful pilot will broaden participation, refine governance processes, and enhance the Protocol – delivering tangible outcomes while keeping interoperability at the core.

14 Access it here: https://sine-fdn.github.io/idx-protocol/

Join IDX in one of the following ways

- **Become a community member and help shape IDX from the ground up:** Community members will engage in working groups, contribute to standard development, provide feedback on early-stage tools, and help define the principles guiding IDX's growth. As the initiative evolves, members will have opportunities to participate at various levels, based on their interests and areas of expertise.

- **Become an implementer or piloter of the IDX Protocol:**

  _ **As an implementer,** you will develop software that complies with the IDX Protocol, either as part of your core offering or as a prototype. You will help shape the Protocol from the outset, ensuring it meets your clients' needs – while gaining a market advantage by delivering more accurate, lower-cost deal data.

  _ **As a piloter,** you will use IDX-compliant software to exchange deal-related data. By testing and providing feedback, you will help refine the Protocol to meet the needs of investors, enterprises, and data providers – while gaining deeper insights into the evolving impact data landscape.

Be part of shaping the future of impact investing. Join the discussion, contribute to the development of a truly interoperable impact data ecosystem, and help unlock the capital needed to drive real, measurable progress toward the Sustainable Development Goals.

About the authors

SINE Foundation

The SINE Foundation is a neutral nonprofit organization dedicated to enabling the flow of trusted sustainability data. It develops open-source cryptographic tools and governance frameworks that facilitate lasting, privacy-preserving data collaboration. SINE supports global organizations – including the World Business Council for Sustainable Development and the Smart Freight Center – in establishing and digitizing global standards for sustainability data exchange. The foundation empowers organizations to trust and act on sustainability data through its work, accelerating climate action and impact-driven investments.

Key authors: Aurel Stenzel, Martin Pompéry

Bertelsmann Stiftung

Through its projects, studies and events, the Bertelsmann Stiftung fosters dialogue and drives momentum for social change. With the Impact Data Exchange project, we aim to make a meaningful contribution to the impact ecosystem by promoting the sharing and transparency of impact data. We hope this pilot will be embraced by both impact-driven entrepreneurs and investors, paving the way for a self-sustaining initiative that could ultimately set a new industry standard.

Key contributors: Murali Nair, Felix Sieker

Artha Networks

Founded in 2012, Artha Networks Inc. is committed to facilitating impact investment by reducing transaction costs for investors. Artha's digital solutions draw on two decades of experience working with investment professionals, entrepreneurs, and enterprise support organizations across diverse countries and communities. Artha's mission is to help our clients mobilize and deploy the investment that people and planet need now more than ever.

Key contributors: Audrey Selian, Kenneth Hynes

ImpactableX

Impactable is a data analytics company that connects founders, funders and brands around premiere impact intelligence. Originally developed under the umbrella of Bloomberg Philanthropies and Obama Administration initiatives, Impactable draws from a vast body of public data and research to predict the systemic effects of social innovation and their associated economic value. Impactable forecasts impact potential, calculates social return on investment (SROI), aggregates results across diverse portfolios and unlocks benchmarking and comparability for the first time. Founders can issue evidence-based impact reports to customers and investors. Funders are able to understand relative impact potential of prospects pre-investment, and clearly track results post-investment.

Key contributors: Catherine Griffin, Rory Tews

Address | Contact

Bertelsmann Stiftung
Carl-Bertelsmann-Straße 256
33311 Gütersloh
Phone +49 5241 81-0
www.bertelsmann-stiftung.de

Murali Nair
murali.nair@bertelsmann-stiftung.de

Dr. Felix Sieker
felix.sieker@bertelsmann-stiftung.de

BertelsmannStiftung