IMPACT QUANTIFIER EXPLAINER

What is a QALY and why does it matter?

QALY stands for quality-adjusted life year, and it's commonly pronounced as one word, "kwah-lee."

QALY is a simple but powerful concept from the world of health interventions and has proven to be applicable across sectors:

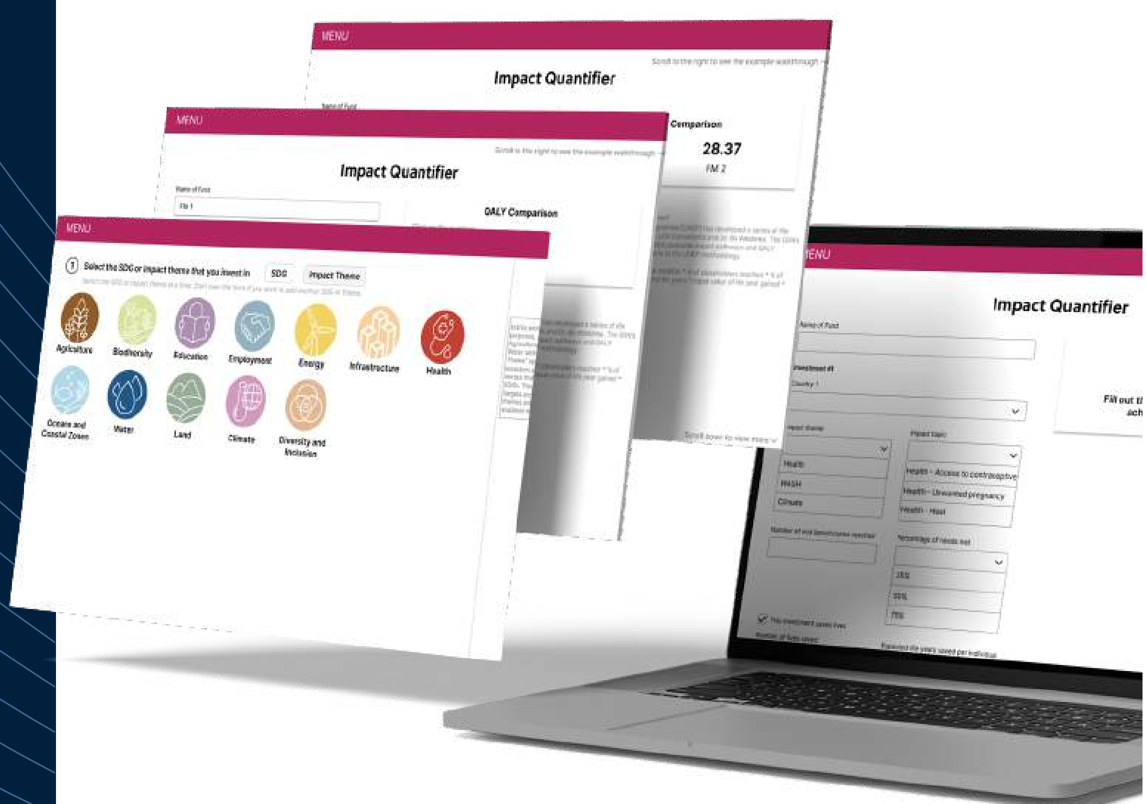
- One perfect year of life = 1 QALY[1]
- Lower wellbeing = fewer QALYs
- No longer living = 0 QALYs

QALYs combine quality and length of life in one metric. This allows for a consistent way to measure human impact across different sectors and geographies.

Introducing Impact Quantifier, a new tool from the GIIN's Impact Lab to allow investors to compare impact across social impact themes based on quality of life. This has the potential to radically shift how asset allocators and managers channel capital.

Why Use QALYs in Impact Investing?

- **Human-centered:** Focuses on real people, not just abstract metrics or dollar values
- **Scalable:** Aggregates over time and across individuals to compare investment opportunities or entire portfolio
- **Actionable:** Designed to support decision-making, target setting and reporting
- **Comparable:** Enables apples-to-apples comparison of impact across sectors (education vs. employment vs. climate)
- **Transparent:** Grounded in open-source data and clear assumptions



[1] National Institute for Care and Health Excellence

What is the context for the tool?

This approach builds on public academic research from 2-0 LCA in collaboration with the United Nations Environment Programme (UNEP). The GIIN created a methodology to estimate QALYs gained from improving key drivers of wellbeing, such as improving education, access to jobs or health services.

These insights helped expand QALYs beyond the world of health interventions into a tool that's adapted for investors — simple enough for high-level decision-making and rigorous enough to support evidence-based comparisons.

The GIIN's Impact Lab worked with 2-0 LCA to adapt this research for real-world use by impact investors, ensuring the methodology is open-source, practical and globally relevant.

Impact Quantifier:

The GIIN's Impact Quantifier helps investors compare the social impact of their investments using QALYs. It draws from open-source global data to estimate how much quality of life is improved — and how many lives are extended — by meeting humans' need across sectors.

With a few inputs — who is affected, how much their needs are met and where the impact occurs — investors can estimate QALYs gained and compare the outcomes across investments or portfolios.

Investment	Who is reached	Needs met[2]	QALY gain (per person, per year)[3]	Total QALYs gained
Education fund in India	5,000 students	50%	0.06	150 QALYs
Education fund in the U.S.	5,000 students	50%	0.02	50 QALYs
Jobs program in India	250 people	75%	0.05	9.4 QALYs

Same sectors, different results. Same country, different outcomes. QALYs make it easy to compare.

Ready to get started?

Use the Impact Quantifier to make your investments more transparent, comparable and human-centered.

GIIN

Read the full methodology

Access the open-source tool

Contact the GIIN research team to learn more: research@thegiin.org

[2] The percentage of needs met reflects the estimated effectiveness of an intervention in addressing a beneficiary's unmet needs. To simplify use amid limited data, the Impact Quantifier offers three tiers—25%, 50%, and 75%—representing low, medium, and high effectiveness. These estimates will be refined as additional research becomes available.
[3] QALY estimates are derived from the methodology developed by 2-0 LCA and UNEP, which quantifies annual quality-of-life losses across countries and impact themes.