




# SOCIAL IMPACT MEASUREMENT WORKSHOP

Presentation subtitle  
02/ 11 / 2016

# AGENDA



General Introduction to Social Impact Measurement (SROI),  
Methodology



Stakeholder Engagement and Capturing the Social Change



Formulation of Indicators of Change



Monetizing the Social Change



Establishing the Social Impact



Calculating the Social Impact

## BACKGROUND: HOW DID THE PRACTICE EMERGE

The past decade has seen increasing interest in measuring the social impact of projects, programs, organisations, businesses, and policies.



CSR Managers want to know what results have been achieved, with a view to improving future performance.



NGOs and Foundations want to demonstrate better accountability for the money they've raised

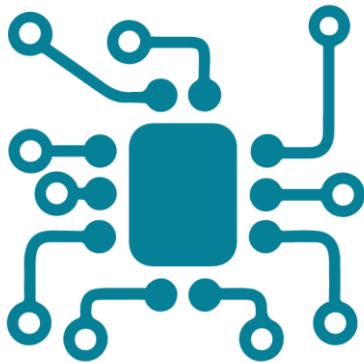


Investors want to know the social value their money is creating.



Governments have a strong imperative to measure the social impact of policies, programs and funded activities

## BACKGROUND: HOW DID THE PRACTICE EMERGE



The objective is to create tools and/or mechanism that help organizations measuring the intangible impact generated and provide an estimation to its value.



The objective also is to drive improvements that increase the value of programs to the people they serve while helping organizations to plan better, implement more effectively, and successfully bring initiatives to scale.

Jeremy Nicholls CEO Social Value International says:

The **growing interest in impact measurement within foundations**, which itself reflects a growing interest across all sectors, is mainly based on the **proving impact**, either by charities and non-profits reporting to foundations or by foundations reporting on their impact to a wider audience.

**SOCIAL VALUE**  

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**INTERNATIONAL**

# BACKGROUND: IMPACT MEASUREMENT TOOLS, STANDARDS AND FRAMEWORKS

## **Few guidelines and frameworks have been created:**

- Guide to Social Accounting and Audit by the Social Audit Network <http://www.socialauditnetwork.org.uk/>
- Social Impact Analysis by Social Impact Analysis Association <http://www.siaassociation.org/>
- Social Return On Investment (SROI) by the UK SROI Network <http://www.thesroinetwork.org/>
- Measuring and Improving Social Impacts: A Guide for Nonprofits, Companies, and Impact Investors by [Marc J. Epstein](#) (Author), [Kristi Yuthas](#) (Author) <http://goo.gl/CKMuUZ>
- B Corp (B Impact Assessment) by B Corporation <http://www.bcorporation.net>
- Demonstrating Value (DV) by Vancity Community Foundation [www.demonstratingvalue.org](http://www.demonstratingvalue.org)
- Global Impact Investing Rating System (GIIRS) by B Lab [www.giirs.org](http://www.giirs.org)
- Impact Reporting & Investment Standards (IRIS) by Global Impact Investing Network (GIIN) [www.iris.thegiin.org](http://www.iris.thegiin.org)
- Sustainable Livelihoods (SL) by UK DFID [www.eldis.org](http://www.eldis.org)

# BACKGROUND: SROI IN INDIA AND MIDDLE EAST

Emirates NBD Bank



SROI Evaluation Analysis  
"Conversations" Project

Conversations – Dubai  
Integrating Children  
with Disabilities  
SROI 1:4.45  
2012-2013

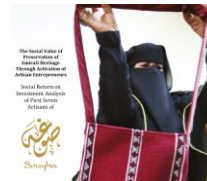
Emirates NBD Bank



SROI Evaluation Analysis  
"Ahdaaf" Project

Ahdaaf – Dubai  
Engaging under-  
privileged children  
SROI 1:1.98  
2013-2014

Khalifa Fund (KFED)



SROI Evaluation Analysis  
"Sougha" Project

Sougha – Abu Dhabi  
Empowering &  
Employing Micro-  
Entrepreneurs Women  
SROI 1:4.8  
2009-2012

Omran Tourism



SROI Evaluation Analysis  
"Intajee and Zaree" Project

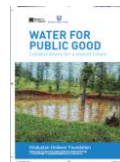
Intajee and Zaree  
Oman  
Empowering local  
farmers  
SROI 1:2.46  
2015

Palestyle



Palestyle– Dubai  
Social Fashion  
Brand  
SROI 1:2.40  
2013-2014

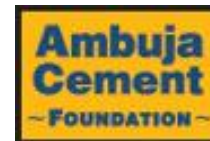
HUF



SROI Evaluation Analysis  
"Water for Good" Project

HUF  
Water for Good  
SROI  
2011-2014

Ambuja Cement



Water Resources  
Management-Kodinar, Gujarat  
and Rabriyawas, Rajasthan,  
India  
SROI 1: 9  
2005-2015

Godrej



Beautypreneur Program  
SROI (Unpublished)  
2017 to 2018



Agricultural Interventions  
SROI-UNPUBLISHED  
2015-2016

## IMPACT MEASUREMENT: MEASURING THE SOCIAL IMPACT THROUGH SROI

SROI = Social Return On Investment – Methodology implemented is inspired by Social Value International [www.socialvalueint.org](http://www.socialvalueint.org) . At its core, SROI is a measurement valuing both financial and non-financial outcomes.

- SROI is a form **of stakeholder-driven evaluation** blended with cost-benefit analysis tailored to social purposes.
- It tells the story of **how change is being created** and places a monetary value on that change and compares it with the costs of inputs required to achieve it.
- Its not a cash return. Its about how much the **beneficiaries value the change**.



## IMPACT MEASUREMENT: FOR INSTANCE USAGE OF SROI FRAMEWORK



To plan **future**  
programs or create  
KPIs



As a mechanism  
to better **engage**  
stakeholders



To **assess**  
existing programs



To **compare**  
programs and their  
values



**benchmark** for  
social investment  
strategies

## IMPACT MEASUREMENT: FOR INSTANCE MEASURING THE SOCIAL IMPACT IN FINANCIAL TERMS



For **every \$1 spent** on the initiative, the community program **generated \$#** of social impact



and for **\$20,000 invested** in a community program, there was a creation of **\$500,000 of total social value**

# IMPACT MEASUREMENT

## MEASURING THE SOCIAL IMPACT IN FINANCIAL TERMS

There are two types of SROI:



**Evaluative**, which is conducted retrospectively and based on actual outcomes that have already taken place.



**Forecast**, which predicts how much social value will be created if the activities meet their intended outcomes

## WHO USES SROI

Types of organisation SROI has been used by a range of organisations across the not for profit (or voluntary), public and private sectors, including those that are small, large, new and established.

NGOs and Philanthropic Org.	Private Businesses	Funders	Managers	Governments
Improve performance, inform expenditure and highlight added value. Demonstrating better accountability and reporting to funders and the board	Assess risks and opportunities arising from the impact of their products on stakeholders. Measure effectiveness of CSR programs and impact generated	Help them decide where to invest, and later to assess performance and measure progress over time	Monitor the performance of a successful contractor and procurement activities	For developing policy for which recognition of social value is important

# IMPACT MEASUREMENT

## METHODOLOGY AND PRINCIPLES

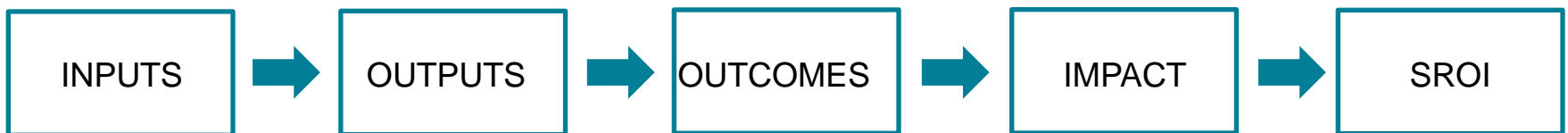
Involve stakeholders	The importance of involving stakeholders to capture the social change
Understand what changes	Articulate how change is created and evaluate this through evidence gathered, recognising positive and negative changes as well as those that are intended and unintended
Value the things that matter	Use financial proxies in order that the value of the outcomes can be recognised
Only include what is material	Determine what information and evidence must be included in the accounts to give a true and fair picture, such that stakeholders can draw reasonable conclusions about impact
Do not over claim	Organisations should only claim the value that they are responsible for creating
Be transparent	Demonstrate the basis on which the analysis may be considered accurate and honest, and show that it will be reported to and discussed with stakeholders
Verify the result	Verify the result. Ensure appropriate independent verification of the account

# IMPACT MEASUREMENT

## MEASURING THE SOCIAL IMPACT IN FINANCIAL TERMS

As with most performance assessment and evaluation frameworks, SROI is based on program logic (or '**theory of change**' or '**logic model**').

**inputs** are applied to service activities to produce **outputs**, from which outcomes are derived, which result in **impacts**





## PRACTICING SOCIAL RETURN ON INVESTMENT (SROI) STEP-BY-STEP APPLICATION

# SROI

## THE SIX STAGES

**Stage 1:** Establishing scope and identifying stakeholders

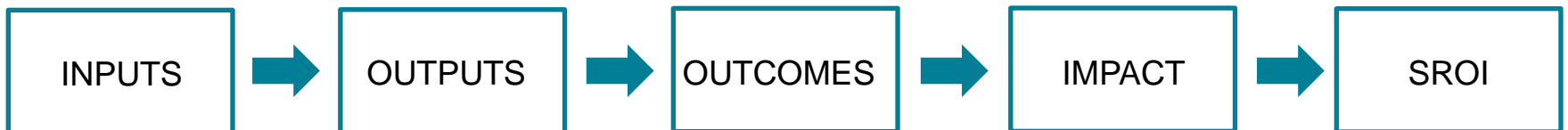
**Stage 2:** Mapping outcomes

**Stage 3:** Evidencing outcomes and giving them a value

**Stage 4:** Establishing Impact

**Stage 5:** Calculating the SROI

**Stage 6:** Reporting, using and embedding





# SROI

## ESTABLISHING SCOPE AND IDENTIFYING STAKEHOLDERS

Intended and unintended outcomes and positive and negative outcomes are all relevant to SROI

Key Stakeholders	Reason For Inclusion
Excluded Stakeholders	Reason For Exclusion

Stakeholder and how they affect or are affected by the activity	What we think happens to them, positive and negative	Included/ excluded?	Method of involvement	How many?	When?

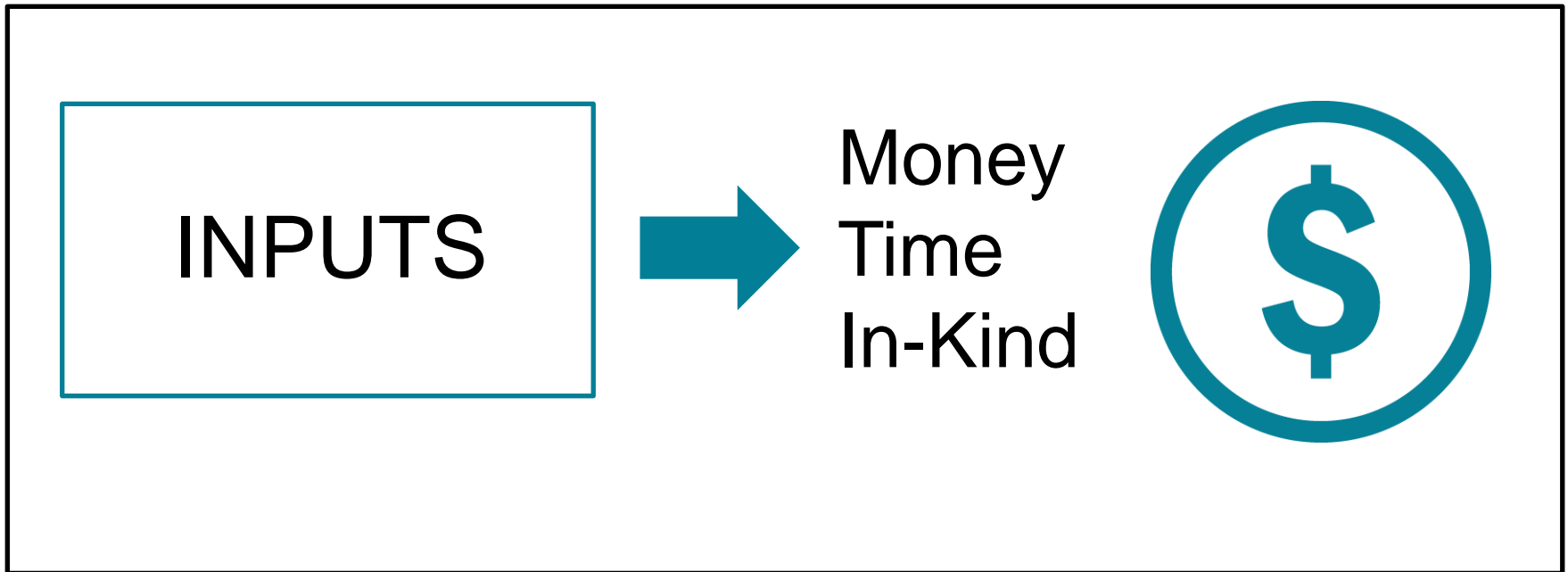
# SROI

## ESTABLISHING SCOPE AND IDENTIFYING STAKEHOLDERS

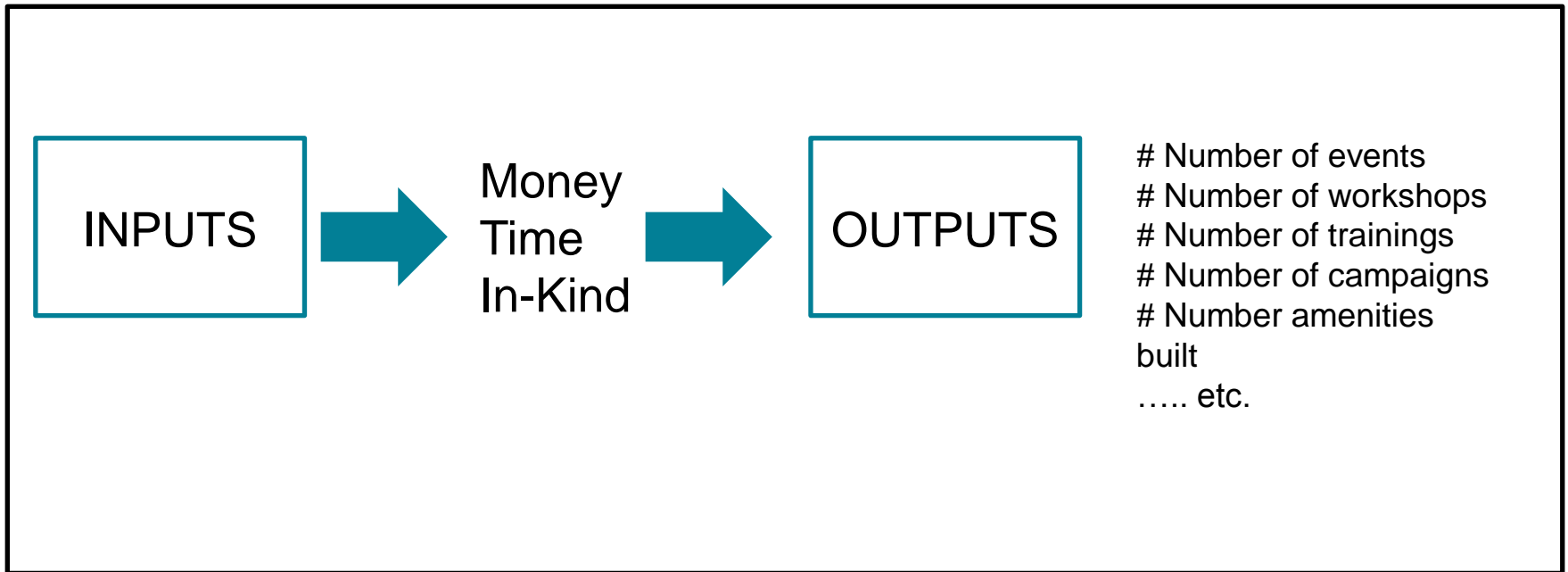
Involving stakeholders will help you to understand more about strengths and weaknesses of the activities you are analysing and may provide useful information that can help your organisation improve

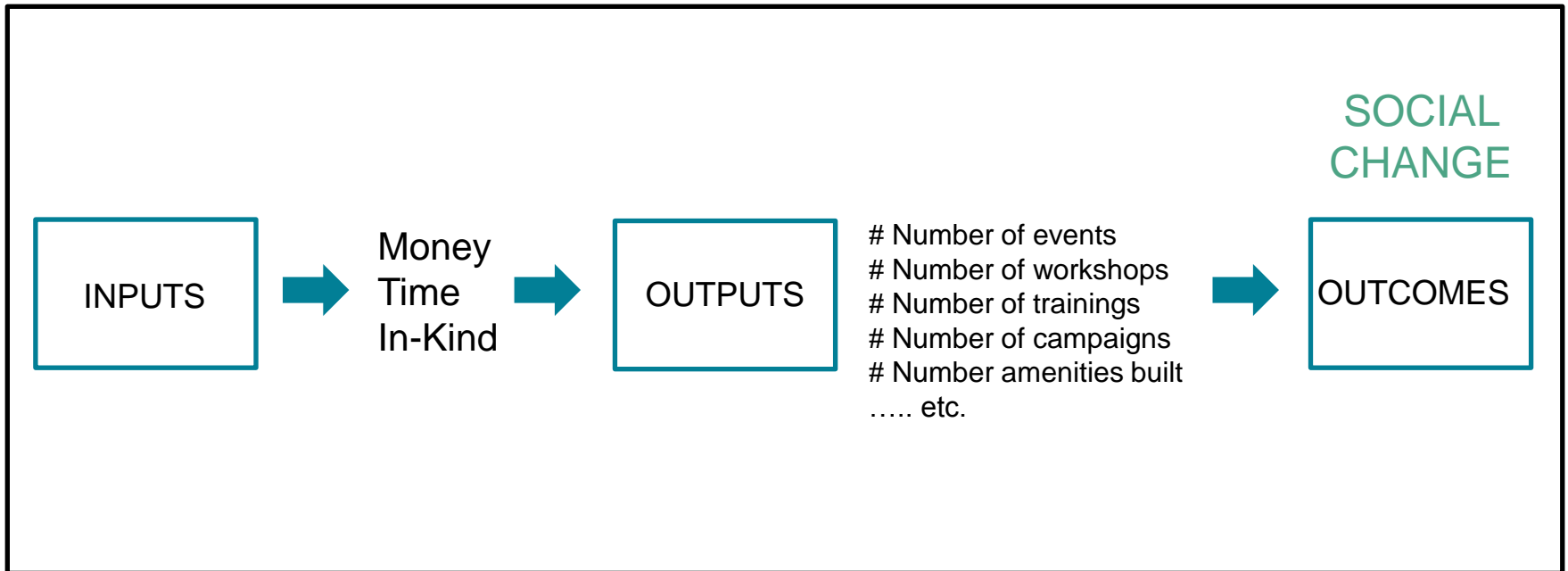
### **Methods For Involving Stakeholders**

- Town hall meeting, get stakeholders together in one place and ask them directly;
- Try a workshop format, with informal discussions and a flipchart to record responses;
- Have stakeholders complete a form during a regularly scheduled meeting – for example, an annual general meeting of an organisation, or other set gathering;
- Phone representatives from key stakeholder groups and ask them;
- Email a short form to representatives from key stakeholder groups;
- Organize a social event and ask staff members to walk around and speak to stakeholders;
- One-to-one interviews



<b>Outputs</b>	<p><b>Direct immediate term results</b> ,first level of results associated with a project, what the project has achieved in the short term.</p> <p>An easy way to think about outputs is to quantify the project activities that have a direct link on the project goal.</p> <p>For example: Trainings conducted, participants attended, beneficiaries reached, income changed, students passed and others.</p>
<b>Outcomes</b>	<p>They are the <b>second level of results</b> associated with a project. They are medium term consequences of the project and significantly reflect the project goals.</p> <p>For example, progressive living condition among slum dwellers, improvement of household decision-making women among low income earners, percentage of income change among landless farmers, reduction in water consumption per capita, reduction in emissions per \$ of sale and others.</p>
<b>Impact</b>	<p>It is <b>the cumulative effect of outcomes</b>. It is the primary and secondary long-term effects due to the intervention, directly or indirectly, intended or unintended.</p> <p>Example: Empowerment of women, improvement in health and well-being among the community, enhanced mobility and independence among physically challenged individuals and others Impact is measured and valued across different formats.</p>







Reduced social isolation for 30 disadvantaged people

OUTCOMES

**Indicator 1:** Increase of new activities beneficiaries are taking part of

**25**

**Indicator 2:** Increase in beneficiaries' number of new friends

**5**

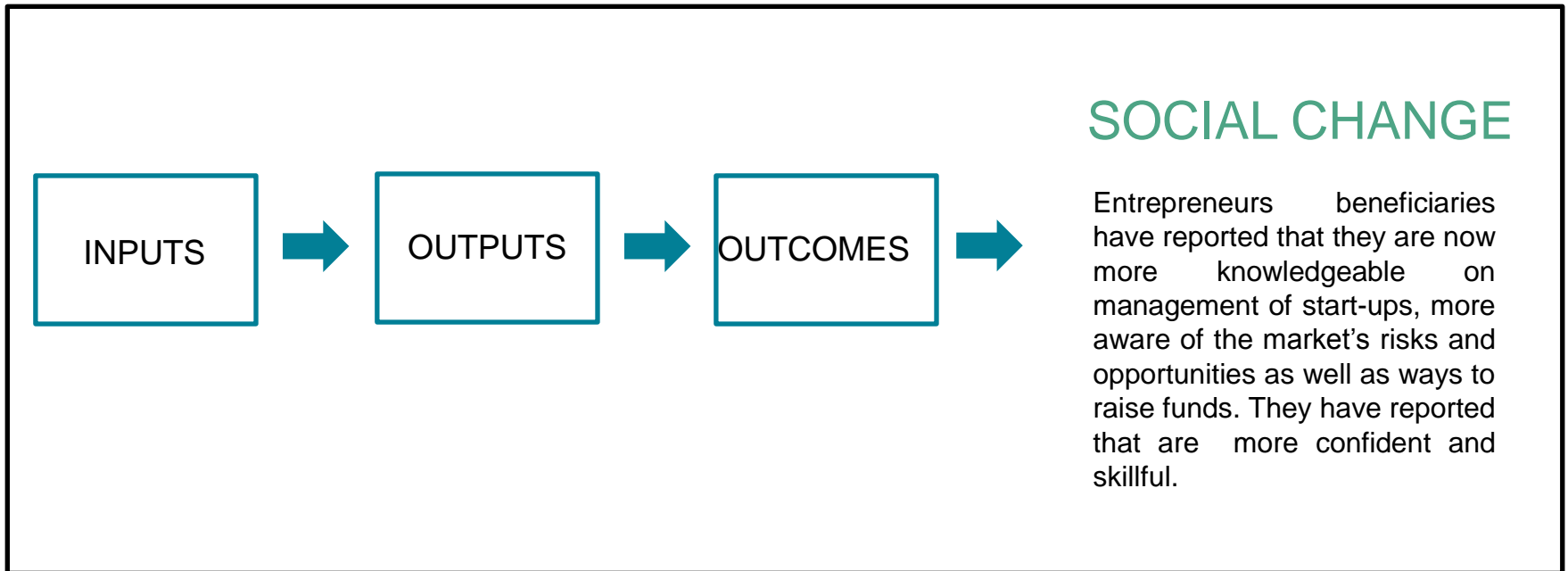
**Indicator 3:** Increase of beneficiaries level of social skills acquired

**30**

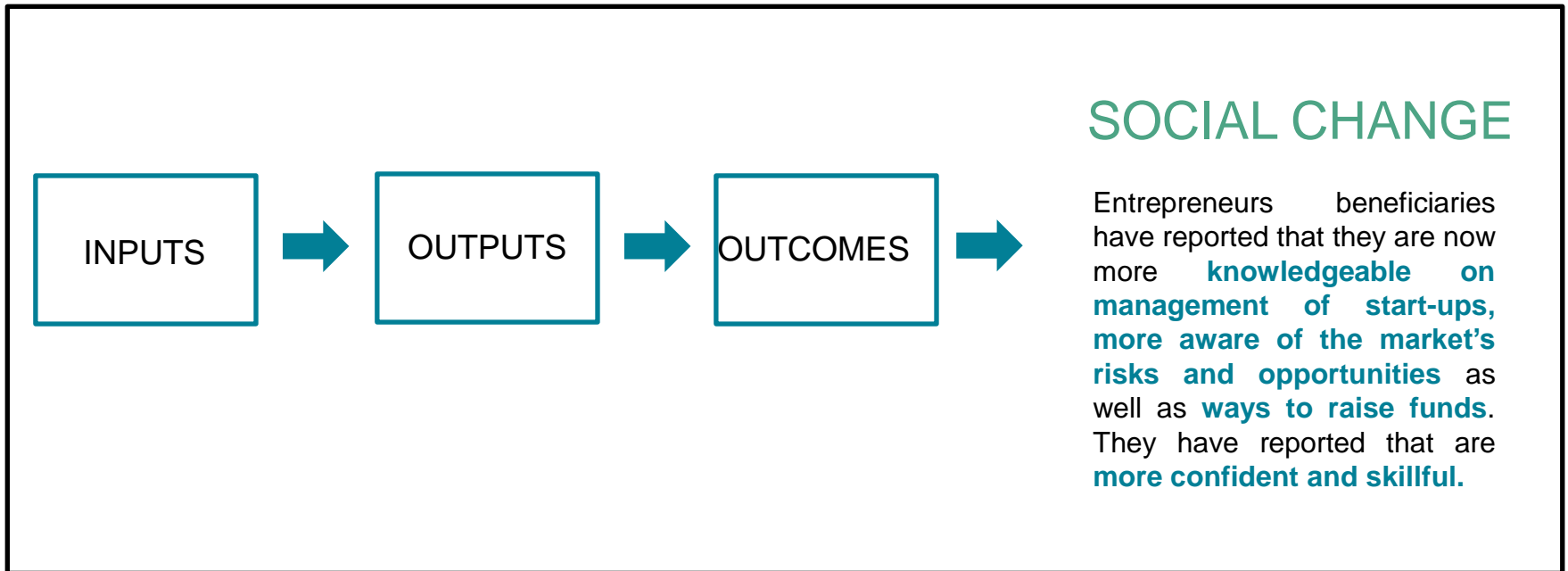
**SROI relies on  
having quantitative  
evidence of  
outcomes**

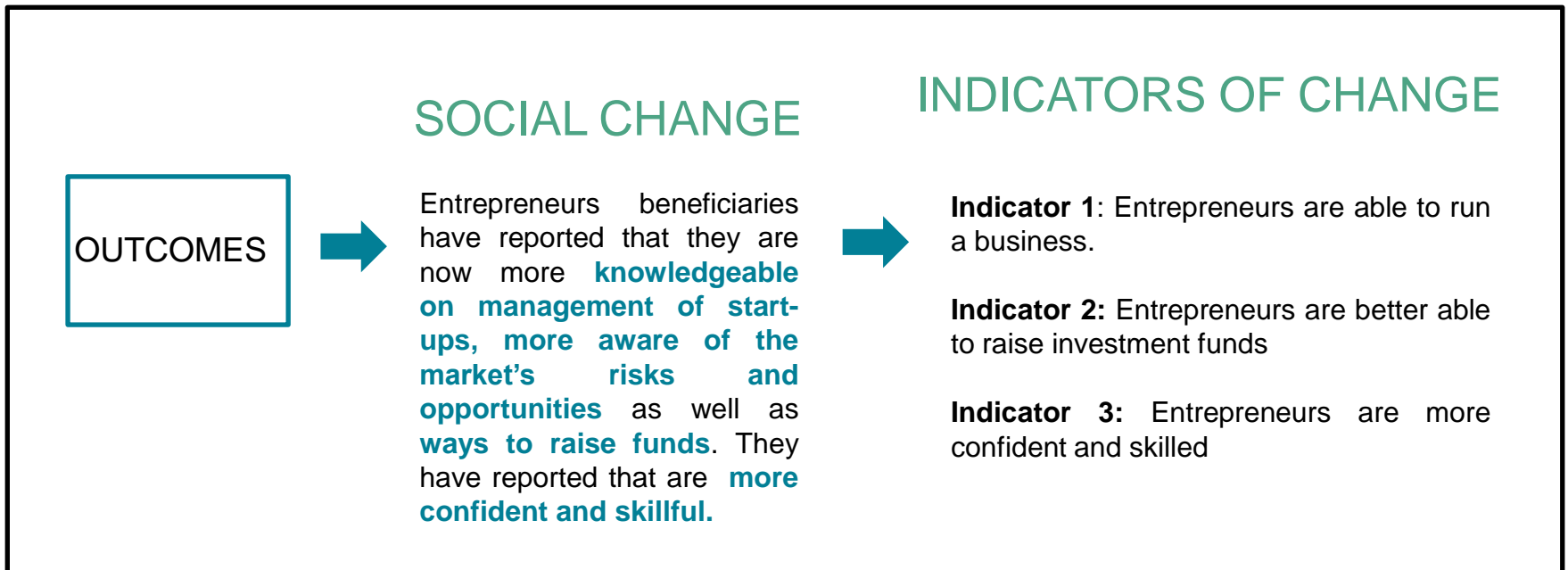
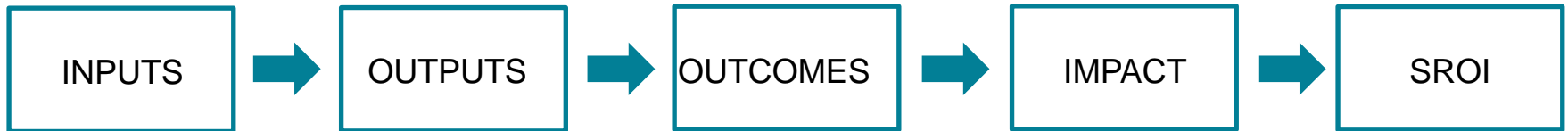
**QUANTITY**

How many  
beneficiaries have lived  
the change ?





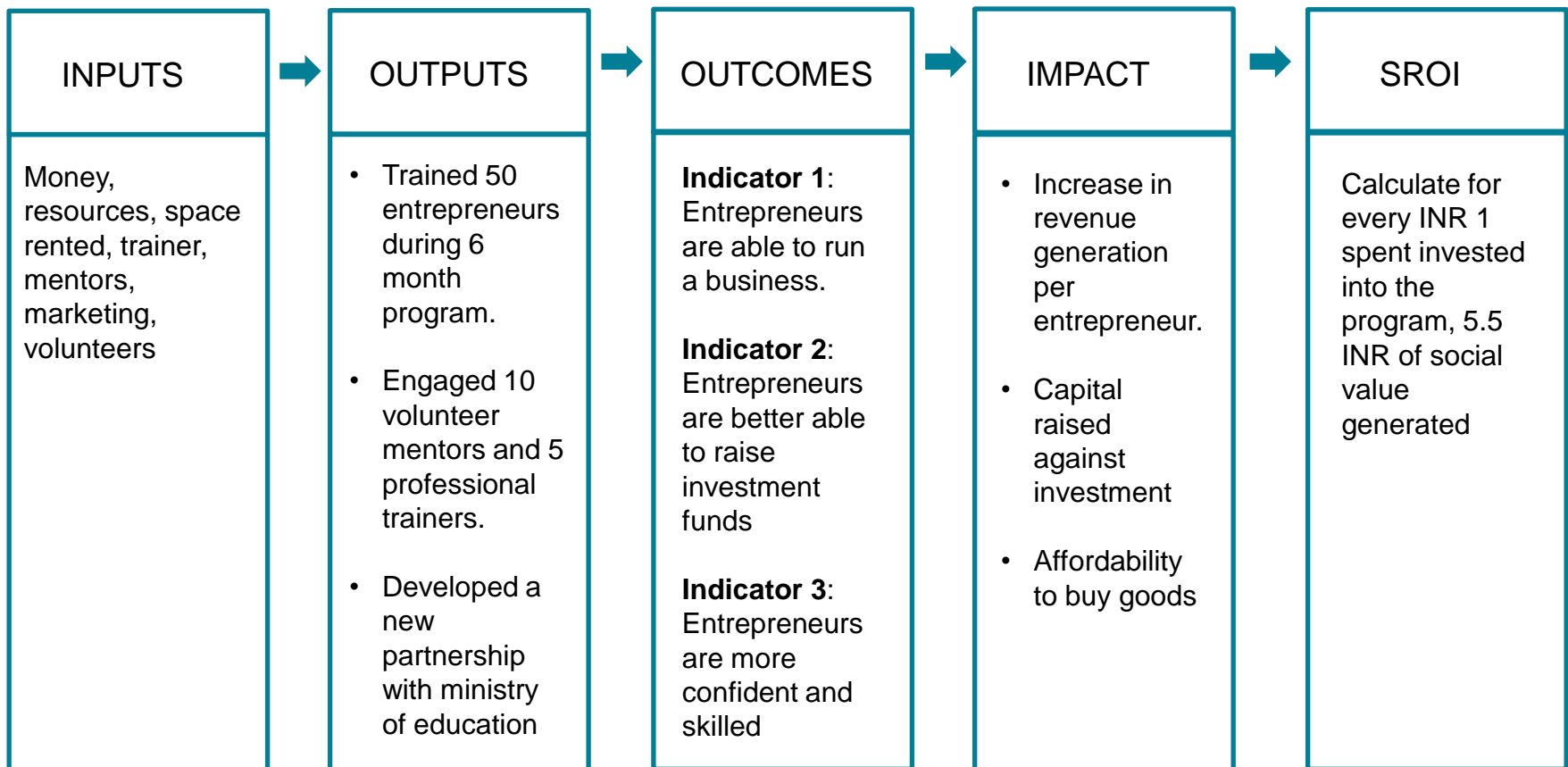




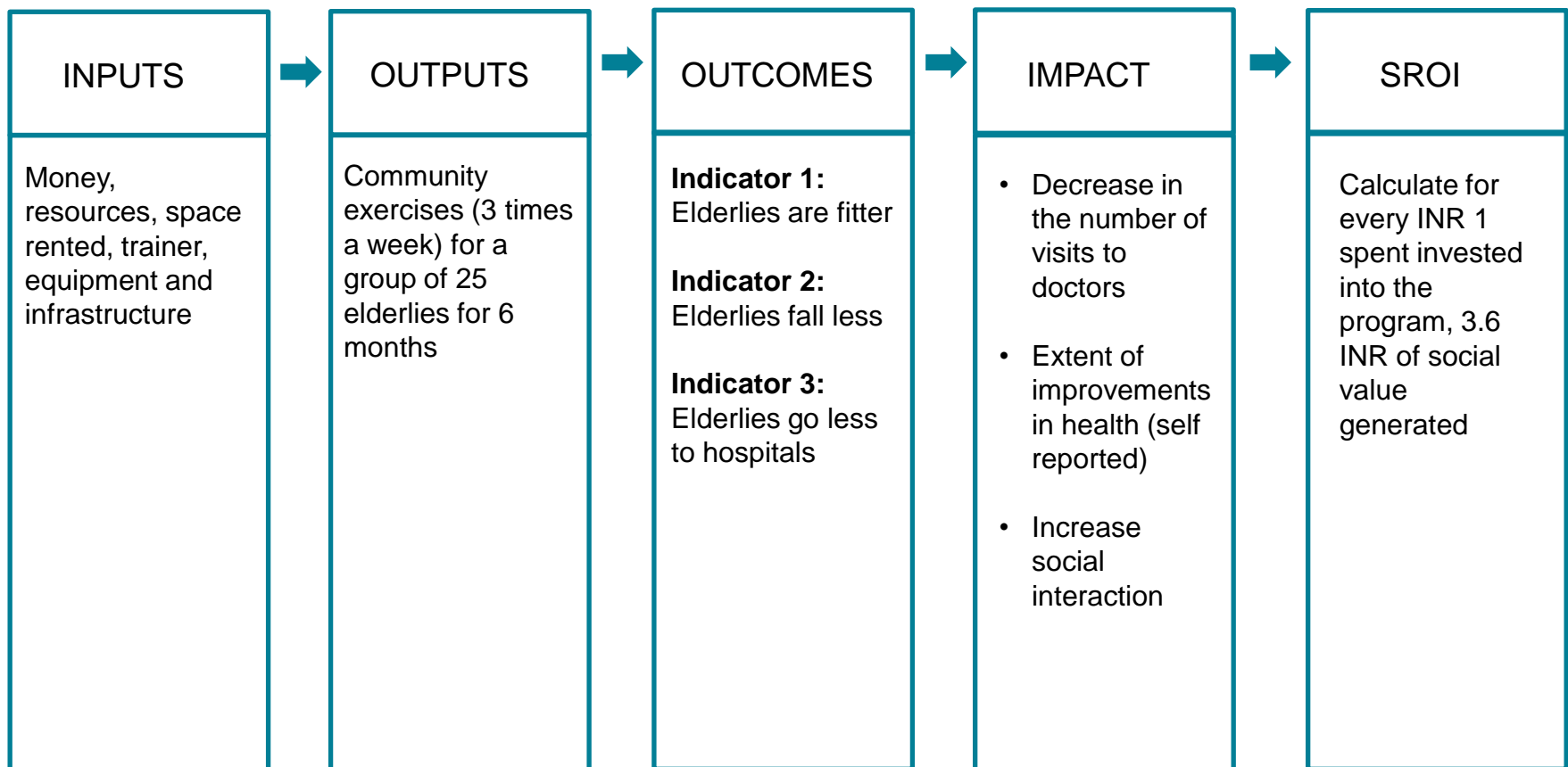


## EXERCISE -2

**SCENARIO:** Build an Entrepreneurship academy to train unemployed youth on how to start their business.



**SCENARIO:** Hired trainers to deliver community exercises for a group of 25 elderlies.





## EXERCISE -1



In your own thematic area or interventions-Please identify the above in project level costing or per beneficiary level?

INPUTS-MONEY, VOLUNTEERING, IN-KIND SUPPORT AND OTHER FORM OF SUPPORT AND INVESTMENTS

OUTPUTS –PROJECT IMMEDIATE RESULTS: NO. OF BENEFICIARIES, TRAININGS CONDUCTED, HEALTH CAMPS VISITED, PARTICIPANTS ATTENDANCE, EMPLOYED, INCOME CHANGE

OUTCOMES-TANGIBLE-CHANGE IN HEALTH INDICATORS, AGRICULTURAL PRODUCTIVITY, LEARNING OUTCOMES, TECHNICAL KNOWLEDGE AND OTHERS  
INTANGIBLE-SELF-CONFIDENCE, COMMUNITY OWNERSHIP, NON-FINANCIAL DECISION MAKING, ACCESS TO KNOWLEDGE AND SUPPORT AND OTHERS



SESSION-2





**PERIOD** For how long the change will last? 1 – 5 years

Stakeholder	Outcome	Indicator	Duration	Rationale
Entrepreneurs	Better able to run a business	Increase in market share	2 years	Market share can change in a yearly basis. However, global experiences have shown that a company can sustain its market share for 2 years
The NGO	Developed a new approach for fundraising	Increase membership base	3 years	Like increasing clients' base. The NGO would be able to know for how long they can benefit from the new fundraising approach. Usually companies change their strategies avg 3 years
Disadvantaged people	Reduced social isolation	Increase of new activities beneficiaries are taking part of	3 years	Increasingly the effect of the program will wear off and their social experience will become more important.  However, it is likely that after the initial set up other factors will become more important



## MONETIZATION

Identify appropriate financial values – these are a way of presenting the relative importance to a stakeholder of the changes their experience.

### What is valuation?

This process of valuation is often referred to **as monetization** because we assign a monetary value to things that do not have a market price.

In SROI we use financial proxies to estimate the social value of non-traded goods to different stakeholders.

As SROI becomes more widespread, monetization will improve and there will be scope for pooling good financial proxies.

# MONETIZATION

Some of the techniques used for monetization

## Stated preference and Contingent valuation

Ask people how they value things either relative to other things or in terms of how much they would pay to have or avoid something.

## Market Value

This is the cost of services on the open market and values in official studies e.g. government spent per obese case or a team-building course

## Hedonic pricing

Build up the value from the value of a resulted outcomes

## Travel cost/ time value method

The cost of time saved to travel searching for goods and services



## MONETIZATION

Stakeholder	Outcome	Indicator	Financial Proxies
Disadvantaged people	Reduced social isolation	Increase of new activities beneficiaries are taking part of	The cost of the new memberships in social clubs.
Entrepreneurs	Better able to run a business	Increase in market share	The divide of company's total revenue by entire industry's total market sales
Person with physical health problem	Improved physical health	<ul style="list-style-type: none"> <li>• Number of visits to doctor</li> <li>• Extent of improvements in health (self reported)</li> <li>• How often they exercise</li> </ul>	<ul style="list-style-type: none"> <li>• Cost of visiting private doctor clinic</li> <li>• Cost of health insurance</li> </ul>
Local community	Improved perception of the local area	Residents report improvements in local area	<ul style="list-style-type: none"> <li>• Change in property prices</li> <li>• Amount spent on home improvements</li> </ul>

# MONETIZATION

Stakeholder	Outcome	Indicator	Financial Proxies
Women	Improvement in Empowerment	Percentage of Household decision making-Financial and Non-Financial	Average increase in family income among highly empowered women families (women who spend/decide on family expenses)
Farmers	Improvement in Health and Wellness-Crops	Impact of water upon soil health, crop-Salinity and Water availability	Average increase in income among high crop yield farmers and improved soil quality
Farmers	Improvement in Sustainability Culture	Usage of Sustainable agricultural practices-Micro Irrigation, soil management and fertilisers	Average increase in income among high micro-irrigation and pro-safety farmers
Local community	Improvement in Education	Increase in students attendance-Primary Education, Higher School Education and college	Average amount of increase in family income among educationally progressive population (who got more cattle or agricultural productivity compared to the baseline year)



## EXERCISE -2



PROXIES: Identify a significant outcome in your project: provide a financial proxy ?



### OUTCOMES

**Indicator 1:** Increase of new activities beneficiaries are taking part of

**1 YEAR**

**Indicator 2:** Increase in beneficiaries' number of new friends

**3 YEARS**

**Indicator 3:** Increase of beneficiaries level of social skills acquired

**5 YEARS**

## PERIOD

For how long the change will last?  
1 – 5 years



## Externalities

They are the external factors that are playing a significant role to either positively change or negatively change the impact.

They are the discounting factors such as Deadweight of interventions upon impact, Attribution of non-implementors upon the impact, Drop-off of impact due to risks and Displacement of opportunities to achieve the intended impact.

40%



## Externalities

$$\begin{aligned}\text{Impact value at 100\%} &= \$20,000 * 5 \\ &= \$100,000\end{aligned}$$

$$\text{Impact value at (100\% - 40\% = 60\% of \$100,000 = \$ 60,000}$$

## DEADWEIGHT

WHAT WOULD HAVE HAPPENED WITHOUT THE ACTIVITY

Deadweight is a measure of the amount of outcome that would have happened even if the activity had not taken place

**Indicator:** 5 Entrepreneurs are better able to run business

15%



### Externalities

Impact value at 100% =  $\$20,000 * 5$   
= \$100,000

Impact value at (100% - 15% = 85% of \$100,000 = \$ 85,000

## DISPLACEMENT

### WHAT ACTIVITIES DID WE DISPLACE

Displacement is another component of impact and is an assessment of how much of the outcome displaced other outcomes.

**Indicator:** 5 Entrepreneurs are better able to run business



**Deadweight:**

They are studying business affairs at the university

**Displacement:**

Chance to interact with actual entrepreneurs and read start-ups magazines

Impact value at 100% =  $\$20,000 * 5$   
= \$100,000

Impact value at (100% -20%=80% of  
\$100,000= \$ 80,000

## ATTRIBUTION

### WHO ELSE HAS CONTRIBUTED TO THE CHANGE

Attribution is an assessment of how much of the outcome was caused by the contribution of other organization's or people. There are three main approaches to estimating attribution

**Indicator:** 5 Entrepreneurs are better able to run business



#### Deadweight:

They are studying business affairs at the university

#### Displacement:

Chance to interact with actual entrepreneurs and read start-ups magazines

#### Attribution:

The university organizes start-up weekend and seminars

Impact value at 100% = \$20,000 \*  
5  
= \$100,000

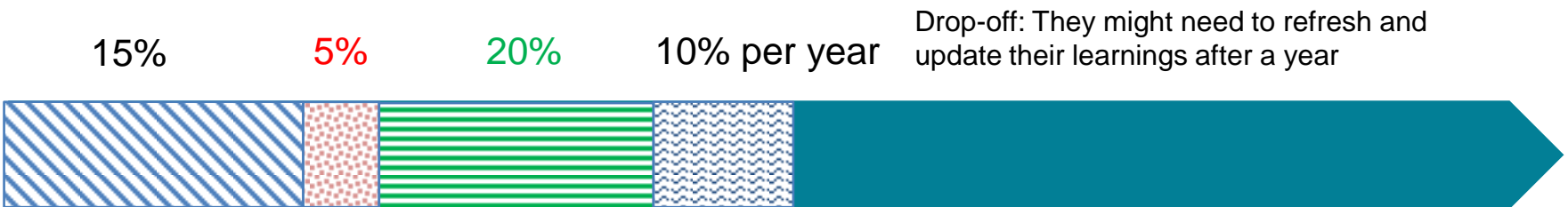
Impact value at (100% -40%=60%  
of \$100,000= \$ 60,000

## DROP-OFF

WILL THE OUTCOME DROP-OFF IN FUTURE YEARS?

Drop-off is only calculated for outcomes that last more than one year

**Indicator:** 5 Entrepreneurs are better able to run business



**Deadweight:**

They are studying business affairs at the university

**Displacement:**

Chance to interact with actual entrepreneurs and read start-ups magazines

**Attribution:**

The university organizes start-up weekend and seminars

$$100\% = \$20,000 * 5 \\ = \$100,000$$

## REAL IMPACT CREATED

**Indicator:** 5 Entrepreneurs are better able to run business



**Deadweight:**

They are studying business affairs at the university

**Displacement:**

Chance to interact with actual entrepreneurs and read start-ups magazines

**Attribution:**

The university organizes start-up weekend and seminars

$$100\% = \$20,000 * 5 \\ = \$100,000$$

$$\text{Actual Impact} = 100,000 - [(100,000 * 15\%) + (100,000 * 5\%) + (100,000 * 20\%)] = \$60,000$$

## ESTABLISHING IMPACT

Applying a drop-off of 10%

Actual Impact	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
60,000	60,000	54,000	48,600	43,740	39,366
	-10%	-10%	-10%	-10%	

The drop-off stops after the number of years identified as **duration**. I.e. If the duration of the impact sustains for **3 years**, the above table will be as follow:

Actual Impact	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
60,000	60,000	54,000	48,600	0	0
	-10%	-10%	-10%	-10%	

## CALCULATING THE NET PRESENT VALUE

### Formula of the Present Value

Present Value	=	Value of impact in <u>Year 1</u> (1+r)	+	Value of impact in <u>Year 2</u> (1+r) <sup>2</sup>	+	Value of impact in <u>Year 3</u> (1+r) <sup>3</sup>	+	Value of impact in <u>Year 4</u> (1+r) <sup>4</sup>	+	Value of impact in <u>Year 5</u> (1+r) <sup>5</sup>
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### Example: Discounted Value 3%

	Year 1	Year 2	Year 3	Year 4	Year 5
Benefits	60,000	54,000	48,600	0	0
Discounted Value	60,000 / 1.03	54,000 / (1.03)	48,600 / (1.03)	0	0
Present Value	100,194.2				





## EXERCISE -3

Deadweight

Displacement

Attribution

Dropoff

Please provide contexts in your project?

## CALCULATING SROI

You are now in a position to calculate the initial SROI ratio. This is a very simple sum. You divide the discounted value of benefits by the total investment

$$\begin{aligned}\text{SROI Ratio} &= \text{Present Value} / \text{Value of inputs} \\ &= 100,194.2 / 45,000 \\ &= \mathbf{2.22}\end{aligned}$$

For every \$1 invested there is a return on investment of **2.22**

Creation of \$ **100,194.2** of Social Value

## SROI SOFTWARE

Sinzer is a brand new **software** platform for **measuring impact**, which helps you make better decisions, improve your **impact** and be accountable to stakeholders.



**Sinzer**  
*Value what matters*

[www.sinzer.org](http://www.sinzer.org)



**Head Office**

Dubai, United Emirates

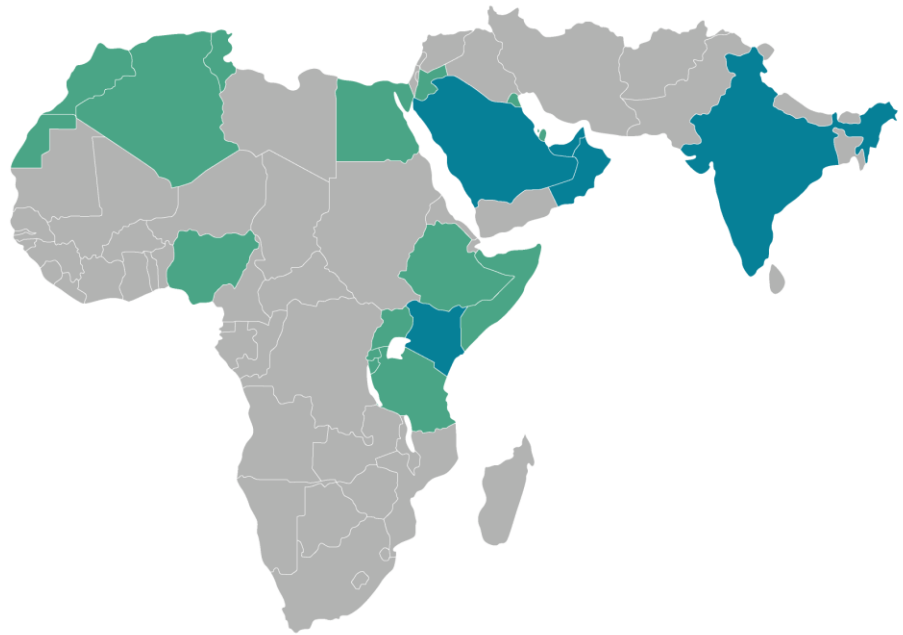
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# Thank You

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