



# **Social Impact measurement – considerations on the report by the GECES subgroup**

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## The report and its recommendations

*The report on Social Impact measurement was adopted (with only one contrary vote) by the GECES on June 3. It was drafted by experts in social impact measurement from a wide group of countries and stakeholders (incl. both investors & social enterprises).*

*It concluded that one could not devise a rigid set of indicators in a top-down and "one-size-fits-all" fashion to measure social impact*

*Rather, it suggests setting a universal process, and defined the key characteristics of reporting*





## The report and its recommendations (2)

*The core of the methodology => set standards for a five-stage process that is validated through a strict participatory approach*

*Five stages are:*

- 1. identify objectives**
- 2. identify stakeholders**
- 3. set relevant measurement**
- 4. measure, validate and value**
- 5. report, learn and improve**





## The report and its recommendations (3)

*Report also contains guidance on **proportionality and practicality** and on common **disclosure (reporting)** on measurement, and on **validation***

*It requires that a **framework** is developed which is likely to cover perhaps 80% of the measureable outcomes. This would give outcomes and sub-outcomes that are likely to be the measurable for most social enterprises.*





# Freedom to use other frameworks

*Fundamental principle: a social enterprise may use other frameworks but must explain why they are a better fit than those in the European Commission Framework.*





## Follow up recommended by subgroup

*7 areas require follow-up:*

1. **Guidance notes** should be prepared
2. **A knowledge centre** should be set up, offering a source of continually updated guidance and a central repository for copy reports from Social Enterprises and funds within Member States, and an advice 'hotline'
3. and 4. Development and consolidation of **measurement** and **reporting** frameworks to form a preferred set for Europe-wide measurements.





## Follow up recommended by subgroup (2)

5. **EuSEF (and perhaps EaSI) follow-up**, in assisting such Commission agencies and others that require it to embed Social Impact Measurement appropriately in any developed process if and when this becomes necessary.
6. Maintaining and developing **a knowledge network at EU level**
7. **Regular review and update.**





## **Initial views of the Commission: context**

*Current developments suggest that there will be ongoing interest and demand for developing social impact measurement (G7/G8 but also societal developments)*

*New Commission will come into office in Autumn => now too soon to speculate but given initiatives of last few years, and implementation of EaSI/EuSEF, COM likely to remain sensitive to this topic and keen to support social economy/social entrepreneurship*





# Commission assessment of recommendations

*Report clarifies a number of fundamental principles making a clear choice for 'bottom up' over top-down*

*Gradual, proportionate approach focussing on process rather than specific indicators*

*Also clear choice for keeping SE in driving seat and for gradual development of guidelines*

*Overall, prudent approach => appropriate*





## Commission assessment of recommendations (2)

*Objective should be gradual development of widely supported standards, not rush to set specific indicators => this is also line of EESC*

*Convergence towards standards/processes will help develop the market and reduce the risk of coexistence of multiple standards*

*Introduction of social impact measurement in EaSI/EuSEF should follow the same principles*





## Follow up (1)

*The Commission concurs on the report's analyses on the seven areas for follow-up, i.e. :*

*Guidance notes, measurement and reporting standards, EaSI/EuSEF implementation, a network and knowledge base at EU level all seem priority areas*





## Follow up (2)

*The report is right in highlighting the follow-up within EaSI and EuSEF as an area for reflection. The two areas are different and follow different logics and approaches. EaSI for example is less dependent on market considerations. It is important to avoid the risk of adopting non-neutral tools and respect the specificities of social enterprises.*

*The reflection on the next steps in EuSEF is more advanced and more constrained by market forces and needs. On EaSI, it will probably be best to await the first outputs from the Knowledge Centre in terms of guidance notes and frameworks before pushing for 'aggressive' implementation.*





## Follow up (3)

*Requirements on the 5-step process and on reporting can probably be phased in faster than those on the measurement framework. A staged and differentiated implementation of process and framework requirements is acceptable. Requirements should be implemented in a gradual way and avoiding the imposition of undue and excessive burdens on stakeholders.*





## Follow up (4)

*The Commission agrees that setting up a Knowledge Centre would be instrumental for drawing up the **guidance notes** recommended by the subgroup and for developing the **measurement and reporting frameworks** by sector of activity. It would also have the crucial task of assembling knowledge on practices in the various EU countries and 'validating' them against the methodology in the report. It would also constitute a repository and its role could include also some targeted advice – ideally even a 'hotline'.*





## Follow up (5)

*The Knowledge Centre would have to be set up for a period sufficient to achieve these results and to constitute a recognised reference point. This would require consequent funding over a time span of a few years.*

*The Commission cannot at this stage make any commitments regarding setting up a Knowledge Center through EaSI funding, as this decision will have to await the strategic choices by the new Commission, in the Autumn.*





## Follow up (6)

*In the meantime, the Commission would like to prolong the mandate of the GECES subgroup that drafted the report in line with the report's recommendations of maintaining and developing a '**knowledge network**' on the issue at EU level. It could also provide advice on the setting up of the Knowledge Center.*

*The Commission agrees on the recommendation to **review and update the situation regularly** – possibly at an annual or biannual interval; this process might be organised with the collaboration of the Knowledge Center or Knowledge network*





# Discussion

*Discussion in GECES meeting this morning  
Your views?*

