

Follow-up to the Report produced
by **GECES Sub-group on Social
Impact Measurement**
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Agenda

1. Background – the need for the report
2. Sub-group and its process
3. The vision
4. Key findings
5. Interaction with the G7 workstream
6. Next steps
7. Commission response
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1. Background – the need

- **Defining “Measurable social impact” for:**
 1. Programme for Employment and Social Innovation (EaSI)
 2. The European Social Entrepreneurship Fund (EuSEF)
- **Further step towards common communication of impacts**
- **To consolidate and work from collective experience**



2. The sub-group and its process

- Reflecting the diversity of experience across the EU
- From GECES and wider
- From ten Member States
- Rep's from SEs; Measurement community; academia; impact investors; commissioners/public funders
- Commission actively involved, but the sector leading the development



2. Timeline of sub-group work



3. The Vision for a Standard

- Embracing the large cooperative down to the community pub
- Applicable more widely than just within EaSI and EUSEF or within Member State defined sub-sectors
(e.g. Nordic Municipalities, or Italian or French cooperatives, contrasted with those countries' wider social economies)
- A standard to recognise measurement that is flexible and proportionate, but which enables all sizes and all states to communicate in similar forms
- A standard that is driven by the SEs/providers but also relevant to investors or the public sector

No single “gold standard” but a lot of common ground meaning that a range of methodologies can be used



4. Key findings

Standard should focus on:

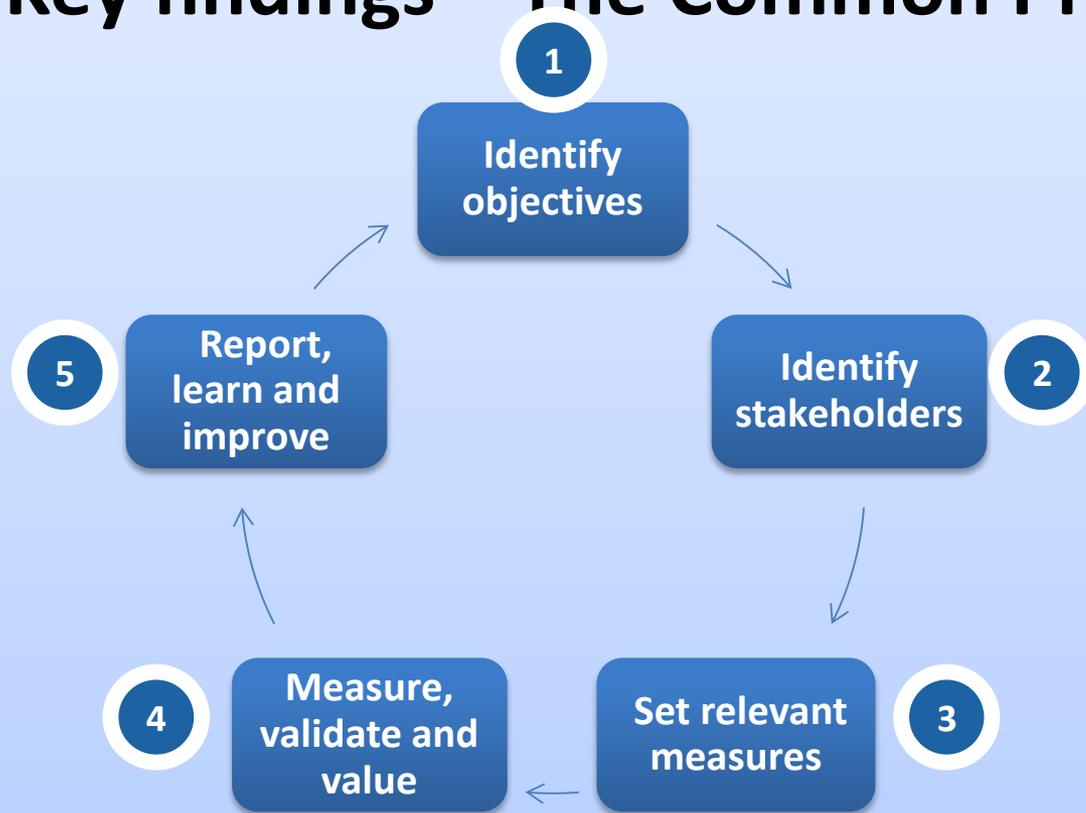
- **PROCESS** – A common process of impact measurement designed to give account of intervention, its outcomes and how it achieves them. All Social Impact Measurement should be produced following this common process.
- **CHARACTERISTICS** – Common characteristics that define measurement disclosure (reporting) of acceptable quality

Choice of **frameworks and indicators** is **not to be mandatory** (not included in standard) but a European-wide measurement framework (to be developed) is to be **preferred status**.

No single set of indicators can be devised top-down to measure social impact in all cases.



4. Key findings – The Common Process



Impact measurement: A learning process that involves key stakeholders every step of the way



4. Main recommendations – Framework

Group recommends development of **Framework - *a matrix of expected outcomes and sub-outcomes giving likely indicators within each.***

Framework to draw on existing frameworks within Member States, and cover most areas of targeted outcomes. It is **not to be mandatory** within Standard, *but* is to be **preferred status** :

- should be used by SEs and Fund Managers where it meets the needs of stakeholders for measurement
- where it is not used:
 - this should be agreed with principal stakeholders, and
 - any reporting of outcomes and impact should include an explanation of why outcomes and indicators not in framework are more appropriate.



An example of the framework

Extract of framework called “Outcomes matrix” developed in the UK by Investing for Good, NPC and SROI Network:

	INDIVIDUALS	FAMILIES & CHILDREN
EDUCATION, LEARNING AND SKILLS	<ul style="list-style-type: none">Improved attainment and academic successImproved civic awareness and participationImproved social and emotional skillsImproved vocational preparation	<ul style="list-style-type: none">Improved parenting skillsIncreased parental involvement support in children’s learningStrengthened family communication and relationships
EMPLOYMENT AND TRAINING	<ul style="list-style-type: none">Better occupation-specific (hard) skills and work experienceImproved (soft) skills and attitudes (job readiness) for employmentIncreased number of people that enter work are satisfied with their employment	<ul style="list-style-type: none">Improved parenting skillsIncreased financial stability and quality of life for families



4. Main recommendations - Indicators

The choice of **Indicators** is not to be mandatory (but preferred option to choose from framework developed).

Requirement under Standard is that they are:

- ***selected by Social Enterprise*** for appropriateness in relation to intervention concerned, the outcomes targeted to arise from it, and stakeholders affected by it
- ***agreed between SE and Fund Manager***
- ***reported against*** and communicated effectively and regularly to stakeholders
- ***regularly reviewed*** for appropriateness and updated or changed as needed.



4. Main recommendations - Other

- **Proportionality:** It is fundamental to good measurement that it balances the *needs* of stakeholders with the *obligation* not to waste resources on measurement which does not matter.
- Detailed recommendations are provided as to **roles and responsibilities** of:
 - Social enterprise, fund manager, investor (for **EuSEF**)
 - Social enterprise, financial intermediary and European Commission (EaSI administration) (for **EaSI**)
- In the case of **validation**, the report recognises three levels of assurance:
 - i. obtaining evidence to support statements (always)
 - ii. independent review and comment
 - iii. audit assurance resulting in a formal opinion



5. Interaction with the G7 Workstream

- **G7 group focus:**
 - Drive to stimulate availability of capital to the sector
 - Reduce the need to report differently to different investors
 - Improve the dialogue around and communication of Impact
- **Role of European rep's and GECES work:**
 - Maintain SE-driven standard
 - Embed proportionality
 - Keep the group's focus wider than just Investor's perspective: self-invested SEs should share reporting approaches with those using outside capital – impact measurement relevant for investor at both portfolio and deal (SE level)
 - Maintaining relevance to the diverse EU experience



6. Recommended next steps in the report

Beyond finalising report with feedback from GECES, the sub-group has identified six areas for further development:

1. **Guidance papers** to assist Social Enterprises, Funders, Fund Managers and Investors in complying with standards.
2. A **knowledge centre** - a permanently staffed facility which offers *written guidance*, a *repository* of impact reports, and an *advice* line.
3. Development and consolidation of **measurement framework** to form a preferred set for Europe-wide measurements.
4. **Reporting formats** should be developed around the standards proposed in this report.
5. **EuSEF follow-up**, in assisting Commission agencies, and others that require it, to embed Social Impact Measurement appropriately.
6. **Expert group (sub-group continuation or otherwise)** to assist with the Europe-wide roll-out of standards
7. An **annual review** of standard by such expert group is appropriate.



6. Next steps – the ideal response

- **From the GECES and our SE and Investor communities:**
 - Start to apply it and learn from that (multiple pilots as it is used in EaSI, EUSEF, and more widely)
 - Develop the frameworks and indicators called-for (building on existing work)
 - Continue to update together as new experience and need emerges
 - Each of us encourage wider application of it and reference to it in our Member States
- **From the Commission**
- **From ESMA and into the EaSI and EUSEF regulatory environment**

