

Presentation of Report produced by
**GECES Sub-group on Social Impact
Measurement – 28 November 2013**

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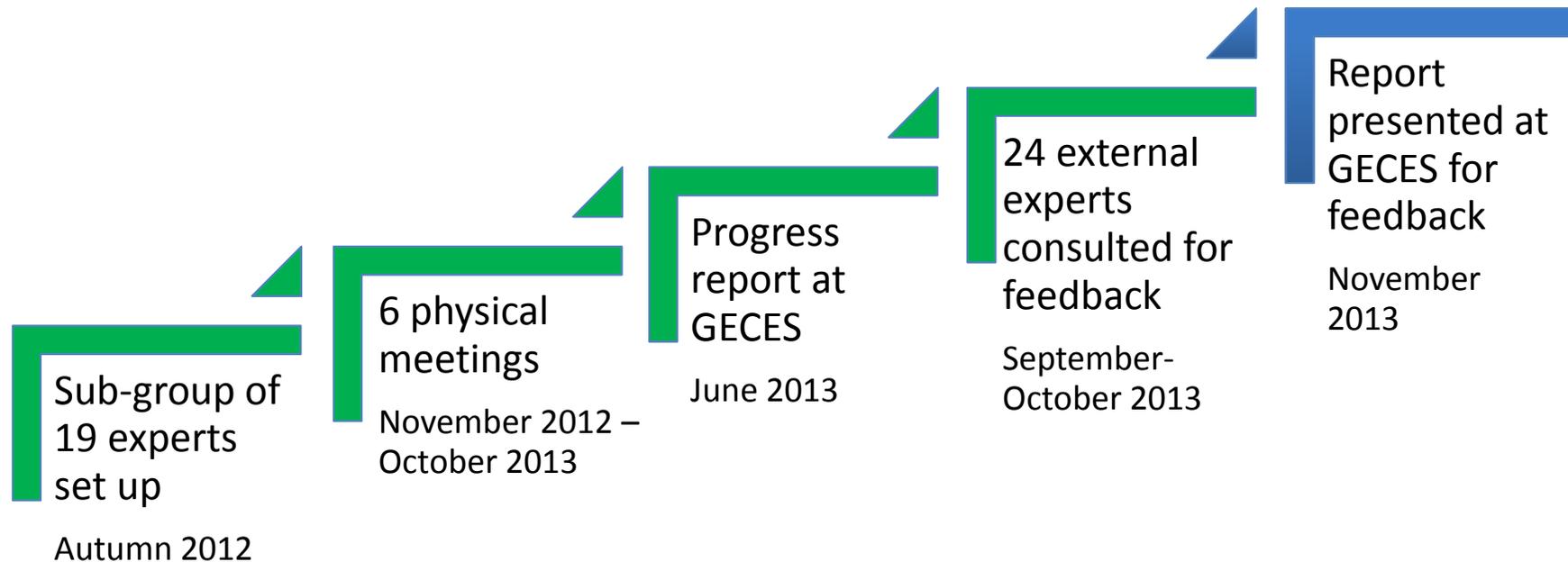
Agenda

1. Sub-group mandate
2. Timeline of sub-group work
3. Structure of report
4. Definition of social impact
5. Four elements for a standard
6. Main recommendations
7. Recommended next steps
8. Q&A

1. Sub-group mandate

- **Mandate:** to support Commission in developing approach for social enterprises' and fund managers' social impact measurement.
- *Approach will serve to facilitate implementation of:*
 1. The financial instrument for social enterprise support under the Programme for Employment and Social Innovation (EaSI)
 2. The European Social Entrepreneurship Fund (EuSEF) regulation – possible second tier regulation on social impact measurement

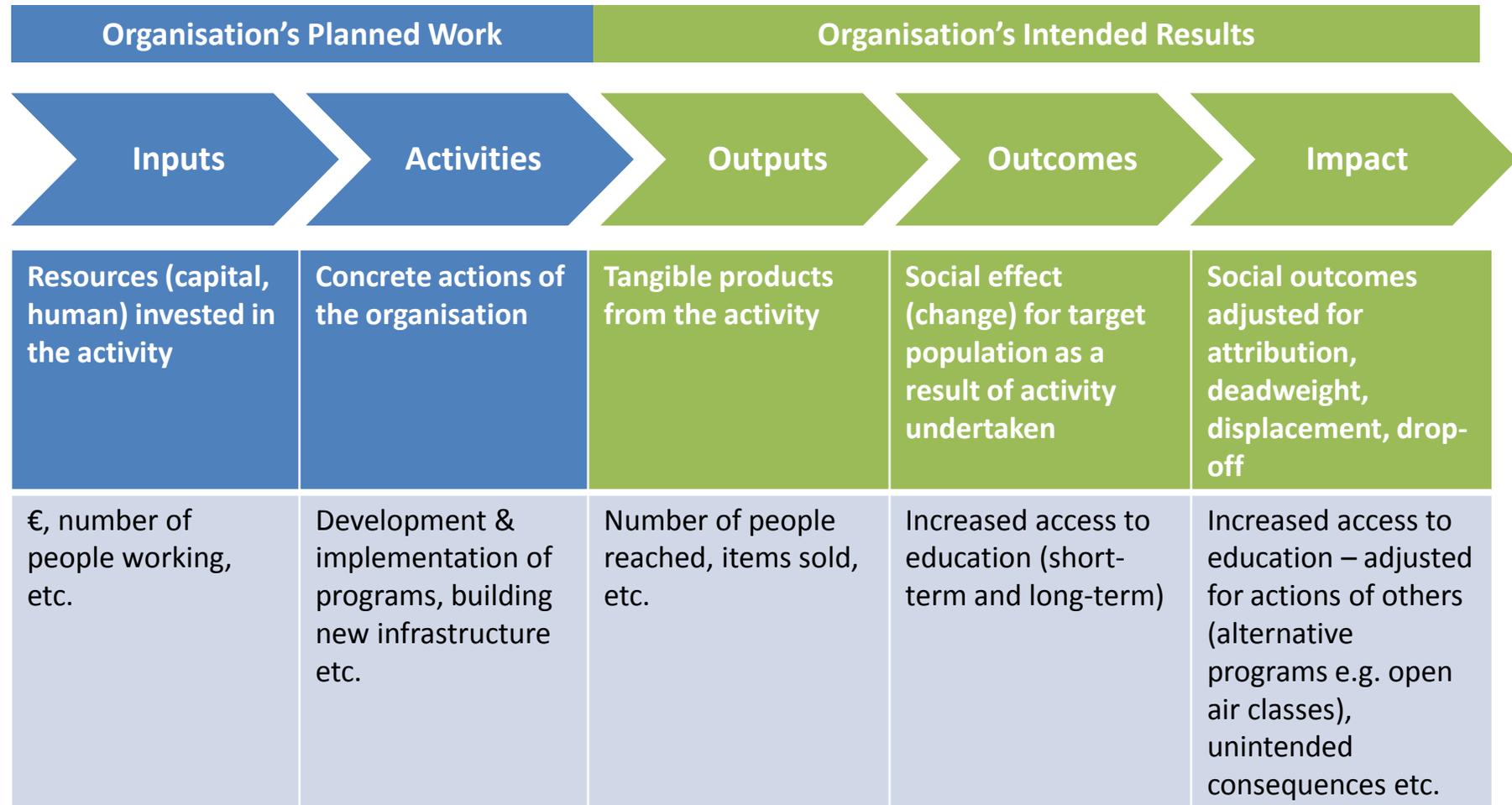
2. Timeline of sub-group work



3. Structure of report

- A. An explanation of **sub-group's brief** and why it is needed.
- B. An **appraisal of state of development** of Social Impact Measurement with particular regard to needs of EuSEF and EaSI legislations.
- C. The **standards developed by group** in response, which show:
 - a **minimum standard process** for social impact measurement
 - a **standard set of criteria** which should be exhibited by all social impact measurement reporting.
- D. **Wider guidance** and discussion about application of process and standards.

4. Social impact value chain



Source: Elaborated by EVPA from Rockefeller Foundation Double Bottom Line Project, adapted by Sub-group

5. The four elements of a standard (1/2)

- **PROCESS** – A **series of steps** by which a Social Enterprise or Fund investigates, understands and presents **how** its activities achieve social change (outcomes) and impact for target population.
- **CHARACTERISTICS** (of good measurement) - **Features** of reported measurement of outcomes and impacts to assess if **valid**.
- **INDICATOR** - A particular way of **attaching a value** or a **measure** to outcomes and impacts.
- **FRAMEWORK** - A **matrix** of **expected outcomes** set within each major area of intervention (eg: education; youth engagement and employment) which lists common outcomes and associated indicators that a social enterprise might be targeting.

5. The four elements of a standard (2/2)

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 success Improved civic awareness and participation Improved social and emotional skills Improved vocational preparation 	<ul style="list-style-type: none"> Improved parenting skills Increased parental involvement support in children’s learning Strengthened family communication and relationships
EMPLOYMENT AND TRAINING	<ul style="list-style-type: none"> Better occupation-specific (hard) skills and work experience Improved (soft) skills and attitudes (job readiness) for employment Increased number of people that enter work are satisfied with their employment 	<ul style="list-style-type: none"> Improved parenting skills Increased financial stability and quality of life for families



6.0 Main recommendations - Summary

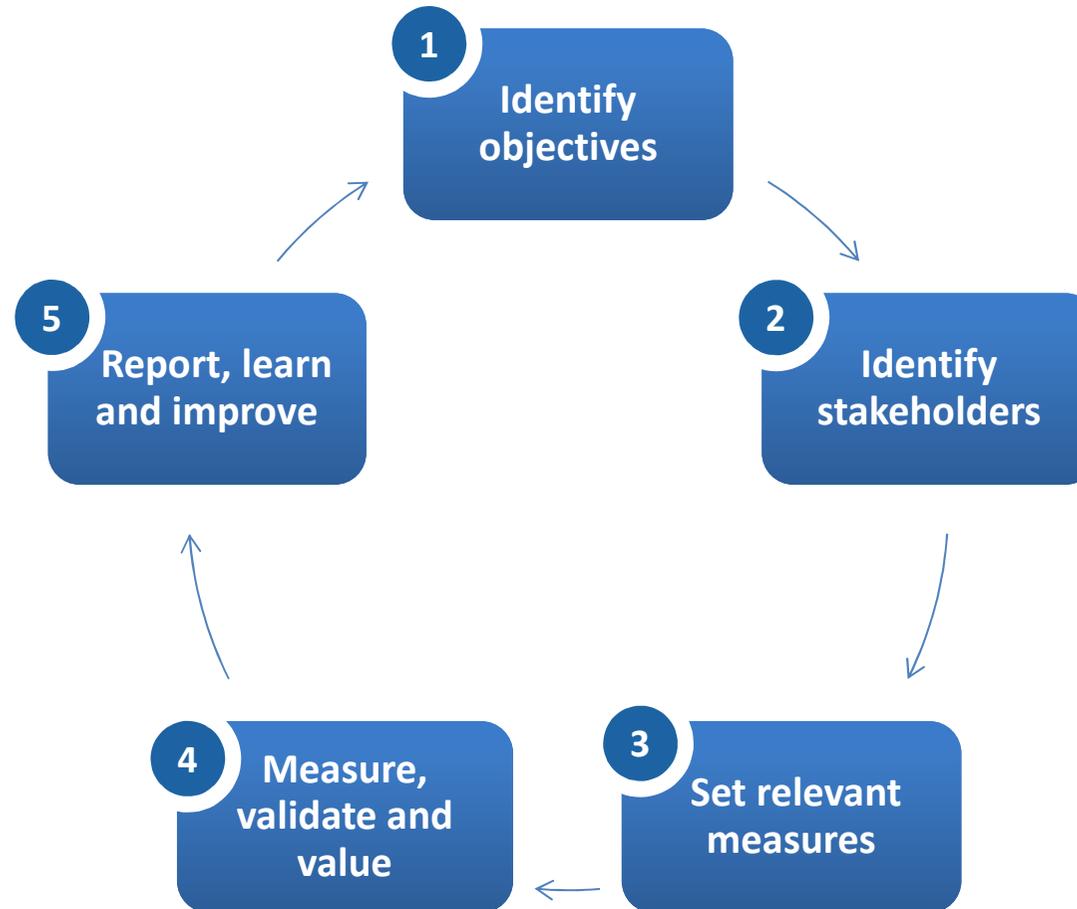
Standard should focus on:

- **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.

6.1 Main recommendations – Common process



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

6.2 Main recommendations - Characteristics

All disclosure (reporting) of measurement should include - with appropriate and proportionate supporting evidence - an explanation of **how** the Process has been applied, including an explanation of the following :

- ***how effects happened (theory of change)*** – how the activities led to a certain social change
- ***main stakeholders*** whose interests are measured, and how they benefited from the activities
- a well-explained, proportionate, ***selection of outcomes*** to measure the social change ***and choice of indicators***
- a clearly explained account of actual ***effects (outcomes)*** of intervention – ***verified and validated*** – also explaining (at least in qualitative terms) alternative attribution of third parties, deadweight, displacement and drop-off
- an explanation of ***social and financial risk quantified.***

6.3 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.

6.4 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.

6.5 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

6.6 Main recommendations – EuSEF/EaSI

Elements of Social Impact Measurement	EuSEF	EaSI
Process	Five stage process applies	Five stage process applies
Characteristics	Clear minimum disclosure standards to maintain transparency	Disclosure standards (may be) lower for smaller levels of investment or grant
Framework	Expected use of framework developed or explain why not	Expected use of framework or explain why not
Indicators	Fund Managers will work with SEs to select indicators appropriate to intervention and stakeholders' needs	Indicators appropriate to intervention and stakeholders' need – additional indicators may be required for policy deliverables of EaSI

7. Recommended next steps

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.

8. Q&A

Appendix

Sub-group composition (1/2)

Name, Organisation	Name, Organisation
Erika Augustinsson, University of Malmö (SE)	Tris Lumley, New Philanthropy Capital (UK)
Cristina Barna, University of Bucharest (RO)	Reinhard Millner, Vienna University of Economics and Business (AT)
Patrizia Bussi, ENSIE (European Network of Social Integration Enterprises) (IT)	Ioannis Nasioulas, Independent researcher (EL)
Jim Clifford, Baker Tilly (UK)	Marco Ratti, Banca Prossima (IT)
Evelien de Ras, SPPDD (Flemish government) (BE)	Bruno Roelants, CECOP – CICOPA (BE)
Teodora Demireva, Ministry of Labour (Bulgaria) (BG)	Barbara Scheck, University of Hamburg (DE)
Hélène Duclos, Social Utility at "Culture et Promotion" (FR)	Thierry Sibieude, ESSEC (FR)
Uli Grabenwarter, European Investment Fund (AT)	Hugues Sibille, Crédit Coopératif (FR)
Lisa Hehenberger, European Venture Philanthropy Association (SE)	Mercedes Valcarcel, Enusa, Fundación Tomillo, Fundación ISIS (ES)
Cécile Lapenu, CERISE (FR)	

Sub-group composition (2/2)

Scientific and Technical Chair:

Jim Clifford OBE

European Commission Chair:

Marco Fantini (DG EMPL)

Rapporteur to GECES:

Dr Lisa Hehenberger

**European Commission
secretariat:**

Ciprian Alionescu and
Laura Catana (DG EMPL)

**Commentators on reports and
working papers:**

Timothy Shakesby (DG MARKT),
Esther Wandel (formerly at DG
MARKT), James Hopegood (DG
MARKT)

24 External experts listed in report provided further feedback

Work process of sub-group

