



Aligning Public & Private  
Interests

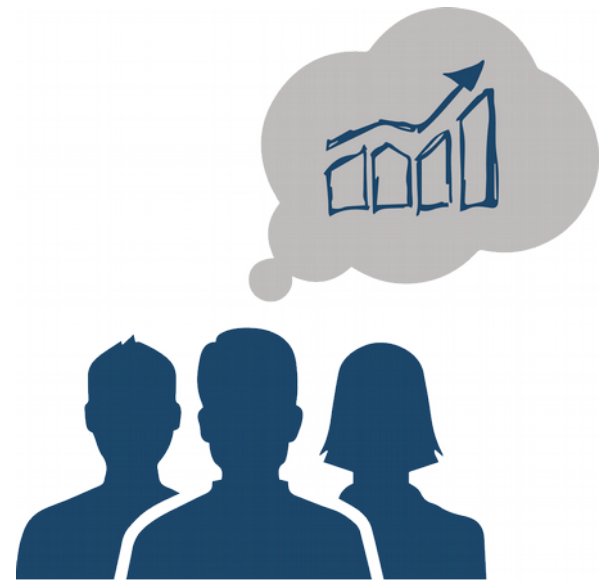
# *Impact Measurement*

*Fiorenza Lipparini*  
*22/06/2018*

# AGENDA



- **What is impact measurement?**
- **Why it matters?**
- **The impact investing market**
- **The tools of the trade**
- **Case studies**
- **Exercise**
- **Capacity building**
- **Additional resources (annex)**



## *Impact Measurement: What is it?*

# Definition

**Impact Measurement** is a means of measuring the effectiveness of organisational activities and judging the significance of changes brought about by those activities (IFRC, 2016)

- ❖ Impact assessment is intimately linked to Mission
- ❖ Results can be:

- Positive & negative



- Long-term & short-term



- Planned & unforeseen



- Direct & indirect

**DIRECT**

**INDIRECT**

# Why it matters?



- Policy makers & regulators to develop infrastructure for impact investing
- Experts to develop knowledge and advise social missions of the private and the public sector
- A powerful means to communicate, internally and externally, the contribution of activities to the Mission
- Investees to attract more investors and investors to evidence the impact their investments make

*... especially in light of the growing global trend in impact investing!*

# Impact Investing

*“Investments made into companies, organisations and funds with the intention to generate social and environmental impact alongside a financial return”*

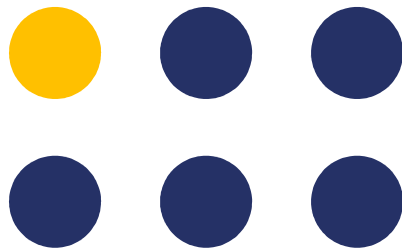
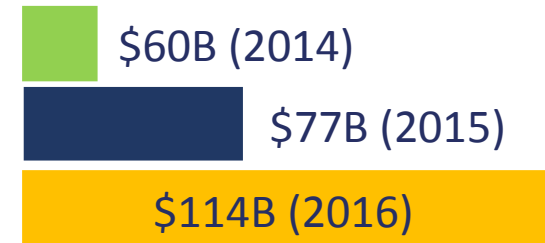
Global Impact Investing Network, 2018



source: Giordano Dell'Amore, 2018

# A growing market

2016's total impact investment (\$114 billion) represented an increase of 48% from \$77 billion in total assets in 2015 and 90% from \$60 billion in assets in 2014 ([GIIN](#))



In 2014, in the US 1 of out every \$ 6 under professional management went towards investments with sustainable, responsible, or impact-oriented strategies ([US SIF, in Morgan Stanley 2016](#))

Total value: **\$23 trillions**

Two-year growth rate (2015/2017): **25%**

(  
[Bloomberg Professional Services](#)  
)

# Investors

As traditional investors like Barclays, UBS and JP Morgan enter the market, impact investment strategies start entering the mainstream

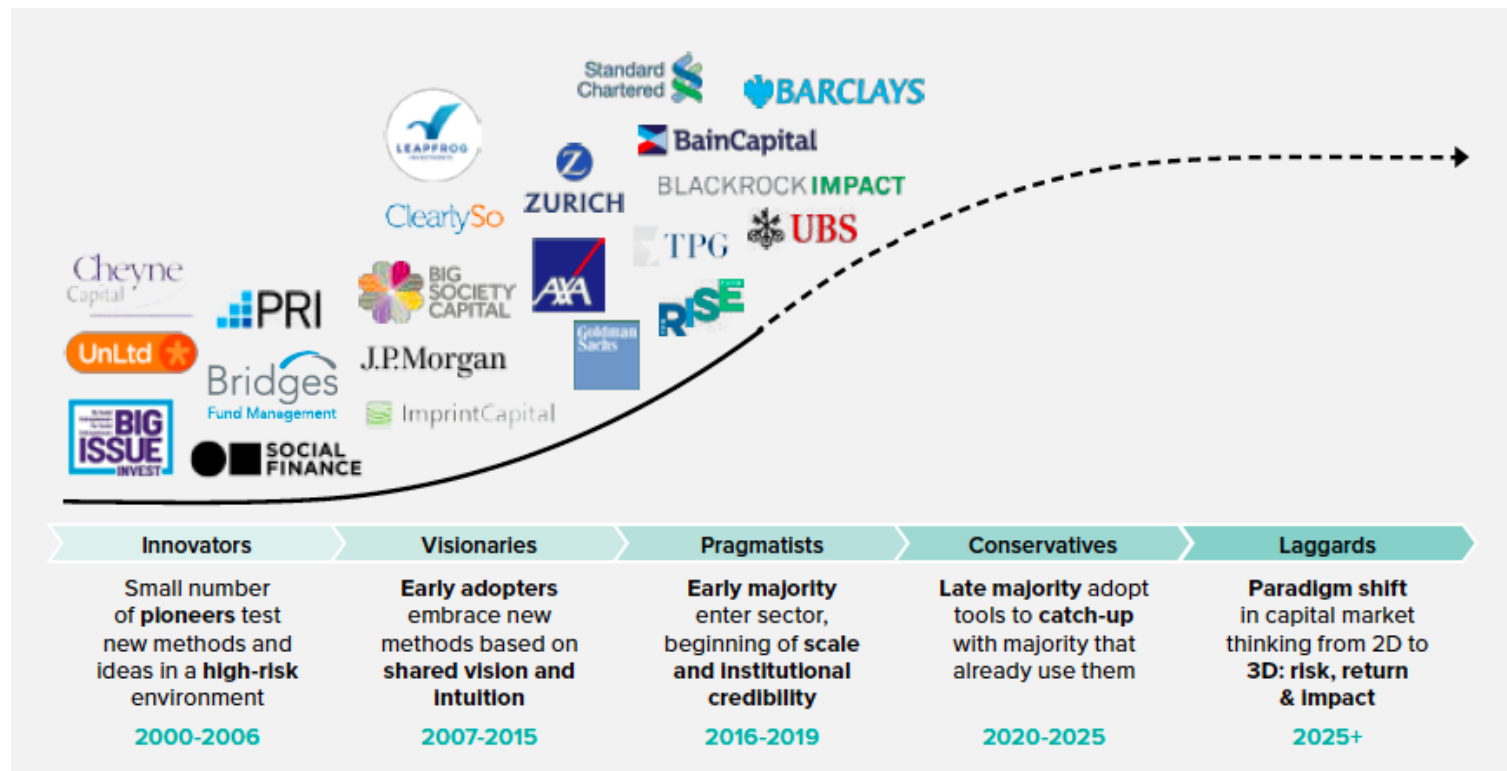


Figure: *Researching a tipping point*, UK National Advisory Board on Impact Investing (2017)



# MFF 2020-27 – A budget for the future



## Invest EU

**Programs Size: €38bn**

**Key Objective**

Catalysing €650 bn in investment further investment

**Target sectors:**

Sustainable infrastructure, research and innovation, digital transformation, the **access to finance for small and medium-sized enterprises**, education, skills, social infrastructure, microcredit, social economy

## European Social Fund+

**Program Size: €101bn**

**Key Objective:** Human capital investment

**Target Sectors**

- Improving resilience via improved health provision
- Investing in education, skills and employment, especially for youth, long term unemployed and migrants
- Social inclusion in terms in prevention and alleviation of inequality
- Support labour mobility and **social innovation**
- Protecting citizens from serious X-border health threats

## Digital Europe

**Programs Size: €9bn**

**Key Objective:**

Increase the pace of digital transformation in public and private sectors, mainly through education

**Target Sectors:**

High-performance computing and data, artificial intelligence, cybersecurity and **advanced digital skills, as well as large-scale deployment of digital technologies.**

## Erasmus+

**Program Size: €30bn**

**Key Objective:**

- Education program focussing on skill development in Europe

**Target Sectors:**

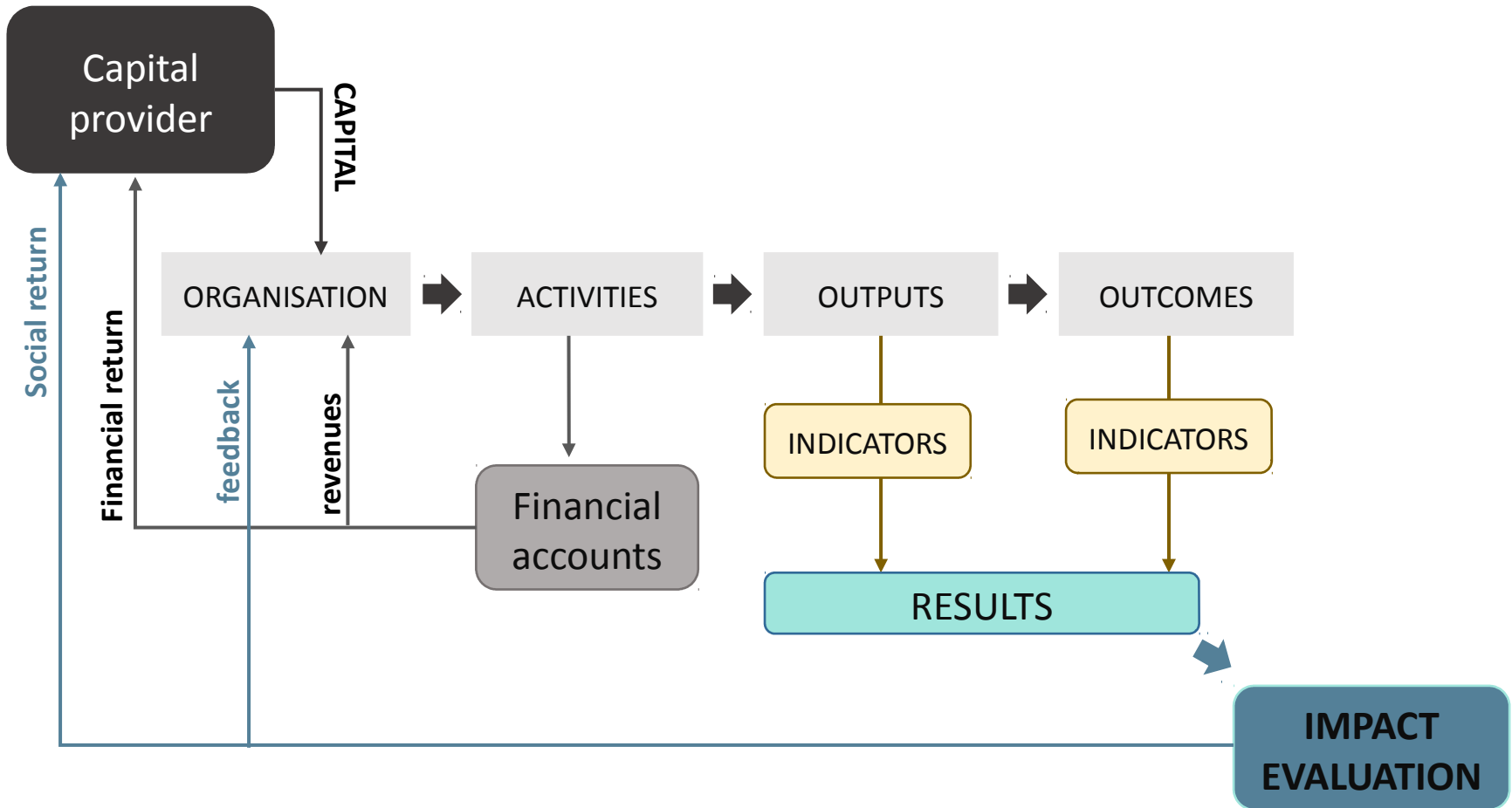
- Special focus on young people and skills based education
- Brings together both traditional classroom based education and vocational programs



## *The tools of the trade*

# How does it work?

(Source: [The Good Analyst](#))



# Tools & Frameworks – Born in the USA

| TOOL  | DESCRIPTION  |
|---|--|
| <b>B Corp (B Impact Assessment)</b>                       | Certified for-profit that meets comprehensive and transparent social and environmental performance standards.          |
| <b>Demonstrating Value (DV)</b>                           | Method for improving social ventures' operations, planning, and communication of value to the community.               |
| <b>Global Impact Investing Rating System (GIIRS)</b>      | Social and environmental impact ratings for companies and funds.   |
| <b>Global Reporting Initiative (GRI) – Sustainability</b> | Guidelines for measuring and reporting on an organization's economic, environmental, social and governance performance |

(Source: [MaRS Centre for Impact Investing](#))

# Tools & Frameworks – on the EU shore

| TOOL   | DESCRIPTION  |
|--|--|
| <b>Impact Reportingx &amp; Investment Standards (IRIS)</b> | Library of common indicators which can be used to describe an organization's social, environmental, and financial performance. |
| <b>Social Return On Investment (SROI)</b>                  | Principles for assigning a dollar value to the social, economic and environmental outcomes of an activity or organization.     |
| <b>Sustainable Livelihoods (SL)</b>                        | Integrated approach that considers key factors of development required in reducing poverty.                                    |

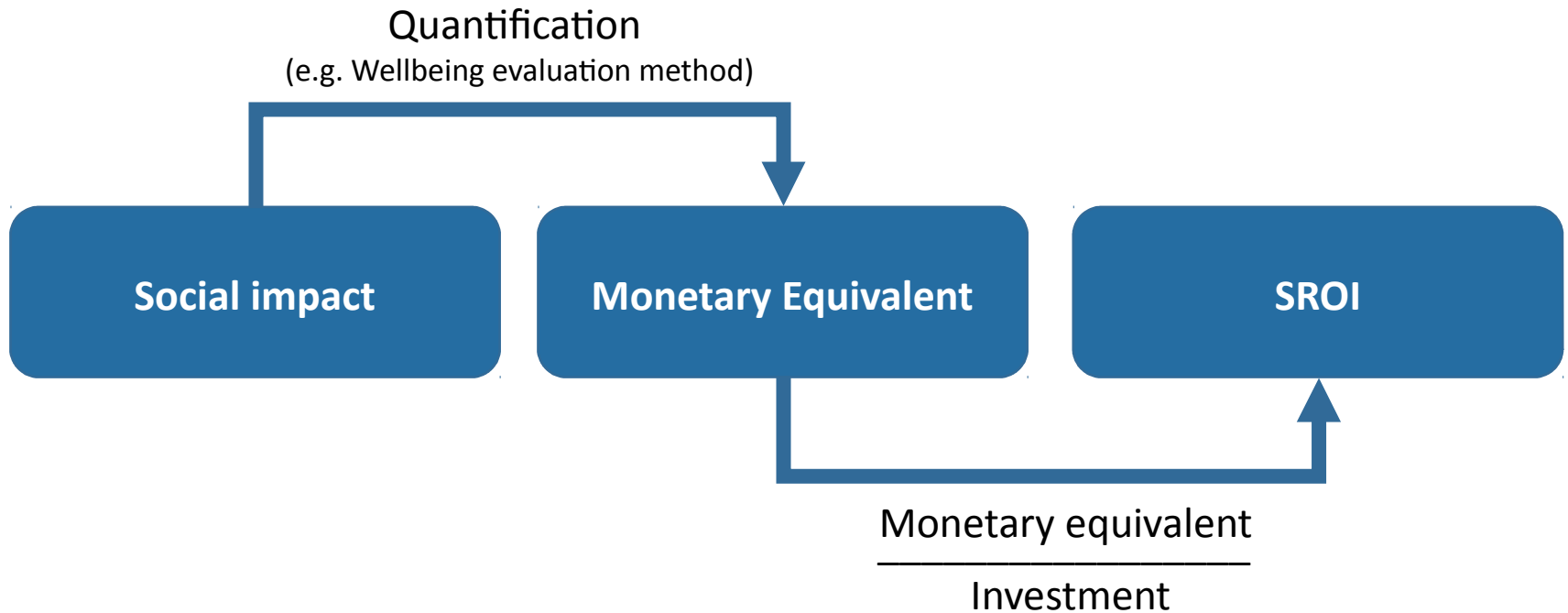
(Source: [MaRS Centre for Impact Investing](#))

# Tools & Frameworks – on the EU shore

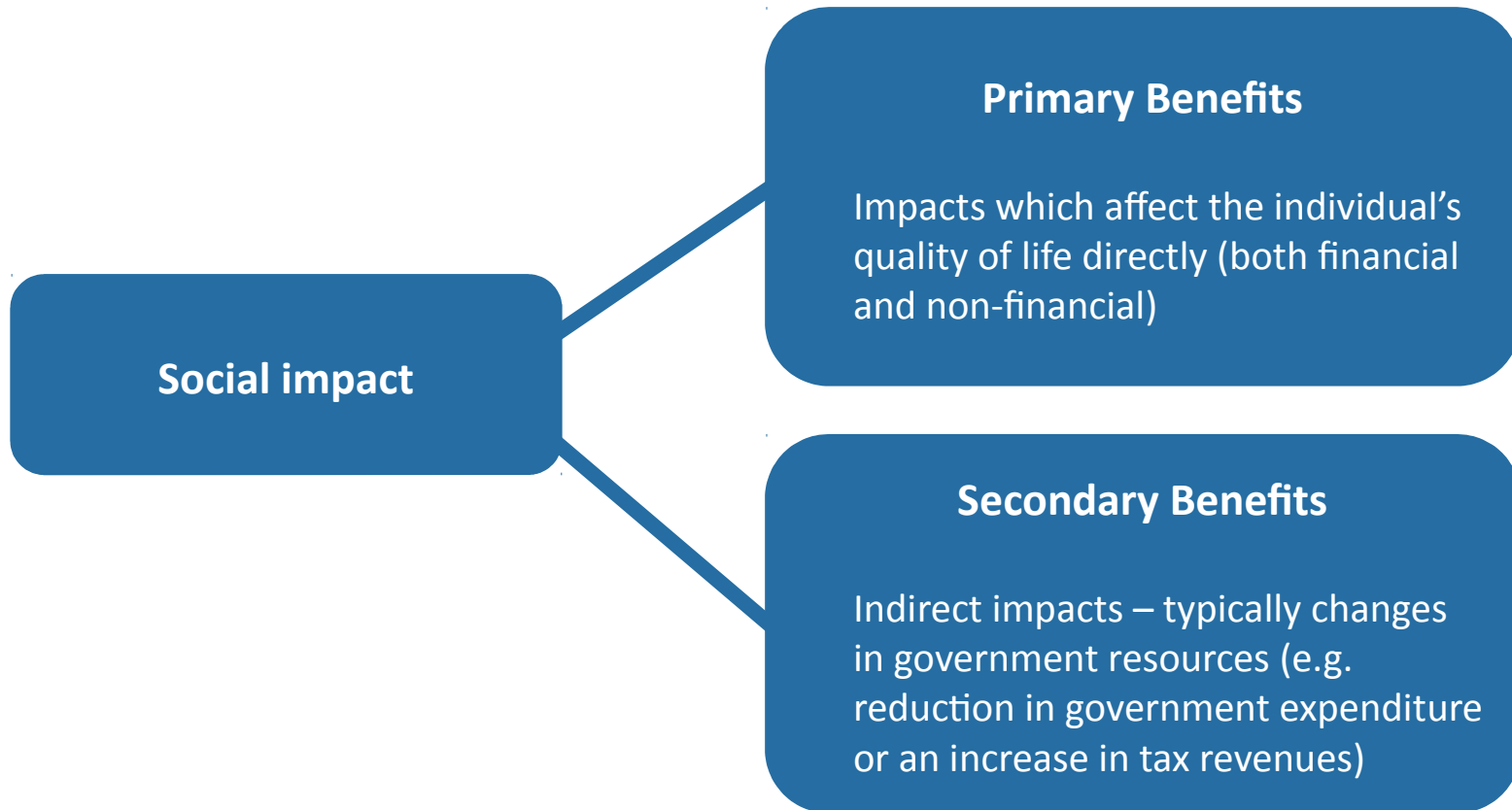
| TOOL                        | DESCRIPTION  |
|-----------------------------|--|
| Social Progress Index       | The SPI monitors 50 indicators of social and environmental outcomes divided across three broad dimensions of social progress: Basic Human Needs, Foundations of Wellbeing, and Opportunity.  |
| OECD Better Life Index      | This Index allows you to compare well-being across countries, based on 11 topics the OECD has identified as essential, in the areas of material living conditions and quality of life.   |
| Wellbeing Evaluation Method | The wellbeing evaluation method is based on rigorous econometric analyses applied to national statistics institutions datasets allowing to identify the level of wellbeing associated with different variables, and to estimate the effect of a service/product on a person's wellbeing. |

Sources: [SPI](#), [OECD](#), [WEM](#)

# Social Return On Investment Calculation

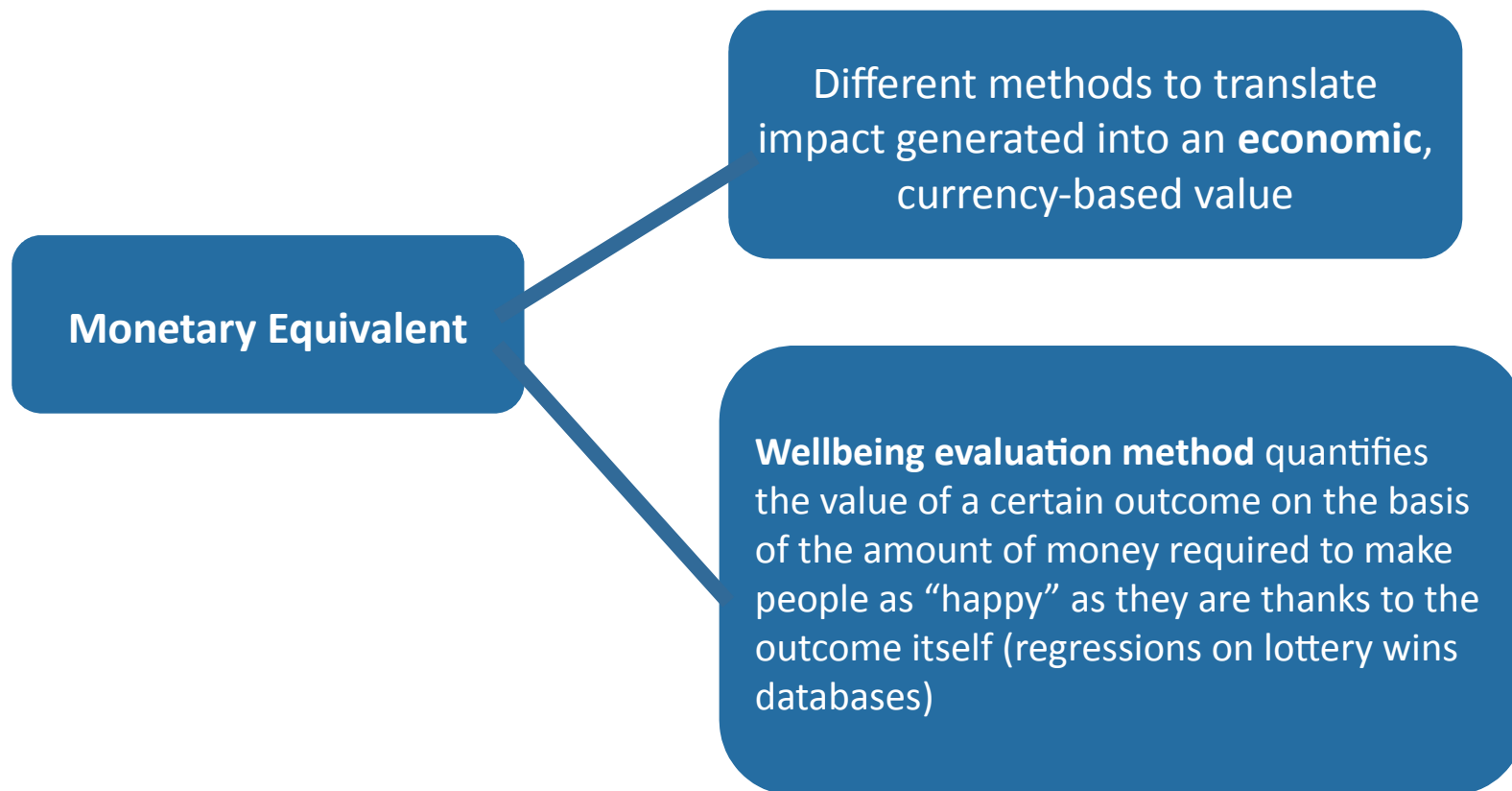


# *Social Return On Investment Calculation*





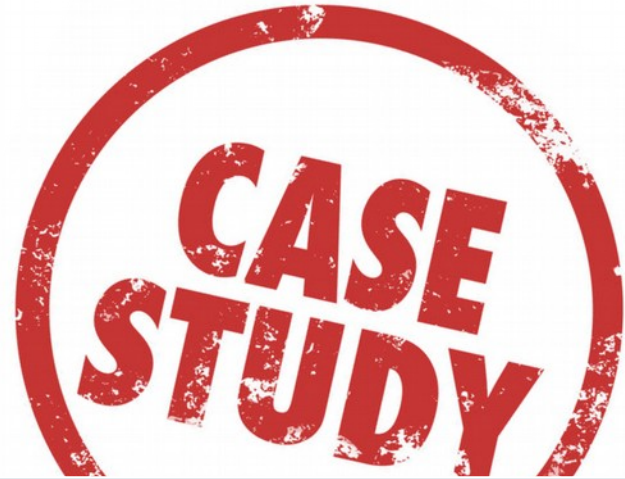
# Social Return On Investment Calculation



# *Social Return On Investment Calculation*

## SROI

- ❖ “Social bang for the buck”
- ❖ Same idea of the traditional Return On Investment, but applied to monetary-equivalents of social impacts



## *Ideas & Strategies*



**Mission:** Support for young people entering their GCSE years who are at risk of leaving school without entering employment or going on to further or higher education.

**Action:** It places highly skilled Progression Coaches in schools for one to one support. Young people are selected in year 8 and begin working intensively with coaches in year 9 (5ys programme)

*““We very consciously have set outcomes we are working towards throughout the five years  
- sustained employment is the ultimate outcome but this is linked to intermediate outcomes  
like attendance, behaviour, Ready for Work skills and qualifications”*

## Theory of Change model:

- Data collection on a termly basis from schools and elsewhere on students' progress
- Assessment on sustained employment outcomes by making monthly contact with young people while they are on the programme and 3, 6, 12 and 18 months after
- Design of a bespoke scale that measures softer skills that are indicators of how ready a young person is for the workplace (Ready to Work scale) –n this helps them to understand the shorter term outcomes with a young person and helps pinpoint support



# ThinkForward

Successful school to work transitions

([www.thinkforward.org.uk](http://www.thinkforward.org.uk))

**Results:** 91% of graduates were in education, employment or training at age 18, 85% had improved behaviour or attendance at school, 72% gained five GCSE's, 24% passed two A-levels (or equivalent), 21% gained a job through ThinkForward and 12% went to university.

*“It is absolutely essential to the success of the programme that we learn from our data and make improvements”*

Review of results each term to understand differences in progress between certain pupils and certain schools → changes to its support as a result

*“The monitoring of data allowed the investors to understand if the programme led to any cost savings and was used to assess the level of financial return”*



**Mission:** Social enterprise that aims to improve the wellbeing of older people in care settings by transforming the quality of activity provision.

**Action:** Training staff to deliver fun, interactive, group exercise classes within care homes and in the community, and innovative, activity-led transportation solution that enables older adults to get out and about in the community.

Expert methodology and use sensory props, reminiscence imagery, music and simple routines to deliver physical and mental health benefits.

*“We need to collect data on our impact not only for our own purposes but also because care providers need this data to understand if we are offering a cost effective service – it’s an important part of our offer”*

Their **approach to impact measurement** is twofold:

- Ongoing monitoring information on its impact using **surveys and feedback** from the care settings with trained staff
- **Longer term higher quality research** that tries to pin down whether the service is having a statistically significant effect and looks at attribution (EQ5D scale)

**Challenge:** The balance between high quality research and impact measurement that is less rigorous but gives you information in the short term.

## Results:

- A pre-post audit found a 69% improvement in staff activity skills over three months and 78% of the staff also said their job satisfaction had significantly increased.
- 2/3 of staff reported improvements on physical mobility of older adults, 3/4 in mental stimulation and 4/5 on social interaction
- 10% improvement in health-related quality of life for older people

# Case study

## Strategic Initiative Focus

Inmates are to be employed in a traineeship for the construction of companies working on the site.

- ***Inmates:*** Ad-hoc training in both professional and soft skills
- ***Companies:*** Incentivised to employ inmates full-time thanks to tax benefit scheme.
- ***Public administration:*** Savings (reduced prison costs and increased tax revenues from re-inclusion of former inmates in the society)



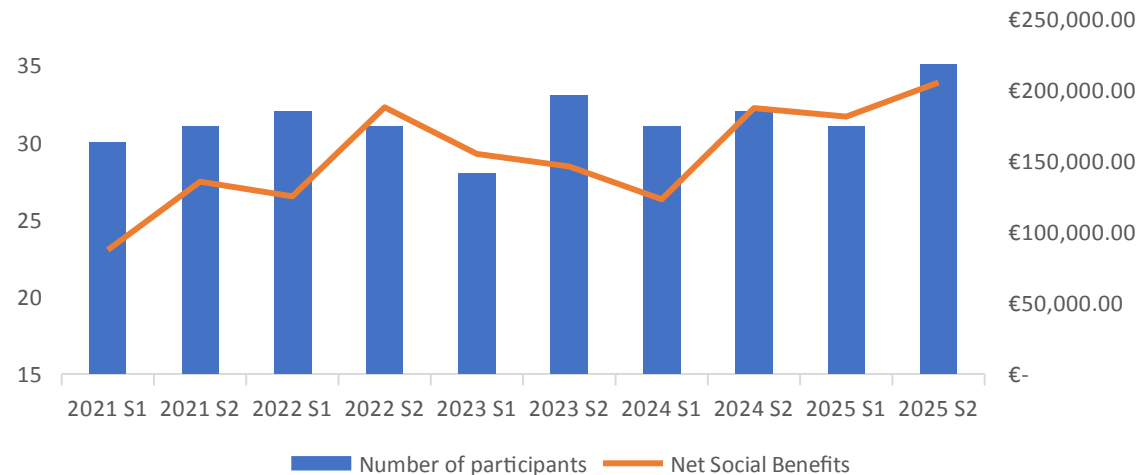
# Case study

**EXAMPLE**

| YEAR   | 2021         |              | 2022         |              | 2023         |              | 2024         |              | 2025         |              |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| SEMESTE  |              |              |              |              |              |              |              |              |              |              |
| R  | S1           | S2           | S1           | S2           | S1           | S2           | S1           | S2           | S1           | S2           |
| N. of participants   | 30           | 31           | 32           | 31           | 28           | 33           | 31           | 32           | 31           | 35           |
| N. of employed inmates after the program                     | 7            | 12           | 11           | 18           | 14           | 13           | 10           | 17           | 16           | 18           |
| <b>PRIMARY BENEFITS</b>                                      |              |              |              |              |              |              |              |              |              |              |
| Increase in quality of life<br>(Wellbeing evaluation method) | 29.050€      | 41.160€      | 40.620€      | 56.315€      | 45.500€      | 44.215€      | 36.935€      | 55.140€      | 53.175€      | 59.175€      |
| <b>PUBLIC SECTOR SECONDARY BENEFITS</b>                      |              |              |              |              |              |              |              |              |              |              |
| Prison administration savings                                | 121.500<br>€ | 127.224<br>€ | 127.872<br>€ | 123.876<br>€ | 117.936<br>€ | 135.432 €    | 147.420<br>€ | 134.784<br>€ | 133.920<br>€ | 153.090<br>€ |
| Increase in tax revenues                                     | 3.584 €      | 6.144 €      | 5.632 €      | 9.216 €      | 7.168 €      | 6.656 €      | 5.120 €      | 8.704 €      | 8.192 €      | 9.216 €      |
| <b>PRIVATE SECTOR SECONDARY BENEFITS</b>                     |              |              |              |              |              |              |              |              |              |              |
| Tax benefits to companies in the<br>programme                | 35.084 €     | 60.144 €     | 55.132 €     | 90.216 €     | 70.168 €     | 65.156 €     | 50.120 €     | 85.204 €     | 80.192 €     | 90.216 €     |
| Inmates incomes  | 20.750€      | 27.400€      | 26.550€      | 34.900€      | 28.700€      | 29.450<br>€  | 26.500€      | 34.050€      | 32.400€      | 36.500€      |
| Programme costs  |              | 126.790€     | 130.880€     | 126.790€     | 114.520€     | 134.970<br>€ | 143.150€     | 130.880€     | 126.790€     | 143.150€     |
| Net Social Benefits  | 87.260€      | 135.282€     | 124.926€     | 187.733€     | 154.952€     | 145.939<br>€ | 122.945€     | 187.002€     | 181.089€     | 205.047€     |
| SROI   | 1,7          | 2,1          | 2,0          | 2,5          | 2,4          | 2,1          | 1,9          | 2,4          | 2,4          | 2,4          |

# Case study

*Number of Participants  
and net social benefits  
(2021- 2025)*



|                              |  |
|------------------------------|--|
| <b>Primary benefits</b>      | <ul style="list-style-type: none"> <li>- 66 inmates participated to the programme</li> <li>- 83% of people affirmed to have gained professional competencies</li> <li>- 34 inmates found a full-time employment after the programme</li> </ul>   |
| <b>Monetary value</b>        | <ul style="list-style-type: none"> <li>- n° of beneficiaries who gain competencies x EUR 500 = EUR 27.000</li> <li>- n° of beneficiaries who find full time employment x 2.500 = EUR 85.000</li> </ul>   |
| <b>Secondary benefits</b>    | <ul style="list-style-type: none"> <li>- Private companies' savings amounted to EUR 102.000 in tax exemptions</li> <li>- Inmates income amounted to EUR 69.000</li> <li>- Prison administration's savings amounted to EUR 203.000 in decreased costs for prison management and increased tax revenues</li> </ul> |
| <b>Gross Social Benefits</b> | Primary benefits + Secondary benefits – Deadweight   |
| <b>Net Social Benefits</b>   | Gross Social Benefits – (Programme's costs + Opportunity cost)   |
| <b>SROI</b>                  | Gross Social Benefits / (Programme's costs + Opportunity cost)   |
| <b>Programma 2121 SROI</b>   | EUR 656.000/269.000 = 2.4  |

*SROI calculation  
(2025)*

# Case study exercise

soprasotto

[www.soprasottomilano.it](http://www.soprasottomilano.it)

[il progetto](#) [il kit](#) [testi](#) [chi siamo](#) [fb](#)



## una scuola liberatoria!

9 giugno 2018 , by soprasotto

**SopraSotto è un laboratorio permanente per bambini e bambine in età da nido. Un progetto che nasce dal desiderio e dalla necessità di un gruppo di genitori di elaborare una proposta formativa in grado di tenere insieme: la trasformazione del lavoro e dei suoi tempi,...**

# Case study exercise

FOR CASE STUDY  
EXERCISE  
Identify key impact

**Who are your stakeholders?  
What outcomes?  
How are they aligned to your business  
model?  
Primary Values? Secondary Values?  
Monetisation?  
Costs?**

$$\text{BSN} = \begin{array}{ccc} \text{Beneficio Sociale Totale} & & \text{Costo totale} \\ \downarrow & - & \downarrow \\ \begin{array}{l} \text{[numero di beneficiari totali che hanno raggiunto l'outcome sociale} \\ \text{auspicato]} \times \text{[Deadweight]} \times \text{[valori primari e secondari per beneficiario]} \end{array} & & \begin{array}{l} \text{[Costo del programma/servizio per partecipante per anno]} \times \\ \text{[Inclinazione all'ottimismo]} \times \text{[Costo opportunità]} \end{array} \end{array}$$

<sup>[1]</sup> Based on historical data, deadweight is estimated between 15 and 27% of the total benefits generated.

<sup>[2]</sup> Based on historical data, opportunity cost is estimated around 8% of cost incurred.



# PLUSVALUE

Aligning Public & Private  
Interests

## Q & A

*Fiorenza Lipparini*

[fiorenza.lipparini@plusvalue.org](mailto:fiorenza.lipparini@plusvalue.org)

PlusValue

131-151 Great Titchfield Street

London W1W 5BB

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



Aligning Public & Private  
Interests

# *Annex I*

## *Additional resources*

# Want to read more about it?

- Impresa Sociale (2016) [Valutare l'impatto sociale. La questione della misurazione nelle imprese sociali](#)
- Impronta Etica (2016) [Le Linee Guida Per La Misurazione Dell'impatto Sociale: Una Guida Pratica Per Le Organizzazioni](#)
- APM Specific Interest Group white paper (2016) [The Social Return On Investment \(SROI\): A powerful tool for the realisation of benefits](#)
- Big Society Capital (2016) [Impact measurement in practice: A case study report examining the approaches of five charities and social enterprises who have used social investment](#)
- Investing for good (2012) [The Good Analyst](#)  
[Impact Measurement & Analysis in the Social-Purpose Universe](#)
- Rockefeller Foundation (2014) [Assessing impact investing: Five doorways for evaluators](#)
- Rockefeller Foundation (2012) [Accelerating Impact: Achievements, Challenges, and What's Next in Building the Impact Investing Industry](#)
- JP Morgan (2015) [Impact Assessment in Practice: Experience from Leading Impact Investors](#)
- London School of Economics (2016) [A critical evaluation of social impact assessment methodologies and a call to measure economic and social impact holistically through the External Rate of Return platform](#)
- Skopos Impact Fund & Bridges Impact+ (2016) [More than Measurement](#)
- ~~European Venture Philanthropy Association (2013) [A Practical Guide to Measuring and Managing Impact](#)~~

# Additional resources

- [Measuring Impact](#): Samantha Yamada at **TEDxYorkU 2012** on the theme of measuring impact to create momentum for more impact.
- **Project 'Creating Economic Space for Social Innovation'** - CrESSI publications, University of Oxford: As the project progresses, they aim to make as much material as possible freely available under the form of [working papers](#).
- [ASVB Value Calculator](#): **The ASVB Value Calculator** enables you to conduct a best-practice informed Cost Benefit Analysis (CBA) of your organisation's activities by following three simple steps
- [Online-training session](#) shared by Enactus UK: 20 minutes **video tutorial** focusing on 'How To Measure Impact'.
- **Banca Etica** – La Valutazione Sociale dei clienti come strumento di misurazione degli impatti indiretti della Banca <http://bilanciosociale.bancaetica.it/bilancio-sociale-2015/>
- **Coop For B - Social Impact Report** - Analisi dell'impatto creato dalla Cooperativa nell'ambito Economico Sociale e Territoriale-Comunitario. <http://for-b.com/>
- **SCS Consulting** - Società di consulenza di direzione, nata a Bologna nel 2001 nel campo dei servizi professionali di consulenza, formazione e valorizzazione delle risorse umane