Where is the social impact?

July 16, 2013 Berlin

Varga Éva
NESsT
Where is the **SOCIAL IMPACT??**

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Measuring and managing social impact: benefits

- transparency
- we can see what works and what doesn’t work
  - helps in management decision of SE
  - helps in financial resource allocation
  - input for policy development
Managing social impact: challenges

• What is meant by social impact?
• Project based or anecdotal evidence
• Lack of systematic approach and methodology
• Lack of impact mentality – remain at needs assessment stage; focus on indicators only
• Lack of measurement culture
• Funders don’t demand impact data; they focus on inputs and processes, perhaps outputs
• Short term view
• Organizations lack resources to collect impact data
• No aggregate impact data by sector
• Communication of impact is often forgotten
1. Enterprise performance
   - Key components of the business plan
   - Return on financial investment

2. Social impact
   - Mission goals
   - Mission risks
   - Impact on beneficiaries
   - Impact on policy
   - Awareness

3. Institutional development
   - Capacity
   - Organizational culture
   - Transparency
   - Governance
   - Stakeholder relations

4. Financial sustainability
   - Diversity and sustainability of the resources
   - Asset-building

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NESsT PMT: aims to capture impact, but at least outcome

Portfolio level: aggregating flagships – generic outcome indicators from all fields of activity measured by all portfolio SEs

New direction: focus on impact areas
labour inclusion,
sustainable income and
grassroot technology
NESsT Enterprise since 2007

- Business performance and social impact are intricately linked: there is no social impact without sales revenue
- Uses NESsT PMT to track performance and social impact; quantitative.
- Key indicators:
  - Number of people trained
  - Number of people employed
  - Beneficiary satisfaction
  - Wage level compared to regional average
  - Personal development of beneficiaries employed: types of tasks, overtime, other activities
  - Gov’t income in taxes per beneficiary compared to gov’t subsidy per beneficiary

*Izlelo Restaurant, Kek Madar Foundation*
Izlelo Restaurant, Kek Madar Foundation

NESsT Enterprise since 2007

“Real” results/impact in 2012:
• Enables 10 disabled people to live independent lives
• One formerly inactive colleague obtained driver’s licence
• Salaries are 108% of the regional average
• In local lingo “Wheelchair Marika” is replaced by “Marika from Izlelo”
• Minimum level of sickleave; no staff turnover
• Disabled staff able to perform majority of business and operational tasks
Policy initiatives/instruments

• Social Reporting Standards (Germany)
  • Initiated by the Research of Technische Universität München (University of Technology, Munich) and the University of Hamburg
  • Adopted by Federal Ministry of Family Affairs, Senior Citizens, Women and Youth

• EU Social Business Initiative – Social Impact Subgroup
  • Guidance for EuSEF
  • Focus on impact measurement culture and process
  • Recognizes need for training

• Social Impact Bonds (UK)
  • Payment by results
The Impact Measurement Process

The five steps of social impact measurement

1. Setting Objectives
2. Analysing Stakeholders
3. Measuring Results
4. Verifying & Valuing Impact
5. Monitoring & Reporting

Source: EVPA
IRIS is the catalog of generally accepted performance metrics that leading impact investors use to measure social, environmental, and financial success, evaluate deals, and grow the credibility of the impact investing industry.