

How to implement social impact evaluation in your organization?

Workshop // Social and solidarity economy

Moderators

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Speakers

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Executive summary

This workshop gathered the various stakeholders in social entrepreneurship – field practitioners, financiers, microfinance stakeholders and organizations specializing in evaluation tools – in order to understand the challenges of measuring social impact. More than ever, redefining the way to find and measure the performance of social organizations is essential.

Social objectives and economic sustainability are too often considered contradictory. It is necessary to go beyond this antagonism and to try to evaluate and value the real impact of organizations for society.

By requiring of them an important introspective work, measuring the social impact questions the effectiveness of organizations and greatly facilitates dialogue among stakeholders. If it is considered as a tool for multidimensional management, evaluation makes it possible to fully assist the organization to maximize its social impact. Therefore, it is necessary for the objectives and the scope of their implementation to be established as soon as possible in the development of the project. The measurement tools must be consistent with the scope of the project.

“Be honest and transparent”, and “if you are not positive that you are doing good, make sure you do no harm” might summarize the challenges raised by the necessary evaluation of social impact.

Synthesis

Evaluation: for whom and for what purpose?

According to **Lucile Brachet** – member of the French NGO **Planète d'Entrepreneurs**, which aims to help social entrepreneurs evaluate the social impact of their organization – it is essential to measure the real impact of our activity if we intend to give to our action some meaning. As an organizational tool, evaluation fulfils various functions.

First, it is a management tool that facilitates the planning and the follow-up of the activity. Allowing the organization to focus its attention on the key points of its activity, it directly serves the maximization of the impact. In the scope of work conducted by Planète d'Entrepreneurs with Sarvajal, which works in India to foster access to drinkable water, focusing on reducing diseases and health expenditures shown that 34% of the money saved in health expenditures was reallocated to education, 41% to housing and 43% to food expenditures.

Still following a management approach, **Jérôme Bossuet** stated that integrating evaluation into the engineering process allows **Prakti Design** to measure the consequences of their activities on the environment as well as their impacts on consumers. By initiating a dialogue directly with consumers, the organization is able to take their comments into account and improve the quality of its services. Evaluation can be a good marketing tool because it provides evidence that the item which is sold will improve the consumers' life.

Lucile Brachet also saw it as a powerful communication tool which enables the organization to gain credibility by showing tangible results. Using it as a communication tool require many precautions, explained **Angela de Santiago**. This argument was stressed by **Richard Kennedy** as well, president of the **SROI Network**. In the United Kingdom, he explained, charities often rely on an appropriate course of action; it is important to be able to prove that they do so.

Angela de Santiago summarized the discussion saying that evaluation raises questions about the effectiveness of organizations and allows to verify that the strategy implemented actually produces the expected effects. This is essential for the sector's legitimacy. **Hedwig Siewertsen**, Executive Director of the **d.o.b. Foundation**, observed that 80% of the organizations that measure impact do so using a system they have developed on their own. Another finding is that most of the impact is achieved through a limited number of drivers.

According to **Richard Kennedy**, considering the partnership approach on which the sector is currently built, evaluation will also be an important factor of performance. First, it allows to identify the best possible partner for a project, and second, to seek funding. This is an argument which is consistent with financial contributors.

The d.o.b. Foundation, for example, carries out studies before and after each investment, in order to identify which investments will have the greatest impact and then subsequently ensure that the impact is actually achieved.

Hedwig Siewertsen believed that when it comes to public funds, impact

evaluation makes it possible to prove that public money is used responsibly.

Thus, the evaluation can be given a supervisory role. **Vatansho Vatanshoev** concluded that evaluation may thus be used as a monitoring tool, all the more as the MFI experience has proved that abuses exist within social-driven organizations.

Who leads the elaboration of a social impact evaluation in the organizations?

After the microfinance crisis, the MFIs, financial contributors and governments have worked together to set up evaluation mechanisms. A social clause, requiring organizations to prove the benefits of their activity, is now included in contracts passed with governments. **Vatansho Vatanshoev** noted, however, that the decision to evaluate the social impact is made more and more by MFIs themselves, and is now an integral part of their activities.

Irène Serot Almeras reported that financial contributors are mainly responsible for the evaluation. In France, foundations, to assess their own impact, require from the projects that they finance to set up evaluation mechanisms.

Lucile Brachet explained that however, as evaluation answers resource challenges, it is more and more the initiative of social entrepreneurs.

For **Dominique Weiss**, everything is not so simple. The widespread opinion that it is impossible to measure the impact of organizations working in the areas of education or health raises significant reluctance from actors in these sectors to set up evaluation mechanisms.

All the speakers agree on a consensus: the size of the organization is a significant condition of the organization's tendency to evaluate its activity.

When is the good time to evaluate?

It is difficult to define a good time to carry out an evaluation. For entrepreneurs as well as financial contributors, different types of evaluation at different stages of the project can serve different objectives. **Irène Serot Almeras** and **Hedwig Siewertsen** identified, however, various times to conduct an evaluation.

- The operational planning phase is the time to evaluate social impact. It is necessary to go in the field when the program is designed in order to discuss the indicators that need to be set up. In addition, an ex-ante evaluation enables investors to take social impact indicators as well as financial indicators into account in their analysis of the project.
- An ongoing project evaluation contributes to the monitoring by the practitioners, as a way to oversee its progress. It can be supplemented by an evaluation when the project ends, which makes it possible to accurately measure the impact.
- An ex post evaluation allows to collect comments and understand how to improve the organization's processes. For financial contributors, it is the opportunity to ensure that the investment has had the expected social impact.

Vatansho Vatanshiov explained that it is yet essential that the process remains regular, especially in microfinance, all the more as in practice, the time lag between the project initial phase and its implementation may be significant. Therefore, it is important to connect ex ante and ex post evaluations.

Who should conduct the evaluation? And what should the budget be?

Calling upon resources outside of our organization to conduct an evaluation may be easier. First, the external evaluation reduces the cost and allows an organization that does not have specific knowledge of the evaluation tools to simplify their implementation. It also ensures greater objectivity.

Yet, evaluation conducted internally enables members of the organization to take ownership of the process. Nothing is more damaging than a parachuted consultant.

In any case, the organization must have internal tools. When it has sufficient resources, assigning an internal team to the evaluation process is best. In practice, adopting a hybrid solution appears to be a good compromise, allowing for a neutral analysis and the involvement of the organization's members.

Thus, it is difficult to accurately estimate the budget that an organization must provision for the evaluation. The cost of the evaluation depends largely on the structure and the scope of the analysis conducted. Still, it is impossible not to allocate resources to the evaluation: claiming to be a social entrepreneur implies to have time and resources to allocate to project evaluation, all the more as financing sources (foundations, public financing, etc.) exist and the organization can summon them if it wishes to do so.

Methodologies:

There are more than 200 evaluation methods, which obviously makes the market less transparent. The SROI Network is used to promote various methods and extract the similarities in order to offer organizations a standardized list of indicators for their evaluations. The methodology offered by the SROI emphasizes the stakeholders' involvement in the process. By

promoting a practical approach to evaluation, it enables the organization to concentrate on the process which results from it. Therefore, it is necessary to go beyond the economic approach of monetization, which is not always relevant, and not to concentrate only on the tangible result of the evaluation (the SROI ratio).

For **Irène Serot Almeras**, the diversity of the needs of organizations must push each of them to choose 1 or 2 indicators specific to the activity which is assessed from the many available. Besides, such indicators are not necessarily quantitative. Using various methods allows for a better understanding of the way social utility is created.

Joseph Le Marchand concluded saying that there are 2 types of methods available: basic methods which enable the organization to focus on identified objectives (actions, results, indicators, measurements), and more complex methods such as the SROI which propose going beyond indicators.

The experience in microfinance, which has established a dedicated task-force for the measurement of social performance since 2001, can be useful to social entrepreneurs.

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