Investigating Tools for Harnessing & Strategically Utilizing the Catalytic Potential of Social Stock Exchange (SSE) for Revolutionizing Social Finance in India

Research Committee

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Foreword

In India, a country with its own unique set of social, economic, and environmental challenges, the notion of harnessing and strategically utilizing the catalytic potential of Socially Responsible Investing (SRI) is of paramount importance. It is not just a financial imperative but a moral and an ethical one. We all are aware of the pivotal role that finance and accountancy professionals play in the economic and financial development of our nation.

I appreciate the Research Committee of the Institute of Chartered Accountants of India (ICAI) for recognising the importance of research in today's world and introduce this vital study on the topic of *"Investigating Tools for Harnessing & Strategically Utilizing the Catalytic Potential of Social Stock Exchange (SSE) for Revolutionizing Social Finance in India*".

The concept of the Social Stock Exchange (SSE) is an innovative and a revolutionary one. In this study, discussion has been mode on the tools and methods necessary to ensure the efficient operation of SSE and ensuring that it becomes a catalyst for social finance change in India.

I extend my appreciation to CA. (Dr.) Anuj Goyal, Chairman, CA. Cotha S. Srinivas, Vice Chairman, and other members of Research Committee, who took this initiative to publish an extremely relevant research study.

I am confident that this study will guide and assist the professionals in their future professional assignments.

New Delhi
January 9, 2024

CA. Aniket Sunil Talati
President, ICAI

Preface

I am delighted to share that the Research Committee of the Institute of Chartered Accountants of India is always keen to promote innovation and creativity through research studies in the field of accounting and other allied area. With the great enthusiasm I would like to introduce this vital Research study which explores the catalytic potential of Social Stock Exchanges (SSE) and their role in revolutionizing social finance in India. This research is a witness of the power of knowledge and inquiry, addressing a subject of profound importance for our society and the financial landscape of our nation.

The publication addresses the policy and regulatory framework necessary to create an enabling environment for SSE to thrive and offers recommendations for tools and mechanisms that can be utilized on the SSE platform. This study investigates the potential of SSE as a transformational instrument in a society marked by remarkable variety, difficult socioeconomic challenges, and an unquenchable desire for change.

I am thankful to CA. Aniket Sunil Talati, President, ICAI and, CA. Ranjeet Kumar Agarwal, Vice President, ICAI who inspired me and Research Committee to publish this research study for the benefit of researchers at large.

I would like to express my gratitude to CA. Cotha S. Srinivas, Vice Chairman of the Research Committee and all the members of the Research Committee for their invaluable contribution and guidance.

I also acknowledge the assistance and co-operation rendered by Dr. Amit Kumar Agrawal, Secretary, Research Committee, CA. Neha Bansal, Assistant Secretary and CA. Abhishek Sharma, Professional who gave their valuable inputs during finalisation of this Research Report.

I believe and trust that this study will serve as a source of knowledge, inspiration and a catalyst for further exploration and innovation in the ever-evolving field of accountancy and other allied areas.

New Delhi
November 01, 2023

CA. (Dr.) Anuj Goyal
Chairman
Research Committee, ICAI

Contents

Abstract

The introduction of Social Stock Exchanges (SSEs) in India, as proposed by Finance Minister Nirmala Sitharaman in her Budget Speech for FY 2019-2020, represents a transformative step in revolutionizing social finance. This research focuses on investigating the tools necessary to harness and strategically utilize the catalytic potential of SSEs in India. The study is organized around four fundamental themes: listing criteria, return to investors, social impact assessment, and global SSE learning.

To enhance inclusivity and align the SSE objectives with India's commitment to sustainable development, an evaluation of the current listing criteria is undertaken. Additionally, the research explores whether positive social returns alone can motivate social enterprises (SEs) to reach wider audiences for philanthropic finance, or if a blended financial instrument offering both financial and social returns can serve as a more compelling incentive, benefiting SEs, impact investors, and the government.

To achieve this effectively, the study compiles and analyses historically successful social finance instruments, drawing from experiences both within India and globally. Understanding the factors contributing to the effectiveness of these instruments is crucial for devising innovative financial tools within the SSE framework.

The global context is considered, as numerous countries, including Canada, Brazil, South Africa, Jamaica, the United Kingdom, and Singapore, have already established their SSEs. The research delves into the reasons behind the failures of SSEs worldwide and identifies key factors contributing to the success of existing SSEs.

Social Impact Assessment (SIA) is explored as a means of control and improvement for SEs. By connecting relevant research papers, articles, and journals, this study aims to extract insights that can enhance the Indian SSE.

Key findings from this research include the importance of equitable and inclusive listing processes, aligning with diverse social causes and Sustainable Development Goals (SDGs), to drive India's commitment to sustainable development. The study also reveals that Zero Coupon Zero Principal Bonds (ZCZPBs) may not significantly differ from conventional donation receipts, emphasizing the importance of credibility attributed to beneficiaries of funds. Furthermore, tools for comparing SEs for impact

investing purposes are examined, and past and current SSEs are reviewed to understand their operational mechanisms, reasons for success, and failures.

This research provides valuable insights and recommendations for harnessing the potential of SSEs to catalyze social finance in India and beyond, ultimately contributing to the advancement of social impact initiatives and sustainable development goals.

Chapter 1
Introduction

The concept of a Social Stock Exchange (SSE) has emerged as a promising catalyst for revolutionizing social finance in India. Envisioned by Finance Minister Nirmala Sitharaman in her Budget Speech for FY 2019-2020, SSEs offer a unique platform where investors seek both financial returns and the fulfilment of social and environmental objectives. However, as SSEs gain prominence in India's financial landscape, it becomes imperative to critically examine and enhance the tools and mechanisms that underpin their operation. This research, titled "Investigating Tools for Harnessing & Strategically Utilizing the Catalytic Potential of SSE for Revolutionizing Social Finance in India," delves into key questions and objectives aimed at advancing the effectiveness and inclusivity of SSEs.

Research Objectives:

1. *Reforming Listing Criteria for Inclusivity*: At the core of our analysis lies an exploration of how the current listing requirements affect the participation of Non-Profit Organizations (NPOs) in SSEs. By scrutinizing the rationale behind these criteria, we aim to propose alternative standards that promote inclusivity, encouraging a broader spectrum of potential investments. This research seeks to understand if certain under-served social goals are prioritized, thus facilitating investments in priority areas, and ultimately, steering social finance toward goals-specific growth.

2. *Balancing Social and Financial Returns*: SSEs often utilize financial instruments like Zero Coupon Zero Principal Bonds (ZCZPBs), which bear a resemblance to donations. Our study investigates how SSEs can develop financial incentives and mechanisms that provide attractive returns for investors without compromising their social and environmental focus. We delve into the world of blended finance instruments, analysing historically successful examples for practical insights to adopt within the SSE framework. This endeavour aims to build an investor-centric approach to social finance, enhancing the confidence of impact investors.

3. *Enhancing Impact Measurement and Comparison*: To evaluate and compare social enterprises listed on SSEs effectively, it is essential to employ appropriate social impact methodologies. This research explores the motivations behind measuring impact and addresses the current challenges

associated with Social Impact Assessment (SIA). By compiling and analyzing relevant global SIA methods, we aim to empower social enterprises to choose suitable impact measurement approaches. Furthermore, we investigate tools for comparison among social enterprises on SSEs, facilitating informed decision-making for impact investors and suggesting the incorporation of SSE dashboards for transparency.

4. *Learning from Global SSEs*: The study extends its scope beyond India to glean lessons from both the successes and failures of SSEs worldwide. By compiling information on successful and failed SSEs globally, we gain insights into the governance structures, impact measurement frameworks, and instruments they employ. This comprehensive analysis allows us to discern potential challenges in SSE governance and propose transparency measures and reporting standards to enhance SSE credibility and effectiveness in India

To summarize, this research endeavour aims to provide a robust foundation for strategically utilizing the catalytic potential of SSEs to revolutionize social finance in India. By addressing these critical research questions, we seek to contribute to the advancement of SSEs as a powerful tool for fostering social and environmental impact alongside financial returns, ultimately promoting sustainable development and positive societal change in India and beyond.

Chapter 2
Literature Review

The advent of Social Stock Exchanges (SSEs) represents a pioneering financial innovation that has garnered remarkable global attention. Its primary objective is to advance social causes by actively fostering social impact investments. The concept of Social Stock Exchanges (SSEs) was introduced to India by the finance minister, Nirmala Sitharaman, in her Budget Speech for FY 2019-2020. In essence, an SSE in India can be defined as a purpose-driven stock exchange, distinct from traditional ones, where the central focus lies in generating social returns rather than just financial gains. The entities seeking listing on this platform undergo rigorous vetting and validation to ensure their authenticity and legitimacy.

A 2020 survey conducted by the Global Impact Investing Network (GIIN) revealed that the impact investment market size globally stands at an impressive $715 billion. The potential of the Social Stock Exchange to access this substantial pool of funds holds tremendous promise for fostering social development, catalysing growth, encouraging innovation, and fostering a sustainable ecosystem. Notably, a McKinsey Report titled 'Impact Investing: Purpose Driven Finance finds its place in India' (2017) projected that Impact Investment in India could witness substantial growth, ranging between $6 billion to $8 billion by the year 2025. This underscores the significant role that the SSEs can play in channelling funds towards meaningful and impactful endeavours in the country.

The presence of Social Stock Exchanges (SSEs) extends beyond India, as several other nations, including Canada, Brazil, South Africa, Jamaica, the United Kingdom, and Singapore, have already established their own SSEs. However, it is important to note that there is no unanimity in the definition and conceptualization of SSEs, resulting in variations in their structure, operational mechanisms, and regulatory frameworks across different countries.

In some cases, SSEs primarily function as listing platforms (e.g., Canada), while in others, they take on the role of accreditation agencies (e.g., UK) or introduce innovative social instruments like WLB (e.g., Singapore). It is crucial to recognize that the historic success rate of SSEs globally stands at a modest 43%, which might not serve as a compelling motivator for launching India's own SSE.[1]

Figure 1 Overall SDG performance of India; Source: https://dashboards.sdgindex.org/profiles/india/fact-sheet

Consequently, it becomes imperative to delve into the reasons behind the failures of SSEs around the world and understand the factors contributing to the success of the few existing SSEs. By doing so, India can ensure that its SSE stands as a well-tested and exemplary model for the world, fostering sustainable social impact and effectively mobilizing resources towards meaningful social causes.

Assessing the necessity for a Social Stock Exchange (SSE) entails a thorough examination of its various functions. Social Enterprises (SEs) are entities (whether or not profit-making) whose activities are undertaken with the primary intent of promoting social causes. This means a For-profit entity (FPE) is also a SE if its core activities are channelled towards promoting social causes but without shunning the pursuits of profits. To the SEs, despite availability of limited empirical evidence, some studies suggest that listing on SSEs can enhance the visibility and credibility of social enterprises

1 Only 3 out 7 countries globally were able to sustain their SSEs in its original form

for seeking social finance. To the donors, it provides a formalised platform to find SEs working towards causes donors are passionate about 'investing'[2] into. To the government, it serves as powerful a tool to promote its Social Development Goals (SDGs) and elevate its ranking from the current 112/166 along with its current SDG index score of 63.5. (SDG Index 2023 2023) Given India's high spillover index of 99.4, the successful establishment of an SSE in the country would not only lead to enhanced social prosperity within India but also prove to have a positive impact on global well-being.[3]

Indeed, while positive social returns serve as a compelling incentive for social enterprises (SEs), the crucial hypothesis that requires testing is whether it can be the sole motivation for SEs to reach the masses for philanthropic finance. It is essential to explore the possibility of a blended financial instrument that offers both a financial and a social return to impact investors. Such a blended approach could lead to enhanced benefits for all three stakeholders involved - the SEs, impact investors, and the government.

By providing financial returns alongside social impact, a blended instrument has the potential to attract a broader range of investors, including those who prioritize financial gains while still valuing social and environmental goals. This expanded investor base can lead to increased capital inflow into social enterprises, enabling them to scale their impact and reach a wider audience. By incentivizing and supporting the creation of these instruments, the government can facilitate the flow of funds towards impactful initiatives, aligned with its broader social and developmental objectives. To achieve this effectively, it is crucial to conduct a comprehensive compilation and in-depth analysis of historically successful instruments both within India and globally. Learning from past successes and understanding the factors contributing to their effectiveness will aid in devising new and innovative social finance instruments.

The landscape of Social Stock Exchanges (SSEs) presents various challenges that demand comprehensive research and analysis. Global SSEs

2 The grants yield a social return to the donor and are thus referred to as impact investing.

3 Each country's actions can have positive or negative effects on other countries' abilities to achieve the SDGs. The Spillover Index assesses such spillovers along three dimensions: environmental & social impacts embodied into trade, economy & finance, and security. A higher score means that a country causes more positive and fewer negative spillover effects.

have encountered issues such as regulatory ambiguity, limited investor demand, deficient impact measurement methodologies, difficulties in valuing social enterprises, and a necessity for capacity building among stakeholders. The realm of social impact reporting is continually expanding, making it imprative to address the risk of investor decisions being based on incomplete information, thereby hindering the full realization of investment potential. A critical challenge lies in the lack of standardized Social Impact Assessment (SIA) methodologies and metrics suitable for comparing entities operating in vastly diverse sectors. While sector-specific indicators and Social Auditing Standards developed by ICAI offer phenomenal guidance for social auditors, they prove insufficient for impact investors seeking to evaluate the performance of entities operating in dissimilar domains. Overcoming this obstacle necessitates a systematic consideration and compilation of metrics, ratios, methodologies, and frameworks that can serve as viable tools for impact investors. A holistic review of existing SIA methods used in India and other nations becomes fundamental to establishing a foundation for adopting existing practices or formulating new and relevant SIA methodologies.

Furthermore, impact measurement comprises a spectrum, ranging from qualitative assessments describing impacts to concrete evaluations focused on social return on investment. Adapting these measurement approaches to suit the requirements of Indian investors warrants careful analysis. The process of impact measurement can be perceived both as a regulatory tool for performance management and as a marketing strategy for organizations with entrepreneurial acumen. It serves as a means of control and improvement for Social Enterprises (SEs) alike.

It is essential to note that identifying suitable SIA methods need not be confined solely to SEs listed on the SSE but can extend to encompass government schemes and companies engaged in social welfare activities in the future. Equipping Social Auditors with the appropriate metrics and tools to report impact can foster effective auditing not only for SEs but also for government and quasi-government entities involved in social welfare endeavours.

Chapter 3
Research Questions

Given the context provided, the research paper aims to thoroughly investigate the nuances of the following inquiries and deficiencies, as well as outline its objectives:

1. How do the current listing requirements, affect the participation of Non-Profit Organizations (NPOs) in Social Stock Exchanges (SSEs)? What alternative criteria can be proposed to promote inclusivity and ensure a broader pool of potential investments in SSEs?

- Go to the very root/beginning of the analysis to understand the fundamental reasons behind the current listing criteria.
- Examine the thinking and logic behind the formation of the existing criteria.
- Suggest improvements to the listing criteria to promote inclusivity and attract a broader pool of potential investments in SSEs.
- Investigate whether certain under-served social goals are prioritized in the current criteria.
- Assess how proposed changes might help broaden the pool of investments and allocate funds to priority areas.
- Facilitate social finance to cater to goals-specific growth by aligning listing criteria with societal objectives.

2. Considering the donation-like nature of Zero Coupon Zero Principal Bonds (ZCZPB), how can SSEs develop financial incentives or mechanisms that provide attractive returns for investors without compromising on the social & environmental focus?

- Gain a comprehensive understanding of Zero Coupon Zero Principal Bonds (ZCZPBs) and their donation-like nature.
- Analyze the differences and similarities between ZCZPBs and traditional donations.
- Explore the concept of blended finance instruments and their relevance within SSEs.
- Investigate historically successful blended finance instruments to assess their practicality for adoption within the SSE framework.

- Study innovative financing mechanisms in the Indian context, including Climate and Sustainable Impact Bonds (CSIBs).
- Focus on building an investor-centric approach to social finance.
- Enhance the confidence of impact investors by proposing financial mechanisms that offer attractive returns while maintaining a strong social and environmental focus.

3. For evaluation and comparison amongst social enterprises listed on the Social Stock Exchange, what social impact methodologies can be employed to best suit the needs of SEs, governments, regulators, and stakeholders to accurately measure the social and environmental impact of investments on SSEs, ensuring transparency and avoiding exaggerated claims?

- Examine the motivations behind measuring social impact and environmental impact.
- Identify and address current challenges associated with Social Impact Assessment (SIA) methodologies.
- Compile a master list of relevant global SIA methods and frameworks.
- Assist social enterprises (SEs) in measuring their impact by helping them choose a suitable SIA method.
- Explore tools and methods for effectively comparing social enterprises listed on SSEs.
- Empower impact investors to make informed decisions by providing transparent and reliable impact data.
- Provide suggestions for the incorporation of SSE dashboards to enhance transparency and accountability in impact measurement.

4. What are the lessons to be learned from the failures of Social Stock Exchanges (SSEs) worldwide, and what potential challenges exist in SSE governance? How can transparency measures, reporting standards, and impact measurement frameworks be analysed to strengthen SSE governance in India and enhance the credibility and effectiveness of SSEs?

- Enhance understanding of the landscape of SSEs worldwide, including their successes and failures.
- Compile a comprehensive list of both successful and failed SSEs from various global contexts.

- Investigate new roles, such as accreditation services, taken up by SSEs worldwide to further their objectives and support SEs.
- Analyze the Social Impact Assessment (SIA) methods and impact measurement instruments employed by global SSEs.
- Study the reasons behind the failures of certain global SSEs.
- Propose suggestions to avoid repeating mistakes committed by SSEs globally.
- Promote learning from global SSE experiences to strengthen SSE governance in India.
- Analyze transparency measures, reporting standards, and impact measurement frameworks to enhance the credibility and effectiveness of SSEs in India.

Chapter 4
Scope of this Research

As the concept of SSEs was officially introduced in India in 2020, the research acknowledges that the topic is relatively new in the Indian context. Therefore, it seeks to contribute to the foundational understanding and development of SSEs in the country.

The primary objective of this research is to provoke thought and inquiry. Rather than seeking definitive answers, it aims to pose pertinent questions, identify key areas of concern, and prompt critical thinking about the development and enhancement of SSEs in India.

This research is based on a comprehensive review of relevant literature and data available up to May 2023. It is restricted to the information and developments accessible within this timeframe.

The research primarily relies on existing literature, making it a secondary research endeavor. It involves an in-depth analysis of academic papers, reports, articles, and publicly available information related to Social Stock Exchanges (SSEs) and social finance in India and globally.

While the focus of the research is on SSEs in the context of India, it includes a global perspective. The study analyzes the experiences and practices of SSEs from various countries, aiming to draw relevant insights and potential lessons for the Indian context.

While the author has made sincere efforts to credit all sources, any inadvertent and unintentional missing of citations is deeply regretted. If such omissions are brought to the author's attention in a timely manner, they will be duly incorporated to ensure proper attribution and acknowledgment of all sources.

The research primarily generates suggestions and recommendations tailored to the Indian SSE landscape. However, the insights and findings may offer valuable supporting data and insights for global SSEs and the broader field of social finance.

The research relies solely on data available in the public domain at the time of the research. Any proprietary or confidential information not accessible to the general public is not within the scope of this study.

While the author has made every effort to compile relevant literature and data, there is no guarantee of completeness. The research aims to shed light on aspects of SSEs that may have been overlooked and to inspire further investigation. The ultimate goal is to contribute to the development of SSEs as a tool for nation-building and social impact in India and potentially globally.

It is important to note that this research is not conclusive but rather serves as a foundational exploration of the SSE domain. It is intended to stimulate further research and discussion in this evolving field.

Chapter 5
Research Methodology

Sample Identification:

In this research, we conducted an extensive review of relevant scholarly literature to identify a sample of 74 papers[4] from various online and offline sources.(Annexure-1) These selected papers primarily focus on the measurement of social impact, encompassing both conceptual and empirical investigations.

Description of Parameters:

Subsequently, we meticulously analysed the identified papers to gain insights into the diversity of definitions, data sources, and operationalizations utilized within the context of social impact measurement. This comprehensive examination was based on four fundamental themes, namely listing criteria, return to investor, social impact assessment, and global Social Stock Exchange (SSE) learning.

Typology Generation:

Drawing from the findings of our analysis, we generated a typology that classifies the various approaches employed in conceptualizing social impact measurement. This typological framework serves as a fundamental organizing principle to categorize and present insights and recommendations relevant to all four thematic areas mentioned earlier. By adopting this structured approach, we aim to enhance the coherence and clarity of our research outcomes.

The evaluation of the extensive sample of papers encompassed a broad temporal range, spanning from research conducted in the year 1978 to the most recent reports available up to 2023. This comprehensive approach ensured a comprehensive analysis of the evolution of the subject matter over

[4] 'The term 'Papers' encompasses a wide range of academic, regulatory, legal, and opinion documents, as well as guidelines and research materials issued by various entities such as universities, regulatory bodies, governments, authorized institutions, research organizations, individuals, and more. Its interpretation should be understood in the most inclusive sense possible.

several decades, providing valuable insights into the historical and contemporary perspectives on the evaluation of social impact measurement.

The highest concentration of research studies in this domain was observed in the year 2021, accounting for 16% of the total papers analysed. Subsequently, the half-year period of 2023 followed closely with 12% of the research papers falling within this timeframe. The increased research activity could possibly be linked to the introduction of the concept to India in the immediate prior year, which might have contributed to heightened curiosity and interest in the topic.

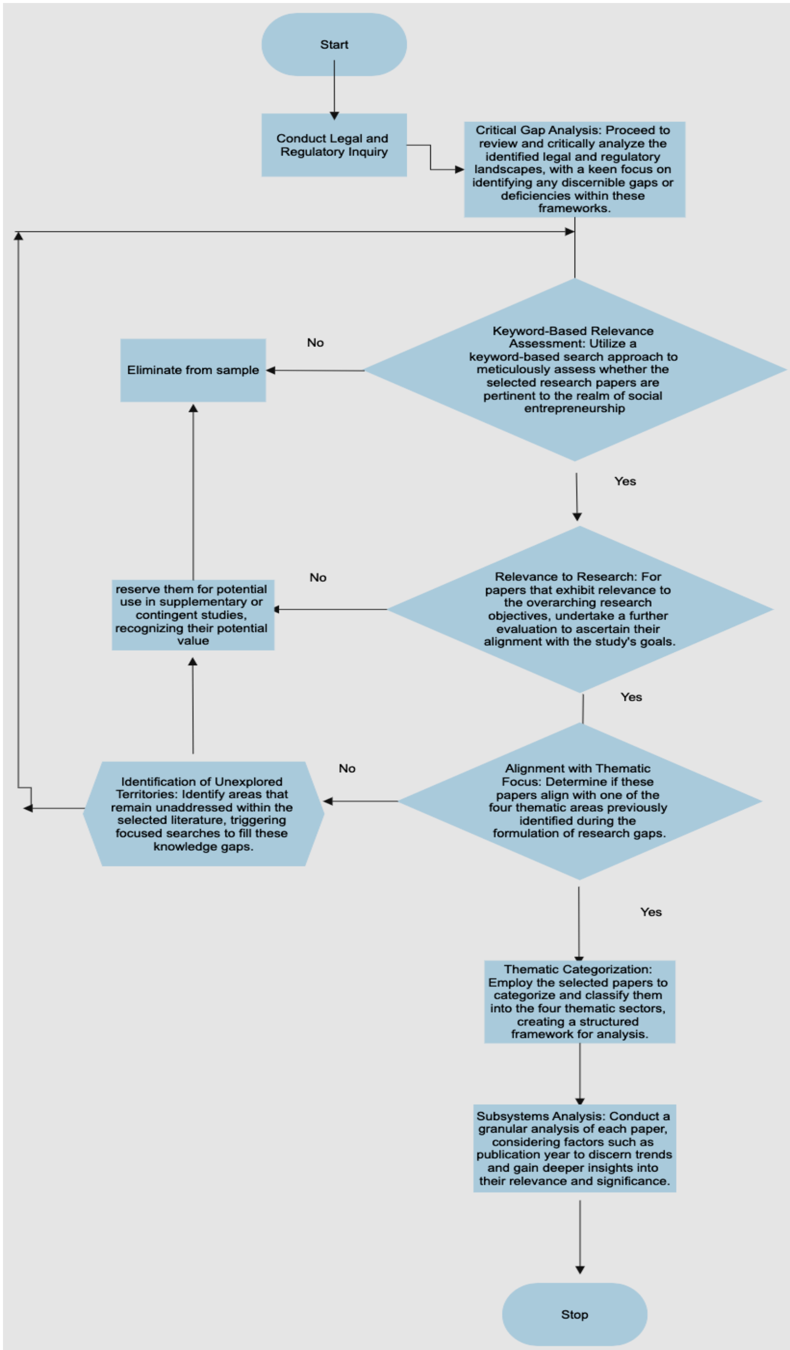


Figure 2 Typological flow of Methodology adopted

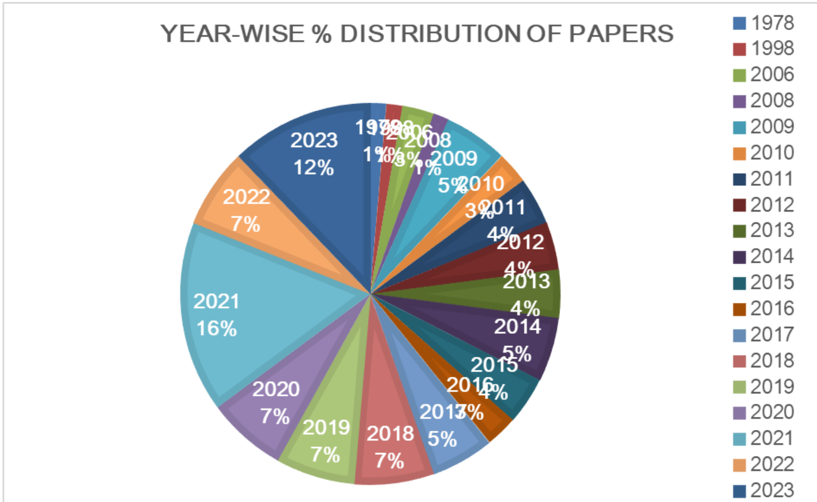
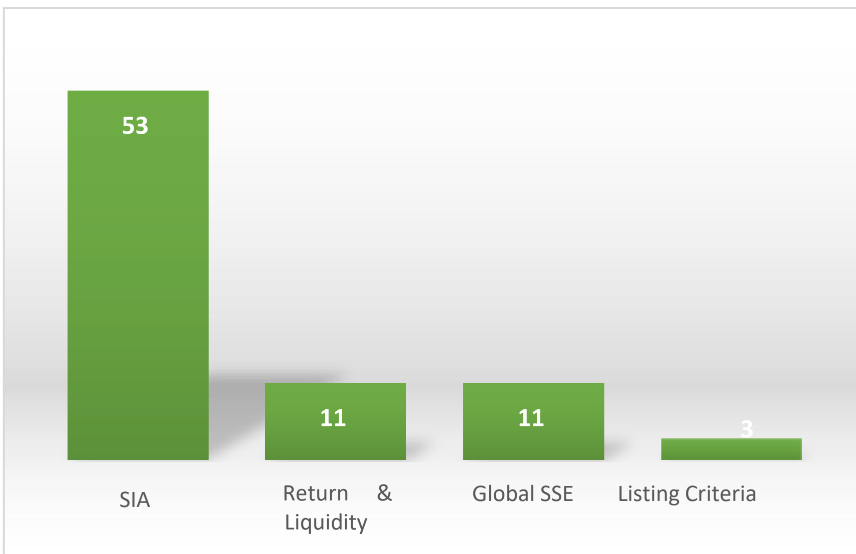


Figure 3 Year wise % distribution of papers referred to in the study



Research Theme	Count	Percentage
SIA	53	68%
Return & Liquidity	11	14%
Global SSE	11	14%
Listing Criteria	3	4%
Grand Total	**78**[4]	**100%**

Figure 4 Thematic categorization of sources

The papers were meticulously categorized into distinct themes to facilitate a systematic understanding and seamless integration into the project program. Notably, the predominant focus of the research, comprising 68% of the total papers (equivalent to 53 papers), centered around Social Impact Assessment. This emphasis on Social Impact Assessment was essential to ensure a comprehensive analysis and in-depth review of the diverse methodologies employed within this critical domain. By dedicating substantial attention to this aspect, the research aimed to develop a robust foundation for evaluating and enhancing social impact measurement practices.[5]

[5] One paper may fall in multiple categories. Thus, the total count is > 74.

Chapter 6

Criteria Assessment for SSEs in India: An Inward-looking Analysis

Current Regulations

The first step of being eligible for listing onto the SSE is establishing primacy of social impact. A combination of three filters have been used to establish the primacy of social impact objective of the SEs. These involve:

- Being involved in either one or more of the 17 eligible activities which are updated from time to time for demonstrating primacy of social impact. The list was drawn up using using the items in Schedule VII of Companies Act 2013 as a foundation, and then further refinements were made based on the imperatives of the Sustainable Development Goals (SDGs) and the priority areas identified by Niti Aayog.
- Target population being underserved or less privileged population segments or regions that have recorded lower performance in the development priorities of national/state governments.
- Activities must form a significant portion of the overall activities of the SE.

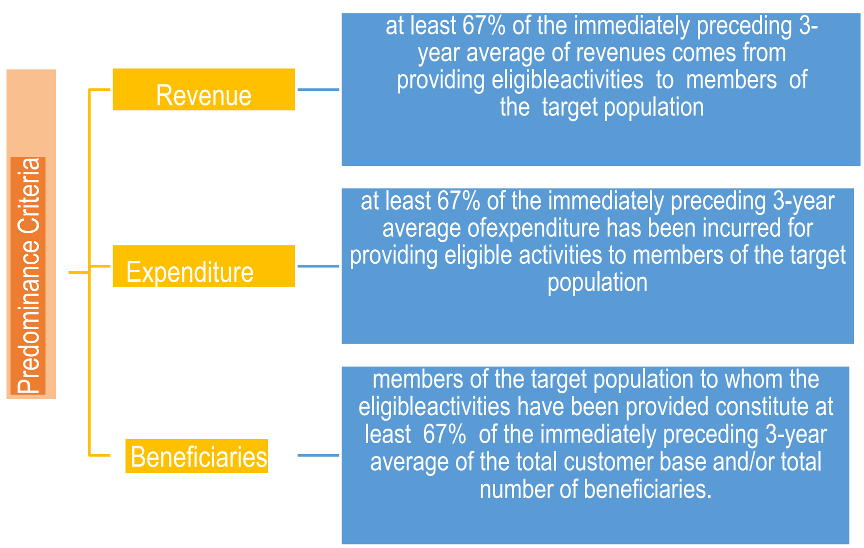


Figure 5 Predominance criteria for establishing primacy of social impact

Second Step: An NPO is required to register on any of the Social Stock Exchange, and thereafter, it may choose to list or not. Registration is possible when the SE fulfils the Mandatory Qualification Criteria for NPO Registration Process. However, an FPE can proceed directly for listing, provided it is a company registered under Companies Act 1956/2013 and complies with the requirements in terms of SEBI Regulations for issuance and listing of equity or debt securities.

Final Step: The final step in onboarding is listing securities.

For FPEs, the nature of instruments is already well-established in the markets for listed conventional capital, namely debt and equity instruments of the standard form.

For a subset of NPOs, namely Section 8 Companies, equity remains a potential funding instrument, even if it assumes a different form relative to conventional equity (since no dividends are payable on Section 8 Company equity). However, for other NPOs, the instruments are either novel (such as the Zero Coupon Zero Principal bonds) or do not enjoy a substantial history of usage in Indian capital markets and therefore remain largely unfamiliar to NPOs (such as social venture funds). Also, depending on whether the fund-raising for the NPO is at the project-level or the enterprise-level, the nature of the instrument and the issuer would vary.

Analysis & Findings

Popularity of Environmental Projects over other Social Projects:

While SSEs are generally cause-agnostic, they are likely to perpetuate funding imbalances towards thematic areas that are more visible and lend themselves to revenue streams. A review of 123 projects listed on six SSEs showed that environment projects were the most popular (25% of all projects), likely because of the dominance of social businesses in sectors such as clean technology. These were followed by projects focused on livelihood, healthcare, and people with disabilities. Mental health, gender-based violence, care of the elderly, and policy-advocacy projects were less common. Most SSEs prioritize project financing over raising core funds to help set and scale organisational processes and systems. (Anushree n.d.)

The Sustainable Development Goals (SDGs) are a collection of seventeen interlinked objectives designed to serve as a "shared blueprint for peace and prosperity for people and the planet, now and into the future". In this research endeavour, we conducted an investigation of India's performance across Sustainable Development Goals (SDGs), thereby scrutinizing the applicability of the global trend to the Indian context. Our findings unequivocally substantiate the observation that the SDG-wise performance trend, prevalent on a global scale, is manifested within the Indian domain as well. The same is evidenced by the exceptional performance of SDG 1, SDG 4, SDG 12 and SDG 13. SDG 12 (Responsible Consumption & Production) and SDG 13 (Climate Action) were the only two sustainable development goals that were achieved by India. The data for the above finding was obtained from the Sustainable Development Report (formerly the SDG Index & Dashboards) which uses data based on the publication Sachs, J.D., Lafortune, G., Fuller, G., Drumm, E. (2023). Implementing the SDG Stimulus. Sustainable Development Report 2023. Paris: SDSN, Dublin: Dublin University Press, 2023. 10.25546/102924

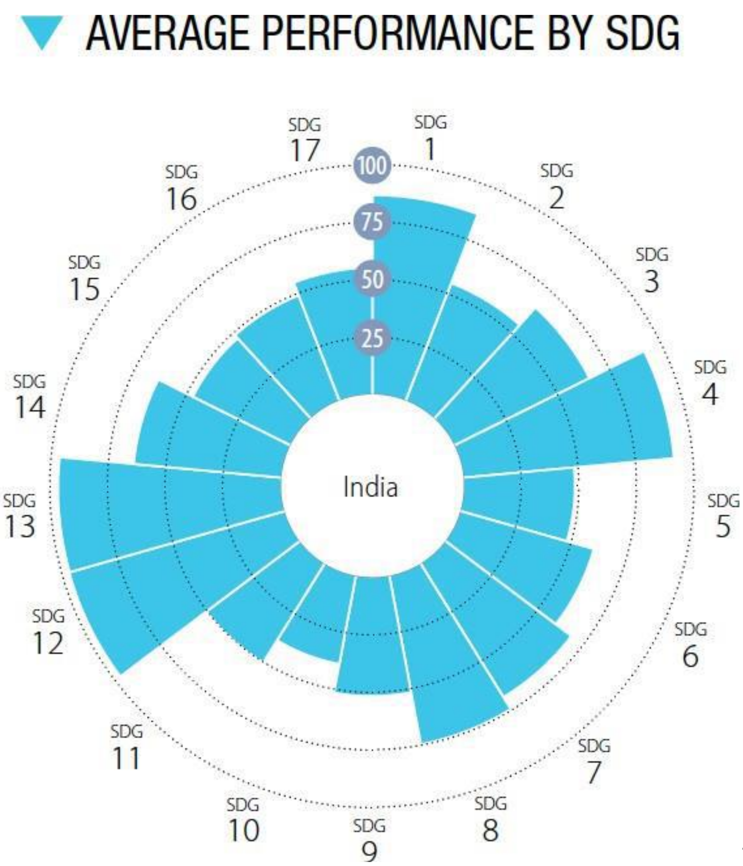


Figure 6 SDG specific performance of India;
Source: Sustainable Development Report

Recommendations:

One crucial research finding here is that the listing criteria for Social Enterprises (SEs) must encompass the aforementioned challenges to effectively align with India's Sustainable Development Goals (SDGs). Presently, the listing criteria are uniform for all Non-Profit Organizations (NPOs) across diverse sectors. This uniform approach contributes to funding disparities between SEs engaged in climate and environmental initiatives, which tend to be more popular and well-funded, and less recognized entities working on critical social causes such as SDG 10 (Reduced inequalities) and SDG 5 (Gender inequality).

Figure 7 SDG wise performance of India; Source: https://india.un.org/en/sdgs

The current scenario emphasizes the pressing need to address underserved social causes that require immediate attention and intervention to progress towards achieving their respective SDG targets in India. By considering these disparities in the listing criteria, the SSE can play a pivotal role in directing funding towards social enterprises that are striving to make significant contributions to vital SDGs but might be overshadowed by more established initiatives.

Ensuring an equitable and inclusive listing process that factors in the diverse range of social causes and their respective SDG goals will be instrumental in propelling India towards a trajectory that fully embraces its commitment to sustainable development. This calls for a careful and thorough assessment of the existing listing criteria and an informed re-evaluation that takes into account the unique challenges and requirements of each social cause. Such an approach will empower the SSE to facilitate funding allocation in a manner that optimally supports the diverse spectrum of social enterprises and accelerates progress towards achieving India's SDGs.

Chapter 7
Enhancing Investor Appeal of SSE: Strategies for Attraction and Engagement

"Naturally, if companies are going to get more involved, they need to earn some kind of return. This is the heart of creative capitalism. It's not just about doing more corporate philanthropy or asking companies to be more virtuous. It's about giving them a real incentive to apply their expertise in new ways, making it possible to earn a return while serving the public who have been left out."

(Bill Gates, quoted in Kiviat and Gates, 2008)

Current Regulations

Introduction of Zero Coupon Zero Principal (ZCZP) bonds: These are bonds that have a zero coupon and no principal payment at maturity. These will be issued by an NPO for

1. specific social development projects/activities, and such an NPO shall
2. need to show expertise in the targeted areas.
    - through social performance of past projects/activities undertaken by them in the same area as well as through
    - differentiators that will allow investors to gain greater insight into the NPO's activities.
3. While ZCZP can be listed, their trading potential shall be limited.

As per the SEBI Technical Group's Report, the TG observed that ZCZP bonds differ from conventional bonds. A conventional bond provides a fixed interest/repayment on the funds raised through the various contractual arrangements. ZCZP do not offer such returns but promises a social return to the funder. Such a promise carries some probability of being defaulted upon, insofar as the NPO may not deliver the social impact that it promised to create.

Analysis & Findings

It is essential to recognize that the funder's sense of fulfilment or disappointment has to do with the creation of social impact instead of any financial return, and that if the funder is disappointed, then the NPO is liable to lose the funder's trust and therefore its donations in the future. So, the essential quality of an asset or a security as a promise that can on occasion be defaulted upon, and the default event having consequences for the defaulter's ability to raise funds in the future, is retained in the case of ZCZP.

The current definition of 'securities' under SCRA doesn't consider social returns, the TG endorses SEBI Working Group's recommendation of including ZCZP as a security in SCRA.

The term '**Securities**' under **Section 2(81)** of the **Companies Act, 2013** has been defined to mean 'securities' as defined in **Section 2(h)** of the Securities Contracts (Regulation) Act, 1956 (SCRA).

Under section 2(h) of SCRA, the term 'securities' include the following:

- Shares, scrips, stocks, bonds, debentures, debenture stocks etc. in or of any incorporated company or another body corporate.
- Derivatives.
- Units issued by any Collective Investment Scheme to the investors in such scheme.
- Security receipt as defined in Section 2(zg) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.
- Units or any other such instruments issued to the investors under any Mutual fund scheme.
- Government Securities
- Such other instruments, rights or interest therein shall be declared by the government to be securities be declared by the government to be securities.

Challenges & Ambiguities associated with classifying ZCZPBs as securities:

The Zero Coupon Zero Principal Bonds (ZCZPBs) exhibit no distinguishable dissimilarity from any other donation receipt commonly received by Non-Governmental Organizations. A meticulous examination of the definition of

ZCZPBs reveals that the sole divergence between these bonds and conventional donation receipts lies solely in the "credibility" attributed to the beneficiary of the funds.

This engenders a pertinent inquiry concerning the admissibility of ZCZPBs as a form of security under the Securities Contracts (Regulation) Act (SCRA), especially considering their social return aspect. If ZCZPBs, due to their potential social return, are deemed permissible as a security under SCRA, then numerous other "social returns" provided by companies that comply with listing criteria for the benefit of diverse stakeholders, such as extended maternity leaves, improved child care services for women employees, promotion of an inclusive and diverse workplace, work-life balance initiatives, skill development of members, fostering democratic participation, transparent business dealings, and generating more job opportunities for local communities, might be equally considered for the "security" status under SCRA based merely on their reciprocal social benefits in exchange for contributions from various stakeholders. This regulatory ambiguity raises concerns of potential misuse, enabling the submission of spurious claims as social returns.

Understanding DIBs:

The DIBs are structured finance products where upon completion of a project that meets pre-agreed social metrics at pre- agreed costs/rates, the service provider (who would be an NPO or FPE) of the project receives grants from the donor, who is called the “outcomes funder”. Since the outcomes funder provides funding on a post facto basis, a “risk funder” provides the financing to the service provider to fund the operations on a pre-payment basis and undertakes the risk of non-delivery of social metrics by the service provider. The risk funder is compensated through a small return if the social metrics are delivered.

Further as per TG’s Report, DIBs are governed by tight legal contracts and have strong governance structures in place on reporting, impact measurement etc, but are currently able to access a limited set of institutional donors and investors. DIBs can be listed for individual projects, or for a pool of projects in a particular area, and the listing can be for just risk funding (debt capital) or for outcomes funding (grant funding) or both. DIBs can also be subsumed with the SVF/ SIF structure. SSE can pre-qualify a few evaluators for DIBs (by sector) or set out some conditions to be qualified by a DIB evaluator. An alternate form of DIBs – Impact linked debt – can also be considered for listing on SSE.

DIBs on SSE can bring in new money sources to credible NPOs who are willing to follow disclosure norms. Further, with CSR acting as outcome funder, will reduce complexity of CSR donation for smaller companies. DIBs also present an opportunity to channelize risk investors need to fund credible social projects.

Globally DIBs are seeing increasing traction. As per Brookings report on "What is the size and scope of the impact bonds market?" it is observed that 194 impact bonds have been issued so far across 33 countries. Most of these bonds have been issued in developed markets (177 in UK and US). The total capital deployed in impact bonds exceeds USD 420 million. There are success stories in India as well.

As per SEBI's TG Report, such structures promote more transparency and standardisation of impact reporting. If they can access the SSE platform, they have a fair chance in attracting the retail donor and investor community. A promotional push from SEBI will help.

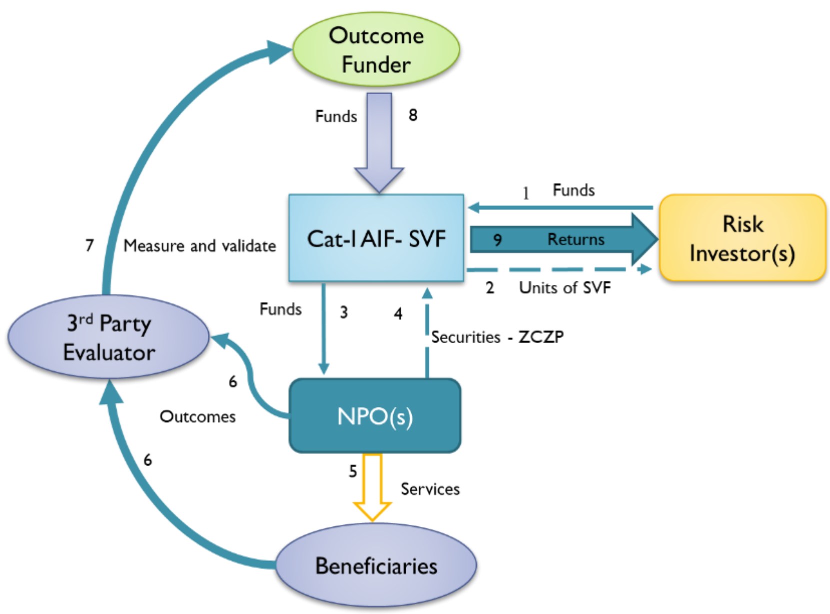


Figure 8 DIB framework;
Source: SEBI Technical Group Report on Social Stock Exchange

Upon conducting a comprehensive evaluation of the dynamics underlying Development Impact Bonds (DIBs), two salient observations have come to the fore:

1. The advocacy and promotion of DIBs operate independently of the Social Stock Exchange (SSE) framework. Notably, the successful implementation of a DIBs initiative must not be contingent upon the existence of a novel security instrument, namely Zero Coupon Zero Principal Bonds (ZCZPBs), as the latter essentially represent donation receipts sourced from entities adhering to specific listing criteria, as discussed earlier.

2. The procedural intricacies and benchmarks pertaining to the "measurement and validation" process, a critical component overseen by third-party evaluators, remain a realm characterized by ambiguity for both Non-Profit Organizations (NPOs) and Evaluators alike. To address this uncertainty, it becomes imperative to refocus on the development of robust Social Impact Assessment (SIA) methodologies, positioning them at the vanguard of the ecosystem's priorities. Once this crucial groundwork is laid, considerations for their applicability can be systematically explored and integrated into the DIBs framework.

The WG of SEBI recommended that the SSE shall be a separate segment under the existing stock exchanges. NPOs which have registered or raised money through various means will be clearly visible on such segment. However, FPEs are permitted to list its securities on main board or on SME or IGP, depending on what fits best. It is recommended that such FPEs may be identified clearly as For Profit Social Enterprise (FPSE) by the Stock Exchange as a company distinct from conventional commercial enterprises

Upon meticulous analysis of the data, it becomes evident that there exists no substantial shift in the process of mobilizing social capital for Financial Performance Entities (FPEs). The conventional methods of fundraising, encompassing equity and bond issuances, continue to serve as the predominant avenues for securing financial resources.

However, a noteworthy distinction emerges concerning Non-Profit Organizations (NPOs) that successfully fulfill the threefold criteria. These NPOs find themselves in a considerably advantageous position, as they gain the opportunity to list themselves on a prominent national platform. Consequently, they can operate transparently in the public eye, garnering greater visibility and engagement from the general populace. Such a privileged status on a national forum empowers them to function at the forefront of societal impact initiatives.

Innovative Financing

One type of impact investing is the social impact bond (SIB), an arrangement where investors in a project receive financial returns based on the project outcomes, specifically the accomplishment of prespecified social objectives. These are financial instruments offer both social and financial returns to investors. One such example is "Social Impact Bonds" (SIBs), also known as "Pay-for-Success Bonds" or "Social Benefit Bonds." Social Impact Bonds are a relatively new type of financial instrument that aims to address social issues while providing financial returns to investors.

SIBs can provide an equity-like instrument that allows interest payments to depend on the state of the world. The benefit of conditioning interest payments on the state of the world is also stressed in the literature on state-contingent sovereign debt, which argues that governments should issue bonds where interest payments depend on the state of the macroeconomy, (IMF and the World Bank Staff, 2017).

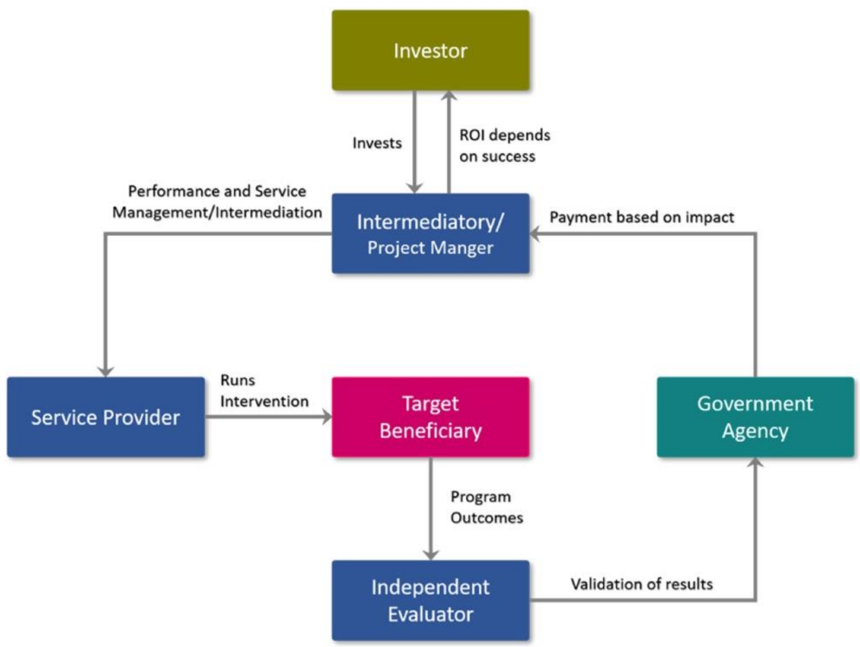


Figure 9 Framework of a Typical SIB;
Source: Developing tools and evidence to deliver prosperity-
Tarini Pancholi, 2022

CSIBs over SIBs

Contracted Social Impact Bonds, often referred to as CSIBs, are a variant of Social Impact Bonds (SIBs) that involve a contractual agreement between the government or a public sector authority, a service provider (usually a non-profit organization or a social enterprise), and private investors. The primary objective of CSIBs is to address specific social or environmental challenges and achieve predefined outcomes while involving private sector funding.

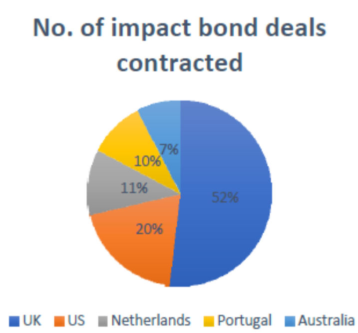
Private investors provide the initial funding required for the social intervention. These investors take on the financial risk associated with the project. If the service provider achieves the predetermined outcomes within a specified timeframe, the government repays the investors' original investment, along with a return on investment based on the level of success achieved. However, if the desired outcomes are not met, the investors may receive a reduced or no return.

Contracted Social Impact Bonds thus offer a unique financing model that leverages private sector investment to tackle social and environmental challenges while holding service providers accountable for achieving measurable results. The success of CSIBs depends on the ability of the service provider to deliver positive social outcomes efficiently and effectively, leading to a win-win scenario for all involved parties.

Figure 10 UK, US, Netherlands, Portugal and Australia make up over 69% of the total number of impact bonds; Source: Author's Presentation

The year 2017 saw the launch of 41 unique SIBs. Currently 81 SIB projects are ongoing with a total of (USD) 375 million invested.

Through a comprehensive examination of global Social Impact Bond (SIB) data, it was revealed that as of 2021, 206 impact bonds have been contracted in 35 countries. The majority of the deals contracted in just a few countries UK, US, Netherlands, Portugal and Australia. They make up over 69% of the total number of impact bonds . This aggregates over $434.24 million in upfront investment in social services and $460 million in total outcome funding committed. (ET Government 2021)



Countries	No. of impactbond deals contracted
UK	69
US	26
Netherlands	15
Portugal	13
Australia	10
5 countries	133

Figure 11 Countries that make up the maximum no. of impact bond deals contracted; Source: Author's Presentation

In developing countries there are only 18 impact bonds contracted. Out of these 12 are DIBs where outcome payer is a third party, such as a donor. The remaining 6 have domestic government outcome payers.

Only three CSIB projects have been located in Latin America (Peru, Argentina, and Colombia), four in Sub-Saharan African (South Africa, Cameroon, Uganda, Kenya, the Congo, Mali, and Nigeria), two in the Middle East (both in Israel), and three in South Asia (all in India).

Table 1: Social Impact Bond Project Distribution by Issue Area, Country Income Classification, and Region

Project Characteristic	Count	Percent
Issue Area		
Workforce Development	41	31%
Child and Family Welfare	20	15%
Housing/Homelessness	22	17%
Health	22	17%
Criminal Justice	12	9%
Education and Early Years	11	8%
Poverty and Environment	3	2%
Country Income Classification		
High income	122	95%
Upper middle income	3	2%
Lower middle income	4	3%
Low income	0	0%
Region		
Europe and Central Asia	73	56%
North America	30	23%
East Asia and Pacific	16	12%
Sub-Saharan Africa	4	3%
Latin America and the Caribbean	3	2%
South Asia	3	2%
Middle East and North Africa	2	2%

Source: Authors' calculations based on the Social Finance Impact Bond Global Database. This table excludes two projects undertaken in multiple countries of different income classifications, including work in one low-income country, Uganda, which is not reflected in the above aggregation.

Here's how Social Impact Bonds generally work:

- Social Issue: A government or organization identifies a specific social issue or challenge, such as homelessness, recidivism, education, or healthcare.
- Investors: Private investors, which can include individuals, institutions, or foundations, provide the upfront capital required to implement interventions or social programs to address the identified issue.
- Service Providers: Non-profit organizations or service providers deliver the programs or interventions with the goal of achieving predefined social outcomes or targets.
- Outcome Payments: If the predetermined social outcomes are successfully achieved, the government or another agreed-upon entity repays the investors their initial investment plus a return. The return is often based on the cost savings or value created by the successful social programs.
- Social Impact Measurement: Independent evaluators assess whether

the intended social outcomes have been met according to pre-established metrics. Only if the outcomes are achieved do the investors receive financial returns.

- Social Impact Bonds offer a unique way for investors to align their investment goals with social impact objectives. By investing in these bonds, investors not only have the potential to earn financial returns but also contribute to positive social change. These instruments have gained popularity as a means of engaging private capital to address complex social challenges that may have been traditionally funded solely by the public sector.

It's important to note that Social Impact Bonds can vary significantly in structure and application. The success of such instruments depends on several factors, including the design of the bond, the effectiveness of the social programs, and the collaboration among stakeholders involved in the process. Investors interested in Social Impact Bonds should carefully assess the specific terms and conditions of each offering to understand the potential risks and returns associated with their investment.

However, SIBs differ from CSR. With CSR the firm is providing a public good. With a SIB, a for-profit firm provides financing, but the service is carried out by a not-for-profit entity.

Analysis of SIBs in India

The remarkable achievements and transformative impact observed in Rajasthan serve as an inspiration for other states and entities seeking to effect positive change and emulate best practices in their respective spheres.

Educate Girls Development Impact Bond (EGDIB)

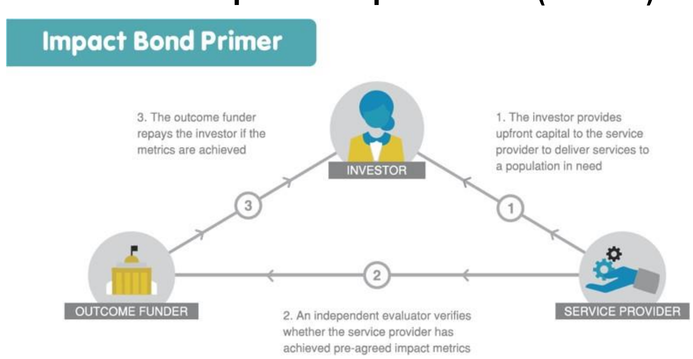


Figure 12 Impact Bond Primer; Source: Brookings Institution

The Educate Girls Development Impact Bond, operating in Rajasthan, India, aimed to address issues of educational access and attendance among schoolgirls. Payments for the Educate Girls bond were structured around two performance measures: learning levels and enrolment rates.

The program achieved 160% of its target learning outcomes and threshold investors were repaid their principal investments in full and received an impressive 15% return, which is set to be reinvested in future development programs. (Regan n.d.)

EGDIB had the following five key institutional participants. They are collectively referred as 'the working group'.

1. *Service Provider: Educate Girls* - The implementor of the program who was facilitated with upfront working capital by the investor to achieve the targeted outcomes in the given timeframe as per the contract.
2. *Investor: Zurich based UBS Optimus Foundation (UBSOF)* – Based in UBSOF is the philanthropic and social investment wing of Swiss Bank UBS. It was the primary investor who provided the working capital to EG. Upon completion of the DIB, UBSOF would recoup their investment with returns if the targeted outcomes are met.
3. 3.*Outcome Payer: Children's Investment Fund Foundation (CIFF)* - A London based philanthropic arm of Christopher Hohn's hedge fund, which is known to be one of the most profitable hedge funds, was the outcome funder who would pay back the investor initial capital with return as per the outcomes, if targets are archived.
4. *Project Manager: Instiglio* - A non-profit intermediary based in Bogota, Colombia. Instiglio managed the design of this DIB and delivered performance management services to Educate Girls over the three years of the contract. Their payments were covered by EG, UBSOF and CIFF collectively depending upon the services each used.
5. *Outcome Evaluator: IDinsight* - An impact evaluation and data management firm headquartered in San Francisco. It designed and implemented the outcome targets and evaluation. They were responsible for conducting independent evaluations to measure the outcomes. As with most of the impact bonds, evaluator's service cost was borne by the outcome funder, which is CIFF in this case., CIFF to conduct all tasks related to outcomes measurements and evaluation of the DIB.

Apart from the working group, the Government of Rajasthan (GoR) also played a crucial role in facilitating this transaction. Since all schools covered in the DIB were government-run or administered school, multiple Memorandum of Understating (MoUs) were signed with GoR (Instiglio, 2015). EG signed an MoU with GoR to have access to schools, database and pedagogies for implementation and IDinsight signed an MoU with GoR to have access to school for evaluation of learning outcomes as well as to confirm the enrolment status of girls enrolled during the programme as per the EG's reporting (Instiglio, 2015).

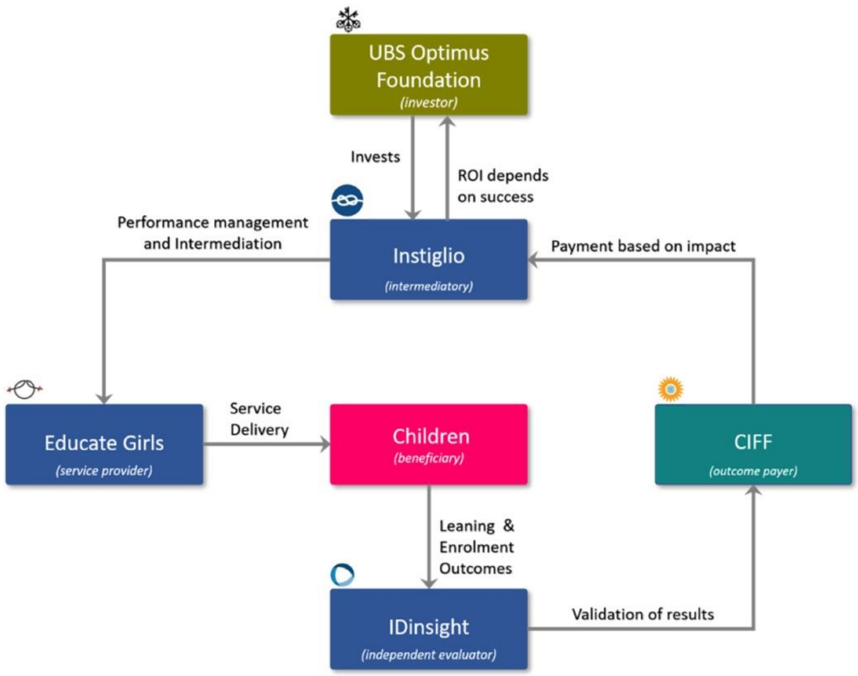


Figure 13 Framework of a typical DIB; Source: Developing tools and evidence to deliver prosperity- Tarini Pancholi, 2022

Utkrisht Impact Bonds (UIB)

The **Utkrisht Impact Bond** is the world's first maternal and new-born health impact bond. It aims to reach up to 600,000 pregnant women and new-borns in Rajasthan, India with improved care during delivery over a five year period. (Pancholi 2022)

The challenges faced with the bonds were as follows: (Palladium, Bertha Centre 2018)

- Considerations for when an impact bond is the most appropriate contracting mechanism"

There was concern from certain stakeholders that the impact bond structure may not be appropriate for the intervention, given that the quality standard used is new and no direct evidence is available to prove the success of the intervention.

However, stakeholders concluded that the results-based approach and the flexibility the service providers had in delivering the intervention still provide sufficient value and justification to use the impact bond contracting mechanism.

Lack of a template for a standard DIB

The lack of a DIB template was cited by Utkrisht bond stakeholders as a key challenge. As they essentially had to start from scratch, the design of the DIB was a very time-consuming process.

Expected IRR for the impact bond with the base case of 360 facilities is ~7.1%. The first call in the distribution of outcome payments is capped up to a maximum return of 8%. This is likely to be recycled back into foundation funds for future philanthropic projects. Any surplus over 8% will be pooled with other surplus outcome payments for achievements above target (if any) and distributed to service providers. FX risk associated with the currency mismatch between USD and Indian Rupee will be borne by the investors. Overall payments including investment return and incentive payments will be capped at 15% of the overall cost of the implementation activities.

Propositions

Contracted Social Impact Bonds (CSIBs) present a compelling argument for exemplary performance and, consequently, merit serious consideration for integration into the Social Stock Exchange (SSE) framework.

To develop an innovative financing model for the Social Stock Exchange (SSE), a promising approach could involve establishing a collaborative framework where investors function as "risk-funders," while the government assumes the role of a "partial outcome funder." Under this arrangement, investors provide the initial capital with the understanding that their return on investment (ROI) would be linked to the extent of the social impact achieved by successful Social Enterprises (SEs).

Upon successful implementation of SE initiatives, the government would reimburse the investors the ROI portion corresponding to the quantifiable social impact delivered. The repayment mechanism for the principal amount, on the other hand, would be tied to the tangible social outcomes generated from the investments.

This model fosters a symbiotic relationship between investors, SEs, and the government, aligning their interests to maximize positive social outcomes. The proposed model represents a win-win situation for both the government and impact investors. By adopting this approach, governments can effectively outsource their social welfare activities to impact investors, leveraging their expertise and resources to achieve tangible social impact. Concurrently, investors stand to gain not only financial returns but also the gratification of contributing to positive societal change through their investments in social bonds. This dual benefit of financial and social returns reinforces the attractiveness of the model.

By doing so, India can significantly contribute to narrowing the existing financing gap, which has been estimated at a substantial $2.5 trillion per annum by the Global Impact Investing Network (GIIN), in order to accelerate the realization of its Sustainable Development Goals (SDGs).

Chapter 8

Exploring Opportunities in Social Impact Assessment

Introduction to SIA

An impact can be positive or negative, intended or unintended. (Besharov 2022) it is only when initiatives translate into improved outcomes for people's lives or the planet's health that they create impact. (Besharov 2022)

Impact measurement can be seen as both a bureaucratic form of regulation that allows others to control an organisation through performance management or as a form of marketing for organisations with entrepreneurial skills. The lack of consistent approaches and the range of assumptions that need to be made in any social impact measurement process provides social entrepreneurs with 'room to manoeuvre' and a source of power to influence others. For many organisations, measurement of impact can therefore be a way of entrepreneurially creating opportunities. (Fergus Lyon 2011)

Social impact measurement and reporting refers to a range of approaches that assess the outcomes and impact of activities. Examples of common approaches include cost benefit analyses, social return on investment (SROI) and Social Accounting and Auditing (SAA), as well as other approaches that record case studies.

Motivations to Measure Impact

Just as financial ratios are essential for comparing two companies' financial performance, similar social ratios play a crucial role in evaluating their social impact and responsibility. While these social ratios may not provide every single detail or comprehensive information about a company's social practices, they serve as valuable benchmarks and a foundation for analysis. By developing social ratios, we can bridge the gap in the lack of comprehensive social analysis of companies, allowing investors, stakeholders, and analysts to gain insights into a company's social initiatives, diversity and inclusion practices, community engagement, and environmental sustainability efforts. These ratios help investors make more informed decisions and align their investments with their ethical and social values, fostering greater transparency and accountability in the corporate world.

Having a comparable measure helps social impact investors immensely.

- Ease of Decision-Making: When investors have access to comparable data, they can more easily assess different investment opportunities side by side. This allows them to make more informed and efficient decisions by quickly identifying the most attractive options based on relevant metrics and benchmarks.
- Risk Management: Comparable assessments enable investors to better understand the risk profiles of different investment options. By comparing historical performance, volatility, and other risk-related indicators, investors can make more risk-conscious decisions and build well-diversified portfolios.
- Benchmarking Performance: Investors can use comparable assessments to benchmark the performance of their investments against relevant market indices or competitors. This helps them evaluate how well their investments are performing relative to the broader market or industry peers.
- Identification of Outliers: With comparable data, investors can easily identify outliers or investments that deviate significantly from the norm. This can help them avoid potential pitfalls or uncover unique opportunities that might be missed in a non-comparable assessment.
- Clarity in Valuation: Comparable assessments can provide a clearer picture of an investment's valuation. By comparing financial ratios, price multiples, or other valuation metrics with industry averages or competitors, investors can determine whether an investment is undervalued or overvalued.
- Objective Analysis: Comparable assessments promote objectivity in investment analysis. Investors can focus on quantifiable data and facts, reducing the impact of subjective biases that might influence decisions in a non- comparable assessment.
- Standardization: Comparable assessments often rely on standardized metrics and reporting formats. This common ground enhances transparency and makes it easier for investors to compare different investments, especially when dealing with various asset classes or industries.
- Understanding Industry Trends: By comparing investments within the same industry or sector, investors can gain insights into broader

market trends and dynamics. This knowledge can help them make strategic decisions aligned with industry developments.

- Efficient Allocation of Resources: Comparable assessments aid in identifying the most promising investment opportunities, which allows investors to allocate their time, capital, and resources more efficiently.
- Alignment with Investment Objectives: Having comparable data enables investors to align their investment choices with their specific financial goals, risk tolerance, and time horizon. This helps create a more personalized and well- suited investment strategy.

SSEs should devise metrics to measure their institutional impact. They can employ a combination of direct metrics measuring the quantum of funds raised, the number of organisations impacted (across themes, size and location) as well as indirect metrics such as the impact on civil society, changes in stakeholder attitudes and improvements in impact reporting by organisations listed.

All SSEs require impact measurement and reporting from social organisations pre- and post-listing, but reflect the challenges faced by the social sector in developing robust, contextualized outcome metrics and templates. Output indicators, such as coverage in terms of the number of people impacted, are the most commonly reported metrics (as can also be found as part of Social Auditing Standards (SASs). Some SSEs require mandatory third-party verification of reported impact. Most SSEs measure their own impact based on the number of projects and thematic areas they have supported along with the amount of funds raised. Very few SSEs are able to capture wider changes to the social organisation ecosystem, including the enabling, standardizing policies and lower transaction costs they claim to catalyse. (Anushree n.d.)

A study was conducted by GIIN to delve deeper into respondents' specific motivations for measuring and managing positive impact. A large majority of respondents indicated that measuring and managing impact is central to furthering their impact goals. For example, 83% agree impact measurement and management (IMM) is very important for better understanding their impact, and 75% report that IMM is very important to managing or improving their impact (Figure 9). Another large majority (78%) feel IMM is very important for proactively reporting impact to key stakeholders, yet fewer than half (45%) find that requirements from investors or donors present a very important reason for IMM. Interestingly, almost half (48%) of direct investors say IMM is very important because investors or donors require them to report on impact, while only 29% of indirect investors share this view.

Sixty-three percent feel IMM is very important because impact data have business value, a notion echoed by 6 in 10 respondents to the GIIN's *2016 Annual Impact Investor Survey*.7 Interestingly, U.S. and Canada-headquartered respondents were more likely to select this motivation (very important for 74%) than were WNS Europe-headquartered respondents (45%).

Few respondents report IMM being very important because of client demand or changing cultural norms (21%) or because of government regulations (16%). A greater share of U.S. and Canada-based respondents feel these reasons are very important (31% feel client demand is very important and almost a quarter cite government regulations) than do WNS Europe-headquartered respondents (12% and 11%, respectively). Overall, the findings suggest that internal motivations for measuring and managing impact are much stronger than external ones.

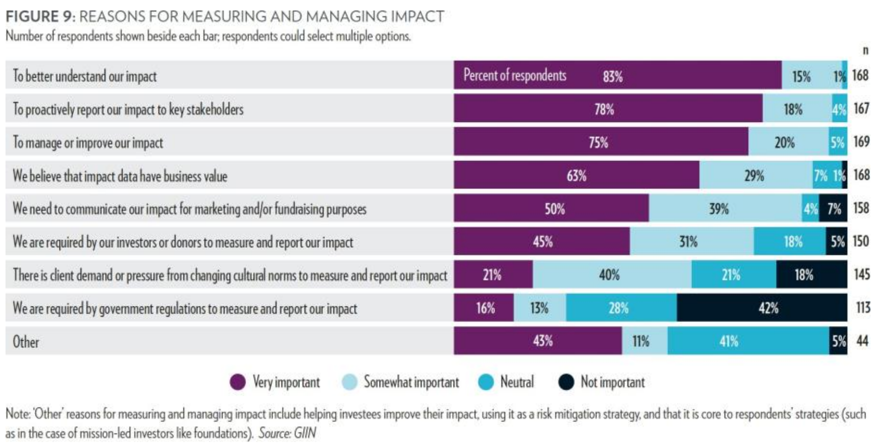
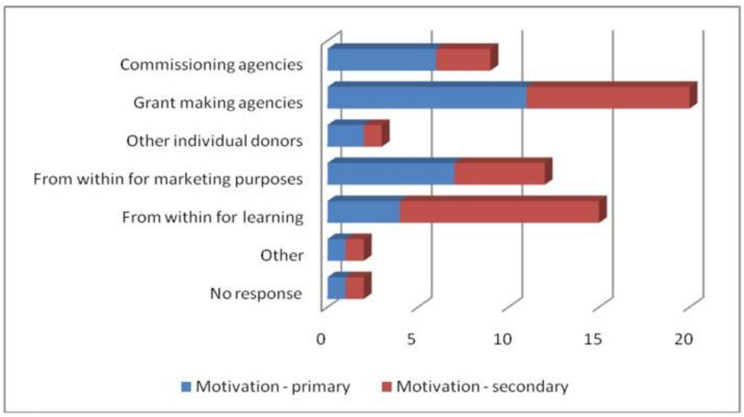


Figure 14 Reasons for measuring Impact. Source: GIIN

As per another study (Fergus Lyon 2011) empirical material from the 32 organisations measuring impact found a range of different motivations. The primary and secondary motivations are presented in the figure below. The data shows that the reported motivations may be different to the actual triggers that initiated the social impact measuring exercise. In many cases organisations were wanting to measure but it was only when they were offered free services as part of a pilot project funded by the public sector or pro-bono support from a private company that they were able to do it. Others started measuring when they had a new chief executive or had pressure from a national office.

Pressure from grant making agencies was the most common motivating factor (stated by 19 of the 32 interviewees), and this can be both through requiring social impact measurement evidence in applications as well as requiring organisations to collect impact measures once they have received funding.



(N= 32, based on a sample of organisations responding to a requests sent out through regional networks)

Figure 15 Motivations to measure impact; Source: Social impact measurement as an entrepreneurial process. Fergus Lyon et al,

The process of measuring varied considerably from those organisations collecting limited quantities of data themselves to those who had large investments in external evaluations. Those preferring to keep the assessments of impact in house, were found to be doing so due to the cost of evaluations and the concern over letting people into the organisation

The analysis shows that there are specific tensions between some of the organisations and their funders, and also within organisations regarding how impact assessments are carried out. First, resistance against social impact evaluations is based on a feeling that it is being imposed on organisations from outside (either by funders or by national offices of federations), and organisations and staff have an inherent opposition to this intrusion on their work. Secondly several interviewees reported that while senior managers support measuring impact, there is internal resistance among staff to engage in, and contribute to, comprehensive assessment exercises. In some cases staff have refused to comply with requests to fill in reports with data. In other cases, staff have suggested alternative ways of assessing their own work.

While in the past, assessments may have been made based on accepting that all charities have a social impact, or through personally visiting organisations to make assessments, there is now a shift to complementing personalised trust with more institutionalised trust based on formalised measurement.

The range of assumptions that need to be made in any social impact measurement process provides organisations with 'room to manoeuvre' which can be an important source of power to influence others and as a form of resistance to those traditionally considered more powerful. This flexibility allows them discretion at several points of the measuring process.

Firstly, there can be a choice of who carries out the impact assessment. Secondly judgements can be made with the identification of indicators. Thirdly there are further opportunities for discretion in the collection and analysis of data by deciding on which stakeholders are consulted, what data is collected, and by which methods. Finally, there is discretion in the presentation of results.

In this way the process of measuring impact can been seen as a socially entrepreneurial process, with efforts to create opportunities and win scarce resources needed to make a social impact. This trend is accelerating as the boundaries between the third sector and private sector become increasingly blurred and organisations find themselves, competing in a market place for contracts or philanthropy. (Fergus Lyon 2011)

Table 1 : The use of measurement tools by SEIF investees (survey respondents only)

Measure of social impact	% of survey resopndents
Internal tools/systems	40
SROI	30
Other	4
Not yet selected a tool	33
Do not measure social impact	8

Figure 16 Reasons for use of measurement tools;
Source: Social impact measurement as an entrepreneurial process .
Briefing Paper 66 ,Fergus Lyon et al.

Current Challenges with SIA

Yet one of the incentives companies have for being more socially and environmentally active — shareholder influence — is limited by existing approaches for assessing a company's social and environmental performance. The predominant frameworks are too narrow and fail to fully address key stakeholder concerns on their own. Environmental, social, and governance (ESG) assessments focus on internal operational matters, such as labor relations and supply chain sustainability, but don't fully consider the impact that a company's products or services can have on outside stakeholders. Impact investing, in contrast, focuses on external issues, such as whether products and services address the needs of the poor, but it overlooks internal considerations, such as how companies treat their employees. (Besharov 2022)

In reality, a company's social and environmental impact is multifaceted. (Besharov 2022) Case Study:

Consider Tesla, which builds electric vehicles that significantly reduce emissions across their life cycles but faces questions

about its labor practices. From an impact-investing perspective, the company might achieve high marks, but it rates lower from an ESG standpoint, with neither framework capturing the whole picture. As a result, frustration with both approaches is mounting Tesla's recent removal from the S&P 500 ESG Index prompted CEO Elon Musk to describe ESG ratings as "an outrageous scam," while criticism of impact investing has pushed some large asset managers to tone down the language of their impact funds and rebrand them.

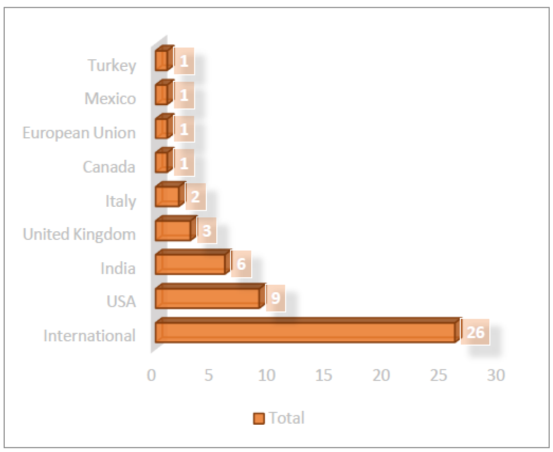
The current SASs provide indicators for assessment within a segment. But they are not sufficient for comparison across different sectors.

Research Papers Statistics for Measurement Methodologies

Fifty diverse research papers from various regions across the globe were meticulously examined to analyse the different methodologies employed for measuring social impact. These research papers were thoughtfully classified based on several relevant criteria to gain comprehensive insights into the field of study. The classification of research papers was organized with the aim of facilitating a structured and insightful analysis of the different approaches and perspectives on social impact measurement. By adopting a methodical classification approach, the research aimed to derive meaningful and relevant findings that contribute to the broader understanding of social impact assessment practices.

1. Geography

he majority of the papers analysed were of international origin, and their sources could not be precisely attributed to a specific geographic area. Additionally, the authors of these papers were situated globally, reflecting the diverse and widespread nature of the research contributions. For instance, some papers were affiliated with international organizations such as the World Bank, showcasing the collaborative and interdisciplinary nature of the research conducted in this domain



Country	Percentage
International	52%
USA	18%
India	12%
United Kingdom	6%
Italy	4%
Canada	2%
European Union	2%
Mexico	2%
Turkey	2%
Grand Total	100%

Figure 17 Region specific analysis of sources

2. Year/time

The maximum papers utilized were from the year 2021.

Figure 18 Year wise concentration of sources

3. Cost Benefit Analysis

Introduction

The cost benefit analysis is based upon the Green Book, a guidance framework for the core principles upon which all UK Government public sector economic assessment is made. The framework is used by the UK Government appraises and evaluates policies, programmes, and projects at the level of UK society. Cost-benefit analysis (CBA) is a systematic approach used to evaluate the costs and benefits associated with a particular project, program, or policy. It is commonly used in social impact assessments to assess the feasibility and desirability of a proposed project or intervention in terms of its potential social benefits and costs. The goal of a cost-benefit analysis in the context of social impact assessment is to determine whether the benefits of the project outweigh its costs and whether the project will create a positive net impact on society.

Steps for CBA

1. Identify the Project's Objectives: Clearly define the objectives of the project or program under consideration. Understand what the project aims to achieve in terms of social impact.
2. Identify Stakeholders: Identify and involve relevant stakeholders who will be affected by the project or who have an interest in its outcomes. This may include community members, government agencies, NGOs, and other relevant groups.
3. List Costs and Benefits: Make a comprehensive list of all the costs and benefits associated with the project. Costs may include initial investment, operational expenses, and maintenance costs. Benefits can be both tangible (e.g., increased income, improved healthcare, reduced crime rates) and intangible (e.g., improved quality of life, enhanced social cohesion).
4. Assign Monetary Values: Assign monetary values to the identified costs and benefits wherever possible. This step allows for easier comparison and aggregation of different types of impacts.
5. Discount Future Values: Since costs and benefits may occur over time, it is essential to adjust their values to account for inflation and the time value of money. Future values are discounted to their present value for accurate comparison.
6. Calculate Net Present Value (NPV): NPV is the key metric in cost-

benefit analysis. It is calculated by subtracting the total costs from the total benefits, adjusted for their present value. A positive NPV indicates that the benefits outweigh the costs, while a negative NPV suggests the project may not be economically viable.

7. Sensitivity Analysis: Conduct sensitivity analysis to examine how changes in variables, such as project costs or benefits, can affect the final results. This helps identify the most critical factors influencing the outcome.
8. Interpret and Communicate Results: Analyse the results of the cost-benefit analysis and interpret them in the context of social impact. Discuss the findings with stakeholders and decision-makers, highlighting the potential implications for society.
9. Decision-Making: Based on the cost-benefit analysis results, stakeholders can make informed decisions about whether to proceed with the project, modify it, or reject it altogether.

The use of monetised social value within a Social Return on Investment (SROI) is based upon traditional cost-benefit analysis.

Fictional Case Study to Test the Measure

Let's consider a practical numerical example of Cost-Benefit Analysis (CBA) for a social impact assessment in the Indian scenario. We'll analyse a hypothetical project aimed at providing clean drinking water to a rural community in India. The project involves installing a water purification system to improve water quality and reduce waterborne diseases.

Assumptions:

Project Duration: 5 years

Project Cost: Rs. 3,50,000 (Initial investment and annual operating/maintenance costs) Number of Beneficiaries: 500 households

Improved Health Benefits: Estimated reduction in medical expenses due to waterborne diseases. Economic Benefits: Increased productivity and income due to improved health.

Costs:

Initial Investment: Rs. 3,50,000

Annual Operating/Maintenance Cost: Rs. 35,000 (Assuming Rs. 7,000 per year) Benefits:

Reduced Medical Expenses: Rs. 70,000 per year (Estimated savings due to reduced waterborne diseases) Increased Income: Rs. 1,00,000 per year (Due to improved health and productivity)

Net Benefits:

Net Benefits = Total Benefits - Total Costs

Net Benefits = (Reduced Medical Expenses + Increased Income) - (Initial Investment + Annual Operating/Maintenance Cost) Net Benefits = (Rs. 70,000 + Rs. 1,00,000) - (Rs. 3,50,000 + Rs. 35,000)

Net Benefits = Rs. 1,70,000 - Rs. 3,85,000

Net Benefits = -Rs. 2,15,000 (Negative value indicates a net cost) Tabular Presentation:

Description	**Amount**
Initial Investment	Rs. 3,50,000
Annual Operating/Maintenance	Rs. 35,000
Total Costs	Rs. 3,85,000
Reduced Medical Expenses	Rs. 70,000/year
Increased Income	Rs. 1,00,000/year
Total Benefits	Rs. 1,70,000/year
Net Benefits	-Rs. 2,15,000

In this example, the Cost-Benefit Analysis shows that the project has a negative net benefit of -Rs. 2,15,000 over the 5-year period. This suggests that the costs of the project outweigh the quantified benefits in financial terms. As previously mentioned, CBA does not capture all the social and intangible benefits that the project might bring, and a comprehensive evaluation is necessary for making informed decisions.

4. Social Return on Investment (SROI)

Origin

SROI was initially developed by Jed Emerson at Harvard Business School for the Roberts Enterprise Development Fund (usually referred to as the REDF model[6]) in 2000, which is now one of three main social impact measurement

[6] The REDF model was constructed upon a „blended value" model (Lingane & Olsen, 2004) where organisations could achieve both economic success and maximize social benefits.

frameworks it promotes. The other two include Social impact reports, which are based on data collected in interviews with staff and clients; and OASIS (Ongoing Assessment of Social Impact) – an organisation wide management information system designed to provide timely and accurate information about social impacts of the entire organization.

What is SROI analysis?

SROI is an economic analysis derived from the cost– benefit analysis which attempts to take various types of impact into account in the evaluation of an organisation's activities (Nicholls 2010) SROI comprises six stages: identifying key stakeholders, mapping outcomes, evidencing outcomes, establishing impact, calculating the SROI and reporting, using and embedding the report. The SROI framework enables an understanding that, in effect, is intended to provide both a story (that explains how value was created) and a number (that demonstrates how much value was created). Although it is technically like the cost– benefit analysis, it attempts to be more holistic. As with the conventional Fictional Case Study **to Test the Measure**

Let's consider a practical example of conducting Social Return on Investment (SROI) analysis for a non-profit organization that runs a community-based vocational training program for disadvantaged youth. The program aims to provide vocational skills and job placements to improve the employability and income prospects of the participants.

Step 1: Establishing the Inputs and Outputs Inputs:

1. Total Investment: Rs. 10,00,000 (costs for trainers, materials, administration, etc.)

Outputs:

1. Number of Participants Trained: 50
2. Number of Participants Successfully Placed in Jobs: 30 Step 2: Identifying Outcomes and Impacts

Outcomes:

1. Increase in Monthly Income per Participant: Rs. 3000
2. Increase in Employment Duration: 12 months (compared to baseline situation)
3. Improved Self-confidence and Social Skills Step 3: Assigning Monetary Values

For this example, we'll focus on Outcome 1 (Increase in Monthly Income per Participant). We'll use the following assumptions:

- The increase in income is sustained for three years.
- Discount rate for future values: 5% SROI Calculation:

1. Calculate the total outcome value: Total Outcome Value = (Number of Participants x Increase in Monthly Income x Employment Duration) x Discount Factor

   Total Outcome Value = (30 x Rs. 3000 x 12) x (1 / (1 + 0.05)^1) + (30 x Rs. 3000 x 12) x (1 / (1 + 0.05)^2) + (30 x Rs. 3000 x 12) x (1 / (1 + 0.05)^3)

   Total Outcome Value ≈ Rs. 24,49,880

2. Calculate the SROI ratio: SROI Ratio = Total Outcome Value / Total Investment SROI Ratio = Rs. 24,49,880 / Rs. 10,00,000

   SROI Ratio ≈ 2.45

The SROI ratio is approximately 2.45, which means that for every rupee invested in the vocational training program, there is a social return of Rs. 2.45 in terms of increased income for the participants.

This example demonstrates how to calculate the Social Return on Investment for one specific outcome. In a real- world SROI analysis, you would need to consider multiple outcomes and impacts, assigning monetary values to each, and then aggregate the total social value created by the program to calculate the overall SROI ratio. Additionally, qualitative elements such as improved self-confidence and social skills could be factored in, but they might not be directly represented as a number.

SROI combines, through an illustration of cash flow, the ratio of SROI discounted costs and benefits over a certain period.

Social Return on Investment (SROI) is a process and method to understand how certain activities can generate value, and importantly, a way to estimate that value in monetary terms. Like Return on Investment (ROI) it is also a way to gauge the magnitude or quantity of the value created compared to the initial investment, so for example, an investment of Rs. 100 may have returned Rs. 10 in one year, or a 10% financial return for an investor. A social investor (philanthropist or government) may wish to quantify the (social) return on an investment (or donation) made to an organisation that provides housing for the homeless and express that return in a monetary fashion.

Arguments in Favour of SROI analysis

It is the favoured methodology for social impact evaluation by the Cabinet Office and the Office of the Third Sector, as evidenced by the recent publication of the Cabinet Office's own Guide to SROI (written by the founders of the SROI Network). There SROI is described as a framework for measuring and accounting for a "broader concept of value" which can go beyond financial returns to incorporate, social, environmental, and economic costs and benefits. The report claims that SROI is "much more than just a number" and is a "story about change, on which to base decisions, that includes case studies and qualitative […] information" (Nicholls, 2007; SROI Network, 2011). While it is undoubtedly the case that SROI is more involved than the generation of a quantitative value of social impact, it is the calculation of a comparable, standardised headline ratio which is the most attractive feature of SROI evaluations. (Pathak Pathik 2014)

SROI Calculation

The kernel of SROI analysis is to arrive at the SROI ratio, which is expressed as :

$$\boxed{\text{SROI ratio} = \frac{\textit{Net present value of benefits}}{\textit{Net present value of inputs (investment)}}}$$

SROI measures the value (in monetary terms) of any benefits that may be generated by a program relative to what it cost the organization to achieve those program benefits. So, an SROI ratio of 7:1 suggests that an investment of $1 delivers $7 worth of social value.

Assumptions in SROI Calculation

As with any economic modelling however the problem (or skill) lies in the quality of the assumptions made, in the case of SROI, with respect to the outcomes generated and the time taken to generate them and then crucially placing a financial proxy or monetary value on those outcomes.

Further critical assumptions that will affect the final ratio relate to deducting the proportion of any outcomes that would have been achieved even if the particular activity or program had not been undertaken (what SROI analysts refer to as 'deadweight'), as well as the proportion of any outcome that may have displaced other outcomes (e.g. reducing crime in one community may merely see it increase in a neighbouring one) – this is what SROI analysts refer to as 'displacement' effects. A final assumption relates to attribution, namely, adjusting the outcome by the proportion that may have been caused by the intervention of other organizations, people or polices. The nature of these assumptions is particularly salient for 'Forecast SROIs' which predict the amount of social value creation that is likely to result from a particular project or program, as opposed to 'Evaluative SROIs' which are done at the end of a project or program and based on the actual outcomes achieved.

Making these assumptions is not impossible but fraught with difficulty and risks, as making an incorrect or unrealistic assumption at any point along the process may have a significant impact on the final SROI ratio.

Limitations of SROI

As we are dealing with social phenomena, whose value is often intrinsic, the decisions made with respect to monetizing that value will inevitably be subjective which necessarily limits the ability (and claims) of SROI to provide a means of comparing social impact across organizations within the social sector and therein lies its biggest danger. In part these potential problems are addressed in the SROI Network model by including an external assurance process that will enable the verification of the process followed and/or the integrity of the data. While some of the proponents of SROI are careful to point out that the focus of SROI analysis should not be solely on the SROI ratio, the machinations and reality of public policy however means that there is likely to be little focus on anything but the neatly expressed SROI ratio.

Like the Social Accounting & Auditing (SAA) (which shall be discussed in subsequent parts of the research paper), the SROI Network model has also developed a process of key steps that should be followed when undertaking an SROI analysis as well as a set of underlying principles.

The six-step process for SROI analysis is summarized in Box 2. (Lyons n.d.)

Box 2: The six step process to SROI analysis

Step One: *Establish scope and identify key stakeholders.* This step relates to establishing clear boundaries about what the SROI analysis will cover, the people that will be involved in the process and the nature of their involvement.

Step Two: *Map outcomes.* Develop an impact map, or theory of change that demonstrates the links between inputs, outputs and outcomes.

Step Three: *Evidence outcomes and value them.* This stage relates to finding data that will show whether outcomes have occurred and then giving them a monetary value.

Step Four: *Establish impact.* Having collected evidence on outcomes and given them a monetary value, this step involves discounting the impact by those aspects of change that would have occurred in any case or resulted from exogenous factors.

Step Five: *Calculate the SROI.* This step involves adding up all the benefits, subtracting any negatives and comparing the result to the investment made. Test the sensitivity of the ratio.

Step Six: *Report, use and embed.* Sharing the findings with stakeholders, responding to any questions they may have, embedding good outcomes processes and verifying the SROI report.

Source: Adapted from Cabinet Office, Office of the Third Sector, *A guide to Social Return on Investment*, April 2009.

Figure 19 Six step process of SROI analysis

Outputs	Impacts
We want to deliver meals to 10,000 homeless people	We want to reduce hunger by 5%
We want to provide 1 million insecticide-soaked bed nets	We want to reduce malaria by 5,000 cases
We want to convert 10,000 families from cooking with wood to cooking with gas	We want to reduce residential CO_2 emissions by 50%
We want to teach reading to 500 primary school students	We want to increase literacy in the village by 10%

Source: Epstein and Yuthas[46]

Figure 20 Illustration showing Outputs vs Impacts; Source: Epstein and Yuthas

Fictional Case Study to Test the Measure

Let's consider a practical example of conducting Social Return on Investment (SROI) analysis for a non-profit organization that runs a community-based vocational training program for disadvantaged youth. The program aims to provide vocational skills and job placements to improve the employability and income prospects of the participants.

Step 1: Establishing the Inputs and Outputs Inputs:

Total Investment: Rs. 10,00,000 (costs for trainers, materials, administration, etc.) Outputs:

1. Number of Participants Trained: 50
2. Number of Participants Successfully Placed in Jobs: 30 Step 2: Identifying Outcomes and Impacts

Outcomes:

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For this example, we'll focus on Outcome 1 (Increase in Monthly Income per Participant). We'll use the following assumptions:

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   Total Outcome Value = (30 x Rs. 3000 x 12) x (1 / (1 + 0.05)^1) + (30 x Rs. 3000 x 12) x (1 / (1 + 0.05)^2) + (30 x Rs. 3000 x 12) x (1 / (1 + 0.05)^3)

   Total Outcome Value ≈ Rs. 24,49,880

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   SROI Ratio ≈ 2.45

The SROI ratio is approximately 2.45, which means that for every rupee invested in the vocational training program, there is a social return of Rs. 2.45 in terms of increased income for the participants.

This example demonstrates how to calculate the Social Return on Investment for one specific outcome. In a real- world SROI analysis, one would need to consider multiple outcomes and impacts, assigning monetary values to each, and then aggregate the total social value created by the program to calculate the overall SROI ratio. Additionally, qualitative elements such as improved self-confidence and social skills could be factored in, but they might not be directly represented as a number.

5. Cost-Effectiveness Analysis

Introduction to CEA

Cost-effectiveness analysis (CEA) is the most used method of economic evaluation when the priorities of social services are determined. It is an economic tool that has been conducted since the 1990s for performance measurement and represents the economic analysis of social enterprise activity. The method is the economic expression of the costs of programs, the benefits of which cannot be expressed in terms of money. It is the examination of the cost and the outcomes of the alternative means of accomplishing an objective, to select the one with the highest effectiveness relative to its cost. In other words, it is a comparison of the costs of existing possibilities to achieve a given objective. So, the lowest total cost is selected, considering all the direct and indirect costs of each possibility. CEA is a ratio obtained by proportioning the costs incurred when carrying out a social enterprise activity to a non-monetary output or benefit (Tuan, 2008).

Cost-Effectiveness Analysis (CEA) is a method used in social impact assessment to compare the relative costs of different interventions or projects against their effectiveness in achieving a specific outcome or objective. It helps decision-makers identify the most cost-effective approach to achieve desired social outcomes. CEA is particularly useful when there are limited resources, and one needs to choose among alternative interventions that aim to achieve similar outcomes.

Why CEA?

There are two main purposes of using CEA.

- first is to combine the outcomes with costs to ensure that the social program alternatives within the same field are ranked according to the activity results, and
- the second is to avoid the uncertainties regarding the evaluation of the different aspects of the social program benefits by considering the benefits to costs ratio without making them into common units (Tuan, 2008).

Limitations to CEA

CEA is widely used when a need for a project arises, but where there is uncertainty about what is the best way to intervene. And, specifically in health care, for example, where it is difficult to value an outcome but where the results can be counted and compared.

Fictional Case Study to Test the Measure

Let's consider a practical numerical example of Cost-Effectiveness Analysis for a public health intervention in India. The goal is to compare two interventions aimed at reducing child malnutrition in a rural community:

Intervention A:

Provides nutritional supplements to 1,000 malnourished children for one year. Total Cost: Rs. 2,50,000

Intervention B:

Implements a community nutrition education program for 2,000 malnourished children and their families for one year. Total Cost: Rs. 1,80,000

Now, we need to measure the effectiveness of each intervention in terms of the outcome it achieves:

Effectiveness of Intervention A:

After one year, 300 malnourished children show significant improvement in their nutritional status.

Effectiveness of Intervention B:

After one year, 400 malnourished children show significant improvement in their nutritional status. To perform the Cost-Effectiveness Analysis:

Calculating the Cost per Effectiveness for each intervention:

Cost per Effectiveness = Total Cost / Number of Beneficiaries with Improved Nutritional Status For Intervention A:

Cost per Effectiveness = Rs. 2,50,000 / 300 = Rs. 833.33 per child with improved nutritional status

For Intervention B:

Cost per Effectiveness = Rs. 1,80,000 / 400 = Rs. 450.00 per child with improved nutritional status

Intervention A has a cost of Rs. 833.33 per child with improved nutritional status. Intervention B has a cost of Rs. 450.00 per child with improved nutritional status.

In this example, Cost-Effectiveness Analysis shows that Intervention B is more cost-effective than Intervention A in reducing child malnutrition, as it achieves the desired outcome at a lower cost per child.

CBA vs CEA

Both Cost-Effectiveness Analysis (CEA) and Cost-Benefit Analysis (CBA) are methods used in social impact assessment, but they have different objectives and approaches.

Parameters	CEA	CBA
Objective	CEA focuses on comparing the relative costs of different interventions while keeping their outcomes constant (e.g., cost per child with improved nutritional status).	CBA aims to compare the total benefits and costs of different interventions to assess whether the benefits outweigh the costs and if the project is economically viable.
Outcome Measurement	In CEA, the primary focus is on measuring the effectiveness or outcomes achieved by each intervention in terms of the desired result (e.g., improved nutritional status).	In CBA, outcomes are measured in monetary terms, and both costs and benefits are quantified and compared.
Decision Criterion	In CEA, the decision criterion is to identify the most cost-effective intervention among alternatives, considering a specific outcome.	In CBA, the decision criterion is to determine whether the project generates a positive net benefit (benefits minus costs) and whether it is socially desirable.
Resource Allocation	CEA is particularly useful when there are budget constraints and a need to allocate resources efficiently among competing interventions.	CBA is more suited to assess large projects or policies with broader societal impacts, where the focus is on overall societal welfare.

Figure 21 CEA vs CBA

Takeaways for SEs on SSEs:

- Social enterprises may use SROI for reporting their overall social impact to attract socially conscious investors who prioritize measurable social outcomes.
- During the evaluation of specific projects or initiatives, CBA might be utilized to assess financial feasibility, including both the direct costs and potential revenue generation.
- For a portfolio of projects with similar social objectives, CEA could be applied to identify the most cost-effective interventions.

6. Logic Models (LogFrame)

Origin

Logic models or the Logic approach to program design and evaluation emerged in the 1970s as a response to the shortcomings of many program evaluations that were being conducted. A key problem with evaluation was (and in many cases still is) that it is seen as an 'end of pipe' task, something that is done at the end of a project or program. This led to many large scale and well-funded programs going off-course and not achieving their desired goals and objectives. The focus of program assessment tended to be on 'outputs' rather than 'outcomes' and evaluation was not built into the project design process.

Why LogFrame?

The advantage and attraction of Logic models is that they provide a framework that enables organizations to embed evaluation and performance assessment into the program design and life cycle process of the program. In brief, logic models are a systematic and visual way to present and share your understanding of the relationships among the resources you have to operate your program [inputs], the activities you plan to do [strategies], and the changes or results you hope to achieve [outcomes and impact].

LOGFRAME GUIDE

The logframe is a ***SUMMARY*** of the project, to answer the questions ***WHY*** the project is being done, and ***WHAT IMPACT*** the project will have.

	Hierachy of Objectives	*Verifiable Indicators*	*Means of Verification*	*Assumptions*
this will contribute to the goal	**Goal** 1. Broad. Project contributes to the overall goal	Usually not necessary as too general and hard to measure in limited time period	What records will be kept What methods of data and information gathering will be used?	What must hold true for the rationale to work What risks exist to not achieving ultimate goal
we anticipate the purpose will result. If the purpose is achieved, then	**Purpose** 1. (2 if necessary) The use/result/immediate impact of the project Include beneficiaries in statement	Explains the extent of the results at end-of-project. QQT-quality, quantity, time Used for evaluating the project	eg. baselines surveys, government records minutes of meetings trip reports training evaluations	What must hold true for the purpose to result from the outputs.
we produce the outputs. If we produce the outputs then	**Outputs** 1-4 What we produce. What the management is responsible for achieving.	Express the scope of the project. How many? What type? Use for monitoring the project	as above	What conditions must remain valid for the activities to result in the outputs.
If we do the activities, then	**Activities** 1-4 for each output What we actually do	**Summary of Inputs** Mention total budget and inputs of various participants		**Conditions Precedent** Agreements or inputs necessary to begin project Policy or activity of other agencies required

The question of **HOW** the project should be implemented should be addressed in the **NARRATIVE, ACTIVITY SCHEDULE** and **BUDGET** of the proposal.

Source: IDSS, An Introduction to the Logframe Approach, 1999.

Figure 22 LogFrame Guide; Source: IDSS, 1999

Some of the key advantages of LogFrame (and Logic models generally) are, that they:

- Encourage project staff to see their projects within the wider organizational context and mission.
- Allow project staff to identify the interlocking activities of a project in a logical and systematic way.
- Allow the project objectives and results to be identified clearly.
- Help to clearly articulate risks and constraints.
- Provide a structured starting point for identifying activities, implementation details, costs, and monitoring criteria.
- Provide a summary of the project that can be used for communicating details of the project to key stakeholders.
- Facilitate evaluation as a task performed by all members of a project team or organization.
- Embed evaluation into the program life cycle.
- Shift the focus of programs (and the organizations that design and run them) to longer-term impact.
- Enhance partnership and understanding between funders and recipients of funding.

- Can increase organizational and sector knowledge.
- Enable, facilitate, and simplify internal evaluations, which can be seen as a learning process rather than a point in time judgment.

Limitations to LogFrame:

Overall, there are very few disadvantages of Logic models although some caveats that should be noted include:

- Causal logic is always our interpretation of how reality works, so logic models are only 'models' of reality.
- The causal logic used to underpin a project or program can only be as good as the quality of evidence that exists to support that line of reasoning or intervention.
- Logic models are premised on a linear mode of thinking (if this, then that) – most social issues and problems are not likely to be linear but dynamic, complex, and networked.
- While logic models are meant to clearly specify the outcomes intended, programs usually also have unintended consequences that may or may not be consistent with the outcomes specified.
- While logic models imply causation (if this, then that) there are usually many other exogenous factors and variables that will also influence the outcome being sought.

Case Study to Test the Measure

Let's explore how the Log Frame Model can be used in India with a practical example of a skill development program for rural youth.

Skill Development Program for Rural Youth

Objective: To empower rural youth with vocational skills, improving their employability and income prospects.

1. Problem Analysis (Problem Tree): Identify the core issue and its causes:

- Core Issue: High unemployment and underemployment among rural youth.
- Causes: Lack of marketable skills, limited access to training, and insufficient job opportunities.

2. Goal and Objectives (Overall Goal, Specific Objectives):

- Overall Goal: To reduce unemployment and improve livelihoods for rural youth.
- Specific Objectives:
    a. To provide vocational training to 300 rural youth within one year
    b. To facilitate job placements or self-employment opportunities for at least 70% of trained youth.

3. Assumptions: List the key assumptions that the project relies upon:

- Assumption 1: Local employers will be willing to hire skilled youth.
- Assumption 2: Trained youth will have access to transportation to commute to job locations.

4. Outputs (Activities, Outputs):

- Activities:
    a. Identify relevant vocational skills based on local job market demands.
    b. Partner with vocational training institutes for skill development programs.
    c. Organize training sessions for 300 rural youth in selected skills.
    d. Provide mentorship and career counselling support during and after training.
    e. Facilitate job fairs and connect trained youth with potential employers.
- Outputs:
    a. 300 rural youth trained in specific vocational skills.
    b. A database of job opportunities and local employers.
    c. 70% of trained youth placed in jobs or self-employed within one year.

5. Indicators (Indicators of Achievement): Quantifiable measures to assess progress and impact:

- Indicator 1: Number of rural youth successfully completing vocational training.
- Indicator 2: Percentage of trained youth securing employment or starting their own businesses within one year.

- Indicator 3: Increase in average income for employed youth compared to their pre-training earnings.

6. Means of Verification: Data sources to validate and verify the indicators:

- Data from training institutes on the number of participants completing the program.
- Employment records and self-employment surveys for tracking job outcomes.
- Income surveys and self-reported earnings of employed youth.

7. Risks and Assumptions (Risk Analysis): Identify potential risks and the actions to mitigate them:

- Risk 1: Insufficient demand for specific skills in the local job market. Mitigation: Regularly update skill offerings based on market demands.
- Risk 2: Lack of financial sustainability for the training program.

Mitigation: Seek funding from government schemes, CSR initiatives, and donor agencies.

By utilizing the Log Frame Model for this skill development program, stakeholders can ensure clarity, alignment, and accountability throughout the project's life cycle. The model helps measure the project's progress against its objectives and provides a framework for adaptive management and learning to maximize the social impact and effectiveness of the intervention.

7. Social Accounting & Auditing (SAA)

Origin

The SAA methodology (Pearce, 2001; Pearce & Kay, 2005; Pearce & Kay, 2008) is specifically designed for small, values driven organisations working within the social economy and was first developed in the UK during the early 1990s. It was pioneered through the work of Pearce (1993, 1996, 2001, 2003), who defines social accounting as:

> "a framework which allows an organisation to build on existing documentation and reporting and develop a process whereby it can account for its social performance, report on that performance and draw up an action plan to improve on that performance, and through which it can understand its impact on the community and be accountable to its key stakeholders"

Test of Measure using a Case Study:

Empowerment through Women's Self-Help Group (SHG) Program

Objective: To assess the social impact of a Women's Self-Help Group (SHG) program aimed at empowering rural women in India by providing them with financial literacy, skill training, and access to microfinance.

1. Social Accounting:

- Data Collection: Collect relevant data on the program's activities, outcomes, and social impact indicators.
  - Activities: Number of SHGs formed, training sessions conducted, financial literacy workshops, etc.
  - Outcomes: Increase in women's financial knowledge, skill development, income generation, etc.
  - Social Impact Indicators: Women's empowerment, financial inclusion, women's leadership, community development, etc.
- Valuation: Assign monetary values to the social impact indicators to quantify the social value created. For instance, assess the economic value of women's increased income, savings, and improved financial management.

2. Social Auditing:

- Stakeholder Engagement: Engage with program beneficiaries, SHG members, program managers, local communities, and external experts to gather insights and perspectives.
- Verification: Verify the accuracy and reliability of the collected data and social impact measurements through independent audits.
- Reporting: Prepare a social audit report that transparently presents the program's social performance, highlighting its achievements and challenges.

3. Comparative Analysis:

- Comparison with Objectives: Evaluate the program's social impact in comparison to its initial objectives. Measure the extent to which the program has achieved its goals related to women's empowerment, financial inclusion, and community development.
- Benchmarking: Compare the social performance of the SHG program

with similar initiatives or best practices in women's empowerment and microfinance programs.

4. Stakeholder Feedback and Improvement:

- Feedback Mechanism: Use the social audit report as a basis for stakeholder feedback sessions, seeking inputs on the program's strengths, weaknesses, and areas for improvement.
- Continuous Improvement: Utilize the feedback received to make necessary adjustments and improvements to the program's design and implementation.

5. Reporting and Communication:

- Impact Communication: Share the social audit findings and impact assessment results with stakeholders, donors, and investors to showcase the program's social value and transparency.
- Accountability and Trust: Enhance accountability and trust by providing evidence-based information on the program's social impact and outcomes.

Through the application of Social Accounting & Auditing (SAA) in this example, the SHG program can effectively measure and communicate its social impact. The SAA process will help stakeholders understand the program's effectiveness in empowering rural women, promoting financial inclusion, and fostering community development. It will also aid program managers in identifying areas for improvement and ensuring the program's long-term sustainability and positive social impact.

8. The DIME Model

Figure 23 Traditional DIME evaluation Model; Source: Science for Impact-Better Evidence for Better Decisions, The Dime Experience.2019

In traditional evaluation models (as summarized in figure 1.1), the evaluation process is done after the program is completed. In the best cases, evaluation reports aim to distil wider learning from the efforts of evaluation, but there is no strategic linkage between that learning and the policy formulation process. For real-time learning, impact evaluation must be an integral and iterative part of each stage of the policy cycle. Thus, the model becomes circular, as seen in figure 1.2. This approach connects learning from previous project and policy cycles to new ones. DIME's ambition is to embed circularity and feedback loops across the project cycle. The idea is to reach optimal project design.

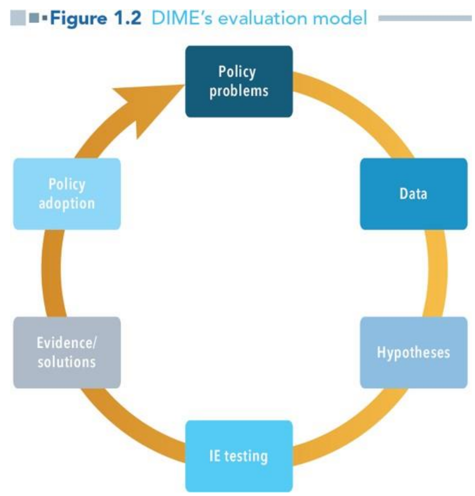


Figure 24 DIME evaluation model; Source: Science for Impact- Better Evidence for Better Decisions, The Dime Experience.2019

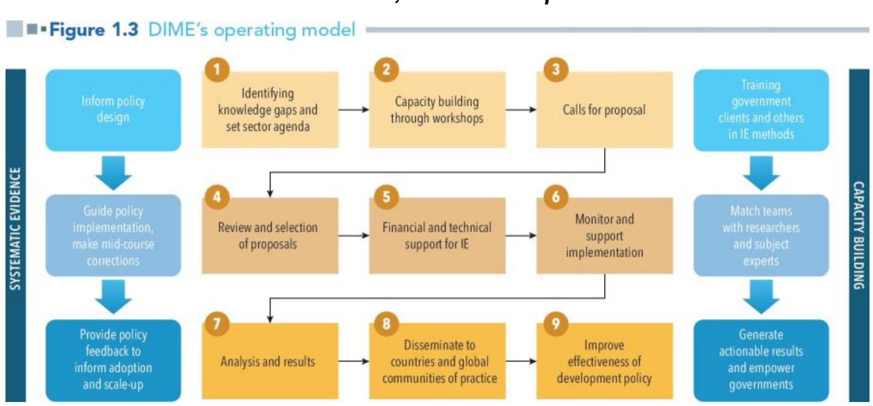


Figure 25 DIME's operating model; Source: Science for Impact- Better Evidence for Better Decisions, The Dime Experience.2019

Case Study for Testing the Measure:

The DIME (Design, Impact, Monitoring, and Evaluation) Model is a comprehensive approach to Social Impact Assessment (SIA) that emphasizes rigorous research design and evaluation methods. Let's consider a practical example of the DIME Model for SIA in the context of a sanitation and hygiene intervention in rural India:

Project: Sanitation and Hygiene Promotion Program in Rural Villages

1. Design:

- Intervention: Implement a sanitation and hygiene promotion program in five rural villages in India.
- Target Population: The program targets 500 households with limited access to proper sanitation facilities.
- Components: The program includes the construction of community toilets, awareness campaigns on hygiene practices, and the distribution of hygiene kits.

2. Impact:

- Outcome Indicators: The DIME Model identifies key outcome indicators to assess the impact of the program. For example:
    - Percentage increase in the number of households with access to improved sanitation facilities.
    - Reduction in waterborne diseases due to improved hygiene practices.
    - Change in the frequency of diarrhoea cases reported in children under five.

3. Monitoring:

- Data Collection: The project team conducts baseline surveys before program implementation to collect data on the existing sanitation conditions and hygiene practices in the target villages.
- Tracking Progress: Throughout the program, regular monitoring is conducted to track the progress of toilet construction, hygiene awareness sessions, and distribution of hygiene kits.
- Data Management: A data management system is established to store and analyse the collected data for reporting and evaluation purposes.

4. Evaluation:

- Research Design: The DIME Model emphasizes the use of rigorous research designs. In this example, a randomized control trial (RCT) is conducted, where villages are randomly assigned to either the intervention group (receiving the program) or the control group (not receiving the program).

- Impact Assessment: After the program implementation, an endline survey is conducted to collect data on the outcome indicators for both the intervention and control groups.
- Comparison: The impact is assessed by comparing the changes in outcome indicators between the intervention and control groups, ensuring that any observed effects can be attributed to the program.

5. Results and Learning:

- Analysis: The collected data is analysed to evaluate the impact of the sanitation and hygiene promotion program.
- Lessons Learned: The evaluation results provide insights into the effectiveness of different program components, enabling learning for future interventions.
- Policy Recommendations: Based on the evaluation findings, policy recommendations may be made to scale up successful strategies or modify the program approach for better outcomes.

By using the DIME Model in this example, the sanitation and hygiene promotion program can demonstrate its effectiveness in improving sanitation conditions and reducing waterborne diseases in rural villages in India. The rigorous research design ensures the reliability and validity of the impact assessment, making it a valuable tool for evidence-based decision-making and policy formulation.

9. Randomized Control Tests

A Randomized Control Trial (RCT) is a powerful experimental research design used in Social Impact Assessment (SIA) to evaluate the effectiveness of an intervention or program. It involves randomly assigning participants or subjects into two groups: the treatment group, which receives the intervention, and the control group, which does not. By comparing the outcomes of the two groups, the impact of the intervention can be accurately assessed.

The cutting edge of measurement for quantification of specific types of social impact (e.g., poverty alleviation, increase in health-care access, etc.) is being accomplished by applied economists using randomized control trials.

Case Study

Impact of a Financial Literacy Training Program on Savings Behaviour

Objective: To assess the impact of a financial literacy training program on the savings behaviour of low-income individuals in a rural community.

Step 1: Random Assignment

1. Randomly select 100 participants from the target community.
2. Assign 50 participants to the treatment group (receiving financial literacy training) and 50 to the control group (no training).

Step 2: Baseline Data Collection

1. Collect baseline data on the savings behaviour of both groups before the intervention.
    - Treatment Group: Average monthly savings = Rs. 500
    - Control Group: Average monthly savings = Rs. 400

Step 3: Intervention

1. Provide financial literacy training to the treatment group over a period of two months.
2. The control group receives no intervention during this time.

Step 4: Post-Intervention Data Collection

1. After the financial literacy training, collect data on the savings behaviour of both groups again.
    - Treatment Group: Average monthly savings = Rs. 700
    - Control Group: Average monthly savings = Rs. 400

Step 5: Impact Assessment

1. Calculate the change in savings for both groups after the intervention:
    - Treatment Group: Rs. 700 (post-intervention) - Rs. 500 (baseline) = Rs. 200 increase in average monthly savings.
    - Control Group: Rs. 400 (post-intervention) - Rs. 400 (baseline) = No change in average monthly savings.
2. Compare the changes in savings between the treatment and control groups:
    - Treatment Group: Rs. 200 increase in average monthly savings.

- Control Group: No change in average monthly savings.

Step 6: Interpretation

The results of the RCT indicate that the financial literacy training program had a positive impact on the savings behaviour of the treatment group. On average, participants who received the training increased their monthly savings by Rs. 200, while the control group showed no change in savings.

Conclusion: The RCT provides robust evidence that the financial literacy training program had a significant impact on savings behaviour. This evidence can be used to inform decision-making, demonstrate the effectiveness of the intervention, and guide future policy and program design to promote financial inclusion and economic empowerment in the community.

By using RCT in this example, we can confidently attribute the observed changes in savings behaviour to the financial literacy training, as any confounding factors are randomly distributed between the treatment and control groups. RCT helps eliminate biases and provides a rigorous and credible evaluation of the impact of the intervention, making it a valuable tool in Social Impact Assessment.

10. Impact Assessment

Origin

One promising example that can aid in multisector research is B-Corp organizational certification, based on the proprietary B Impact Assessment developed by the non-profit, B-Lab. The initial B Impact Assessment sought to synthesizes best practices from the work of the Social Venture Network, the Natural Capital Institute, and the small company version of the Global Reporting Initiative standards (''B Labs - Our History,'' 2013).

The impact assessment includes a checklist specifying actions and outcomes that are designated as socially responsible or socially impactful across five categories:

1. Environment
2. Community
3. Workers
4. Customers, and
5. Governance.

Key Highlights of B Impact Assessment

- **The scores within each of these components are summed to provide an overall B-score**.
- Over time, the impact assessment has been further developed, allowing **differential weighting of components based on organization size, industry, and geography**.
- The resulting B-score allows categorical assessments of social impact in two primary ways.
    - First, it delineates between "certified" firms (i.e., those that have a positive impact on society) and "non- certified" firms (i.e., those that do not).
    - Second, it permits ordinal comparisons within the population of certified firms—those with higher scores theoretically have a greater impact than those with lower scores.

As a final point, while B-Corp certification reports provide data on much smaller firms than most other secondary sources focused on social impact, firms must choose to use the measures; thus, the net effect on generalizability is equivocal. This means that while B-Corp certification reports provide data on smaller firms, the decision of whether firms choose to participate in the certification process and use these measures makes it unclear how representative the data is for larger populations or how applicable the findings are to the broader business landscape focused on social impact.

Example to understand the SIA Methodology:

B Corp assessments are based on a comprehensive evaluation of a company's social and environmental performance. The assessment evaluates various aspects of a company's operations and practices to calculate its score for social impact.

While it's important to note that the actual assessment is much more detailed and rigorous a simplified illustration of how the B Corp assessment might calculate the score for social impact is as follows:

Employee Benefits and Policies:

- The assessment would look at the company's employee benefits, such as health insurance, paid time off, parental leave, etc.
- It would also assess the company's policies related to employee training, diversity, and inclusion.

Community Engagement:

- The company's involvement in community activities, charitable giving, and support for local initiatives would be evaluated.
- Any programs aimed at benefiting the local community or society at large would be considered.

Supply Chain Practices:

- The assessment would examine the company's supply chain to ensure it maintains ethical and sustainable practices.
- This could involve assessing the treatment of suppliers, commitment to fair trade, and responsible sourcing of materials.

Environmental Impact:

- The company's environmental practices would be evaluated, including energy efficiency, waste reduction, and carbon footprint.
- Efforts to conserve resources, promote recycling, and reduce pollution would also be considered.

Transparency and Accountability:

- B Corps are expected to be transparent about their social and environmental performance.
- The assessment would consider how the company communicates its impact to stakeholders and the public.

Mission and Governance:

- The company's overall mission and commitment to social and environmental responsibility would be reviewed.
- B Corps are required to embed their commitment to positive impact into their governance and legal structure.
- Each of these areas would be assigned specific questions and metrics to assess the company's performance. The company would need to provide evidence and documentation to support their responses. Based on the company's answers and supporting documentation, a score would be calculated for each category. The final B Corp score is the cumulative result of all the individual category scores.

A company needs to achieve a minimum score to become certified as a B Corp. The higher the overall score, the more socially and environmentally responsible the company is considered to be.

11. Integrated Social Accounting (ISA)

Origin

In the history of integrated social accounting statements, it is possible to identify four waves: corporate social responsibility (1970s), triple bottom line (1990s), standardized reporting (2000s), and the incipient wave of standardized goals.

The Integrated Social Accounting (ISA) model illustrates the fourth wave integrated social accounting model.

ISA takes a balanced-scorecard approach and expands its focus to align with societal impact, in particular the Sustainable Development Goals Agenda 2030.5 Comparing this model to models in previous waves is parallel to comparing the distinction between Strategic Human Resources Management (SHRM) and Mutual Human Resources Management (MHRM). SHRM aligns the functions of MHRM with the strategic direction or mission of the organization. MHRM is based on a dual alignment of strategic and societal goals. Co-operatives and credit unions are examples of organizations that are dually aligned. They are concerned with organizational success and with operating socially in line with co-operative-principles (Akingbola, 2013).

The ISA model consists of four interconnected dimensions:

- resources/capital
- value creation/destruction
- internal systems and processes and,
- organizational learning, growth, and innovation (See Figure 2). (Mook 2020)

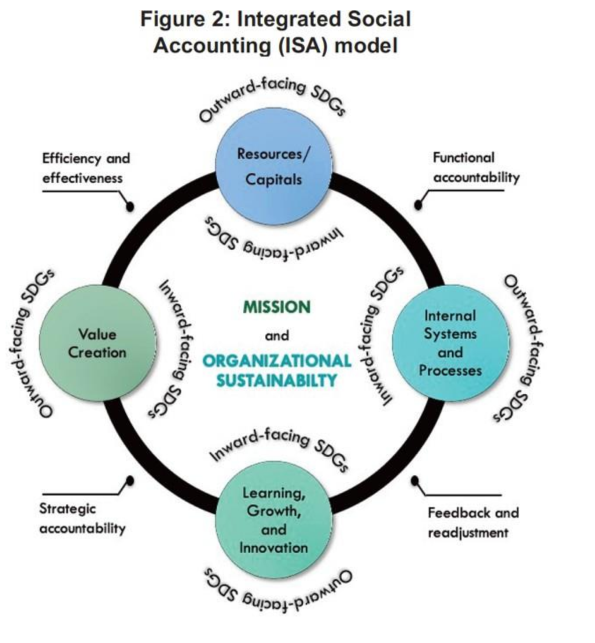


Figure 26 ISA Model; Source: Performance Management, Impact Measurement, and the Sustainable Development Goals: The Fourth Wave of Integrated Social Accounting, Mook Laurie, 2020

12. Theory of Change Approach to Evaluation

Weiss (1995) defines a theory of change quite simply and elegantly as a theory of how and why an initiative works.1 Building on her work, we have defined a theory of change approach to comprehensive community initiatives (CCI) evaluation as a systematic and cumulative study of the links between activities, outcomes, and contexts of the initiative.

This definition suggests that the first step toward evaluating a CCI is to determine its intended outcomes, the activities it expects to implement to achieve those outcomes, and the contextual factors that may have an effect on implementation of activities and their potential to bring about desired outcomes. For example, the goal of many CCIs is to improve the well-being of children and families in the neighbourhood. In this case, one of an initiative's primary activities might be to replace categorical and centralized services with integrated neighbourhood-based family resource centres. An important contextual factor might be the policy environment, including the presence or absence of legislation allowing for pooled funding of state resources for innovative community-based initiatives. Another central activity might be to build social networks among families with young children, which in turn could be affected by local contextual factors such as the racial make-up of the neighbourhood and its history of intergroup relations. (Kubisch n.d.)

Case Study:

Theory of Change for a Women's Empowerment Program in India

Objective: To assess the social impact of a women's empowerment program aimed at enhancing the economic and social status of women in a rural community in India.

1. Context and Assumptions:

- Context: The program is implemented in a rural village in India where women face limited access to education, economic opportunities, and decision-making power.
- Assumptions: The program assumes that by providing skill training, access to microfinance, and awareness on women's rights and leadership, women's economic and social empowerment will improve.

2. Inputs and Activities:

- Inputs: Financial resources, skilled trainers, and community partnerships.
- Activities:
  - o Conduct skill development workshops on tailoring, handicrafts, and small-scale entrepreneurship.
  - o Facilitate access to microfinance and savings groups for income generation.
  - o Organize awareness sessions on women's rights, gender equality, and leadership.

3. Outputs:

- Output 1: 100 women trained in various income-generating skills.
- Output 2: Formation of 5 women's self-help groups for collective savings and support.
- Output 3: 50 women accessing microfinance for starting their own small businesses.

4. Outcomes:

- Outcome 1: Increased household income and financial independence for women.

- Outcome 2: Improved decision-making and participation of women in household matters and community affairs.
- Outcome 3: Enhanced social recognition and respect for women's contributions.

5. Intermediate Impacts:

- Intermediate Impact 1: Reduction in economic dependence on male family members.
- Intermediate Impact 2: Improved health and nutrition outcomes for women and their families.
- Intermediate Impact 3: Increased women's representation in local decision-making bodies.

6. Long-term Impacts:

- Long-term Impact 1: Breakdown of gender norms, leading to increased gender equality in the community.
- Long-term Impact 2: Sustainable economic development and poverty reduction in the village.
- Long-term Impact 3: Empowered women acting as role models for the next generation.

7. Assumptions and Risks:

- Assumption 1: Willingness of the community to accept and support women's empowerment initiatives.
- Assumption 2: Availability of market demand for the products and services produced by women entrepreneurs.
- Risk 1: Limited financial sustainability of the program beyond the initial funding phase.

8. Monitoring and Evaluation:

- Data Collection: Regular monitoring of program activities, outputs, and outcomes.
- Evaluation: Conduct baseline and endline surveys to measure changes in women's economic and social empowerment indicators.
- Learning and Adaptation: Use evaluation findings to inform program improvements and strategic decisions.

By using the Theory of Change approach in this example, the women's empowerment program can map out the logic of how the program activities lead to specific outcomes and long-term impacts. It helps stakeholders understand the causal pathways through which the program aims to achieve its objectives and provides a roadmap for effective monitoring and evaluation. The Theory of Change approach helps in identifying the key assumptions and risks that need to be addressed for successful program implementation and sustainable social impact.

13. Balanced Scorecard

The efficient use of investment capital is no longer the sole determinant for competitive advantages, but intangible factors such as intellectual capital, knowledge creation or excellence in customer orientation become more important (Figge, Hahn, Schaltegger, & Wagner, 2002). Kaplan and Norton introduced the Balanced Scorecard (BSC) based on a Notion that financial indicators alone were insufficient to measure performance (Kaplan & Norton, 1992). BSC intends to balance financial and non-financial, short-term, and long-term and both qualitative and quantitative success measures with internal analysis of an organization to evaluate the efficiency (Kaplan & Norton, 1992; 1996). Similarly, the social balanced scorecard (SBSC) is an internal analysis tool used by social enterprises to monitor and examine both qualitative and quantitative data.

Case Study

Balanced Scorecard for Social Impact Assessment (SIA) of a Rural Education Program in India

The Balanced Scorecard is a strategic management tool used for SIA to measure and track the performance of social programs based on multiple perspectives. In this example, we will assess the impact of a rural education program aimed at improving educational outcomes for children in a specific village in India.

Perspectives: The Balanced Scorecard includes four perspectives for SIA: Financial, Social, Learning and Growth, and Internal Processes.

Perspectives	Objectives	Key Performance Indicators (KPIs)	Data Sources	Targets
Financial	Ensure cost-effectiveness and financial sustainability.	- Program cost per student enrolled.	Program records financial	Reduce cost per student.
		- Percentage of program funding from sustainable sources.	Program records financial	Increase sustainable funding.
Social	Improve educational outcomes for children.	- Percentage increase in student attendance.	Program attendance records	Achieve
		- Percentage improvement in students' academic performance.	Pre and post-assessment data	Achieve
Learning and Growth	Enhance the skills and capacity of teachers and staff.	- Number of teacher training sessions conducted.	Training records session	Conduct 10 training sessions.
		- Percentage of teachers' satisfaction with training.	Teacher surveys feedback	Achieve
Internal Processes	Optimize program efficiency and effectiveness.	- Percentage of timely delivery of educational materials.	Delivery records	Achieve 100% on-time delivery.
		- Number of community engagement activities conducted.	Community engagement records	Conduct engagement events.

Figure 27 Ptactical example of a Balanced Scorecard

In this balanced scorecard example, we have identified key objectives for the rural education program across different perspectives. For each objective, specific key performance indicators (KPIs) are defined to measure progress and impact. The data sources for collecting relevant information are indicated, along with the corresponding targets that the program aims to achieve.

By using the balanced scorecard, the organization running the rural education program can comprehensively evaluate its performance and social impact across different dimensions. It helps stakeholders understand the program's overall effectiveness and allows for data-driven decision-making to improve outcomes in education and other critical areas. The balanced scorecard also promotes a balanced approach to SIA, considering financial, social, and operational aspects in a holistic manner.

Robin Hood Foundation Benefit-Cost Ratio

The Robin Hood Foundation Benefit-Cost Ratio is a methodology used to assess the social impact of philanthropic investments. It compares the total benefits generated by a social program or intervention to the total costs incurred. The ratio helps in determining whether the benefits outweigh the costs and provides a measure of the efficiency and effectiveness of the intervention.

Case Study:

Suppose the Robin Hood Foundation invests in a vocational training program for underprivileged youth in a rural area of India. The total cost of the program is Rs. 1,00,000. After completion, the program successfully places 30 trained youth in gainful employment with an average monthly salary increase of Rs. 3,000 per person. The total annual increase in income for all 30 employed youth is Rs. 10,80,000.

Benefit-Cost Ratio calculation: Benefits = Total increase in income = Rs. 10,80,000 Costs = Investment in the program = Rs. 1,00,000

Benefit-Cost Ratio = Rs. 10,80,000 / Rs. 1,00,000 = 10.8

The Benefit-Cost Ratio of 10.8 indicates that the social benefits generated by the vocational training program are 10.8 times greater than the costs incurred. This suggests that the intervention has a positive impact and is considered efficient in terms of generating social value.

Acumen Fund’s BACO Ratio

The Acumen Fund's BACO (Building Acumen's Conviction about Impact) Ratio is a methodology designed to assess the social impact of social enterprises or ventures. It compares the social impact of a program to the associated costs incurred, focusing on specific social outcomes.

Case Study

The Acumen Fund invests in a clean water initiative in rural villages of India. The initiative installs water purification systems in five villages, providing clean drinking water to 500 households. The total cost of the project, including installation and maintenance, is Rs. 5,00,000.

BACO Ratio calculation: Social Impact = Number of households with access to clean water = 500 Costs = Investment in the clean water initiative = Rs. 5,00,000

BACO Ratio = 500 / Rs. 5,00,000 = 0.001

The BACO Ratio of 0.001 indicates that for every rupee invested in the clean water initiative, 0.001 households gain access to clean water. This ratio helps the Acumen Fund in understanding the social impact achieved per unit of investment and making informed decisions about scaling the initiative.

The Hewlett Foundation’s Expected Return Metric

The Hewlett Foundation's Expected Return Metric is a methodology used to evaluate the potential social impact of different philanthropic investments. It quantifies the expected social return on investment based on the estimated impact of the intervention.

Case Study:

The Hewlett Foundation considers two education programs in India:

- Program A: A school-building project that aims to provide better infrastructure for 500 children.
- Program B: A teacher training program to improve the quality of education for 1,000 students.

Expected Return Metric calculation: Assume that Program A is estimated to improve educational outcomes by 10% for the 500 children, while Program B is expected to improve outcomes by 5% for the 1,000 students.

Expected Return for Program A = 500 children * 10% improvement = 50 "impact units" Expected Return for Program B = 1,000 students * 5% improvement = 50 "impact units"

By using the Expected Return Metric, the Hewlett Foundation can compare the potential social impact of different investment options and make data-driven decisions about allocating resources.

Cost Per Impact

Cost Per Impact is a methodology used to assess the efficiency of social programs by quantifying the cost of achieving a specific social outcome.

Case Study:

A non-profit organization runs a nutrition program for malnourished children in rural India. The program costs Rs. 50,000 per month and has successfully improved the nutrition status of 100 children during the last six months.

Cost Per Impact calculation: Cost of the program = Rs. 50,000 per month * 6 months = Rs. 3,00,000 Number of children impacted = 100

Cost Per Impact = Rs. 3,00,000 / 100 children = Rs. 3,000 per child

The Cost Per Impact of Rs. 3,000 indicates that it costs Rs. 3,000 to improve the nutrition status of one child. This metric helps in comparing the efficiency of different programs with similar social outcomes and optimizing resource allocation.

Blended Value

Blended Value is a methodology that evaluates and incorporates both financial and social outcomes of social enterprises or investments. It seeks to balance financial sustainability with social impact.

Case Study:

A social enterprise provides job training and employment opportunities to marginalized women in India. The enterprise generates revenue by selling handmade products. The Blended Value approach considers both the financial revenue generated from product sales and the social value created through women's empowerment and income generation.

Using the Blended Value approach, the social enterprise can assess its overall performance by combining financial indicators (e.g., revenue, profit) with social indicators (e.g., number of women employed, increase in women's income) to demonstrate the holistic value it creates. It helps in aligning the enterprise's financial sustainability with its social mission, making it an effective tool for comprehensive impact assessment.

14. Impact Management Project (IMP)

From 2016 to 2018, the Impact Management Project (IMP) convened a Practitioner Community of over 3,000 enterprises and investors to build global consensus on how we measure, improve and disclose our positive and negative impacts (otherwise known as "impact management"). The resulting consensus (or "norms") provide a common logic to help enterprises and investors understand their impacts on people and the planet, so that they can reduce the negative and increase the positive. These resources migrated to Impact Frontiers following the IMP's conclusion in 2021. (Impact Management Project n.d.)

Five dimensions of impact

Impacts of enterprises on people and the planet can be understood across five dimensions.

1. What

What tells us what outcome the enterprise is contributing to, whether it is positive or negative, and how important the outcome is to stakeholders.

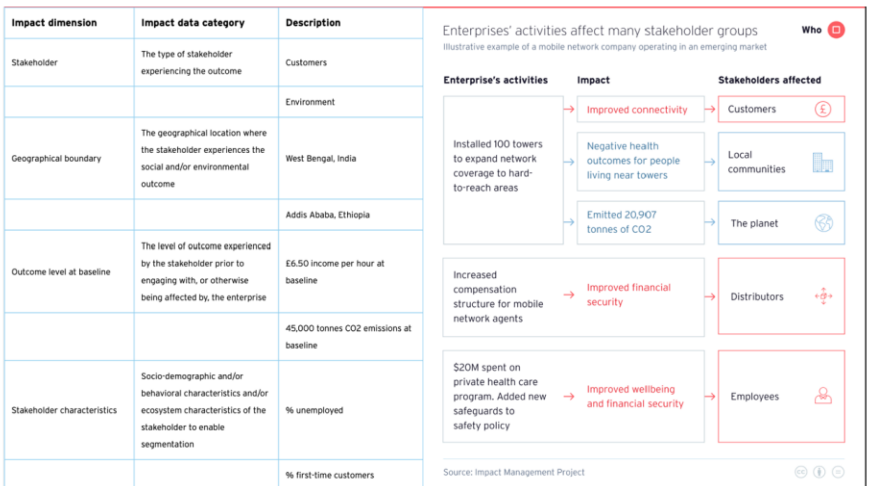
Impact dimension	Impact data category	Description
Outcome level in period	The level of outcome experienced by stakeholder when engaging with the enterprise	9.50 income per hour, or "very positive experience of care"
	The outcome can be positive or negative, intended or unintended	
Outcome threshold	The level of outcome that the stakeholder considers to be a positive outcome	7.85 income per hour (UK minimum real living wage)
	Anything below this level is considered a negative outcome	
	The outcome threshold can be a nationally or internationally agreed standard	
Importance of the outcome to the stakeholder	The stakeholder's view of whether the outcome they experience is important (relative to other outcomes)	"How important is [outcome] to you?"
	Where possible, the people experiencing the outcome provide this data, although third-party research may also be considered	
	For the environment, scientific research provides this view	
SDG or other global goal	The Sustainable Development Goal target or other global goal that the outcome relates to	SDG target: 8.5
	An outcome may relate to more than one goal	

Figure 28 ' What' dimension of IMP; Source: Impact Management Project. n.d. Norms. Accessed July 24, 2023. https://impactfrontiers.org/norms/.

2. Who

The data categories under the 'Who' dimension help enterprises and investors identify the stakeholders they affect — and understand how underserved they are in relation to the social or environmental outcomes delivered by enterprises. Understanding the 'Who' allows enterprises and investors to maximize their impact by directing resources to those who are most underserved.

To gain a comprehensive view of those they are affecting, enterprises and investors need to consider the following data categories:



Impact dimension	Impact data category	Description
Stakeholder	The type of stakeholder experiencing the outcome	Customers
		Environment
Geographical boundary	The geographical location where the stakeholder experiences the social and/or environmental outcome	West Bengal, India
		Addis Ababa, Ethiopia
Outcome level at baseline	The level of outcome experienced by the stakeholder prior to engaging with, or otherwise being affected by, the enterprise	£6.50 income per hour at baseline
		45,000 tonnes CO_2 emissions at baseline
Stakeholder characteristics	Socio-demographic and/or behavioral characteristics and/or ecosystem characteristics of the stakeholder to enable segmentation	% unemployed
		% first-time customers

Figure 29 Example of 'Who' parameter of IMP;Source: Impact Management Project. n.d. Norms. Accessed July 24, 2023. https://impactfrontiers.org/norms/

3. How much

The 'How Much' dimension covers the extent of the impact — across scale, depth, and duration.

Knowing the number of people reached (i.e., scale) is only one part of the equation. To fully understand the extent of the impact experienced by stakeholders, enterprises and investors need to consider all three data categories under the 'How Much' impact dimension:

i. Scale: the number of people experiencing the outcome

ii. Depth: the degree of change in the outcome level experienced by the stakeholder

iii. Duration: the time period for which the stakeholder experiences the outcome

Impact data category	Description	Example
Scale	The number of individuals experiencing the outcome. When the planet is the stakeholder, this category is not relevant.	1,450 individuals
Depth	The degree of change experienced by the stakeholder. Depth is calculated by analyzing the change that has occured between the 'Outcome level at baseline' (Who) and the 'Outcome level in period' (What).	20% increase ub outcome relative to baseline
Duration	The time period for which the stakeholder experiences the outcome.	24 months

Figure 30 Example of IMP's scale;Source: .Impact Management Project. n.d. Norms. Accessed July 24, 2023. https://impactfrontiers.org/norms/.

What is Scale?

The scale category captures the number of people — whether that is employees, customers or distributors — who experience the outcome. Scale data provides insights about the significance of an outcome delivered by an enterprise. All else equal, an enterprise that affects 100,000 lives would be producing a more 'significant' outcome than one that reaches 50,000 lives. (When the stakeholder is the planet as a whole, this category is not applicable.)

Beyond serving as one of the elements to understand the extent of the impact, scale can be used for two strategic purposes:

- (Re)setting scale targets: Comparing scale performance data against specific targets and the addressable population can yield useful information for (re)setting scale targets.
- Understanding the value proposition: Comparing scale performance year-on-year can provide insights into whether customers (or other stakeholders) are satisfied with the enterprise's products (or policies). This is the same as calculating customer growth and churn rate.

Outcome	Indicator	Data value	Data source
Work-readiness	Number of people who participated in the program	250 individuals	Registration form
Access to clean water	Number of households subscribed to water delivery service	10,400 households	Company subscription data

What is the depth?

The depth of an outcome captures the degree of social or environmental change experienced by the stakeholder. As opposed to scale, available as raw data, depth is derived from comparing the level of outcome that stakeholders are currently experiencing against the baseline. Depth can be a 10-point improvement in test scores, a 30% increase in salary, or a 5,000-tonne reduction of CO2 emissions. The diagram below illustrates the concept behind the depth of an outcome.

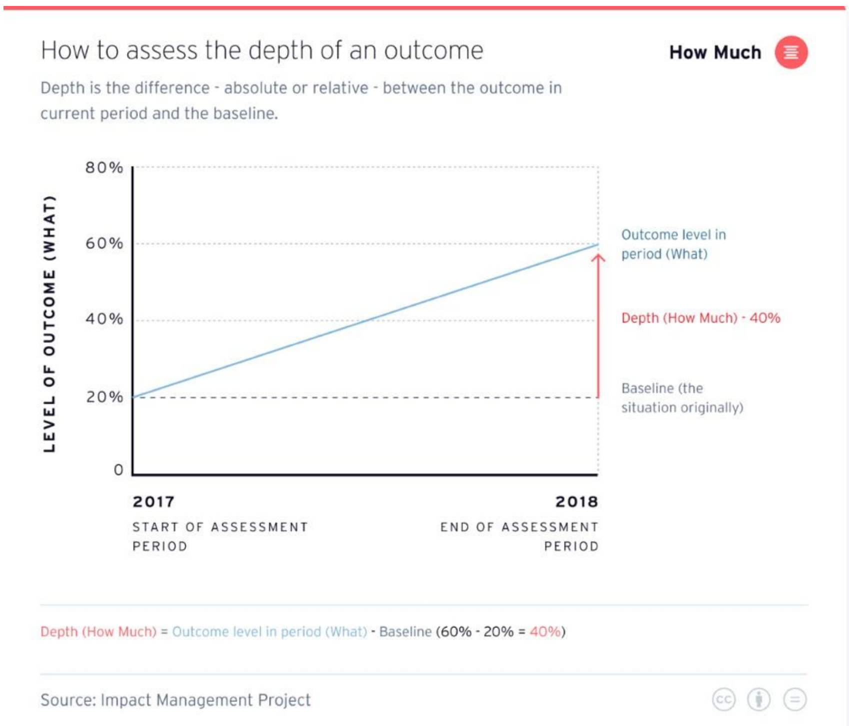


Figure 31 How to assess IMP's 'depth'; Source: Impact Management Project. n.d. Norms. Accessed July 24, 2023. https://impactfrontiers.org/norms/.

Calculating depth

Since depth is the difference between the outcome in the current period and the baseline, it can be calculated as relative change or absolute change. No one type analysis is better the other. Both should be assessed as they provide complementary data points (see diagram below for a simple illustrative example).

Outcome	Indicator		Data value
Sufficient income	relative	= outcome/baseline (avg. hourly wage in 2012 / avg. hourly wage in 2011)	50%
	Absolute	= outcome -baseline (avg. hourly wage in 2012 - avg. hourly wage in 2011)	£2.5

Figure 32 Example of depth calculation in IMP; Source: Impact Management Project. n.d. Norms. Accessed July 24, 2023. https://impactfrontiers.org/norms/.

What is the duration of an outcome?

Duration refers to the time period for which the stakeholder experiences the outcome.

The duration of an outcome is intuitively important: just as stakeholders want positive outcomes to be long-lasting, they want negative outcomes to be short-lived. Society's collective investment in education illustrates the point. Parents invest significant resources in educating their children under the assumption that the payoff will be positive and last for many years to come — a belief backed by World Bank research which shows that every additional year of schooling returns a 9% increase in hourly wages.

Given the value of duration from the perspective of the stakeholder — and that impact may be realized over time — this data category is necessary to understand the significance of an outcome. It pushes enterprises and investors to think about sustainability, reflecting on how their activities can affect stakeholders in the short-, medium-, and long-term.

Calculating duration

Three facts shape the calculation of the duration of an outcome. First, outcomes have different durations. Some may last only a few months, whereas others may persist for years (as with the education example above).

Second, outcomes may materialize immediately, or in the medium- and long-term. Third, many outcomes go beyond the end of the intervention. This means that the affected stakeholder may still experience the outcome even after the enterprise stops its initiative (or policy). The diagram below illustrates the concept behind the duration of an outcome.

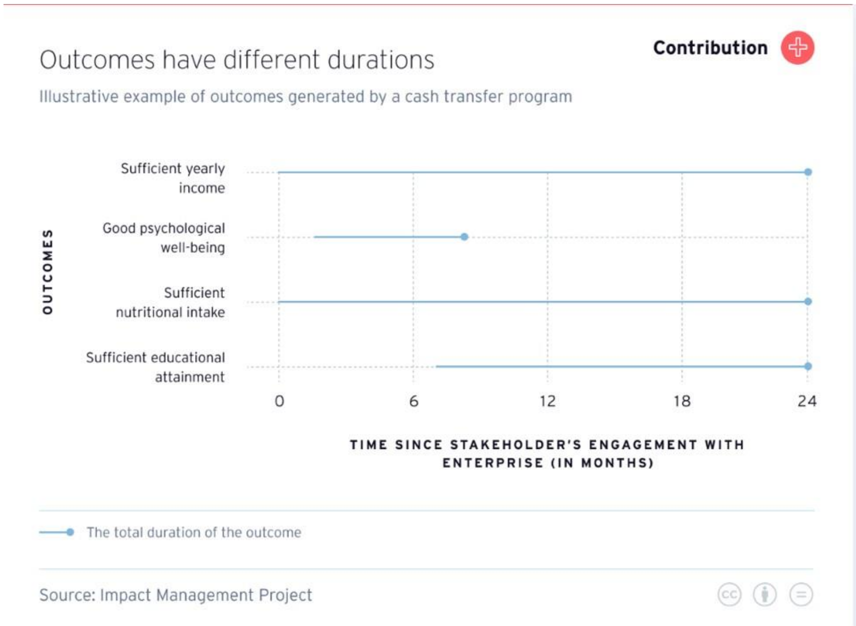


Figure 33 Example showing difference in duration of different outcomes in IMP; Source: Impact Management Project. n.d. Norms. Accessed July 24, 2023. https://impactfrontiers.org/norms/.

Deriving a duration estimate can be done through a few methods, with varying degrees of rigor. At one end of the spectrum, enterprises can survey the affected stakeholder on a recurring basis, from the start until the end of the intervention (or for even longer periods). While this method usually yields accurate duration estimates, it can be cost-prohibitive for many organizations.

On the other end of the spectrum, enterprises can use existing research (e.g., impact evaluations) or market research (e.g., government or think tank reports) to estimate how long a particular outcome may last. When using either of these methods, enterprises should assess the validity of the estimate by considering how well the research study reflects their own intervention (e.g., was the study conducted in the same country or in a completely different setting? Did the evaluated intervention have a similar set of inputs or target a similar population?).

4. Contribution

In impact terminology, ‘Contribution’ overlaps with terms such as ‘additionality’, ‘deadweight’ and ‘attribution’. While they all seek to answer ‘what would have happened anyway?’ to derive an understanding of an enterprise’s contribution to an outcome, these terms often differ in methods and scope.

‘Contribution’ should not be mistaken with depth under the ‘How Much’ dimension, which covers the significance of the outcome by calculating the difference between the outcome in period and the baseline, without considering the influence of other factors (e.g., other organizations, economic conditions).

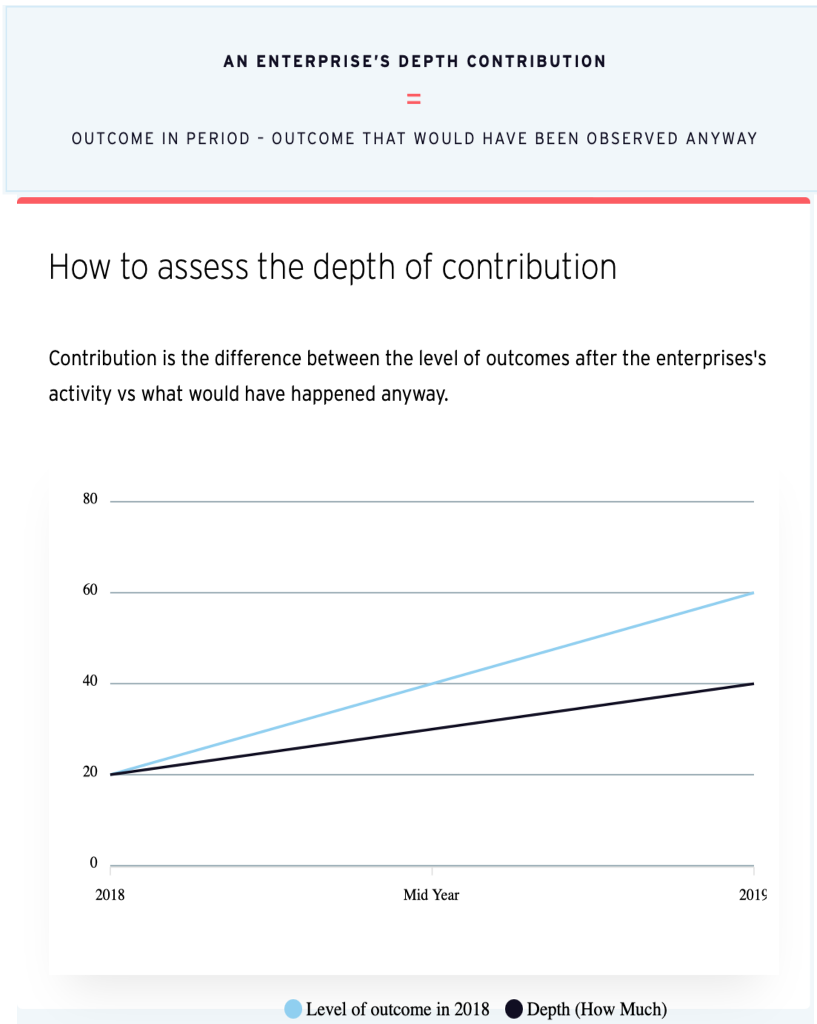


Figure 34 Understanding depth in IMP; Source:.Impact Management Project. n.d. Norms. Accessed July 24, 2023. https://impactfrontiers.org/norms/.

5. Risk

When enterprises and investors set financial goals, they always face the risk of not achieving them. The same is true for impact.

The 'Risk' dimension of impact assesses the likelihood that impact will be different than expected, and that the difference will be material from the perspective of people or the planet who experience impact.

To assess impact risks, enterprises and investors need to consider:

The likelihood of the desired impact not occurring

The severity of the consequences for the stakeholder should the desired impact not occur

Enterprises and investors can classify these risks into 'Low', 'Medium' or 'High', as per the diagram below. A very likely and severe risk would be classified as 'High', whereas a very unlikely and not severe risk would be classified as 'Low'.

Figure 35 Assessing risk under IMP; Source: Impact Management Project. n.d. Norms. Accessed July 24, 2023. https://impactfrontiers.org/norms/.

Analysis & Findings

Impact Scorecard Metrics in India vs IMPs Metrics

In India, as part of the Technical Group's comprehensive report, a guidance note has been formulated for all Social Enterprises (SEs) focusing on Impact Reporting. This guidance note introduces an Impact Scorecard, which comprises a set of metrics designed to quantify and assess the impact generated by SEs. The primary purpose of this scorecard is to evaluate the magnitude of change brought about in the lives of various target stakeholders, including the environment, as a direct result of the implemented solution.

The Impact Scorecard is structured to measure three essential dimensions of impact, namely "reach," "depth," and "inclusion." Each of these metrics serves a specific purpose in the assessment process.

REACH	DEPTH	INCLUSION
Outreach metrics for target segment(s) served: • Proportion of target segment(s) who have been reached in the reporting period • Proportion of target segment(s) who accepted the organization`s solution • What part of the planned activities have been accomplished in the reporting period	The depth of impact on the median individual (of the target segment(s)) Surveys (1% of the customers/recipients, or at least 200 respondents per organization) asking respondents 'Has your quality of life changed', with response options being: • Very much improved, • slightly improved, • no change, • got slightly worse, • got much worse.	The SE must consider for itself how its approach intends to improve Inclusion for its customers / recipients, along one or more of the following themes. • Theme 1: Net increase in Income levels of customers / recipients among target segment(s), as decided by the organization. The organization can self-select 'Low', 'Medium', or 'High'. • Theme 2: Diversity and Inclusion: The SE exhibits how it prioritizes the inclusion
• Cumulative reach (members of the target segment served since inception) • Other suitable metrics in relation to the solution, usually relate to	Alternatively, SE can compare itself to different 'case studies' of • High • Medium • Low depth organizations.	of these disadvantaged groups or communities (either as owners, partners or customers) and empower them in their relationship with the SE over time. • Theme 3: Social Equity: The SE

people, institutions or activities (Ex: monthly active users of MAUs for an app/tech platform). These can be considered as needed, where the target segment is the specific geographic region.		exhibits how its approach has resulted in the disadvantaged group or community experiencing increased social equity. This can be through a survey as above, or through qualitative criteria such as details of its strategy, processes and internal accountability/governance processes that have resulted in an internal culture that values and works towards achieving social equity for the disadvantaged group or community.

Figure 36 Dimensions of Impact Scorecard

To better grasp the nuances of the Impact Scorecard and differentiate it from existing evaluation frameworks, a parallel can be drawn to the IMPs (Impact Measurement Parameters) scale, depth, and duration metrics. The IMPs framework, often utilized for impact assessment, shares similarities with the Impact Scorecard in terms of evaluating impact scale and depth.

Metrics	**IMPs metrics vs Impact Scorecard metrics**
Scale vs Reach	The IMP's scale focuses on assessing the extent to which the SEs' solutions have reached the target segment, measuring the breadth of the program's influence. Similarly, India's Impact

	Scorecard also incorporates a reach metric, which evaluates the extent to which the initiatives have touched and influenced the intended beneficiaries and stakeholders. This reach metric in the Impact Scorecard aligns with the concept of scale in the IMP framework
IMP's Depth vs IS's Depth	The two depth definitions, as represented by the Impact Scorecard and IMPs framework, employ distinct approaches in understanding the depth of impact. The Impact Scorecard adopts a more qualitative and interpretative approach to assess the depth of impact. It does so through a feedback-style survey, where a representative sample from the target segment is asked to choose from various options regarding changes in their quality of life. These options range from "very much improved" to "got much worse." By gathering stakeholders' opinions and perceptions, the Impact Scorecard seeks to gain insight into the subjective experiences and qualitative aspects of the impact.
	On the other hand, the IMPs framework takes a quantitative approach to measure the depth of impact. This approach is derived from comparing the current outcomes experienced by stakeholders against a previously established baseline. The depth in the IMPs framework is based on actual quantifiable data, such as changes in specific outcomes like an increase in salary or a reduction in CO_2 emissions. The focus here is on objective and measurable changes, and the analysis relies on empirical evidence to assess the depth of impact. While the Impact Scorecard focuses on understanding the depth of impact from stakeholders' subjective viewpoints, the IMPs depth is rooted in analysing tangible data points that showcase the magnitude of change compared to the baseline. The IMPs approach may or may

	not include qualitative data like opinions from surveys, as it is primarily concerned with quantitative outcomes.
Duration vs Inclusion	While the IMPs framework and the Impact Scorecard serve different purposes, their commonality lies in their survey-style approach to gather valuable insights. The IMPs framework focuses on assessing the duration during which the impact lasts, providing information about the sustainability of the initiatives. On the other hand, the Impact Scorecard's Inclusion metric aims to improve inclusiveness and adopts a survey-style approach to capture stakeholders' feedback on the impact of the initiatives.

Figure 37 Metric comparison between IMP and Impact Scorecard

Importance of metrics in SIA:

Assessing the scale of impact helps gauge the extent to which a project or intervention reaches its target audience or beneficiaries. A larger scale implies a broader reach, potentially influencing a greater number of individuals or communities. Understanding scale is vital because it quantifies the potential magnitude of change a program can bring about. Evaluating impact depth delves into the extent of transformation within the target group. It measures the profoundness of change experienced by beneficiaries, going beyond mere numbers to capture the qualitative aspects of impact. Assessing depth provides insights into the sustainability and lasting effects of an initiative. Inclusion measures the breadth of beneficiaries and whether marginalized or vulnerable groups are reached. It ensures that the impact is equitable and reaches those who may be traditionally underserved or excluded. Focusing on inclusion underscores the importance of addressing social inequalities and promoting fairness in impact assessments.

15. Qualitative vs Quantitative Approach:

Impact Scorecard:

Advantages of Qualitative Approach:	Disadvantages of Qualitative Approach:
• Subjective Insights: Qualitative approaches, like the Impact	• Subjectivity: Qualitative data can be influenced by biases

Scorecard, capture stakeholders' subjective viewpoints and experiences, providing rich, nuanced insights into the depth of impact. This approach allows for a better understanding of the human element and the qualitative aspects of change. • Contextual Understanding: Qualitative data can help in understanding the context surrounding the impact, offering a more holistic view of the changes in quality of life and well-being. It provides a narrative that helps contextualize quantitative findings. • Flexibility: Qualitative methods are adaptable and can explore unforeseen aspects of impact, making them suitable for situations where predefined quantitative measures may miss important dimensions.	and subjectivity, making it challenging to ensure objectivity and consistency in assessments. Interpretations may vary among researchers. • Difficulty in Generalization: Findings from qualitative research are often context-specific and may not be easily generalized to broader populations or situations. They may lack the statistical robustness of quantitative data. • Resource-Intensive: Qualitative research can be more time-consuming and resource-intensive due to the need for in-depth interviews, surveys, and extensive data analysis.

Figure 38 Advantages & disadvantages of Qualitative Approach of Impact Scorecard

IMPs Framework:

Advantages of Quantitative Approach:	Disadvantages of Quantitative Approach:
• Objectivity: Quantitative data is objective and can be measured consistently, reducing the potential for bias. This approach provides a clear and standardized way of assessing	• Limited Context: Quantitative measures may not capture the full depth of impact, as they focus on numerical data and may miss qualitative nuances

impact depth.	and contextual factors.
• Comparability: Quantitative measures allow for easy comparisons across different programs, projects, or time periods, facilitating benchmarking and evaluation of effectiveness.	• Inadequate for Complex Phenomena: Some impacts, especially those related to human behaviour and attitudes, may be challenging to quantify accurately, limiting the depth of understanding.
• Statistical Power: Large-scale quantitative data can yield statistically significant results, providing confidence in the findings and their generalizability.	• Cost and Resource Demands: Gathering, processing, and analysing quantitative data can be costly and resource-intensive, especially for large-scale studies.

Figure 39 Advantages & Disadvantages of Quantitative Aprroach of IMP's Framework

Comparison & Analysis

Below is a comparative tabular analysis of the listed methodologies for Social Impact Assessment based on various parameters:

Methodology	Year of Origin	Qualitative or Quantitative	Popularity	Geography	Industries	Ease of Calculation
Social Return on Investment (SROI)	1996 (Luigi Corvo 2022)	Both	Very High	Global	Various	Moderate
Cost Benefit Analysis	1708 (Wei Jiang 2021)	Quantitative	High	Global	Various	Moderate
Cost-Effectiveness Analysis	Early 20th C.	Quantitative	Moderate	Global	Various, predominantly health sector (WHO 2003)	Moderate
Logic Models (LogFrame)	1960s	Qualitative	High	Global	Various	Easy
Social Accounting & Auditing (SAA)	1981	Quantitative	Low	Global	Various	Complex

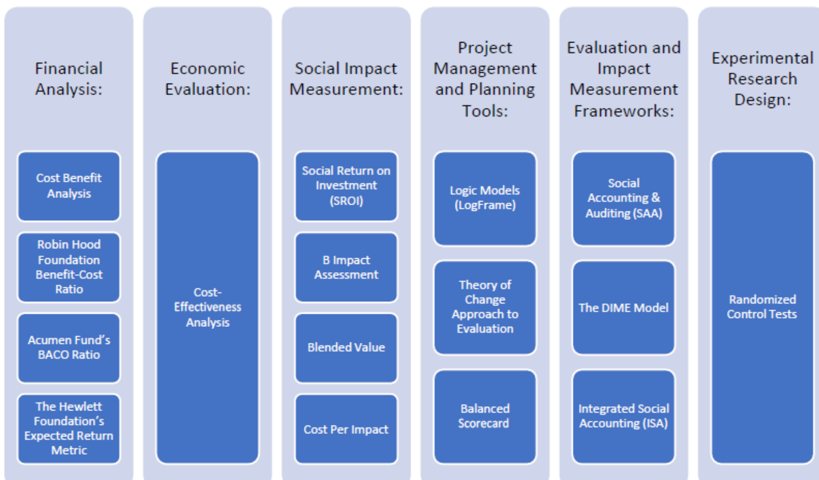
The DIME Model	1990s	Both	Low	Global	Various	Complex
Randomized Control Tests	Early 20th C.	Quantitative	High	Global	Various	Complex
B Impact Assessment	2007	Both	High	Global	Various	Easy
Integrated Social Accounting (ISA)	1980s	Quantitative	Low	Global	Various	Complex
Theory of Change Approach	1990s	Qualitative	High	Global	Various	Easy
Balanced Scorecard	1990s	Both	High	Global	Various	Easy
Robin Hood Foundation Benefit-Cost Ratio	1980s	Quantitative	Low	Mostly US	Philanthropy	Moderate
Acumen Fund's BACO Ratio	2000s	Quantitative	Low	Global	Social Ventures	Complex
The Hewlett Foundation's Expected Return Metric	2010s	Quantitative	Low	Global	Philanthropy	Complex
Cost Per Impact	2010s	Quantitative	Low	Global	Various	Easy
Blended Value	1990s	Both	Low	Global	Various	Easy

Note:

- Suitability in Indian Context: Indicates whether the methodology can be effectively used for social impact assessment in India.
- Qualitative or Quantitative: Specifies whether the methodology focuses on qualitative or quantitative analysis or offers both.
- Popularity: Indicates the general popularity and usage of the methodology.
- Geography: Reflects the geographical applicability of the methodology.
- Industries: Shows the type of industries or sectors where the methodology is commonly used.
- Ease of Calculation: Describes the level of complexity involved in applying the methodology.
- Year of Origin: Indicates the approximate time when the methodology was first introduced or widely recognized.

One needs to keep in mind that the suitability and usage of each methodology may vary based on the specific context and objectives of the social impact assessment. Additionally, the popularity and utilization of some methodologies may change over time as social impact assessment practices evolve.

On analysis of the above methodologies, only four models are exclusively used for SIA, while others are models or frameworks that can be used for both FIA and SIA.



Although there are significant similarities between the methods, several important differences remain. While SAA involves a more "conventional" mix of narrative and quantitative disclosures, SROI outcomes are more explicitly quantitative and reductive.

This is most evident in the production of the SROI ratio ", which calculates a monetised return" on a notional £1 of investment. In the UK, with available resources becoming increasingly scarce, the third sector is facing demands for increased accountability as well as being encouraged to "scale up" in preparation for assuming greater responsibility for public service delivery. In this context, it is easy to see why the simplicity and clarity of SROI is attractive to policymakers, fundraisers, and investors, who are keen to quantify and express social value creation and thus make comparative assessments of social value.

However, this apparent simplicity also risks reducing the measurement of social impact to a potentially meaningless, or even misleading headline figure, and should therefore be treated with caution. This is especially so where exact measures are unobtainable, and approximations, or so-called "financial proxies" are used. The use of such proxies is highly subjective, especially when dealing with "softer" outcomes. There is nothing to prevent SROI being used within an SAA framework: indeed, a greater emphasis on quantitative data could improve many social accounts. Nevertheless, we conclude that current efforts to promote SROI adoption, to the likely detriment of SAA, may ultimately promote a one-dimensional funder and investor-driven approach to social impact measurement in the third sector. (Jane Gibbon n.d.)

The lack of established measures in the social impact literature is troubling, as it prevents the accumulation of knowledge of similar phenomena. Indeed, Wu and Pagell (2011) point out that having standards in measurement practices can help in dealing with the uncertainty and evolving decision parameters that make having an impact difficult.

In this way, the development of shared standards for measurement might not just help researchers, but also practitioners. However, there seem to be trade-offs between the scope of application of standards and the validity of comparison. Thus, it may be difficult for researchers and practitioners to develop direct social impact measurement standards that are universally applicable. Thus, rather than come to complete agreement on measures, it may be more feasible to form smaller coalitions in which standards of measurement can be developed.

Propositions

16. SIA Dashboard

In line with the ancillary support services provided by the Start-up India portal to registered entities under the Start-up India Scheme, it is worth considering the implementation of a comparable Dashboard for Social Enterprises (SEs). This Dashboard takes inspiration from the Root Cause Guide (Andrew Wolk 2009)) and aims to enhance and streamline the Social Impact Assessment (SIA) process for SEs.

Measure: Organizations operating performance measurement systems use **indicators**, metrics that are tracked regularly, to assess their activities and supporting operations.

Report: To compile performance measurement data into a format that is easy to analyse, organizations can use two main types of reporting tools:

1. A **dashboard** includes a focused selection of indicators to provide

periodic snapshots of the organization's overall progress in relation to past results and future goals. All performance measurement systems should include a **management dashboard**, which enables an organization's leadership team to track overall organizational performance. Many organizations also choose to create **program-level dashboards** to track individual programs or internal areas, such as marketing or human resources, at a more detailed level.

2. A **report card** contains highlights from an organization's internal dashboards and facilitates sharing data externally with social impact investors and other stakeholders. This external reporting tool helps to establish accountability with social impact investors.

Learn: Using the reporting tools listed above, an organization's leadership and other key staff members review and interpret performance data in order to make well-informed decisions and identify opportunities for improvement and necessary course corrections.

Improve: The organization implements its decisions to improve its activities and operations. From there, the performance measurement cycle begins again.

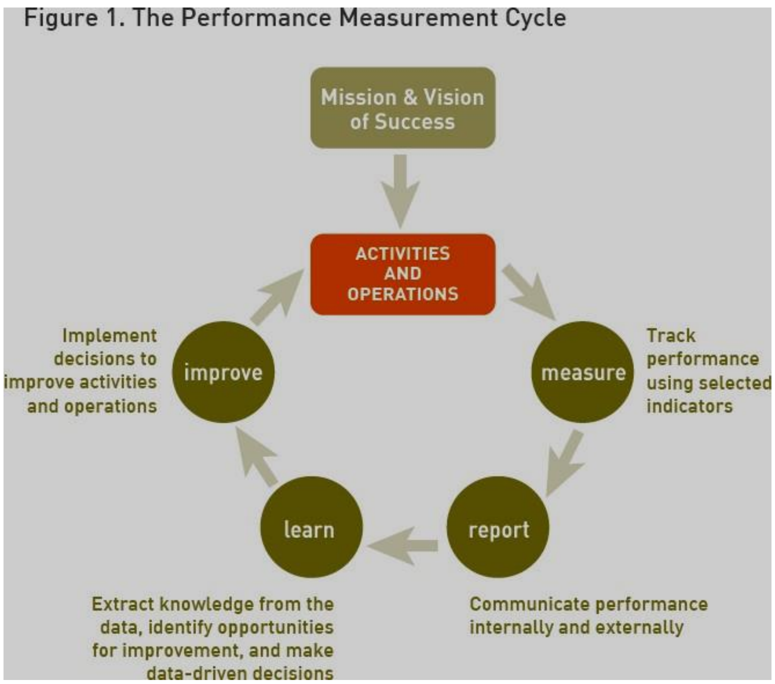


Figure 40 Performance Measurement Cycle; Source: Root Cause Guide 2009

Through the Dashboard, SEs can access comprehensive data analysis, visualizations, and impact measurement parameters, enabling them to gauge the effectiveness of their initiatives and understand the depth of their impact on various stakeholders.

It offers a user-friendly interface that streamlines the SIA process, enabling SEs to efficiently track their progress and identify areas for improvement.

Compiling a master indicator list would be a valuable approach to ensure that an organization selects the most relevant and impactful indicators for measuring its social impact. By referring to sector-specific indicators, derived from guidance notes issued by SEBI (Securities and Exchange Board of India) and Social Auditing Standards, organizations can establish a comprehensive Dashboard to track and report their social impact data. The Dashboard would serve as a centralized platform, encompassing a diverse range of industry-specific indicators that align with the organization's social impact goals. Drawing inspiration from SEBI's guidance notes and Social Auditing Standards, the Dashboard ensures that the chosen indicators are in line with recognized frameworks for social impact assessment and reporting. Similar to regular compliance activities like filing corporate and tax returns, the Dashboard becomes a routine process for organizations to monitor and report their social impact data. By implementing this systematic approach, organizations can demonstrate their commitment to social responsibility, transparency, and accountability to stakeholders and investors.

Indicators	Currently Tracking?	Include in Management Dashboard?	Include in Program-Level Dashboard 1?	Include in Program-Level Dashboard 2?	Include in Program-Level Dashboard 3?
Organizational Health Indicators					
revenue	X				
expenses	X				
net surplus/loss	X				
% revenue mix (individuals, foundations, earned income, etc.)					
# program managers	X				
% milestones met					
Program Performance Indicators					
# program applications	X				
# clients served	X				
# program sessions	X				
% clients male/ female	X				
% clients satisfied with program					
% clients who would recommend your program to their peers					
$ cost per participant					
Social and Economic Indicators					
% participants who achieve program goals	X				
% amount saved in other social services made unnecessary as a result of program					

Figure 41 Sample master indicator list; Root Cause Guide

Figure 9: Sample Management Dashboard

Indicator	2008 Baseline	Q1	Q2	Q3	Q4	2009 Year to Date	2009 Target	Difference from 2009 Target to Date
Organizational Health								
Financial Sustainability								
Revenue	Financial data withheld for privacy purposes							
Expenses								
Net Surplus/Loss								
Team Capacity								
Case Managers	3	3				**3**	tbd	**tbd**
Case Manager Hours per Week	40	40				**40**	50	**(10)**
Program Performance								
Recruitment of Big Brothers and Big Sisters (Mentors)								
Inquiries	74	28				**28**	60	**(32)**
Applications	44	7				**7**	49	**(42)**
Orientations	36	10				**10**	49	**(39)**
Application/Inquiry ratio (%)	59%	tbd				**tbd**	82%	**tbd**
Applications in Process	17	11				**11**	n/a	**n/a**
Recruitment of Little Brothers and Little Sisters (Mentees)								
Inquiries	82	20				**20**	115	**(95)**
Intakes	58	14				**14**	98	**(84)**
Intake/inquiry ratio (%)	71%	70%				**70%**	85%	**(15%)**
Matches								
Current Matches	119	125				**125**	147	**(22)**
Social and Economic Impact								
Success of BBBS Matches								
Mentees improving self-esteem (%)	n/a	tbd				**tbd**	tbd	**tbd**
Mentees improving values/ responsibility (%)	n/a	tbd				**tbd**	tbd	**tbd**
Mentees improving academic performance (%)	n/a	tbd				**tbd**	tbd	**tbd**

Figure 42 Sample Management Dashboard; Root Cause Guide

Chapter 9
Global Exploration of SSEs: An Outward-looking Analysis

Now there are several SSEs in the world which can be described with the help of two models. The main difference between two models of SSEs is that in the 1st case investors do not get financial profit and the efficiency of the projects is regarded in the terms of social or ecological effect; while in the 2d case investors get both financial and social profit. Also, the two models of SSEs do differ in the fact that the 1st model deals with mostly NGOs, while the 2d model works with profitable social organisations. (Svetlana Boguslavskaya n.d.)

Only three of the seven social stock exchanges referred to in this publication survive, and those that have survived have efficient ways of managing operating costs. For example, JSSE retains 10% of the funds raised per project raised, IIX charges certain fees for premium analysis tools and technical services etc.

Most official websites of the global SSEs are either inaccessible or do not provide all the sufficient information needed to learn about social stock exchanges and their scope. For example, Singapore's IIX Institute, and UK's SSX focused on becoming information providers to all either for free or at an extremely low cost.

Excluding South Africa's SASIX, all other SSEs provide capacity-building services to social enterprises. These services include technical support, business consulting, bootcamps (Canada), networking opportunities, guidance on legalities and finance (UK) etc.

Different SSEs offer funds raising through several types of financial instruments. Jamaica's JSIM allows only donations, but JIIM will offer equity and debt to enterprises in Phase 2, a crowd funding platform provided by Brazil and Portugal, Canada's SVX offers loans, preference shares and private equity. (ICAI 2023)

UK:

Key highlights of UK's SSX

- The UK's Social Stock Exchange opened in June 2013.

- The exchange did not facilitate share trading, but instead serves as a directory of companies that have passed a “social impact test”; it also acted as a research service for would-be social impact investors. (Chhichhia 2015)
- It acted as an information provider to the general public, publishing standardized and comparable social impact data on its site.
- A prerequisite was that all companies must be registered on the London Stock Exchange and pass a social impact test.

How would UK SSX undertake SIA

Independent experts would conduct the test and publish a SSE Impact Report covering these areas:

- Social or environmental mission of the social business
- Target beneficiaries
- How the business’s products, services, and operations deliver that social impact
- How a company involves and consults with all its stakeholders
- The evidence of social impact, and how it is collected, measured, and reported

In 2015 , the SSX had only 12 companies under its basket who passed their social impact test.

In 2018, the SSX was restructured with its operations and team moving into a new firm called Impact Investment Network (IIN).

Social Stock Exchange eventually became a licensing entity that licenses out its accreditation methodology to partners that are either other social exchanges or to financial institutions. (Mair 2018)

Currently IIN charges a fee of £3500 to £15,000 per year for its membership which includes services of Impact Reporting (Graham 2017)

Test of Comparability using SIA

The UK SSX did not have enough participants. Moreover the SIA methodology was ‘comparable’ , it did not provide a score- based report to enable comparative analysis amongst Social Enterprises.

Financial Incentives to Impact Investors

There were no additional financial incentives for impact investors.

Conclusions & Takeaways

It can be seen that the UK's Stock Exchange SSX was not really an "exchange" as the stocks of the listed SEs were not traded on the same. However it was rather a :

1. Listing portal for Seeking Impact Investments
2. A research service provider for impact investors (SIA role)
3. Accreditation agency by undertaking "Social Impact Test" for Listed Entities
4. Provider of standardized and comparable social impact data for the general public (Information dissipation role)

It is worth noting that the UK's SSX had to cease its listing portal services due to insufficient participation. This lack of participation can be linked to the stringent requirements of passing their Social Impact Test and mandatory listing on the London Stock Exchange, which proved to be a significant barrier for Social Enterprises (SEs) in accessing public funding. Despite this setback, the SSX continued to offer research and accreditation services to SEs through the Impact Investment Network (IIN), which remains operational today.

From this experience, several key observations emerge:

1. Stringent Qualifications as Barriers: The rigorous qualifications for listing on the SSE acted as significant obstacles for SEs to access social capital, resulting in limited participation and defeating the purpose of facilitating access to social capital and awareness among investors who seek to support causes they are passionate about.
2. Rethinking Access to Social Capital: An important question arises about whether the SSX could have been more effective in promoting accessibility of social capital by removing the Social Impact test and London Stock Exchange Listing Requirement. Instead, the SSX could have provided Social Impact Assessment (SIA) services for all entities interested in evaluating and disseminating their social impact to the general public, even if at a fee.
3. Balancing Verification and Evaluation: The idea of continuing the Social Impact Test as an additional "verification tick" for entities that do pass, while re-evaluating those that do not at periodic intervals, could have provided a balanced approach. This way, entities would have had the opportunity to showcase their improved impacts on

society after being listed on a National portal. Such an approach would have allowed the SSX to continue its role as an information disseminator alongside its evaluation and accreditation functions.

4. Consideration for Inclusion: Limiting the listing requirement and platform access to only For-Profit Entities could have contributed to the SSX's poor performance and eventual shutdown. A more inclusive approach that also considers Non-Profit Entities might have encouraged broader participation and a more vibrant SSE ecosystem.

Canada

Key highlights of Canada's SVX

- Canada: Social Venture Connexion opened in September 2013.
- It held itself up as a "trusted connector" whereby it provided social businesses with access to interested impact investors, service providers, high visibility, and a means to value their triple bottom line at affordable prices
- The Canadian SSE is probably the closest to a full-fledged stock exchange but is open only to institutional investors.
- It is backed by the Government of Ontario, has objective evaluation criteria to publish reports, and provides easy legal registration for social businesses.

How would SVX undertake SIA

In this respect, the Canadian valuation seems the most advanced and insightful, as it uses a widely understood metric, the B Corporation standard (please refer to *B Impact Assessment* as discussed in this research paper) to evaluate social and environmental impact. This could be a guiding principle for the other SSEs to follow suit.

Test of Comparability:

B score passes the test for comparability as it provides a benchmark for multi-sector impact analysis.

Returns/Incentives to Impact Investors

The SVX positions itself solely as a "connector" for social entities and impact investors. This research did not identify any instruments associated with financial returns as part of Canada's SVX.

Conclusions & Takeaways

Drawing inspiration from the Impact assessment method employed by SVX, a comparable assessment system could be integrated into the Indian Social Stock Exchange (SSE). This score-based approach would enhance the Social Impact Assessment (SIA) process, making it more comparative and standardized across different entities. By developing a score- based system, the SSE can assign weights to various indicators and spheres that align with the specific social needs of India. This customization ensures that the assessment framework is tailored to address the unique challenges and priorities of the Indian social enterprise ecosystem. As SVX's impact assessment method stands as the only comprehensive score-based approach from an active exchange, it serves as a valuable model that the Indian SSE can emulate and enhance. By leveraging the best practices from SVX's approach, the Indian SSE can establish a robust and transparent evaluation system that allows for meaningful comparisons among social enterprises. A score-based assessment system offers several benefits. First, it provides a standardized and quantifiable way to evaluate the social impact of different entities, allowing for easier comparison and benchmarking. Second, it encourages social enterprises to strive for continuous improvement, as they can track their progress over time and identify areas for enhancement.

Furthermore, a score-based approach simplifies the understanding of a social enterprise's impact, making it more accessible and informative for investors, stakeholders, and the general public. It helps build trust and credibility, enabling investors to make informed decisions aligned with their impact objectives. By learning from SVX's model and adapting it to suit India's specific social landscape, the SSE can establish itself as a leader in impact assessment and reporting in the region. The score-based system's adaptability allows for periodic updates and refinements as the social enterprise sector evolves and grows.

Integrating a score-based impact assessment method, inspired by SVX, into the Indian SSE offers a promising way to make SIA more comparative, standardized, and effective. By fine-tuning the weights of indicators and spheres to meet India's social needs, the SSE can enhance transparency, attract impact investors, and drive positive change in the social enterprise sector. This approach positions the Indian SSE as a leader in promoting and accelerating impactful investments in the country.

Immediate Advantages:	Long-Term Advantages:
Standardization and Comparability: The immediate advantage lies in standardizing the Social Impact Assessment (SIA) process. It allows for direct comparisons among social enterprises, enabling investors to assess and differentiate impact performance more efficiently. Transparency: The score-based approach enhances transparency by providing a clear, quantifiable representation of a social enterprise's impact. This transparency builds trust and confidence among investors and stakeholders. Investor Decision-Making: Impact investors benefit from a more informative and accessible understanding of a social enterprise's impact. This empowers them to make well-informed decisions aligned with their impact objectives.	Continuous Improvement: Social enterprises are encouraged to strive for continuous improvement as they can track their progress over time and identify areas for enhancement. This fosters a culture of innovation and social impact optimization. Credibility and Trust: Over the long term, the score-based system enhances the credibility of the SSE and the social enterprises listed on it. This credibility attracts more impact investors and promotes impactful investments in the Indian social enterprise sector.

Figure 43 Advantages of SVX inspired score based assessment

Potential Challenges in Implementation of this approach:

While the integration of a score-based assessment system offers significant advantages, there are potential challenges in adapting SVX's model to the Indian context. Adapting the model to align with India's unique social landscape may require careful consideration of cultural, regional, and sector-specific nuances. Further, ensuring that relevant data for impact assessment is consistently available and reliable could be a challenge, especially for smaller social enterprises. Lastly, some social enterprises may initially resist the shift to a score-based system, requiring education and support during the transition.

Customization for India:

Customizing the score-based assessment system for India involves assigning weights to indicators and spheres that address the nation's specific social needs, challenges, and priorities. This may include indicators related to poverty alleviation, education access, healthcare, environmental sustainability, and more. Customization ensures that the assessment framework is tailored to India's distinct social objectives. The long-term vision for the Indian SSE involves establishing itself as a leader in promoting and accelerating impactful investments in the country. It positions the SSE at the forefront of the impact investing landscape, attracting domestic and international investors seeking meaningful social and environmental outcomes.

Engagement and Collaboration:

Collaboration between the SSE, social enterprises, and impact investors is critical in fine-tuning and evolving the score-based assessment system over time. Regular feedback loops, consultations, and partnerships can ensure that the system remains dynamic and responsive to changing social needs.

Practical Steps for Implementation:

- Data Infrastructure: Establish a robust data infrastructure to collect, verify, and maintain impact data from social enterprises.
- Weight Assignment: Involve experts and stakeholders in determining the appropriate weights for indicators and spheres to reflect India's priorities.
- Education and Support: Provide training and resources to social enterprises to help them adapt to the new assessment system.

Conclusion:

Integrating a score-based impact assessment method inspired by SVX aligns with the SSE's mission to promote impactful investments in India. It offers practical benefits such as standardization, transparency, and improved decision-making for investors. Addressing potential challenges, customizing the system, and fostering long-term collaboration are vital for its success. The long-term vision includes positioning the SSE as a leader in impact investing and contributing to India's social and environmental progress.

Singapore:

Key highlights of Singapore's IIX

- Impact Exchange (IIX) opened in June 2013 and is the only public SSE.
- It aims to function similarly to the UK SSE by providing information about valued social businesses and impact investing funds.
- It also includes non-profits in its list of issuers, which can issue debt securities such as bonds.
- We provide avenues of support for SMEs such as sourcing, upskilling, and capital raising support through Impact Partners, to financing via
- IIX Growth Fund and,
- The Women's Livelihood Bond TM Series supported by the Women's Catalyst Fund.

The Singapore IIX is similar to the Canadian one in terms of measurement criteria but is yet to qualify any companies for investment.

How would SVX undertake SIA

The Risk-Return-Impact (RRI), has serves as the blueprint for IIX to disrupt traditional finance, transform financial markets, and create many world-firsts. (IIX Impact Report 2022)

Returns to Investors IIX Growth Fund

The IIX Growth Fund (IGF) is an early-stage equity (from IIX's balance sheet) and debt fund (through partner support) that invests in impact enterprises in South and Southeast Asia, thereby facilitating social and environmental solutions. The innovative structure of the IGF is designed to provide patient capital to women-focused SMEs and support them through external shocks. Created in the aftermath of the Covid-19 pandemic, the IGF recognizes the potential of women to be solutions for economic relief, gradual recovery, and resilience building. With zero defaults or delays in interest or principal payments to date, the IGF offers stable returns with low risk.

Women's Livelihood Bond Series

The Women's Livelihood BondsTM (WLB) are the world's first gender- lens social bonds compliant with the International Capital Markets Association, listed on a stock exchange (Singapore Exchange: SGX), and quoted on Bloomberg. WLB's revolutionary financing structure connects local communities to the global market, unlocking capital and empowering women. The WLB Series has raised over US$128 million from global investors across 5 issuances. Each issuance has increased in size and channelled capital into diversified multi- continent, multi-sector portfolios that have yielded **a zero-default rate** and are creating positive impact for over 1 million women and their families.

On-time interest payments for WLB 1-4 even through COVID and full principal repayment at the end of the 4 year-tenure for WLB1 marked the successful creation and completion of the world's first gender bond. In addition to strong financial performance, WLB met or exceeded all social performance targets, including targets for increased financial inclusion and financial resilience. The WLB Series has hence demonstrated IIX's risk-return-impact framework and paved the way for gender lens impact investing.

Women's Livelihood Bond 5, the world's first Orange Bond, focused on building a gender-lens ecosystem. IIX partnered with ~20 firms, including banks, law firms, and public sector/donor agencies from across the world, united by the mission of building gender-equal, climate resilient, and sustainable financial markets.

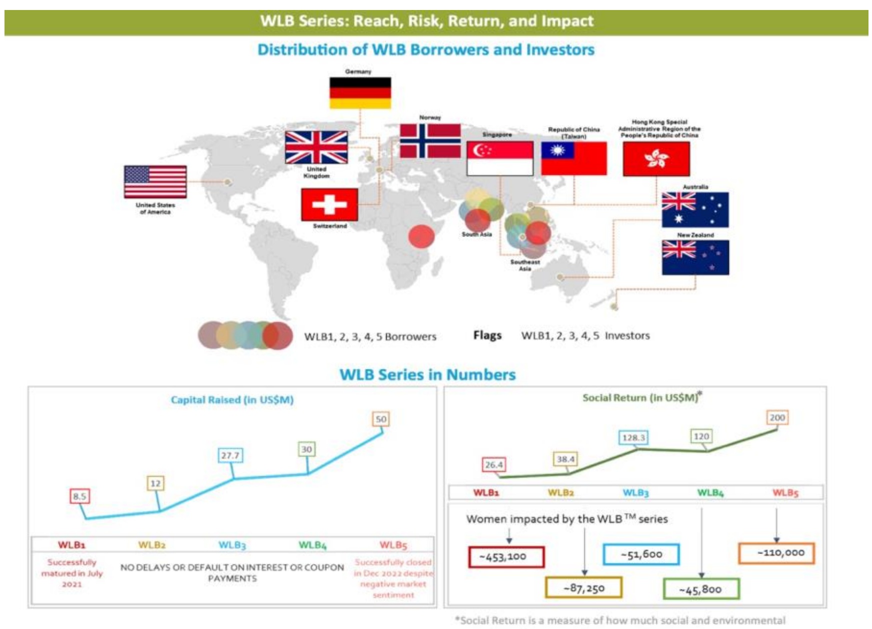


Figure 44 Distrubution of WLB borrowers; Source:Graham, Ysenda Maxtone. 2017. "IIN." Accessed July 4, 2023. https:///www.impactinvestmentnetwork.com/.

Women's Catalyst Fund

The Women's Catalyst Fund (WCF) is a blended finance fund designed to unlock private sector funding towards gender-lens financial instruments. By providing a layer of first-loss capital to women-focused structured finance instruments such as IIX's WLB Series, the WCF effectively reduces the risk borne by private sector investors and catalyses investor appetite for such instruments. To date, every US$ 1 invested by the WCF has mobilized ~US$ 9 of private sector investment towards gender bonds.

The WCF has been critical to the successful replication of the WLB Series, enabling the mobilization of private sector capital at scale. Since the inception of WCF in 2019, each WLB Series issuance supported by the WCF has been on average 70% larger than its preceding issuance. In 2022, WCF provided a US$ 5M subordinated loan to the WLB5, unlocking US$ 45M of private sector capital, for a total mobilization of US$ 50M towards the economic and social empowerment of women in underserved communities.

The WCF has received investment and support from government investment arms and Development Finance Institutions around the world.

South Africa:

Key highlights of South Africa's SASIX

- SASIX opened in June 2006 and was the second global SSE . It is currently inactive.
- It offers ethical investors a platform to buy shares in social projects according to two classifications: sector and province.
- the Brazilian and South African SSEs are more akin to online matchmaking platforms than investment platforms.
- On South Africa's, for example, interested investors can browse and select social businesses based on project type, mission, and location.
- SASIX describes the engagement process in five phases –
    - The 'Awareness and Understanding' phase
    - The 'Connecting' phase
    - The 'First Give & Bond' phase
    - The 'Mature Giving' phase
    - The 'Stewardship' phase

SIA Approach

The 'Mature Giving' phase, where investors could become 'citizen grant makers' by establishing a consistent track record of financially supporting enterprises. The 'Stewardship' phase, where investors received impact reports created by social enterprises detailing the impact of project funding.

Instruments

SASIX engaged both retail and institutional investors, while SASIX Financial only engaged institutional investors.

The 'First Give & Bond' phase, where investors could make decisions about how they wanted to allocate their donations by setting up their 'giving profiles'. The cost of listed projects was evaluated by SASIX and divided into shares costing R 50 each, which could be purchased by investors, based on thematic area and province.

SASIX Financial had an exclusive relationship with Cadiz and thus only reached Cadiz pension fund holders and institutional investors. The range of financial products available for impact investments through the joint venture was limited primarily to debt.

Jamaica

Key Highlights of Jamaica's JSSE

- Jamaica Social Stock Exchange (JSSE) was launched in 2019.
- JSSE was jointly sponsored by Jamaica Stock Exchange (JSE) and Inter-American Development Bank (IDB) which provided US $910,000.
- Annually, JSSE holds 3 submission rounds where projects can request for JMD$5M to $25M per project. 10% of the targeted amount must be raised independently by the project/social entity.

Return to Investors

JSSE houses 2 social capital market –

1. Jamaica Social Investment Market (JSIM) - Under Phase 1, JSIM provides a crowdfunding platform where donors will only receive a 'virtuous' or social return.
2. Jamaica impact investment market (JIIM)- under phase II, through JIIM, social enterprises are listed as profitable businesses and equity is traded for profit.

JIIM gives two streams of returns – return on social investment (SROI) via social impact and financial dividends on shares. JIIM functions like the Jamaica Stock Exchange, however the dividends are not as high in JIIM as part of the profit is usually reinvested by businesses for expanding their mission related activities.

Takeaways

Out of the 10 projects listed on JSSE, an impressive 4 have successfully raised their target funds. Over the course of its 3- year operation, JSSE has achieved remarkable fundraising results, surpassing JMD $50 million in total raised capital. One of the key contributing factors to the success of Jamaica's JSSE can be attributed to the inclusion of a financial dividend component, even if modest, alongside the social return component in the Social Return on Investment (SROI) framework. This combination of financial and social incentives has proven to be instrumental in attracting investors and driving the positive impact of the exchange.

Brazil

Key Highlights of Brazil's Bolsa de Valores Socioambientais (BVSA) or Socio-Environmental Investment Exchange

- The Socio-Environmental Investment Exchange of Brazil launched in 2003 was the first Social Stock Exchange worldwide. It is currently inactive.
- BVSA has been an inspiration to South Africa, Portugal, Singapore, and in 2018, to Jamaica as well.
- This SSE functioned on the base of the Brazilian Stock Exchange BOVESPA.
- Structure BVSA was a crowdfunding platform housed under the Brazilian stock exchange (B3 i.e., Brazil Bolsa Balcao).

SIA

B3 oversaw the online platform, processed all the transactions, and absorbed operational costs, including those incurred by its network of specialists from the social sector, working to select, list, support and monitor projects. Starting from 2015, Brazil Foundation, a non-profit philanthropic intermediary, began providing additional funding to projects listed on the BVSA, as well as impact monitoring. BVSA's technical team conducted regular monitoring of listed projects through audits and site visits. From 2015 onwards, Brazil Foundation also conducted impact monitoring through project reports and site visits. According to B3's website, BVSA ended its operations in December 2018; its official website is inaccessible.

BVSA provided investors with the option of investing in projects directly or with the guidance of B3's brokerage firms offering 'social broking' services. B3 also sent investors its conventional securities market monthly information, on 4-5 projects in which they could choose to 'socially invest' Investors were able to track the progress of their projects through BVSA's website. The technical team also provided progress reports to investors on a semi-annual basis, as well as a summary report of the project once it had been implemented.

Impact BVSA listed projects covering vast thematic areas such as environment and education as well as some of the MDGs and SDGs. Projects related to SDGs such as climate action, health and gender equality projects have been featured on BVSA.

Return to investors

Investors bought "social equity units" in social enterprises and they did not receive any financial profit. The effectiveness of social projects was measured by their social return.

The SSE would screen social and environmental projects and list 20 projects a year, with each project featured for one year.

Portugal

Key Highlights of Portugal's Bolsa de Valores Sociais (BVS)

- Bolsa de Valores Sociais (BVS), also referred to as the Portuguese Social Stock Exchange or the VHL, was launched in 2009. It is currently inactive.
- The BVS was the first one in the world to follow the model adopted by the Brazilian stock exchange and adopted similar management practices.

SIA

BVS was modelled after the Brazilian Social Stock Exchange (BVSA) and managed by VHL. Association for the sustainable financing of social impact. It screened and listed social projects for a period of 2 years. Donors could track the projects they supported by tracking the project accounts and finances on BVS's website.

Technical specialists from BVS screened project applications through a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis based on project details shared as well as site visits. The projects were evaluated for innovation, scaling potential, replicability, financial feasibility, sustainability, implementation, and impact capacity by the final approval committee, comprising representatives of the founders, before they were listed on BVS, for two years.

The VHL may, at any time, carry out audits and the financed organization is obliged to make available all records and documents related to the quoted project. Failure to comply with these conditions may lead to the immediate suspension of the transfer of resources and the exclusion of the VHL project.

BVS Instrument

Both retail and institutional donors were permitted to make investments on BVS by buying 'social shares' of the projects of their choice. Investors were required to purchase a minimum of 10 shares, with each share priced at one euro. BVS did not charge a commission on investments, distributing funds in their entirety to listed projects.

Brief Summary of Takeaways

Rethinking Listing Criteria	The current scenario emphasizes the pressing need to address underserved social causes that require immediate attention and intervention to progress towards achieving their respective SDG targets in India. By considering these disparities in the listing criteria, the SSE can play a pivotal role in directing funding towards social enterprises that are striving to make significant contributions to vital SDGs but might be overshadowed by more established initiatives. Ensuring an equitable and inclusive listing process that factors in the diverse range of social causes and their respective SDG goals will be instrumental in propelling India towards a trajectory that fully embraces its commitment to sustainable development. This calls for a careful and thorough assessment of the existing listing criteria and an informed re-evaluation that takes into account the unique challenges and requirements of each social cause. Such an approach will empower the SSE to facilitate funding allocation in a manner that optimally

	supports the diverse spectrum of social enterprises and accelerates progress towards achieving India's SDGs.
Enhancing Investor Appeal	Contracted Social Impact Bonds (CSIBs) present a compelling argument for exemplary performance and, consequently, merit serious consideration for integration into the Social Stock Exchange (SSE) framework. To develop an innovative financing model for the Social Stock Exchange (SSE), a promising approach could involve establishing a collaborative framework where investors function as "risk-funders," while the government assumes the role of a "partial outcome funder." Under this arrangement, investors provide the initial capital with the understanding that their return on investment (ROI) would be linked to the extent of the social impact achieved by successful Social Enterprises (SEs). Upon successful implementation of SE initiatives, the government would reimburse the investors the ROI portion corresponding to the quantifiable social impact delivered. The repayment mechanism for the principal amount, on the other hand, would be tied to the tangible social outcomes generated from the investments. This model fosters a symbiotic relationship between investors, SEs, and the government, aligning their interests to maximize positive social outcomes. The proposed model represents a win-win situation for both the government and impact investors. By adopting this approach, governments can effectively outsource their social welfare activities to impact investors, leveraging their expertise and resources to achieve tangible social impact. Concurrently, investors stand to gain not only financial returns but also the gratification of contributing to positive societal change through their investments in social bonds. This dual benefit of financial and social returns reinforces the attractiveness of the model. By doing so, India can significantly contribute to narrowing the existing financing gap, which has been estimated at a substantial $2.5 trillion per annum by the

	Global Impact Investing Network (GIIN), in order to accelerate the realization of its Sustainable Development Goals (SDGs).
	It is worth noting that the UK's SSX had to cease its listing portal services due to insufficient participation. This lack of participation can be linked to the stringent requirements of passing their Social Impact Test and mandatory listing on the London Stock Exchange, which proved to be a significant barrier for Social Enterprises (SEs) in accessing public funding. Despite this setback, the SSX continued to offer research and accreditation services to SEs through the Impact Investment Network (IIN), which remains operational today. From this experience, several key observations emerge: 1. Stringent Qualifications as Barriers: The rigorous qualifications for listing on the SSE acted as significant obstacles for SEs to access social capital, resulting in limited participation and defeating the purpose of facilitating access to social capital and awareness among investors who seek to support causes they are passionate about. 2. Rethinking Access to Social Capital: An important question arises about whether the SSX could have been more effective in promoting accessibility of social capital by removing the Social Impact test and London Stock Exchange Listing Requirement. Instead, the SSX could have provided Social Impact Assessment (SIA) services for all entities interested in evaluating and disseminating their social impact to the general public, even if at a fee. 3. Balancing Verification and Evaluation: The idea of continuing the Social Impact Test as an additional "verification tick" for entities that do pass, while re-evaluating those that do not at periodic intervals, could have provided a balanced approach. This way, entities would have had the opportunity to showcase their improved impacts on society after being listed on a National portal. Such an approach would have allowed the SSX to continue its role as an information

	disseminator alongside its evaluation and accreditation functions. 4. Consideration for Inclusion: Limiting the listing requirement and platform access to only For-Profit Entities could have contributed to the SSX's poor performance and eventual shutdown. A more inclusive approach that also considers Non-Profit Entities might have encouraged broader participation and a more vibrant SSE ecosystem. Drawing inspiration from the Impact assessment method employed by SVX, a comparable assessment system could be integrated into the Indian Social Stock Exchange (SSE). This score-based approach would enhance the Social Impact Assessment (SIA) process, making it more comparative and standardized across different entities. By developing a score-based system, the SSE can assign weights to various indicators and spheres that align with the specific social needs of India. This customization ensures that the assessment framework is tailored to address the unique challenges and priorities of the Indian social enterprise ecosystem. As SVX's impact assessment method stands as the only comprehensive score- based approach from an active exchange, it serves as a valuable model that the Indian SSE can emulate and enhance. By leveraging the best practices from SVX's approach, the Indian SSE can establish a robust and transparent evaluation system that allows for meaningful comparisons among social enterprises. A score-based assessment system offers several benefits. First, it provides a standardized and quantifiable way to evaluate the social impact of different entities, allowing for easier comparison and benchmarking. Second, it encourages social enterprises to strive for continuous improvement, as they can track their progress over time and identify areas for enhancement.
	Furthermore, a score-based approach simplifies the understanding of a social enterprise's impact, making it

	more accessible and informative for investors, stakeholders, and the general public. It helps build trust and credibility, enabling investors to make informed decisions aligned with their impact objectives. By learning from Canada's SVX's model and adapting it to suit India's specific social landscape, the SSE can establish itself as a leader in impact assessment and reporting in the region. The score-based system's adaptability allows for periodic updates and refinements as the social enterprise sector evolves and grows. Integrating a score-based impact assessment method, inspired by SVX, into the Indian SSE offers a promising way to make SIA more comparative, standardized, and effective. By fine- tuning the weights of indicators and spheres to meet India's social needs, the SSE can enhance transparency, attract impact investors, and drive positive change in the social enterprise sector. This approach positions the Indian SSE as a leader in promoting and accelerating impactful investments in the country. Out of the 10 projects listed on JSSE, an impressive 4 have successfully raised their target funds. Over the course of its 3-year operation, JSSE has achieved remarkable fundraising results, surpassing JMD $50 million in total raised capital. One of the key contributing factors to the success of Jamaica's JSSE can be attributed to the inclusion of a financial dividend component, even if modest, alongside the social return component in the Social Return on Investment (SROI) framework. This combination of financial and social incentives has proven to be instrumental in attracting investors and driving the positive impact of the exchange.

The research highlights the pressing need to address underserved social causes in India to progress towards achieving Sustainable Development Goals (SDGs). The Social Stock Exchange (SSE) can play a pivotal role in directing funding towards such social enterprises striving to make significant contributions to vital SDGs.

To achieve equitable and inclusive progress, a careful re-evaluation of the existing listing criteria is essential. The SSE needs to factor in the diverse range of social causes and their respective SDG goals, empowering funding allocation that supports a spectrum of social enterprises.

Contracted Social Impact Bonds (CSIBs) offer a compelling model for integrating into the SSE framework. By establishing a collaborative framework where investors function as "risk-funders" and the government as a "partial outcome funder," the SSE can align interests to maximize positive social outcomes.

This innovative financing model can significantly contribute to narrowing the financing gap, estimated at $2.5 trillion per annum, and accelerate India's progress towards achieving its SDGs.

The research also emphasizes the importance of Social Impact Assessment (SIA) methodologies, where suitability and usage may vary based on specific contexts and objectives. A comparable Dashboard inspired by the Root Cause Guide could streamline the SIA process for Social Enterprises (SEs).

Learning from experiences like the UK's SSX, it is crucial to re-evaluate stringent qualifications for listing on the SSE, promote accessibility of social capital, and consider a more inclusive approach that considers Non-Profit Entities.

Drawing inspiration from SVX's score-based impact assessment method, the Indian SSE can develop a transparent evaluation system that encourages continuous improvement among social enterprises. By adapting this model to India's unique social needs, the SSE can establish itself as a leader in impact assessment and reporting.

Integrating a score-based approach into the Indian SSE offers a promising way to make SIA more comparative, standardized, and effective. This positions the SSE as a leader in promoting and accelerating impactful investments, propelling India towards becoming a global inspiration for achieving SDGs and fostering a social finance revolution.

Chapter 10

Final Word

In closing, I take immense pride in presenting the culmination of our inaugural research project, generously sponsored by ICAI. This pioneering endeavour marks the beginning of a transformative journey, one that I wholeheartedly intend to nurture and expand over time.

My sincere hope is that the findings from this research will serve as a beacon of knowledge, illuminating the path to harnessing the immense potential of the Social Stock Exchange (SSE). As I unveil the insights garnered, I envision a future where India stands tall as a global exemplar, inspiring nations far and wide in their pursuit of Sustainable Development Goals (SDGs).

The commitment to advancing this transformative cause remains resolute, driven by a passion for catalysing a social finance revolution. By continuously exploring, evolving, and refining this research, my aim to empower the SSE to become a driving force for positive change, uplifting communities and impacting lives on an unprecedented scale.

In collaboration with stakeholders, visionaries, and change-makers, we embark on this noble mission to shape a world where social impact and financial sustainability harmoniously coexist. Together, we can strive to leave an indelible legacy, creating a ripple effect of inspiration that resonates across borders and generations.

With gratitude and determination, I extend my deepest appreciation to ICAI for their unwavering support and belief in our vision. Their sponsorship has been instrumental in propelling this endeavour to new heights, reinforcing our commitment to excellence and innovation.

As we venture into the future, I do so with humility, knowing that the impact of this research reaches far beyond the confines of these pages. It is an invitation for all of us to be catalysts of change, architects of a more equitable and compassionate world.

May this research serve as a catalyst, igniting the flames of progress and creating a legacy of positive transformation. Together, let us unlock the true potential of the SSE and shape a future where social and financial aspirations unite for the betterment of humanity. The journey has just begun, and I eagerly anticipate the remarkable possibilities that lie ahead.

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Annexure-2

Table of Figures