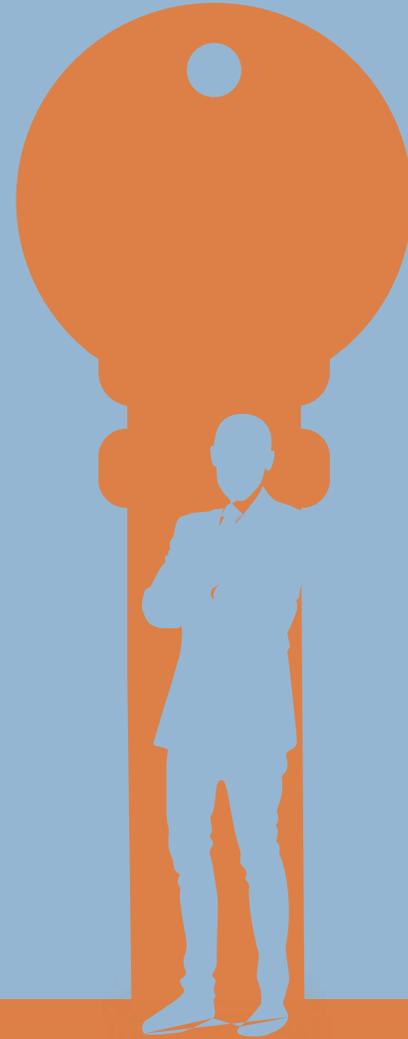


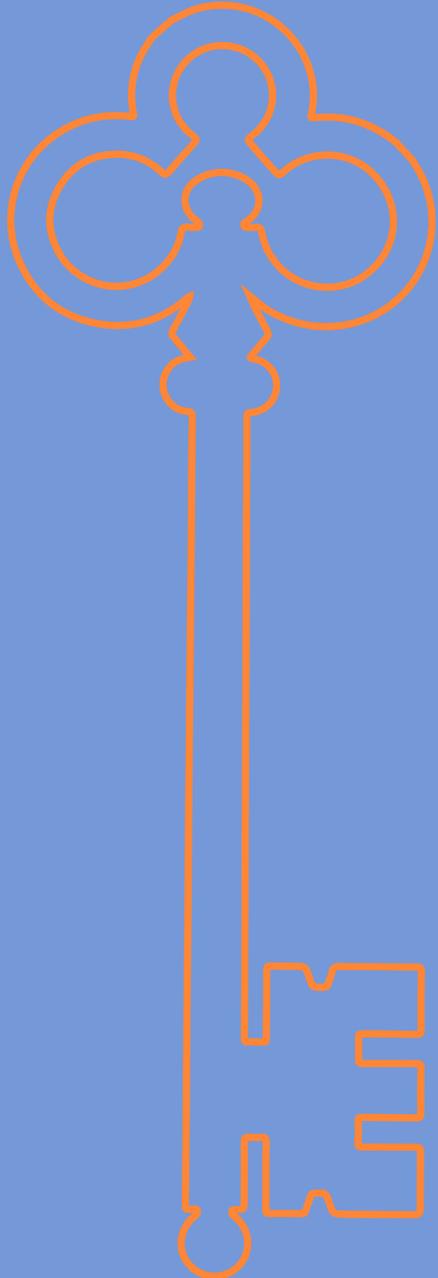
## 2.6 Methods for investment evaluation



ReinFORCE SOCIAL Entrepreneurial Spirit through setting up Innovative Support Structures in the cross-border Territory “Social Forces”

4.9.2: Design and Development of the Training Material





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- ❑ Description of the SROI Method
- ❑ SROI and social enterprises
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# *The social footprint of social enterprises*

Social enterprises' activities are expected to have a **social impact** that will result from the following **actions**:

- ✘ Protection and restoration of the natural environment and biodiversity.
- ✘ Sustainable agriculture and livestock farming, which emphasizes the conservation and dissemination of threatened local traditional varieties or "races" and the prevention of penetration of genetically modified organisms.
- ✘ Local and regional supported farming or livestock farming, which contributes to the development of trade relations between producers and consumers, and enhances the accessibility to basic necessities, especially of the poorest population groups, through their direct distribution.
- ✘ Fair trade.
- ✘ Production, processing, promotion and conservation of the productive or cultural heritage.
- ✘ Generation of collective and social benefit at economic, environmental and social level.

# Description of the SROI Method

## Social Return on Investment (SROI):

- Method of measuring the **social**, **environmental** and **economic** value of a project / program.
- It differs from other methods because it **takes into account the experiences of those that are involved in this project.**
- It provides the framework to attribute **monetary value to non-marketable goods** such as quality of life, well-being, interpersonal relationships, etc.

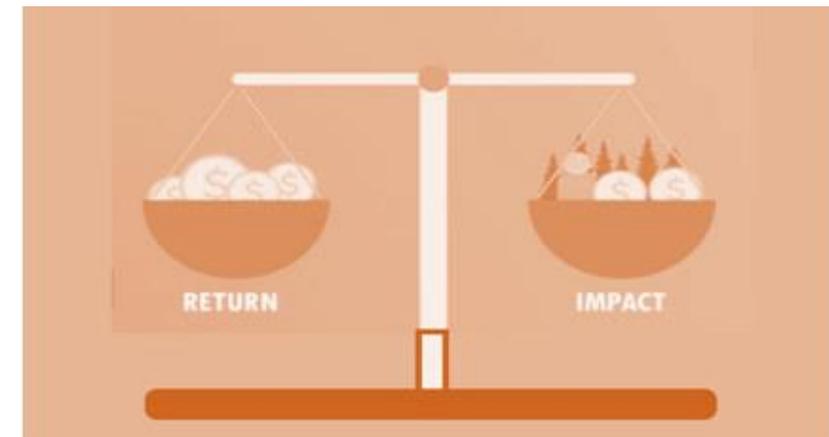


Social  
Return  
On  
Investment

# *SROI and social enterprises*

Social enterprises can use SROI as a **management tool** for:

- Improving performance
- Updating of expenditure
- The emergence of added value
- The analysis of value arising from commercial activities



## Principles of SROI (1)

### 1 Direct involvement of all stakeholders

Provide information to all stakeholders about anything that can be measured and how it can be calculated and evaluated, as well as ensuring their direct participation.

### 2 Book value in matters of importance

Use of financial terms so that the value of the results can be recognized. Many results are not traded on markets and therefore their value is not recognized.

### 3 Understanding the theory of change

Specification of the way that the change is triggered and evaluation through evidence, by recognizing positive and negative changes, as well as those that occur either deliberately or inadvertently.

### 4 Verification of results

Ensure proper, independent assurance

## Principles of SROI (2)

### 5 Selection of important results

Definition of the information and evidence that should be included in the reports in order to promote a true and fair view, so that interested parties can come into reasonable conclusions about the expected implication.

### 6 Avoid excessive claims on results

Claiming only the values that were created by organizations.

### 7 Transparency

Proof of the basis on which the analysis can be considered accurate and honest and to be reported and discussed with all interested parties.

# Benefits for enterprises by measuring social impact (1)

Enterprises are able to:

- 01 Facilitate their **strategic discussions** by understanding and maximizing the social value of a project.
- 02 Illustrate effectively the **social impact** created by the project, by improving their image.
- 03 Increase **funding opportunities** by providing reliable data on their actions.



## Benefits for enterprises by measuring social impact (2)

Enterprises are able to:

- 04 Understand the impact that has been created on all interested parties to make their **operations more efficient**.
- 05 Identify potential weaknesses in order to make **strategic planning** effective.
- 06 Strengthen monitoring and management systems to achieve **optimal allocation of limited resources**.



# Benefits for investors by measuring social impact

## Investors are able to:

- 01 have a **quick, comprehensive** and **reliable** picture of the social value generated by their funding.
- 02 **Support future investment decisions** based on the information they receive from the SROI analysis in order to ensure the effectiveness of their funds.
- 03 Schedule **investment funding** effectively.
- 04 Improve their **image** or their **Social Corporate Responsibility** by funding activities that have a significant impact.

