



MEETING REPORT

SEMINAR: FINANCING AND IMPACT MEASUREMENT

26-27 June 2014, Eurodiaconia offices, Brussels

Participants: Graber, Hendrik-Jan (Kerk in Actie), Moggré, Wim (IDO Lelystad / Kerk in Actie), Hazan, Zuzana (Slezska Diakonie), Hilden, Per Kristian & Kaupang, Terje (Oslo Church City Mission) Jones, Laura & Schlage, Theresa (Eurodiaconia), Kuikanmäki, Outi (Helsinki Deaconess Institute), Majercakova, Daniela (ED ECAV, Slovakia), Wegner, Katharina (Diakonie Deutschland)

26 June

Laura Jones from Eurodiaconia started the meeting with a devotion and prayer. She then initiated an ice breaker and presented the agenda and context for the meeting (see meeting invitation).

Part one – measuring social and economic impact

Participants discussed the trend of funders to require social and economic impact measurement and some of the issues associated with it. Models of measurement are usually based on past experiences or outcomes but organisations need to look forward in terms of development and planning and detecting trends. Measurement itself should not lead any process. In Finland public authorities are expected to increasingly require social/economic impact measurement for funded services.

Three **examples of social and economic impact measurement from member organisations** were then presented for discussion. The first was from **Miteinander Leben Gmbh (ML)** via Skype (a member of Diakonie Austria; project summary available). They run community-oriented supported housing units. They commissioned a Social Return on Investment study with the University of Vienna Non Profit Institute, which cost about €20,000. One reason they carried out the study was that they wanted to show the effectiveness of assisted living in order to persuade law makers that the costs for this type of service should be covered. They also wanted to show the added benefits to relatives and highlight the fact that economists can contribute to the development of the social sphere.

In terms of the data used, ML has a databank with statistics on the residents from the past ten years. An example of a comparison to show economic and social benefit of the ML model was regarding the outcomes related to better human contact in ML housing units, as measured by the lower level of psychological problems, with the comparable statistics being drawn from nursing homes and the occurrence of such problems there. In the study a very large group of stakeholders was identified and factored in, from government to the community to staff to service users and relatives and more. At the start they felt that the methodology being used didn't go into enough detail and it wasn't clear how some of the values were calculated so there needed to be quite some dialogue with the researchers and refining of the method. They feel that they could make better use of the study in their work and are planning to develop more advocacy for financial support of assisted living.

The next example was from IDO (an interdenominational project supported by Kerk in Actie among others) (presentation available). They work with both local government and companies to help people out of debts and who are experiencing other financial needs. There is a need for many soft indicators because often the outcomes are also "soft". It is important to experience the projects however, and not just measure them; often direct experience is more powerful and persuasive than just financial figures. Their impact measurement was carried out by Oikos who developed a computer programme version of SROI for churches to use. One of the key elements of their work is the involvement of volunteers and the financial benefits this brings because of the costs that would have been spent on staff. Their reasons for doing the assessment were that they wanted to show they deserved more funding because they have more work and guarantee continuity, to make clear what the organisation does and its added value.





They have been able to show their success regarding getting people out of debt is 70% rather than 40% success rate of the government schemes, and a more detailed analysis of the “debt buddy” approach shows 1 euro invested saves 2.83€. The SROI of drop-in centres is about 75%; of debt relief is about 90%; of food distribution points is about 80%. They have used the results in presentations to government and new money lenders as well as to attract new volunteers.

In the discussions it was noted that sometimes public expenditure needs to be increased to better meet social needs, so care should be taken when emphasising the cost saving impact of services. Impact measurement seems to be positioned between knowledge production and marketing in terms of the role it often plays. It is important to maintain the focus on the targets and the quality of life for service users. Users should be involved in the development of the knowledge generated.

Helsinki Deaconess Institute then presented a methodology called SOFIE, based on SROI and Social Accounting, which they are in the process of implementing in pilots through an online tool (presentation available). They want to be ahead of the trend in impact measurement and therefore have more influence over the process. SOFIE has a stronger social impact measurement element than regular SROI. It stands for SOcial – FIancial – Ecological evaluation and was developed through a collaboration of several social enterprises sharing the need to express their social impacts. It uses quantitative and qualitative indicators and storytelling and there are three types of data used: 1. Absolute (“truth”) 2. Previous research (“guess”) 3. Estimate – based information (assumption).

There have been challenges associated with implementing the model/tool, mainly the level of work needed to develop it at the beginning, such as finding good indicators/measurements for each service addressed. They are considering developing a lighter version for future use. It is also a new way of thinking, an ongoing discussion on what impacts are being made rather than measuring facts such as days of care given. For them aspect that makes the process worthwhile is that they are learning about the services as they go through the process, there is an increase of “self-understanding” and it contributes to service improvement.

In the discussion participants talked of the use of user satisfaction measurement by public authorities as an impact measurement tool, yet the validity of such information is often low, for example service users with dementia who cannot understand the questionnaire are made to respond. The approach of private financing is measuring and monetarising; but can everything really be measured? It was felt that most things are measurable but not in terms of monetary value. It is important to connect figures with stories. Regarding cooperation with companies, organisations should be aware that some may look to such cooperation to promote their image; so called “social washing”. Ensure you can stick to your mission or vision statement when engaging with corporate partners. There was a proposal to facilitate an exchange on how different diaconal organisations pursue CSR type activities.

In the Netherlands there has been work done by banks to predict future behaviour of bank account holders; they are able to predict debt problems even before they become evident. The Debt Buddy project has been very successful in helping people out of debt (it is an element of the IDO initiative) and they are looking to develop a job buddy version.

The group then went through the **Eurodiaconia briefing on measuring social and economic impact** which was sent out in advance. It contained information about and extracts from the **EU Social Business expert group’s social impact measurement framework**. Participants felt that the framework content was valid, if not always clear. Comments were made on the paper which will be incorporated into a revised version to incorporate **guidelines for members considering using social/economic impact tools**. Participants made proposals for points to include under the guidelines as well as broader proposals:

- Provide an overview and a summary of the main key tools involved; their pros and cons
- Include a short summary of members’ experiences, including the context and on which type of service an assessment was used
- Basic information about cost and time requirements
- Include a position on social impact measurement in general
- Organisations should consider the following: What do you need / want? • What is expected? – Authorities, financers, stakeholders. • What do others do? – You want to do at least the same • What kind of impacts (social, financial) do you want to report / can? • How much work/money are you willing to invest? • What are the benefits you expect to get yourself? • What happens if you do nothing?



- Regarding the depth of evaluation: What kind of services are you planning to evaluate?
 - Projects – a limited time-scope / interests of the financers
 - Permanent services – effort will serve for a long time

Eurodiaconia could also

- Create a hub where members could connect and exchange on social/economic impact measurement
- It would be useful to enable organisations to share the indicators they are using for measuring social and economic impact and how they use the SROI tool

Part 2 – public financing

Laura presented an update on the state of play of the Commission discussions with Member States on the **2014-2020 European Social Fund programme**. For information on the ESF in general please see the briefing¹. Regarding the 20% of funds that should be dedicated to social inclusion and anti-poverty initiatives she said that actually the average among the Partnership Agreements (PAs) with Member States is 24.5 %. Fund allocation is as follows according to the PAs: 36% employment, 24% soc incl, 31% education, 1%, capacity, 5% technical assistance. All PAs are expected by the end of year.

The Commission is expecting to agree 187 Operational Programmes: 100 ESF and 87 Multifund ones (e.g. ERDF + ESF), 2 are especially dedicated to youth in France and Italy. In all but 7 countries the OPs are regional. Community led local development (CILD) strategies have lots of potential to make broad impact if initiated by public authorities but are not often taken up as much preparation work on capacity building to set up local action groups is needed (it is a bottom up approach). There is an operational policy guidance document, including each investment priority and thematic objective, how to incorporate them into practice. It will be made available to NGOs. There is a more binding “code of conduct” on partnership that is hoped will oblige MS to prepare and implement new programmes with stakeholders.

Theresa Schlage, Policy, Projects and Research Officer at Eurodiaconia shared **information on Eurodiaconia’s work supporting members in accessing EU funding** by guiding them through the funding section of the website. <http://eurodiaconia.org/en/funding>.

27 June

Concetta Cultrera (Deputy Head of Unit, Social Inclusion and Poverty Reduction, DG Employment, Social Affairs and Inclusion, European Commission) joined the group to present the relevant sections for social services of the new **public procurement** directive, known as the “particular procurement regime”. (Presentation available and the Social Services Europe briefing that Eurodiaconia co-authored addresses the main elements as well²). She explained that the term “most economically advantageous offer” for a call for tenders (meaning the best value for money offer) is now known as Best Price-Quality Ratio. She said that the Commission will also publish a new version of the Frequently Asked Questions guide on public procurement and state aid rules so any questions for clarification were invited to be sent to the Commission.

Participants felt that the possibility to reserve markets for social enterprises in the new text, despite having a three year contract limit, is useful and could be a way in for a more widespread use of reserved markets for not-for-profit organisations when the section is reviewed by the Commission. In Germany apparently many non-profit organisations avoid working with tenders in employment services (one of the few sectors where the tender model is used) because of the demands made in the contracts, meaning that tailor-made services are difficult to provide. The German welfare organisation network (BAGFW) will call for certain elements of the main legislation also to apply to the particular regime. They would like more use of the negotiated procedure.

Laura informed the group that the Social Platform is working work on guidelines for public authorities in the implementation of the directive based on members’ assessment of the legislation and that she would feed into this process. Laura would keep those interested regularly updated on what was known about the European Commission activities in the area regarding capacity building for public authorities.

¹ <http://eurodiaconia.org/general-eu-funding-information/european-social-fund>

² http://eurodiaconia.org/images/stories/briefings/socialservicesurope_ppbriefing_052014.pdf



Other proposals for Eurodiaconia regarding this topic are the following:

- * Look to influence tender specifications/quality criteria.
- * Monitor use of procurement via members in the different countries.
- * Promote use of reserved markets for not-for-profits.
- * Promote transparency of staff costs (to show why a tender might be “too” cheap).
- * Develop a guide for what’s possible for contracting authorities once legislation has been implemented, particularly relating to quality; what are relevant criteria (e.g. not focus on infrastructure but on service itself), how to weight the criteria.
- * Update the Eurodiaconia briefing on state aid and public procurement.
- * Consider cooperation with A.I.M. (International association of mutual societies).
- * Promote a user choice approach.

Theresa Schlage and Laura Jones introduced **Eurodiaconia’s research project among members on financing** and asked for comments on the terms of reference. Participants made suggestions and the document was reviewed before the call for tenders was launched³.

Part 3 – private financing

Ariane Rodert (Vice-President Group III, European Economic and Social Committee, EU Policy Adviser Forum/Famna - The Swedish Association for Non-Profit Health and Social Service Providers) was welcomed to the group to talk about the discussions she was following on private financing in the social sector and impact measurement. She explained that the UK has led the discussions in Europe on social impact investment because of the need to “recapitalise” the welfare system, and they have been led by a social venture capitalist who invented the **social investment bond (SIB)** (background briefing on this available). A G7 task force on this has been set up, and there are no civil society representatives; the perspective is investor-heavy and there is a strong influence of JP Morgan. At national level, in Germany Caritas and Diakonie have been consulted but it appears as though the not-profit-perspective is not really taken on board. Deloitte have apparently approached City Mission Oslo in the context of private investment.

There is an expectation of many investors of an above market rate of return on investment with the social return or impact regarded as a secondary consideration; for example one SIB in the US managed by Sachs talks of a 15% financial return. This was seen as the wrong approach and missing the potential of investing in many effective social enterprises that cannot guarantee a high return. The UK initiative Big Society Capital couldn’t actually find high risk innovative Social Enterprises to invest in. In Norway a private investment fund set up a social impact fund called “partnership for change” and has struggled to find big enough projects to invest in. In Quebec social investment funds that bring together cross-sectoral actors have been very successful, taking a long-term perspective.

Ms Rodert explained that there are now various analyses of the SIB model that are very critical and showing that it doesn’t work, but that FAMNA will test a SIB on social and health care for the government. She believes that such a mechanism could work if limited to an innovative approach that mobilises all sectors that was then mainstreamed if successful; that it should not replace regular contracting with public money. The European Commission apparently plans to work on this model in some way. She stressed that the discussion should be firstly how needs of a service and its users can best be met and then which financial solutions can support the organisation best, that there should be a portfolio of mechanisms for different contexts.

Participants found the Eurodiaconia briefing notes that were sent in advance very useful, and would appreciate more links for further reading. They would like to deepen the discussions in the next year. During the **evaluation of the meeting** participants shared what they would do with what they had discussed and learnt and what they could apply in their work. This included pursuing pan-Nordic cooperation on the issues addressed, look further into social impact financing and measurement, look at how to make the impact measurement system an organisation used “lighter”, share the information from the meeting with colleagues and discuss it internally, examine crowd funding more closely, look to use impact measurement alongside quality management.

³ <http://eurodiaconia.org/component/content/article/93-eurodiaconia-news/2875-eurodiaconia-call-for-tenders-to-report-on-eurodiaconias-members-experience-with-different-forms-of-financing>