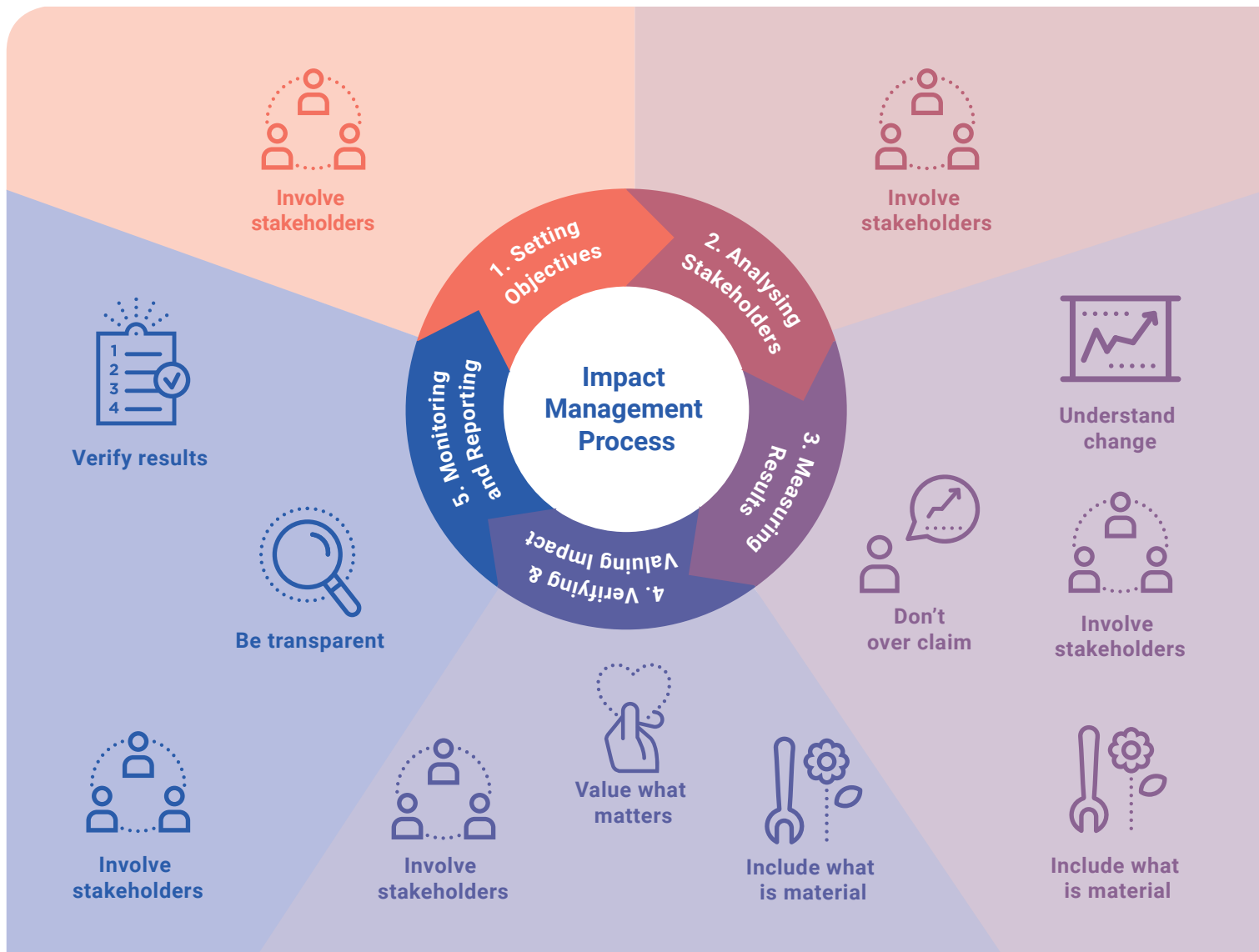


IMPACT MANAGEMENT PRINCIPLES

EVPA's guidance for impact management and Social Value International's (SVI) Principles are in many ways interlinked. This document shows EVPA and SVI's position on impact measurement and management.

IMPACT MANAGEMENT PROCESS OVERVIEW





EUROPEAN VENTURE PHILANTHROPY ASSOCIATION'S PROCESS

The European Venture Philanthropy Association (EVPA) supports a five-step process to help organisations measure and manage their social impact. These steps aim to help venture philanthropy organisations and social investors (VPO/SIs) and social purpose organisations (SPOs) to implement a system to collect information in order to improve the products and services offered to the final beneficiaries.



“ At EVPA we believe impact management is more relevant than impact measurement. Impact management refers to how impact objectives are articulated, how stakeholders are involved, and how all this translates into investment and management decisions.”

– **Bernard Uyttendaele**, CEO, EVPA



SOCIAL VALUE INTERNATIONAL'S FRAMEWORK

Social Value International (SVI) supports a principle based framework that can be applied no matter the process followed. It enables organisations to:

- Maximise their impact;
- Be accountable for the impact created or destroyed by their activities;
- Provide a credible report of the material outcomes caused by their activities.

The application of the principles:

- Reduces the risk of over claiming positive impact;
- Increases the completeness and accuracy of the information being used in making decisions.

STEP 1: SET OBJECTIVES

DESCRIPTION

First and central piece of any impact measurement exercise

1. Define the overarching social problem;
2. Define scope and impact objectives;
3. Select (and invest in) SPOs that can contribute to solving the social problem and meet the impact objectives.

TOOLS & RESOURCES

Theory of Change, logic model, minimum questions to be answered plus causation, Theory of Value Creation.

APPLICATION

For the VPO

- What is the overarching social problem or issue that the VPO/SI is trying to solve?
- What objective(s) is the VPO/SI trying to achieve and how will it do that?
- What are the expected outcomes and what is the logic behind these expectations?

For the SPO

- What is the social problem the SPO is trying to solve?
- What resources or inputs, as per the impact value chain, does the SPO have and need to undertake its activities?
- What activities is the SPO undertaking to solve the social problem or issue?
- What are the expected outcomes?
- What are the key factors in the cause-and-effect relationship?

PRINCIPLES



INVOLVE STAKEHOLDERS

Stakeholders expected to be affected should be involved.

At the start of an activity to:

- Ensure relevance and appropriateness of objectives;
- Establish expectations;
- Confirm interest in the activities;
- Contribute to product/service design.

Regularly to provide insights into:

- The outcomes they experience as a result of the activity;
- What might have happened without the activity;
- Other people or organisations that contribute;
- The relevant importance of different outcomes.

STEP 2: ANALYSE STAKEHOLDERS

DESCRIPTION

Stakeholder: “Any party effecting and/or affected by the activities of the organisation.”

Understand expectations of stakeholders, their contribution, potential impact on them, and the co-operation of main stakeholders in the Impact Measurement (IM) process.

Phases:

- **Stakeholder identification:** mapping and selection, analysis of their expectations;
- **Stakeholder engagement:** understand their expectations and then verify if these are met

APPLICATION

Equally important for VPO/SI and SPO.

Learning process:



PRINCIPLES



INVOLVE STAKEHOLDERS

To identify:

- Characteristics of stakeholders in order to identify sub-groups with common characteristics;
- Other stakeholders not initially considered.

STEP 3: MEASURE RESULTS

DESCRIPTION

Transforming the objectives into measurable results:

- **Outputs:** tangible products and services that result from the SPO's activities;
- **Outcomes:** changes, benefits and other effects on the beneficiaries that result from the SPO's activities;
- **Impact:** the attribution of an SPO's work to the broader long-term societal change;
- **Indicators:** set to measure outputs, outcomes and impact. It should be
 - (i) aligned with the purpose of the SPO, and
 - (ii) clearly defined, comparable with others.

TOOLS & RESOURCES

IRIS, Global Value Exchange

APPLICATION

Consider impact achieved by SPO and assess the impact of the VPO/SI on the SPO.

For the VPO

IM at portfolio level (its own outputs, outcomes, impact and indicators as per its own objectives (ToC)) impact of the work of the VPO/SI on the SPO.

For the SPO

Impact achieved on final beneficiaries.

PRINCIPLES



UNDERSTAND WHAT CHANGES

The material expected/experienced outcomes should be measured and managed.

This Principle requires decisions on:

- How far to go down a chain of outcomes;
- How far to segment stakeholders into smaller groups experiencing different outcomes or valuing outcomes differently;
- Which outcomes to exclude as being not material.



INVOLVE STAKEHOLDERS

Stakeholders should be involved in determining expected or actual outcomes. They may be able to help identify ways of measuring outcomes. They will themselves also be a source of data collected using these measures.



DON'T OVER CLAIM

This Principle requires consideration of:

- What would have happened without the activity;
- Any contribution being made by other agents;
- The extent to which any outcomes that last beyond the end of the involvement in an activity, last at the same level.



ONLY INCLUDE WHAT IS MATERIAL

Whilst the outcomes that will be measured are generally not the same as the organisation's goals, it will not be possible to measure and manage all outcomes. A decision will be required on which outcomes are material. The Principle is that outcomes could be relevant and or significant.

STEP 4: VERIFY AND VALUE IMPACT

DESCRIPTION

Objective: refine target outcomes and associated indicators and identify impacts with highest social value

- **Verifying impact:** did the impact happen in the way it was expected? Can we claim we are having a positive impact?
- **Valuing** (measuring value created): was the impact important, i.e. valuable to the stakeholders?

TOOLS & RESOURCES

Qualitative methods: focus groups, interviews, storytelling, qualitative surveys.

Quantitative methods (monetisation): quantitative surveys, revealed preference, perceived value and use of financial proxies.

APPLICATION

For the VPO

VPO/SI → SPO (NFS)
SPO → final beneficiaries
(triangulating information received)

For the SPO

SPO → final beneficiaries

Verifying:

- **Desk research:** looking at external research reports, databases, government statistics, to confirm the trends assumed
- **Competitive analysis:** comparing the SPO's data of with that of other comparable SPOs
- **Interviews/focus groups:** asking stakeholders about the results of the intervention

Valuing:

- **Qualitative methods:** storytelling, qualitative surveys, interviews, focus groups;
- **Quantitative methods:** quantitative surveys, revealed preference, perceived value and use of financial proxies (i.e. monetisation).

PRINCIPLES



VALUE THE THINGS THAT MATTER

To increase the value being created, choices will be required between conflicting ways of allocating resources. Therefore an assessment of the relative value of the outcomes experienced or expected to be experienced will be required. This Principle requires that relative values and any trade-offs are transparent.



INVOLVE STAKEHOLDERS

Stakeholders should be involved in assessing whether the outcomes being measured represent all the outcomes they experience, positive or negative.

Stakeholders should be involved in understanding the relative importance of different outcomes they experience to inform decisions to improve design of products or services.



ONLY INCLUDE WHAT IS MATERIAL

At this point in the process significance of relevant outcomes is considered.

Whether an outcome is significant is judged by reference to the quantity, duration, value and causality of the outcomes and thresholds set by the organisation.

STEP 5: MEASURE RESULTS

DESCRIPTION

Monitoring: collecting data and tracking progress against (deviation from) indicators and objectives (identify data sources for all measures, establish baseline status for beneficiaries, determine how data will be collected and by whom, and the human resources available for the evaluation).

Reporting: transforming data into presentable formats, relevant for key stakeholders, transparent and useful.

TOOLS & RESOURCES

- PULSE (numeric metric data collection and reporting tool);
- Lean Data Collection Systems;
- Social Reporting Standard (guidelines and framework);
- Global Reporting Initiative (principles of report quality).

APPLICATION

Consider impact achieved by SPO and assess the impact of the VPO/SI on the SPO.

For the VPO

- Systemise data tracked (overall, per SPO, non-financial support provided);
- Analyse data to identify problems;
- Implement corrective actions.

For the SPO

Evaluate outcomes and impacts achieved, practical lessons learned, actions needed to increase impact.

PRINCIPLES



INVOLVE STAKEHOLDERS

Stakeholders should be involved in determining the most appropriate format for reporting any information and recommendations to them.



BE TRANSPARENT

It will not be possible to follow this or any other process to understand and manage impact without making subjective judgements. In order for users of the information to be able to make decisions, these judgements and any assumptions should be transparent.



VERIFY RESULTS

In making choices between conflicting ways of allocating resources to increase value, decision makers will need assurance that the information is good enough for the decision and understand any associated risks. For accountability the judgements and assumptions made should be assured by an independent process that is acting on behalf of those affected.

RESOURCES

EVPA

- **EVPA's impact measurement and management initiative**
⇒ <http://evpa.eu.com/knowledge-centre/publications/measuring-and-managing-impact-a-practical-guide>
- **EVPA's impact measurement and management report**
⇒ <http://evpa.eu.com/download/IM-Guide-English.pdf>
- **EVPA's in-depth impact measurement and management case studies**
⇒ <http://evpa.eu.com/knowledge-centre/publications/impact-measurement-in-practice-in-depth-case-studies>
- **EVPA's short guides to impact measurement and management**
⇒ <http://evpa.eu.com/knowledge-centre/publications/vp-in-a-nutshell>

SOCIAL VALUE INTERNATIONAL

- **For more information on principles**
⇒ <http://www.socialvalueuk.org/why-social-value/the-principles-of-social-value/>
- **For more guidance on applying individual principles**
⇒ <http://www.socialvalueuk.org/resource/supplementary-guidance-on-stakeholder-involvement/>
⇒ <http://www.socialvalueuk.org/resource/supplementary-guidance-on-materiality/>
⇒ <http://www.socialvalueuk.org/resource/supplementary-guidance-determining-outcomes/>

GLOSSARY

VPO/SI: *Venture Philanthropy Organisation and Social Investor*
 SPO: *Social Purpose Organisation (investee)*
 IM: *Impact Management*
 ToC: *Theory of Change*

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