Measuring and Monetising Outcomes and Impacat – Social Rate of Return on Investment

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Imperatives/Relevance

- Tool **to monetise** and **assess** the contribution of SEs within the tripple/quadruple bottom line framework – **SDGs**.

- Justify why SEs should be supported – Forecast or Assess Value Creation = Revised MSME Policy

- Increasing concerns among funders – outcomes and impact – rate of return on the Grants/Investments.

- Applications – USAID/COMET II; USAID/SEBI II; BHC IRM

Methodology – Using monetization – Indicators

Cost Price -based methods	Value-based methods
Incurred Losses Method	Price Sensitivity Meter
Cost Reduction Method	
Averting Behaviour Method	
Hedonic Price Method	
Cost Prevention Method	
Travelling Costs Method	
Restoration Cost Method	
Production Factor Method	
Added Value Method	

Methodology – SROI – Theory of Change

- identifying key stakeholders,
- mapping outcomes,
- evidencing outcomes,
- establishing impact,
- calculating the SROI and
- reporting, using and embedding the report

- Dead weight
- Attribution
- Displacement
- Drop– off

SROI – Theory of change

Determinations of the counterfactual

Methodology – SROI – Strengths

The formula used to calculate Social Return on Investment is:

Social Return on Investment ratio (SROI) =

$$\frac{\text{Social benefits}}{\text{Social + Financial Cost}}$$

OR

SROI ratio =

$$\frac{\text{Total social benefits x deadweight x attribution x displacement x drop off}}{\text{Total value of inputs}}$$

Concluding thoughts– SROI

- Imperative not to over-estimate or underestimate value creation –
- use of proxies and monetization are crucial to evidence efficacy of social investments
- More accurately estimate the value of all economic activities that contribute to GDP/GNP – ESSJ
- Support Social Stock Exchange Listing – support funding decisions

Think-Know- Act - Become