

Social Impact Assessment

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Agenda 2030 has created a common language for development across the world, with 230 indicators tracking 169 targets encompassed in the 17 goals. These measurements need trustworthy data to show progress. The Our World in Data project from Oxford University tracks the progress on the SDGs and a number of indicators have no data at all. Social Impact Assessments (SIA) can measure change in progress and link this change to specific social impact business and interventions, and are especially useful at taking into account various externalities compared to more conventional financial assessment models. These measurements are necessary to both estimate the success of Agenda 2030 and chart the process of system transformation.

Why Measure Impact? The Connection Between SIA and Agenda 2030

In recent decades, there has been an increase in socially conscious business and impact investing; a shift in focus from purely financial to a more holistic view, aware of societal impacts. These good intentions have created the need for measuring impact. The Gates Foundation has identified three main reasons for measuring impact:

1. Whether projects are being conducted effectively; in order to learn from and improve project activities
2. Whether the program is making a difference to people, groups, organizations, or communities
3. To use that evidence to advocate for continued support and/or funding from relevant stakeholders.

Good intentions centered around social change are not enough and businesses must show concrete results. While this particular document referenced above is not directly discussing social impact business or Agenda 2030, the reasons are applicable across sectors. The field of social impact assessment (SIA) has developed to help businesses and investors analyze non-financial impacts and externalities. Businesses have concrete markers for their own impact. Grantmakers seek to optimize financing and keep grantees accountable. Investors can know which businesses to invest in to demonstrate the social impact of their portfolios. Flexible measurements are important as social, financial, and environmental impacts are weighted differently based on

Most SIA is not linked to Agenda 2030, but siloed for individual businesses in their individual environments. SIA has real potential to become an integral part of this common language as new methods of tracking the indicators are sought.

Strengths and Weaknesses of SIA - Authorial Review

Summary of strengths and weaknesses, expanded on below

Advantages/Strengths	Disadvantages/Weaknesses
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• Less of a need to rely on short term projects • Hold businesses accountable for their actions • Smarter investment choices	• Poor timing leads to incorrect inferences • Lack of system level integration • Lack of public trust • Data is unreliable and sometimes quickly out of date
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Frank Vanclay

Frank Vanclay, a professor of Cultural Geography at the University of Groningen, laid out core values, principles, and guidelines for social impact assessment for the International Association for Impact Assessment (IAIA). These values, principles, and guidelines include respecting human rights, managing the predictable and unpredictable aspects of social impacts, understanding of cultural and regional diversity, and equity. Consequently, SIA practitioners have a set of standards to guide their work and appeal to as they critique others in the community.

Nine years later, he co-authored a much more sober article with Ana Maria Esteves and Daniel Franks that laid out the progress of SIA. Social Impact Assessment has allowed for a better understanding of the impacts of longer term project, making short term projects less important while having a similar social impact. However, there are problems associated with data, public trust, and collaboration. Data is sometimes quickly out of date and drawn from sources unconnected to the community directly impacted, little more than baseline assessments. At times, the public is also not concerned with SIA, considered to the process to be "...at best as a process for incremental project improvement, and at worst as being little more than a feeble attempt at project legitimization." In addition, impact assessments are often siloed, not accounting for other interventions or how systems function together. Greater integration is necessary.

Mary Kay Gugerty and Dean Karlan

Mary Kay Gugerty and Dean Karlan point out how timing plays an important role in impact assessment, affecting both businesses and funders. Conducting an impact assessment before a business is ready harms much more than it helps, wasting both time and money. Measuring impact at the right time can be immensely useful to a company, but the wrong moment can lead to poor practices, a minimization of impact, and incur opportunity costs. While acknowledging the obvious positive aspects of impact evaluation, the authors claim, "the push to demonstrate impact has also wasted resources, compromised monitoring efforts in favor of impact evaluation, and contributed to a rise in poor and even misleading methods of demonstrating impact."

Funders also have their own set of challenges. They must work against their short term incentives by being patient and supporting organizations while they wait for the right time for the results of impact assessments. This must be balanced with the value of keeping organizations accountable. This is a difficult balancing act is partially accounted for by the weaknesses cited by Vanclay et al. Below is a summary of the strengths and weaknesses associated with SIA.

Different types of impact assessments

Broadly, methodologies can be more generally split up between **quantitative** and **qualitative** methodologies. Quantitative methodologies rely on data, usually self reported, to assess impact. Qualitative methodologies rely on survey data and anecdotal evidence.

This paper uses these two broad categories to emphasize the type of data used in the different impact analyses. These conclusions can be complementary as mixed methods can be an effective way to measure impact.

More specifically than the categories above, methodologies can be broken down into four different categories. These categories are useful for looking at the manner in which impact is assessed. These methodologies can be roughly split into four categories:

Method	Application	Advantages	Disadvantages
Expected Return	To estimate expected social return in assessing potential investments To monitor and evaluate the social performance of investments	Can provide a disciplined approach for decision making Offers opportunity for organization to speak a common language Similarity with return on investment can help gain private sector trust	My unfairly penalize interventions working with the most challenging problems and populations Can be perceived as inexact and constantly changing Expected return calculations are only as strong as the data that feeds them Risk of temptation in using expected return figure as standalone metric for funding decisions Not applicable to interventions without quantifiable benefits Does not take into account catalytic effects
Theory of Change and Logic Model	To understand path to intended impact as part of due diligence To provide a framework for goal setting To track and monitor progress of investment To provide targets for incentive schemes To provide a framework for illustrating impact logic in reporting	Provides an easy to understand framework that is familiar in the social sector Is a versatile tool that can serve multiple purposes Allows investors to overlay dimensions that are important to mission Allows investors to identify underlying impact assumptions for further review as necessary	Identifying indicators to assess outcomes can be challenging Lends itself to risk of reducing social change to a linear process

Mission Alignment Methods	To monitor impact investor's portfolio against its mission To monitor impact of investee against its mission	Surveys and screens are inexpensive, straightforward ways to monitor mission alignment Scorecards may resonate with investors due to familiarity with balanced scorecard in business	Survey results or scorecards are only as meaningful as the data collection methods or KPI metrics that they capture Scorecards may not allow for direct comparisons across different investment
Experiment and quasi-experimental methods	To assess outcome payments in Social Impact Bonds and other impact investments To test hypothesis of an investor's theory of change To assess impact risk of a potential investment	Experimental methods allow for robust cause-and-effect attribution Quasi-experimental methods can provide some attribution evidence with more flexibility and lowest cost Both of these methods can help to demonstrate additionality of impact	Experimental methods can be expensive and resource intensive Experimental methods not suitable in many situations, e.g. environments that cannot be controlled, interventions that are insufficient to drive outcomes on their own, situations where randomizing beneficiaries may be unethical Quasi-experimental methods may be limited in their ability to rule out exogenous factors

For this memo, I was provided with a list of methodologies, research centers, investors, and other organizations related to social impact assessment. There were around fifty different methodologies, though a few were in Spanish with long papers not easily translatable or available in English.

After looking over these tools, some have effectively overcoming these obstacles and certain tools are more effective under differing circumstances and serving the needs of different actors. Potentially effective tools include Best Available Charitable Option (BACO) for investors, B Impact Assessment for quantitative data related to business, and either the Acumen Fund's Lean Data or the UNDP's Business Call to Action for qualitative data related to business impact. All recommendations will be accompanied by a SWOT Matrix for ease of understanding.

UNDP and the Business Call to Action (BCtA)

The UNDP co-created its own social impact assessment methodology through its alliance known as the Business Call to Action (BCtA). The (Mission Alignment Methods) methodology "supports our members to conduct ongoing measurement of their social and environmental impact along with operational performance following a four-step process: assessing impact measurement readiness; designing an impact framework; monitoring impact; and analyzing data." These four steps build on each other to create a more complete picture of impact. A central element of this method is to create a feedback loop where steps two, three, and four can be repeated with reduced time and cost for subsequent assessments, making measurement easier over time. Technical assistance is provided by BCtA Impact Management Services (BIMS).

The four steps above represent the deeper assessments members of the alliance have access to. There is also a publically available framework for SIA, which, according to the website, takes

only a few hours to complete. Self reported data can be input on the website itself, which generates a report. It relies on a similar framework.

These measurements have a number of strengths and weaknesses. Assessments are customized for the business based on a number of conditions. Case studies have concrete suggestions for how business might increase their impact. This integrative framework is easily replicable for further assessments later. Furthermore, businesses are able to decide what level of assessment they wish. There are also options available as a public good, completed after only a few hours of self reported input. If a business decides to become a member, it gains access to much deeper impact assessments. Obviously, the modules available to the public are cheaper and less time consuming, but lack depth.

Reading over a few case studies from member organizations, BCtA develops an impact chain, which assists with developing the survey to examine impact. This survey data helps businesses determine where they are not having the impact they might expect and also points at which there could be more impact. For example, in the assessment of Shree Kahmendu Electronics, an agricultural technology company in India, the company believed women were more involved impacted by the technology than they were in fact were. This made them reconsider some business practices to encourage greater female participation.

However, the customization makes it more difficult to compare businesses across sectors and overall social impact. There are likely some basic numbers which might be compared across businesses (i.e. number of jobs generated, some metrics for productivity, etc.) but the overall impact will be difficult to assess. In addition, much of the data is self reported, which is generally a problem and should be met with a healthy skepticism.

It is very important to note how problematic partnerships have been an issue. In 2016, a partnership was announced with Bidco Africa, which claimed it would create sixty thousand entrepreneurs and jobs in three years starting from a pool of thirty thousand farmers. However, this was met with stiff opposition as Bidco's operating practices came under intense scrutiny, with critics pointing to involvement in deforestation, opportunistic seizures of land, and poor working conditions. Several months later, UN investigators determined UNDP decisions did not align with UN policies in this case and faulted those who agreed to the partnership.

BCtA SWOT Analysis

Strengths	Weaknesses
Customizable Building impact chain Survey data Basic impact analysis is not time consuming or costly	Some partnerships have been problematic Survey data sometimes burdens those surveyed
Opportunities	Threats
Framework for implementing change based on client feedback	Public trust issues related to survey data

Key Findings

No metric effectively accounts for systems. Most metrics simply take into account a single business operating in a single environment. Macro-level metrics tend to be focused on the progress of the SDGs rather than how individual businesses exist in their environment. This problem, pointed out by Vanclay, is an area with vast potential for improvement.

Most metrics based on quantitative data rely on self reported statistics. This is a cause for skepticism. In addition, none of the quantitative metrics effectively overcome the problems presented by Vanclay et al.

Qualitative metrics suffer from issues burdening those surveyed and with issues of sample size. Often surveys are burdensome for those surveyed with seemingly little reward and this leave clients frustrated and apathetic toward surveys. In addition, it is often difficult to survey the number of people required to create a statistically significant sample size.

Mixed methods are most effective, as both quantitative and qualitative data have serious issues when used in isolation. There are a number of ways to blend methodologies together, with various strengths and weaknesses.

Recommendations

The database of methodologies listed around 120 different methodologies, certifiers, impact investors, and consultants. Naturally, considering the current limitations in the field of social impact assessment, a perfect methodology does not exist. Rather, methodologies have their own strengths and weaknesses, and different methodologies are best used by different actors.

Please note, unless indicated specifically, all actors can use all of the tools expanded upon below. However, it is organized around the primary user of the tool.

Quantitative Data

As mentioned in Vanclay et al. article, many impact assessments with data, particularly those under the expected returns category, rely on self reported data. They are simply frameworks for interpreting this data and while these numbers should absolutely be reported, a good deal of skepticism is required. The way around this might be something like the World Bank Poverty Social Impact Assessment (PSIA), which would be a much more in depth manner of examining and not emphasize self reported information in the same way. However, PSIA is expensive and time consuming, prone to becoming irrelevant as conditions on the ground shift.

Investors

As a tool specific to investors, the Best Available Charitable Option (BACO), from the Acumen Fund, has potential. BACO is a ratio of the cost per social impact and is a type of “expected return” assessment. This is essentially a cost effectiveness ratio comparing different investments. In a situation where no investment is stands out, this make potential investments comparable and is especially effective for environments with multiple charitable options. However, its comparison of effectiveness of investment but not of social impact. The example cited by Acumen is mosquito nets against affordable housing. While investors can determine how the effectiveness of the money in each investment, this tool does not compare the social

effects of either investment *relative to each other*. It helps investors understand the “bang for their buck,” so to speak.

BACO SWOT Analysis

Strengths	Weaknesses
Ratios make for easy comparisons of financial effectiveness	Cannot compare social impact between two investments Ratio is simplistic Estimates might be disputed
Opportunities	Threats
More effective investments Stronger accountability	Perceived as changing alongside conditions on the ground

Businesses

For businesses, B Impact Analysis, another metric under the category of expected returns, suffers from similar weaknesses of self reported data, but seeks to measure both a broader and more efficient framework. The impact is also customized for each business depending on environment, geography, and sector, and there are around fifty forms of the test, which measure impact for community, employees, the environment, and customers. Despite the test taking a number of different forms, B Impact Analysis can be compared across sectors fairly easily as scores all come on a similar scale. This framework builds on reporting standards such as GIIRS but does not just measure the best practices for reporting standards, but also measures progress made relative to other businesses.

B Impact Analysis SWOT matrix

Strengths	Weaknesses
Builds on standards to measure impact Easy to use Affordable Impact can be compared easily Customizable	Data is self reported
Opportunities	Threats
Impact comparisons between businesses	Poor timing can lead to incorrect inferences

Qualitative Data

Survey data solves some problems of impact assessment, particularly issues of public participation, by measuring impact directly from the perspective of those impacted, rather than

through the business' perception of how customers are impacted. **It is also vital because it allows the opinions of those directly affected to be expressed. These are the people who often have the most to lose from bad practices.**

However, there are issues with qualitative data and Lean Data from the Acumen, following under the more specific category of Mission Alignment Methods, fund attempts to address some of the weaknesses associated with survey data. Often, long burdensome surveys are taken every few months and do not produce any tangible changes in services provided. These surveys are overly long because they ask for information which might be relevant later. Lean Data, as the name implies, asks only a few relevant questions to lower the burden of those surveyed and also provides a framework for how to directly use survey results to improve services. This way, participants feel as though their survey data directly affect the services they are using, providing greater buy in. However, some of the adjustments made by Lean Data create sampling problems. For example, through methods such as phone surveys, designed to lighten the load on the surveyed population, response becomes more voluntary, introducing bias into their sample and so it is no longer random.

Lean Data SWOT Analysis

Strengths	Weaknesses
Survey data gives voice to those directly affected Survey methods make responses user friendly	Serious sample size problems
Opportunities	Threats
Framework for directly using survey results Directly address survey data issues	Sample size issues undermine confidence in results

Surveys should not replace impact assessments but vital supplements to them, much in the way qualitative data supplements quantitative data. Survey participants know what is happening in their own lives much more intimately than those surveying them, so hearing from them is invaluable. So much is missed when this perspective is lacking. However, any perceptions of broader trends expressed by individuals should be compared against hard data to verify how rooted in reality they are. It's a vital perspective, often overlooked, but it is only one perspective.

The Business Call to Action from UNDP does compare well to these different models. It is not clear how burdensome the survey data is and how much is collected not include in reports. However, it clear the data is used to make concrete changes.

Mixed Methods

Since each methodology has major problems, mixed methods, building on either quantitative or qualitative data, will be assess impact. There are a number of of methods of doing it. **Using qualitative data as the foundation centers the voices of those directly impacted.** Vox Capital details their method in their 2017 Social Impact Report. The first step before investment is to interview clients and potential clients to assess potential impact. Then they meet with the

client to discuss their theory of change before using the framework provided by the Impact Assessment Framework to assess quantitative metrics.

Conclusion

The sheer number of social impact assessment tools allow for different actors to use different tools. Regardless, a number of challenges still exist to be overcome, and so more well rounded assessments will require multiple tools and different types of data to be effective. In addition, it is likely new tools will be developed, especially as new technology is developed. These developments should continue to be monitored. In the meantime, using mixed methods that complement each other would be the way to employ the strengths and minimize the weaknesses of SIA.