



Report of the
Social Impact
Chair

CÁTEDRA
DE IMPACTO
SOCIAL



PROPOSALS FOR SOCIAL IMPACT MEASUREMENT AND MANAGEMENT

In search of a common language



[EXECUTIVE SUMMARY]

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**CÁTEDRA
DE IMPACTO
SOCIAL**



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Prologue

Rethinking capitalism: the opportunity for social impact

The COVID-19 pandemic has exposed the gaping wounds within our systems and institutions. And while our markets have been a powerful force for innovation and change, ultimately, so too have they contributed to unsustainable, immoral, and dangerous inequality. We are divided and mistrustful, and there is growing consensus: capitalism urgently needs reimagining and renewing.

In most nations today, the poor are excluded from essential services: health care, banking, housing, education, and, in still too many nations, basics like electricity and safe drinking water. The global pandemic, it is estimated, will set back more than a quarter billion people into a poverty cycle that is difficult to overcome. Compounding this crisis is climate catastrophe, and low-income people are disproportionately impacted by the ravages of climate crisis. A growing group of thinking individuals understands the interconnected relationships among problems of the poor and of the wealthy: we are each other's destiny.

But where to start in a world for which success is defined as money, power, and fame? What would it take to reimagine and build systems that put our shared humanity and the sustainability of the earth at the center, not just profit, while recognizing that profits enable growth and innovation?

One critical strategy is to focus on social impact – as investors and social entrepreneurs who aim to solve some of our toughest problems of poverty. What if more people started with moral imagination, listening first and foremost to the communities they hope to serve? And what if more people focused on building inclusive solutions that judge success based not simply on how the wealthy fare but on whether the poor, the vulnerable, and the earth are included? The only way we will solve our problems is if every business, every cooperation, every NGO, every university, and every government agency integrates principals and practices of social impact into the way they operate.

That is why this report, prepared by the Think Tank, and the work that Universidad Pontificia Comillas, along with the Open Value Foundation, Fundación Repsol and Management Solutions, is doing in joining together the 50 key change makers in Spain's impact space is so critically important. It will take all of us.

Social impact investors can lead the way by identifying those entrepreneurs who are daring to build solutions where traditional approaches have failed the poor. Supporting social entrepreneurs not only with patience but with discipline, accountability, and a sense of accompaniment so that they can succeed and measure what matters. Not just to a few shareholders but to all stakeholders, including low-income people and the earth. In my work at Acumen over the past two decades I have

seen the power of social entrepreneurship and have watched individual entrepreneurs take on audacious challenges.

Sam Goldman and Ned Tozun, two Stanford MBAs, didn't choose the safe route of a high paying job at a bank or a tech company. Instead, they started with a single solar lantern and a dream to eradicate use of kerosene, a dirty, expensive, and dangerous energy source on which 1.5 billion low-income people depended. Using moral imagination – daring to see low-income people as whole and moral human beings, listening to their needs, priorities, and habits, and building from the perspective of the poor as customers – Sam and Ned have literally lit up the world. Their company d.light has brought safe, affordable light and, increasingly, electricity to more than 100 million low-income people. Their example helped set off a revolution in affordable, sustainable off-grid solar energy, and they have built a profitable company along the way. This is the promise of a renewed form of impact capitalism, whose success is determined not only by financial returns but by the nature of the problem solved and the level of human energy released because of the company's activities.

A new generation is rising, one that sees itself as citizens, not just consumers, and who wants to be part of a moral revolution that uses the tools of capitalism without being controlled by it. I also think of Dave Ellis and Joe Shields, two young entrepreneurs with a dream to contribute, who built a chicken company that today positively impacts the lives of 20 million smallholder farmers in ways that allow them to improve their income and the nutrition of their family members.

I also think of Sara Saeed Khurram, co-founder of Sehat Kehani in Pakistan. A doctor and mother of two young children, Sara has developed a successful model of delivering health care to low-income rural women by tapping into one of the nation's most underutilized resources: the estimated 85,000 women doctors who are not working. Sehat Kehani uses a telemedicine model to link doctors to a chain of 26 rural clinics and, since COVID-19, has developed a one-to-one means of giving low-income rural women direct access to qualified doctors. Indeed, Sara's moral imagination in a time of crisis allowed her to pivot her business model to reach more than 210,000 people in the first months of the pandemic who otherwise would likely not have had services; the company has since partnered with government to continue the program. If we are to build a new kind of capitalism, then designing from the perspective of the poor must be a starting point.

Carlos Velasco is a role model for using business as a tool for peace. Carlos and his co-founder Mayumi Ogata ventured to create a premium chocolate company that would source cacao from post-conflict areas of Colombia, Carlos' home country, and export not only the world's finest chocolate but a message of sustainability and hope. The company, Cacao de Colombia, works directly with local groups, necessitating skills of working across lines of difference, building local capabilities, and fostering trust – for these are the skills required to build sustainable businesses that respect both people and the earth.

Insisting on impact and using business to solve problems also requires building the tools to measure impact with the same rigor and discipline that we scrutinize our financial returns. The report identifies as essential this focus on impact measurement. Acumen developed an approach called Lean Data to integrate the perspectives of low-income customers served by Acumen's investee companies. Lean Data is a process by which we text thousands of customers a series of questions from which we can deduce specific information such as whether and how the quality of their lives has improved, whether they are earning additional income, and whether they value the company's products and services. By listening to unfiltered voices of low-income consumers, Lean Data (now spun out into a standalone company called 60 Decibels) can provide concrete data and insight into impact created from the perspective of low-income communities, not simply from the perspective of investors and donors.

This allows Acumen and other investors to allocate financial resources based on our values. Measuring impact from the perspective of the low-income customers a company serves is critical to building a society that values social, not just financial, returns. This is why the work of the Think Tank group in this report on assessing how and why we must measure social impact is so critically important for this moment.

Spain, as well as every other nation, is in need of reimagining its institutions and its systems in ways that prioritize our shared future. The Think Tank is taking a leadership role in this area, by bringing together the most critical thought leaders in Spain's impact ecosystem and identifying methods to assess progress and promote growth and innovation. Their leadership inspires us to do more.

Acumen is proud to partner with Open Value Foundation to create Acumen Academy Spain, a program that identifies, links, supports, and celebrates a new generation of moral leaders with the skills, tools, and moral imagination to tackle the world's toughest problems. May this report be a call to action to every one of us to give more to the world than we take from it, for our shared dignity will require nothing less.

Jacqueline Novogratz
Acumen Executive Director

Introduction

The 21st century world is rife with inequality and global warming, and these handicaps demand an urgent search for alternative solutions. Social impact is one of them. It is a new way to comprehend the economy which overcomes traditional restraints and places the social and environmental dimensions at the same level as the financial sphere.

The impact economy is a young market that still has far to go, especially in Spain, where it is barely a few years old. To achieve its full potential, it must first generate a solid base governed by certain standards that are stable and widely accepted by most organisations that constitute the ecosystem.

It is to this point that the Think Tank (TT) of the Social Impact Chair seeks to contribute, by bringing together around 50 organisations who are more or less connected to social impact¹. These entities are divided into two groups (Expert Groups and Consulting Groups) according to their level of knowledge and how frequently they use impact measurement and management (IMM). An attempt has been made to maintain a high representativeness of all the stakeholders in this sector, including social investors, agents from the Tertiary Sector, social and traditional businesses, Public Bodies (national and local), academia and business incubators.

This report is the result of months of reflection and debate between the aforementioned organisations. We have been able to conduct an open dialogue where the limitations and stumbling blocks encountered in impact measurement and management have been identified, and simultaneously, concrete proposals on how to overcome them have been made. The basic concepts and terminology have been researched in order to build a common language with which to set the foundations of the ecosystem. Additionally, it has also generated an intangible value such as the creation of a network of organisations on IMM where the will to learn and make joint progress predominates. This network has also enabled a greater alignment and understanding between all the entities, apart from boosting those that are in a less advanced stage in measurement.

This is a unique amalgamation within the Spanish ecosystem, which makes it especially rich and necessary at the birthing stage where it is necessary to jointly construct solid foundations. The Think Tank has thus become a small microcosm that commenced with a very individual vision, moving on to generate joint visions and deciding to create a common language. This report seeks to be a guide for all the organisations that are members of the

1 Consult the names of the organisations in the Annex

TT, but it is also a manual for all who wish to set foot in the world of impact. We believe that the work, reflections, and agreements achieved and set down in this document can be a significant stimulus for growing the ecosystem, in addition to doing so with a shared and widespread narrative.

What is Social Impact

Definition of Social and Environmental Impact

The vagueness, the lack of a common language, inconsistencies in definitions, are some of the main obstacles identified by the members of the Think Tank (TT). This has created confusion regarding what may be categorised as social impact and has prevented a smooth communication between the different groups that make up the ecosystem.

Therefore, the first task has been to hold a debate (and subsequent agreement) on what concepts should be a part of the definition of social impact. Thanks to the variety of organisations that make up the Think Tank, this reflection has been made from a multidisciplinary perspective that includes the viewpoint of each one of them. As a result, they have agreed upon a definition that not only includes these multiple stances, but also permits a shared narrative and understanding.

SOCIAL AND ENVIRONMENTAL IMPACT



They are changes that affect persons as well as the planet, due to a specific activity, project, programme or policy and which have a long-term effect on human conditions.

These changes may be measured, they may be positive or negative, intentional or unintentional, tangible or intangible.

With regard to the definition itself, there are several questions to be highlighted.

- The term itself.** After some discussion, it was deemed worthwhile to include the word “environmental” to emphasise the double dimension of the impact, which is unique when compared to existing definitions. Behind this decision was a clear desire for a closer relationship between the two dimensions (social and environmental), considering their inherent connections in practice. For example, polluted river systems affect the health of

those who consume the water, or the construction of houses may have consequences for the habitat in the area.

- ✎ **The long term.** The dimension of time is essential as it must be pointed out that impact requires a certain length of time in which to be produced. It is important to keep this in mind as social changes are not always produced at the desired speed nor are they sustainable in time, given the unpredictability and instability of progress. Acknowledging that the final goal is long-term does not mean that we should not set medium-term goals that help to indicate whether we are on the right path and thus, also provide a response to urgent issues.
- ✎ **Negative change.** Even though the intervention seeks a positive impact, it may have unexpected or indirect effects that are detrimental to some of the groups. Only when it is explicitly stated can the correct measures for preventing and mitigating these effects be put into place (Rehm, 2018). It is a novel step to include this concept, as many other definitions do not yet do so, with the exception of the Impact Management Project and GIIN.

Placing stakeholders in the centre

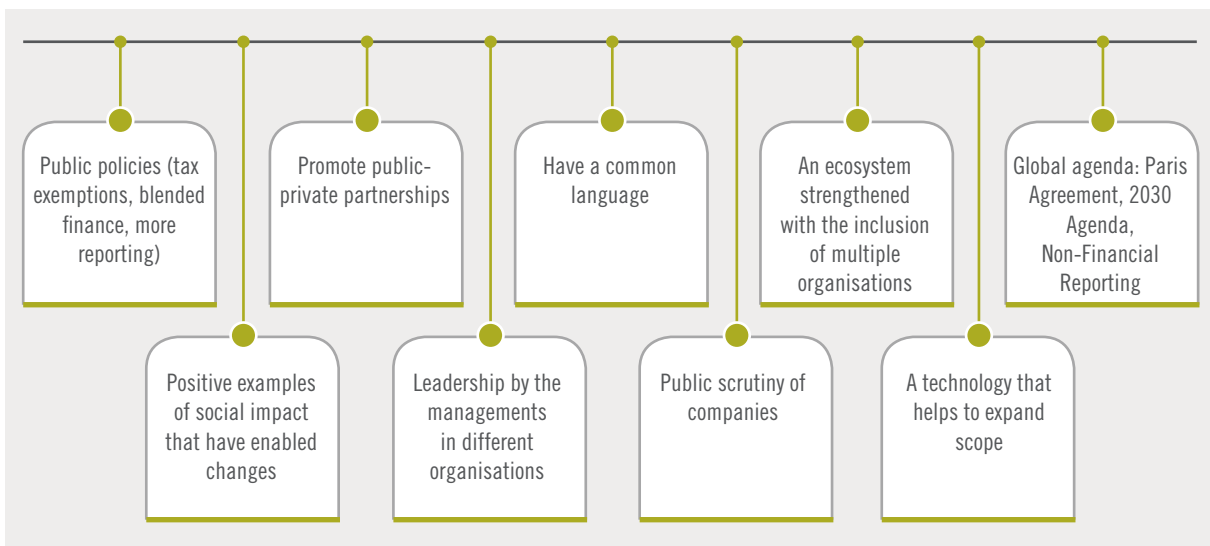
Since the traditional economy is geared towards financial returns, it is accountable almost exclusively to its investors and shareholders. An impact economy requires, by its own definition, a wider view and it must place all stakeholders in the centre. Thus, for example, businesses should not only publish information on their financial value, but also their economic and environmental value that is generated (or destroyed) for all stakeholders, according to a materiality assessment. Similarly, the consumers in an impact economy will perceive the real price of a product, including the negative externalities derived from its production. The voter, in turn, will be able to judge the implementation of policies based on the changes they have generated. The beneficiaries shall cease to be a mere passive subject and shall take on a more active role in identifying problems and designing interventions to solve them. The governments shall pay for the social results that have been measured and verified, instead of paying service providers to perform tasks that may or may not have an impact.



If implemented, this new approach could become a turning point, reversing the power imbalances that have until now sustained the traditional capitalist system, as it is based on improving accountability and transparency, giving a role to all stakeholders (Hiemstra et al., 2012). Social impact is created due to the need to amplify the voices of those who are normally not given a space to be heard. It is a model that allows the transfer of sufficient power to persons, so they may have the chance to tell their stories on how their lives have changed and what's important to them (Nicholls, 2014; Twersky et al., 2013), and with all of this, to judge the final value of the intervention (J. Nicholls, 2007).

Factors that promote Social Impact

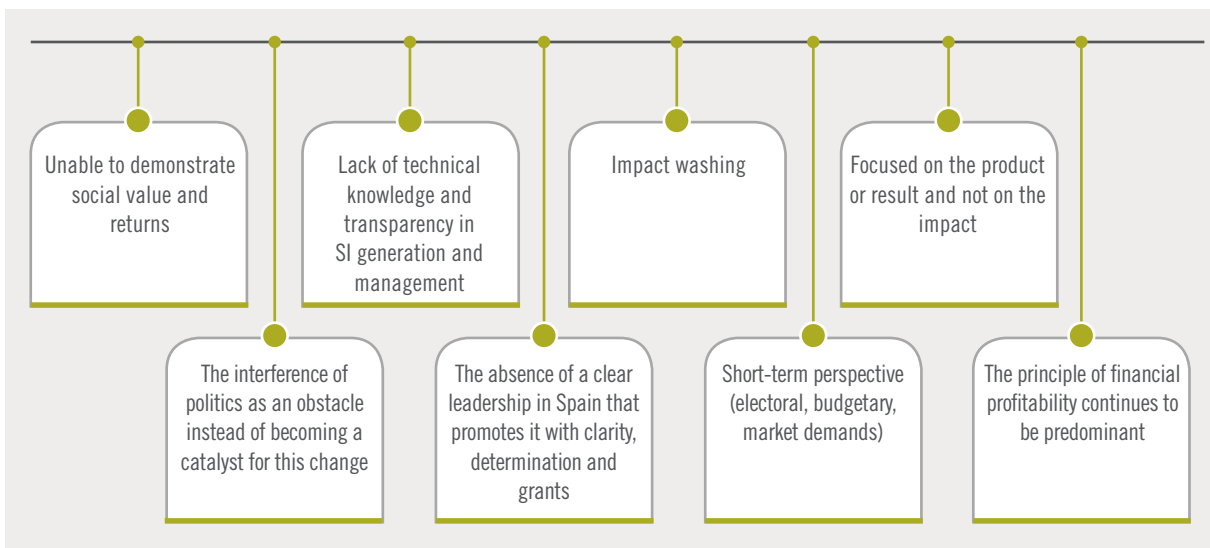
At the heart of the Think Tank, there is a clear agreement that social impact has grown exponentially, boosted by impact investment² at both global and national levels in the last years. The evolution of this ecosystem is generating structural changes in how we understand socioeconomic relations. All of which appears to indicate that this model is here to stay, nevertheless, there are factors to be developed if we are to achieve the full potential of the ecosystem. In this regard, it is considered that public administration may be a key element for boosting the growth of this sector through a legal framework that provides stability and consistency. The role played by the European Union and the United Nations is also significant at the institutional level as they have become its vehicles through the Recovery Plan and the SDG Agenda. The organisations that are part of the ecosystem are also drivers of this model, thanks to the leadership by their managements who have promoted impact culture and have accepted the consequences of this turn. The following diagram displays the proposals made regarding this question.



² Between 2016 and 2018 (years when the data is comparable), impact investment grew by 340 percent according to the annual survey conducted by GIIN (GIIN, 2020)

Limits to the growth of social impact

In spite of all these factors that boost the impact economy, there is still a wide margin for improvement. Firstly, there is the need to “sort out” the ecosystem given the vagueness of the language and the use of the concepts; an imprecision that generates a large amount of noise and prevents their greater effectiveness: For impact activity to become the foundations of the new economic model that does not exclude anyone, it is necessary to avoid the temptation to go down roads that lead to dead ends, such as impact washing and short-term approaches. Impact washing causes enormous cumulative damage that threatens investor and consumer trust, leading to a domino effect that may hinder the advances made by impact. The short-term approach involves imposing speeds and an urgency that is incompatible with social and environmental changes, since it gives precedence to financial profitability over the other two dimensions. To sum up, the enormous transformative potential of this new form of comprehending the economy (fairer to the planet and to people) may be at risk if every member does not adopt in a responsible manner the parameters that characterise this new model. The figure below displays the obstacles identified in the heart of the Think Tank.

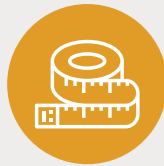


What is Impact Measurement and Management?

Defining Social and Environmental Impact Measurement and Management

Following the same logic as in the case of the concept of “Social Impact”, it has been deemed crucial for all organisations that constitute the Think Tank to arrive at a discussed and agreed-upon definition of impact measurement and management (IMM) in response to the urgent need to promote a common language that may be extrapolated to the rest of the entities in the ecosystem.

SOCIAL AND ENVIRONMENTAL IMPACT AND MANAGEMENT



It consists of the identification and quantification of agreed-upon metrics with the stakeholders which enables us to measure the changes experienced both by persons and the planet, due to a specific activity, project, programme or policy, and the degree to which the agent contributes to these changes.

This generates a learning that must govern the company’s actions and which determines the management of the intervention.

The noteworthy elements of this definition are the following:

- The stakeholders in the centre:** the interactions between the stakeholders and the value they ascribe to the changes resulting from the interventions are the cornerstone of social impact. By extension, they are also essential when selecting and quantifying indicators. When they are incorporated from the start of the measuring process, it generates a construction of bi-directional validation and verification, in addition to boosting the legitimacy of the organisation. This process must be conducted through a fluid and transparent communication based on trust (European Commission & OECD, 2015). In this exercise, it will also be necessary to acknowledge that all groups will not share the same interests and this will entail having multiple indicators to reflect these different

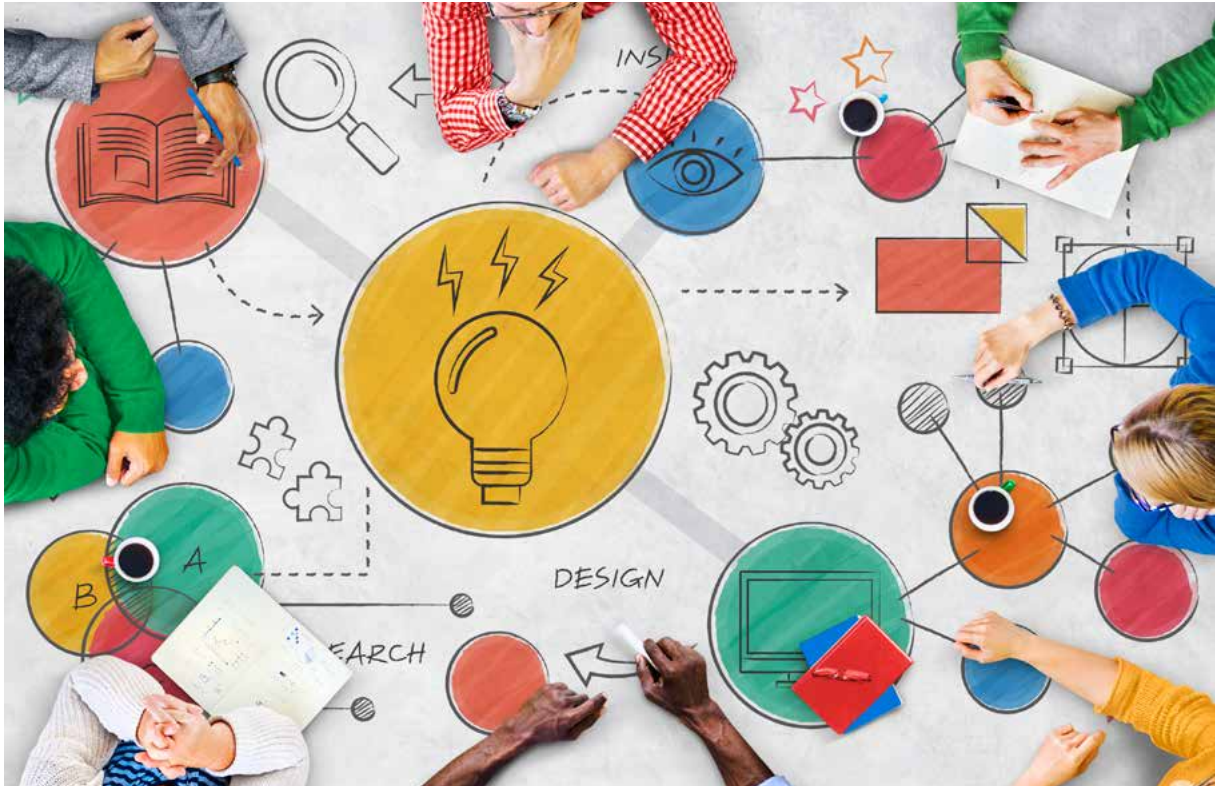
goals (Harlock, 2013). To sum up, the participation of all interested parties is an essential part of the IMM process and the cornerstone of informed decision making and the good governance of the organisation.

- **Its contributions:** it refers to the social changes that are the direct result of the entity's actions and which may be verified. As no intervention is conducted in a vacuum, it is important for the impact measurement and management to be conducted recognising the progress of the remaining variables that are affecting the goal. This exercise in pragmatism is an exercise in transparency before stakeholders to prevent falsifying results that cannot be attributed to the organisation.
- **The goal is management:** measuring is but a means for decision making that helps to improve the performance of an organisation. Therefore, there's no point in measurement if it is not used for management. Although it seems redundant, it is absolutely necessary to highlight this and for this reason, it has been expressly included in the Think Tank's definition. By compiling stakeholder data, the organisations understand the effect of the intervention and thus they can amend their practices to adapt them to the needs of these parties. Therefore, measurement not only demonstrates the value that a business has already created, but it also permits the integration of social and environmental performance at each stage of the intervention cycle.

Why Impact Measurement and Management is necessary

Systematic and rigorous IMM can have many benefits for the implementing organisation.

- **A step ahead towards the social contract:** an organisation that systematically measures its impact will probably be more closely linked to its stakeholders in the value chain (Costa & Pesci, 2016). Measuring is an exercise that involves integrating, to a greater or lesser degree, the perspective of the stakeholders. This does not only involve a cultural change in the organisation, but it is a step towards the necessary social contract between the organisation and the stakeholders. Only when there is an active involvement of these stakeholders in the organisation's activity and they feel that their opinions and assessments are taken into consideration, will this tacit argument between both parties be produced (Clegg et al., 2016). This social contract is the reverse side of the costs. There are numerous examples in the world (Mexico, the Democratic Republic of the Congo, among others) that show that the lack of active involvement of the local communities in the decisions of a company may lead to significant economic and reputational costs for the company (Carnero, 2016).
- **A continued improvement:** an organisation whose management is based on the results of its measurement will be focused on assessing its past efforts and geared towards achieving its goals. This involves the continued improvement of the entity, allowing it to develop strategic plans and to operate with more information. Additionally, the knowledge generated will allow them to reach new groups of interest and boost motivation of the company staff as they will feel more closely related to the organisation (GECES Subgroup, 2015).
- **Greater credibility and responsibility:** the information revealed by the indicators can help to better comprehend the effectiveness of the organisation by measuring the inefficiencies that are identified and boosting the areas to be improved. This will permit



decisions to be taken based on objective and quantifiable data, placing pragmatism before idealism. Finally, this form of management will have a positive effect on the organisation's credibility, consolidating it in its sector (BID, 2017).

- ✎ **Efficient use of resources:** an organisation that is guided by certain goals, that measures, monitors and even verifies them, will have the necessary information to know how efficient its management is and how to assign resources more effectively. But this better use of resources will also be noted when the entity has greater capacity to manage its impacts and thus mitigate the risks that may be incurred (Solomon, 2005), as well as reduce its capital costs (J. Nicholls, 2007).
- ✎ **In a better position to receive funds:** social capital will head where the impact is visible. An organisation that can prove that it is generating change will be in a better position to receive external funding where others cannot. And this is true for both private and public funding. For the first, the logic of this new philanthropy seeks to maximise the efficiency of the money spent and increasingly views donations as investments (Anheier & Leat, 2013). For public funds, the appearance of a new public management has led to greater monitoring of the disbursed capital and a search for optimising public spending.
- ✎ **A more robust social economy:** the organisations that incorporate IMM in their DNA will collectively enable a greater comprehension of the aggregate impacts generated in a specific geographical area. Thanks to this, the social economy of this area will be fortified and special measures may even be implemented to incentivise impact (Buckland & Hehenberger, 2021)

The main obstacles and how to overcome them

As a part of this joint reflection, we have spent a great deal of time in identifying the main obstacles that are encountered when undertaking measurements. Additionally, we have sought to take one step further and delve into the possible solutions. Below we present the six obstacles and a proposal for overcoming them based on the debate between the organisations.

► The identification and participation of stakeholders

Possible solutions

- ↘ Their inclusion depends on the project and the scope of the measurement. For this, the value vs. cost must be calibrated.
- ↘ At the very least, an exercise must be conducted in order to identify and justify why they are included or excluded (this prevents bias, enables comparability and improves transparency).
- ↘ It is necessary to ask whether this is in response to any social demand or requirement.
- ↘ The inclusion of the project beneficiaries, executors and decision makers permits each one of them to contribute different achievement indicators.
- ↘ The inclusion of a stakeholder map of the project where the type of indicator requested for measurement, its periodicity and whether it is a key or secondary indicator, may be easily incorporated.

► Measuring attribution and contribution

Possible solutions

- ↘ Use of the scenario technique ¿what has happened in the project as a result of the participation of each individual/group/intermediary? What would have happened if they had not participated?
- ↘ Transparent and clear hypotheses, especially when dealing with open projects and those with many externalities, must be adopted.
- ↘ -Recognise that measuring contribution and attribution is a learning process in organisations.
- ↘ The measurement method must clarify whether it is being conducted from the perspective of contribution or attribution, explaining its parameters and indicators.
- ↘ Given the difficulties in attribution, at least the contribution of the most relevant SH should be measured, according to the materiality analysis.

► The absence of common standards for measurement

Possible solutions

- ↘ Guide for users that facilitates standardisation and establishes minimum indicators among those required for each project according to the involved stakeholders). It should include:
 - The indicator
 - The tools
 - The deadlines
 - The type of investment/project
- ↘ State and present existing references on the differences between the outputs and the outcomes.
- ↘ Cover certain relevant sectors and industries for the Spanish ecosystem.
- ↘ List of experts that permit accompaniment in the exercise of implementing the guide.
- ↘ European Regulations such the EU Taxonomy and the Non-Financial Reporting Directives.

► **The lack of data or insufficient data**

Possible solutions

- ↳ Designing an information model of impact data.
- ↳ The step prior to identifying what we wish to measure is knowing what data is required.
- ↳ To promote cultural transfer, as there are data and systems that are already used in the organisations, but they must be extrapolated and adapted to the needs of impact measurement. The data does not belong to organisations, rather they are global.
- ↳ A strong push for training to change internal culture is required.
- ↳ Taking into consideration global and European initiatives to homogenise data processing when establishing how to measure and manage.

► **The absence of a culture of measurement**

Possible solutions

- ↳ To make visible case studies to demonstrate the value created thanks to impact measurement and management (IMM).
- ↳ Implement changes in organisations, products and services, etc.
- ↳ To create a national impact ranking based on current information, to motivate organisations and thus promote impact culture. To include businesses in the ranking, even when they do not request it.
- ↳ To display this ranking on a transparency website that serves to monitor IMM progress - To create a compulsory taxonomy.
- ↳ To promote training in all organisations and at all levels.
- ↳ To promote the compulsory nature of IMM, except in small organisations. For these organisations, IMM must be promoted with incentives, for example, tax benefits and promoting systems to improve their quality
- ↳ To boost the use of social clauses in public tenders.
- ↳ To boost training also in Public Administrations, to promote existing initiatives for “Results Orientation”.

► **Resource scarcity**

Possible solutions

- ↳ To set minimum limits that may be fulfilled by all organisations.
- ↳ To establish subsidies that are accessible and known to organisations, especially the smallest ones.
- ↳ To develop a digital tool that reduces IMM costs and facilitates the task.
- ↳ To establish possible alliances with a stakeholder involved in the project that can give value to their participation through impact measurement.

Defining frameworks, methodologies and indicators

The multiplicity of measuring instruments has only served to create a lot of confusion and noise for organisations. For this reason, it was deemed convenient to work on an agreed-upon and specific definition of the different tools that are used in IMM. In this regard, distinctions have been made between frameworks, methodologies and indicators.

FRAMEWORKS



The framework contains a strategy and a set of definitions that help to set certain goals to offer significant and consistent results.

It is based on a series of principles or regulations that must be made explicit. Additionally, it outlines the scope of measurement and specifies stakeholders and their responsibilities.

Frameworks define the methodology that later permits development and implementation (and landing).

METHODOLOGIES



The methodology is a process that includes a mix of tools as well as certain measurement criteria to generate and assess the data that permit impact measurement and valuation (monetary or otherwise). This allows organisations to communicate their internal and external impacts (reinforce their strategy) and to take strategic decisions (with it).

Organisations develop their own methodologies or use widely accepted methodologies, which combine several approaches to assessment and datasets.

INDICATORS



Quantitative and/or qualitative depiction of a change that helps to measure the effects of a policy, programme or project, on the people and the planet.

The indicators must be “SMART” and useful for assessing actions and supporting decision-making.

Keeping in mind that the number of methodologies and tools for measurement will only increase (largely boosted by technology and the appearance of new organisations in the ecosystem), it is important to accept that any system of measurement must be based on the acknowledgement that the results obtained are relative and that they are meaningful when shared by the different participating stakeholders (J. Nicholls, 2007). The impacts, therefore, must be identified by the organisation and its stakeholders through participatory decision-making processes (Clift, 2003), which means that no method by itself is able to capture the whole impact generated by an organisation for different stakeholders. Therefore, a variety of methods that satisfy the requirements of these stakeholders is required (Harlock, 2013).

It is important to not ignore that the final goal of measurement is to expand positive and social and environmental impact. Therefore, we must try to avoid selecting those tools or systems of measurement that may conceal unsustainable practices of an organisation or

may display more positive results of the impact generated (Suchman, 1995). If this practice were to become customary, it would pose a risk to the credibility of the entire ecosystem (Costa & Pesci, 2016; Mackevičiūtė, 2020).

Classifying the tools

While it is true that the number of instruments to measure impact has increased exponentially in recent years, so has users' confusion regarding the classification of these tools. This confusion has extended to the members of the Think Tank who have varying opinions regarding how they should be classified.

In order to shed light on this matter and based on the definitions that have been agreed upon, we make a proposal to classify the tools that are most frequently used by the TT organisations (which may be consulted in the full report in Figures 18 and 19). In any case, it is important to highlight that the classification is not unanimous and that different sources place the same tool in different categories. Taking into consideration these differences, the proposal below is the one that has received the greatest consensus in the literature on the subject (Gutterman, 2021; Maas, 2009; Mishra, 2018).



Categorisation of the selected tools

Faced with this swarm of tools where new instruments for measurement constantly appear and where it is difficult to have a complete view of all of them, it has been decided to make a categorisation that lets us classify them according to a series of criteria.

This work has been conducted in a participatory fashion based on a Think Tank proposal to which its members made their contributions. Next, we present the results of this process that seeks to be a useful guide to help organisations (inside and outside the TT) to identify the most suitable tool according to the type of measurement they require.

Methodologies	Criteria																							
	Users		Goal			Orientation		Moment in time		Period of time			Perspective			Focus			Stakeholders		Resources invested			
	For profit	Non-profit	Cribar	Monitoring	Assessment	Reporting	Inputs	Outputs	ST	LT	Prospective	Retrospective	Present	Micro	Meso	Macro	Process-based	Impact-based	Monetisation-based	Yes	No	More	Less	
B Impact Assessment																								
Base of Pyramid Impact Assess Framework																								
Balanced Scorecard																								
EVPA																								
Global Reporting Initiative (GRI)																								
Impact Management Project																								
Impact Weighted Account Initiative																								
ODS Compass																								
Sustainability Accounting Standards Board (SASB)																								
Social Impact Assessment (SIA)																								
SROI																								
Theory of Change																								

LEGEND Fulfils the criterion Partially fulfils the criterion Does not fulfil the criterion

The Principles of Impact Measurement and Management

As a part of the deliberation process, it was deemed necessary to agree upon a set of Principles of IMM that could serve as a regulatory framework for the organisations within the ecosystem. This requirement was compelled by the difficulty in establishing a standard methodology that could be used by all entities, but adhering to their demand to continue to delve into this common vocabulary.

The unique feature of these Principles is that they are created, defined and agreed upon by the large variety of organisations that are part of the impact ecosystem. This gives them a unique value that does not exist in other countries. Besides, they help to improve transparency and comparability as it means that regardless of the tool used by organisations to measure impact, they will all be guided by the same principles. Finally, they help providers, intermediaries and interested parties to share the same language, thus uniting visions, improving efficiency and reducing transaction costs. In any case, it is important to emphasise that these principles are established with an “aspirational” nature, as it recognises that not all companies can fulfil all of them in the short term.

STEP 1. TRANSPARENCY AND ACCOUNTABILITY

When conducting IMM, the following questions must be made explicit:

- The impact goals of the intervention, in order to focus on what’s important both in impact measurement and in management.
- The goals of the measurement, the deadlines, the process to be followed and the stakeholders involved.
- The impact sought with the intervention.
- The methodology, the frameworks, and the data sources to be used in the measurement.
- The stakeholders to be included in the measurement and management, and their roles.
- Whether attribution or contribution is measured.
- The limitations of IMM; what has been achieved, what has not been achieved and what cannot be measured at this time.

PRINCIPLE 2. LEARNING FOR MANAGEMENT

- A dynamic model of continuous learning that feeds off its results.
- Learning enables decision-making in management and achieving the highlighted goals.
- It includes the analysis of positive impacts to maximise them as well as negative impacts to minimise them.
- It is inherently linked to the transformation.

PRINCIPLE 3. MEASURING THE MATERIAL ASPECT

- The material aspect refers to those questions that have a direct or indirect impact on the ability of the organisations to create, maintain or diminish the economic, social and environmental value for stakeholders and society in general (GRI, 2016).
- The identifiers and the key information for the main stakeholders (SH) must be identified in order to provide a true and complete picture of the generated impact.
- It includes the tangible and intangible elements if they are material for the stakeholders;
- It must be defined along with the methodology and objectives.
- It is a dynamic concept that changes over time and depending on the stakeholder asked.

PRINCIPLE 4. RELIABILITY

- It refers to a measurement that gives the same response when applied more than once;
- Indicators mainly based on empirical evidence which demonstrate the cause-and-effect relationship are used.
- Reliability gives credibility to the measurement.
- It guarantees that it is verified by scientific evidence (ex-ante) and/or verified by a third party (ex-post).

Conclusions

The alarms have sounded; the economic model as we know it is no longer working and we must take the road that unites the social and environmental dimensions as a matter of necessity. It is the time for social impact.

The speed with which this ecosystem has evolved and expanded is promising, still, only its foundations have been established and there is much that is yet to be built. It is necessary that more organisations continue to become a part of this industry because the planet's health and that of the people depend on it. This will only happen when the regulations (practices, policies, principles and standards) are widely accepted, consistent and stable, as is the case with those that govern the financial system. Entering or moving in a market where there is reliability and transparency will stimulate big and small capital providers into assigning more resources to funding social initiatives, at the same time that interested companies will design business models tailored to this offer. In parallel, new actors will emerge who try to cover some of the gaps that emerge with the flourishing of the ecosystem. But the true upsurge will only be achieved when institutions and individuals give the same priority to social impact as to financial impact by taking decisions on how to assign resources.

For all of this to take place, it is essential to continue building the ecosystem by looking firmly to the future, but also learning from the path taken by others. In this regard, the Think Tank has helped to establish connections between organisations of highly varied origins, sizes and sectors, with a heterogeneous itinerary and knowledge of social impact, but which are all united in their efforts to boost this new form of understanding the economy. This is a unique amalgamation within the Spanish ecosystem, which makes it especially rich and necessary at the birthing stage where it is necessary to jointly construct solid foundations. The Think Tank has thus become a small microcosm that commenced with a very individual vision, moving on to generate joint visions and deciding to create a common language. This report seeks to be a guide for all the organisations that are members of the TT, but it is also a manual for all who wish to set foot in the world of impact. We believe that the work, reflections, and agreements achieved and set down in this document can be a significant stimulus for growing the ecosystem, in addition to doing so with a shared and widely extended narrative.

Annex

Expert Groups

Organisation type	Entity	Person	Position
Impact investors	Gawa Capital	Agustín Vitórica	Co-founder and Co-CEO
	Creas	Lara Viada	Investments Director
	Bolsa Social	Jose Moncada	Managing Director
	Ship2BVentures	Juliana Cadavid	Chief Economist for Mapfre Inversión
Finance and Insurance Sector	Mapfre	Alberto Matellan	Director Impact Assessment and Strategic Development
	Fundación Microfinanzas BBVA	Stephanie García Van Gool	Director of Operations
Incubators/Facilitators	Unltd	Thais Bueno	Impact Manager
	Fundación Ship2B	Juliana Cadavid	B Corp Ambassador to Spain
Certifying bodies	B Corp	Daniel Truran	Head of knowledge and dissemination
Institutional Representation	SpainNAB	Laura Blanco	Vice-President
	ESImpact	Bernardo García Izquierdo	Director of Post-Graduate Studies and Research
Academia	Fundación San Juan de Dios	Elena Garcia	Full Professor, Department of General Management and Strategy
	ESADE	Lisa Hehenberger	Professor of Economics, Deusto Business School
	Deusto	Jose Luis Retolaza	Director of Research, Social Innovation and Consulting
Tertiary Sector	Codespa	Mónica Gil-Casares	Co-Director
	Open Value Foundation	María Cruz Conde	Head Responsible Business and Sustainable Innovation
Company	Telefónica	José María Bolufer	Head Responsible Business and Sustainable Innovation
	Management Solutions	Soledad Díaz-Noriega	Partner. Responsible for Sustainability Impact and Climate Change

Consulting Groups

Organisation type	Entity	Person	Position
Impact Investors	GSI	Arturo García	Managing Director and Chief Investment Officer
	Repsol Impacto	Ane de Ariño	Senior Investment Manager at Repsol Impacto Social
	Inuit Fundación	Angélica Rodríguez	Vice-President
Finance and Insurance Sector	Santander España	Alicia Muñoz Lombardía	Director of Governance, Climate Change, Regulations and Privacy. Vice-Secretary of the Council of Santander España
	Bankia y Spainsif ¹	María José Gálvez	Director of Strategic Sustainability Monitoring at Bankia. Vice-President of Spainsif
	Triodos	María de Pablo	Directora de estrategia de financiación
Company	Sacyr	Diego Zamorano	Manager of Sustainability and CSR
	Orange	Patricia Acosta	Sustainability Manager
Social enterprise	Ecoalf	Carol Blázquez	Head & Soul of Innovation & sustainability
Company with impact (B)	Central Lechera Asturiana	Manuel Reineiro	Head of the Department of Communication, Institutional Relations and CSR
Academia	Instituto de Empresa	Leticia Álvarez	Consultant and university professor
Independent expert		Mercedes Valcárcel	Consultant and university professor
		Miguel Lamola	Expert
		Delia Rodríguez	Social Impact Leader
Public Administration	Subdirectorato-General for Inclusive Policies, Ministry of Inclusion, Social Security and Migrations	Esther María Pérez Quintana	Sub-Director
	Subdirectorato-General of Social Economy and CSR. Ministry of Labour and the Social Economy	Juan Manuel Sánchez Terán Lledó	Sub-Director
Specialist consultants on Social Impact	Sustentia	Carlos Cordero	Director
	Felicidad Collective	Leo Gutson	Chief Impact Officer and Co-founder
Business Consulting	PwC	Marta Colomina	Director General of the PwC Foundation. Director of Marketing and CSR at PwC Spain
Tertiary Sector	Educo	Ana Jiménez	Head of Monitoring, Evaluation, Accountability and Learning
	Ayuda en Acción	Jorge Cattaneo	Deputy Director and CIO
	Cáritas España	Natalia Peiro	Secretary General
	Nittúa	Raúl Contreras	Co-Founder
	European Microfinance Platform	Gabriela Erice	Micro-Finance Officer
		Carmen Pérez	Director
	Impact Hub	Antonio González	CEO

Recommended reading

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