# Analyzing the Social Value of Bucharest Community Foundation Programs: Social Return on Investment

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## The Context

The community foundation movement is a relatively recent one in Romania. The first foundation of its type was established in 2008 in the western city of Cluj Napoca; almost 10 years later, the country has a network of 15 community foundations with a substantial geographical reach. The Bucharest Community Foundation,[1] founded in late 2011, raises funds from local businesses and individuals to finance projects designed to create inclusive, welcoming communities. With the support of over 5,000 local donors and more than 350 volunteers, the foundation has so far provided more than $600,000 in funding for over 230 education grants and other projects. In our fifth year, total funding equaled the entire amount we were able to provide to local communities in our first four years of operation.

The foundation manages four annual small-grants programs and several annual community volunteering and fundraising events. Although each of these is evaluated through reports from grantees, surveys, and feedback gathered in meetings, we wanted a method or instrument that would allow us to analyze the impact of our work on local community development.

In May 2015, Porsche Romania launched Mobilizing Excellence,[2] the carmaker's first corporate social responsibility (CSR) program in the region. Developed with support from the foundation, the program has three strategic aims:

### Key Points

- In search of a suitable method to measure the social impact of its programs after five years in operation, the Bucharest Community Foundation turned to social return on investment (SROI) analysis to determine the social value produced by one of its grants programs. The internationally recognized method measures the social, environmental, and economic impact of a project or program, quantifiably analyzes outcomes from the perspective of stakeholders, and assigns a monetary value to those outcomes. Assigning a monetary value to a project outcome may help the project team, donors, and the impacted community to evaluate its benefits in comparison with the initial investment the project.

- With the help of its evaluation partner, CSR BootIQ, the foundation analyzed five innovative urban design and green technology projects it funded through Mobilizing Excellence, the corporate responsibility program the foundation established with Porsche Romania.

- The foundation wanted to determine if and how SROI analysis, a method relatively unknown in Romania, can be a useful tool to systematically assess the social impact and value of programs funded by community foundations. This article discusses the results of the evaluation and shares lessons learned.

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1. Stimulate small initiatives of participatory urban design to improve public spaces and make the city of Bucharest more hospitable to its residents,

2. Harness innovative, small-scale projects to create a greener city, and

3. Encourage youth participation in sports and the arts.

Mobilizing Excellence was developed in line with the values and principles of Porsche Romania — excellence in innovation and design — and extended to communities by supporting people with similar interests and talents. The program was launched through a public call for project proposals and scholarship applications, and independent juries made up of experts in their respective fields selected the projects to receive funding. From the beginning, the program was seen as a long-term investment in the community.

At the official launch, Porsche Romania and the Bucharest Community Foundation announced that the impact of the Mobilizing Excellence projects would be evaluated using the social return on investment (SROI) method. In Romania, SROI is a relatively unknown. Given our partnership with CSR BootIQ,[3] the only consulting agency operating in Romania that had certified expertise in SROI, we proposed this method to Porsche; it readily agreed. We knew we would offer relatively small grants ($10,000 to $12,000) for short-term projects (up to nine months) to stimulate urban design and eco-innovations that had the potential to attract local and professional communities, but we did not know exactly what the projects would look like. And using SROI on small-scale projects funded through a CSR program was new to all three partners.

What follows is an outline of the SROI methodology, a discussion of how we assisted CSR BootIQ with logistical and programmatic issues related to the projects it was analyzing, the results of the evaluation, and lessons learned.

*Social return on investment is a method that analyzes the results of a project using a combination of quantitative, qualitative, and financial data. It tells the change story of a project, from the framework set by the project team to its ultimate reality in the field.*

## Methodology and Process

Social return on investment is a method that analyzes the results of a project using a combination of quantitative, qualitative, and financial data. It tells the change story of a project, from the framework set by the project team to its ultimate reality in the field.

The term SROI first appeared in the context of a cost-benefit analysis for social enterprises in 2000, when it was used by the Roberts Enterprise Development Fund (Millar & Hall, 2012). Two years later, the William & Flora Hewlett Foundation brought together a group of SROI practitioners from the U.S., Canada, the U.K., and the Netherlands to update the methodology. The group produced the Blended Value Map, a tool to integrate social and financial returns in mapping the outcomes or impact of philanthropic investments (Emerson, 2003). In 2006 the international SROI Network — now known as Social Value UK — was formed to contribute to the method's continued evolution. In 2007, the British government commissioned a consortium led by Social Value UK to continue work on guidelines to help social businesses seeking government grants to account for their impact using a consistent, verifiable method. In 2009 this consortium produced the first Guide to SROI, whose language was amended in 2012 to make it more

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[3]For more details about CSR BootIQ, see www.csr-bootiq.com.

relevant to international audiences and to various sectors and types of organizations.

This standardized SROI method provides a quantitative approach to understanding and managing the outcomes and impacts of projects, businesses, organizations, funds, and policy. It takes into account stakeholders' views of impact and assigns financial "proxy" values on outcomes and impacts identified by stakeholders that typically do not possess a market value. In this way, people whose values are often excluded from market measurements gain a voice in resource allocation. The method is especially useful for organizations and teams that want to learn more about the value they produce and how they can produce more with the same human and financial resources, and for long-term projects that place people at their center. Many public and private organizations are using SROI to analyze the social value of their work.[4]

There are two general types of SROI analysis (Nicholls, Lawlor, Neitzert, & Goodspeed, 2012):

- *Evaluative SROI* analyses evaluate actual outcomes within a given period. These are most useful when a project is up and running and there are good data on outcomes.

- *Forecasted SROI* analyses predict social value if an activity achieves its stated objectives. They are used to assess the likely impact of a project that is still in the planning stages or where outcomes data are lacking. A forecasted SROI can be followed with an evaluative SROI to verify the accuracy of the analysis.

The SROI analysis method encompasses seven principles (Nicholls et al., 2012, p. 9):

1. "Involve stakeholders." Stakeholders should inform what gets measured and how.

2. "Understand what changes." Formulate a theory of change for the initiative and articulate how change is created; evaluate that

through evidence, recognizing positive and negative changes as well as those that are intended and unintended.

3. "Value the things that matter." Use financial proxies to express the value of the outcomes.

4. "Only include what is material." Determine the relevant information and evidence that must be included in the accounts in order for stakeholders to draw reasonable conclusions about impact.

5. "Do not overclaim." An organization should claim only the value that it is responsible for creating.

6. *Be transparent.* Demonstrate the basis on which an analysis may be considered accurate and honest, and that it will be reported to and discussed with stakeholders.

7. *Verify the result.* Ensure the appropriate verification is arrived at by an independent source.

Carrying out an SROI analysis involves six stages (Nicholls, 2012, pp. 9–10):

1. *Establishing scope and identifying key stakeholders.* An SROI needs clear boundaries for what the analysis will cover and who will be involved in the process and how. Service users, funders, and other agencies working with the client group are often included in an SROI.

2. *Mapping outcomes.* Through engaging with relevant stakeholders, an impact map — a theory of change — is developed that shows the relationships among inputs, outputs, and outcomes.

3. *Evidencing outcomes and giving them a value.* This stage involves finding data to show whether outcomes have happened and then giving them a monetary value.

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[4]For an extensive report on this work, see www.socialvalueuk.org/report-database.

4. *Establishing impact.* Those aspects of change that would have happened anyway or are a result of other factors are taken out of the analysis.

5. *Calculating the SROI.* This stage involves adding up all the benefits, subtracting any negatives and comparing the result with the investment. This is also where the sensitivity of the results can be tested.

6. *Reporting, using and embedding.* This vital last step involves verification of the report, sharing findings with stakeholders and responding to them, and embedding good outcomes processes.

Seven principles underpin the application of an SROI evaluation. (See Figure 1.) An SROI analysis is carried out in six stages. (See Figure 2.) Depending on the scope and scale of the project, the process can take up to several months.

*Seven principles underpin the application of an SROI evaluation. An SROI analysis is carried out in six stages. Depending on the scope and scale of the project, the process can take up to several months.*

The foundation analyzed five urban design and ecological innovation projects funded by the Mobilizing Excellence program's first round of grants:

- Auto Eco-Innovation,[5] implemented by the Ecoteca Association. The project team worked with specialists in environmental

**FIGURE 1** The Seven Principles of SROI

1. **Involve stakeholders.** Inform what gets measured and how this is measured and valued by involving stakeholders.

2. **Understand what changes.** Articulate how change is created and evaluate this through evidence gathered, recognizing positive and negative changes as well as those that are intended and unintended.

3. **Value the things that matter.** Use financial proxies in order that the value of the outcomes can be recognized.

4. **Only include what is material.** Determine what information and evidence must be included in the accounts to give a true and fair picture, such that stakeholders can draw reasonable conclusions about impact.

5. **Do not overclaim.** Only claim the value that organizations are responsible for creating.

6. **Be transparent.** Demonstrate the basis on which the analysis may be considered accurate and honest, and show that it will be reported to and discussed with stakeholders.

7. **Verify the result.** Ensure appropriate independent assurance.

*Source: Nicholls et al., 2012, pp. 96–98*

[5]For more details in the Romanian language, see www.facebook.com/cddpolizu/?fref=ts.

protection from Bucharest Polytechnic University on an innovative system to harness automotive and related waste, designing and testing various "up-cycling" solutions — alternative uses for waste identified as difficult to recycle. The work inspired a new commitment to sustainability among university students, and the campus offices of the Center for Sustainable Development, which were renovated by the project team, hosted debates and up-cycling workshops for the community.

- Green Mogo roof garden and greenhouse,[6] implemented by the Greenitiative Association. The team designed and built a roof garden and greenhouse to serve as educational tools for Bucharest's Green Mogo Center for Training and Energy Counselling.

The center hosts educational programs about green energy, permaculture, and sustainable agriculture and the project included a pilot education program and practical demonstrations of permaculture and sustainable techniques for roof gardens.

- At the Grassroots Level,[7] implemented by a group of four architects and civic activists. The project renovated space in a dilapidated industrial building to house a community cultural center that, notably, is one of very few public spaces in Bucharest accessible to people with disabilities.

- Make(you)R(own)Space *(Intrarea Violoncelului)*,[8] implemented by D'Avent, an NGO in Bucharest. *Intrarea Violoncelului* was the first space in Bucharest dedicated to

**FIGURE 2** The Stages in SROI

1. **Establishing scope and identifying key stakeholders.** It is important to have clear boundaries about what your SROI analysis will cover, who will be involved in the process, and how.

2. **Mapping outcomes.** Through engaging with your stakeholders, you will develop an impact map, or theory of change, which shows the relationship between inputs, outputs, and outcomes.

3. **Evidencing outcomes and giving them a value.** This stage involves finding data to show whether outcomes have happened and then valuing them.

4. **Establishing impact.** Having collected evidence on outcomes and monetized them, those aspects of change that would have happened anyway or are a result of other factors are eliminated from consideration.

5. **Calculating the SROI.** This stage involves adding up all the benefits, subtracting any negatives and comparing the result with the investment. This is also where the sensitivity of the results can be tested.

6. **Reporting, using, and embedding.** Easily forgotten, this vital last step involves sharing findings with stakeholders and responding to them, embedding good outcomes processes, and verification of the report.

*Source: Nicholls et al., 2012, pp. 9–10*

[6]For more details in the Romanian language, see www.facebook.com/Centrul-Green-Mogo-557071394370356.

[7]For more details in the Romanian language, see www.facebook.com/nevedemlafirulierbii.

[8]For more details in the Romanian language, see www.facebook.com/ViolonceluluiHub.

**TABLE 1** Mobilizing Excellence Projects: Key Stakeholders

| Auto Eco Innovation | Trailer for Research and Activation/City School | At the Grassroots Level |
|---|---|---|
| • Specialists in environmental protection from Bucharest Polytechnic University<br>• Center for Sustainable Development volunteers<br>• Project team | • Metropolitan Library (main partner)<br>• Architecture and sociology students<br>• Students' coordinators<br>• Project team<br>• Organizations using trailer for community events | • Organizations using space for community events<br>• Partners in renovation<br>• Project team |
| **Make(you)R(own)Space** | | **Green Mogo Roof Garden** |
| • Volunteer builders<br>• Project team | | • Student volunteers<br>• Project team |

creative recycling, but could only be used in warmer weather. The project transformed it into a year-round makerspace, using an innovative building method based on an expandable container structure. The building is the first to be based on a prototype created at the Technical University in the eastern Romanian city of Iasi, and is the first small-scale building insulated entirely with hemp. The project also organized a series of public workshops on hemp use for building insulation.

• The Trailer for Research and Activation/ City School,[9] implemented by studioBasar. The team wanted to test methods for developing public space in what is known in Romania as a "dormitory" neighborhood. Such neighborhoods, built during the communist period, are densely populated and lack the infrastructure for community development. The mobile trailer, attached to a public library in Bucharest, generated the public space to house an experiential learning program that piloted two approaches: one on participatory architecture that involved feedback from library users, and an interdisciplinary approach in which students in architecture and

sociology worked together on projects to develop community spaces.

The SROI analysis, performed by CSR BootIQ with logistical and programming support from the foundation, required almost nine months to complete. At the outset, the project proposals — developed by organizations that were relatively small and new to the work — presented overly broad theories of change and identified target groups rather than specific stakeholders. The foundation and the evaluator worked with the project teams to clarify intended changes and identify their projects' key stakeholders. Evaluation began when the projects were about midway in their implementation, and as work neared the end the evaluator and the teams reexamined the projects' initially selected stakeholders to confirm that their perspectives were still relevant to project goals. The result was a total of 18 categories of key stakeholders for the five projects. After the projects were finalized, CSR BootIQ sought feedback from 43 stakeholders about the changes — positive and negative — they perceived as a result of the projects: 10 replied to online questionnaires and 22 answered questions in interviews; in-depth interviews were performed with 11 stakeholders. (See Table 1.)

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The feedback phase was time-consuming, lasting about two and a half months: arranging meetings with the range of stakeholders during the summer, which coincided with the end of work on the projects, proved quite difficult. Additionally, most of the projects focused on building innovative structures and testing designs and solutions; the shorter implementation phase left fewer opportunities to interact with beneficiaries and users. As a result, we determined that the final analyses would need to combine evaluative and forecasted SROIs.

Another difficulty arose when we asked the evaluator to state all values and the SROI ratio in Romanian currency (RON). SROI analysis involves outcomes that can be valued only by use of proxy indicators: the financial proxies used in the SROI are a combination of the costs of publicly available economic goods and services, secondary research utilizing studies that value the impact of appropriate intervention services, and the "willingness to pay" approach.

CSR BootIQ chose financial proxies for this analysis based on the outcomes maps drafted for each stakeholder: for example, one of the outcomes reported by student participants in the Trailer for Research and Activation/City School project was increased professional capacity; the proxy chosen by the evaluator was the participation cost of a camp on social-participatory architecture. But there are very few financial proxies to be found in Romania. The Global Value Exchange database[10] provides more than 1,000 outcomes, indicators, and valuations for SROI analysis, but they are calculated in British pounds and based on the gross domestic product of the U.K. For the values of identified proxy indicators expressed in other than Romanian currency, we decided to use the corresponding Romanian National Bank exchange rate for the August 2016 to express social value. For the proxy indicators from the Global Value Exchange database, all values in British pounds were pondered by 1.91 — the ratio between the U.K. and Romanian GDPs' purchasing power parity for 2015.[11] The SROI reports for the five projects were finalized in September 2016 and presented to project teams and stakeholders for feedback; the final reports were ready in October 2016.

## Results

The social value expected to be produced for the stakeholders in all five projects was greater than what was invested, with amounts that ranged from 1.5 RON to 3.7 RON for each RON invested. (See Table 2.)

Since the projects were highly experimental and innovative and most of the activities were piloted, analysis of most of the outcomes were based on a forecasted SROI. All of the projects involved volunteers and students, who were important stakeholders and had almost as much involvement in the projects as the project teams. As a result, the social value produced by the projects for those students and volunteers was quite high. Along with a greater sense of empowerment, the project teams gained a greater capacity to develop and implement innovative projects as well as to attract new partners and additional resources in support of their efforts.

The SROI reports will help the project teams to better implement future projects, and act as a validation of their work for peers and potential

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[10]The Global Value Exchange database is available at www.globalvalueexchange.org.

[11]The data for both GDPs, reported by the World Bank, were taken from Trading Economics, at https://tradingeconomics.com.

**TABLE 2** Social Value Expected to be Produced for Key Stakeholders In Each Project

| Auto Eco Innovation | Trailer for Research and Activation/City School | At the Grassroots Level |
|---|---|---|
| Specialists = 84,000 RON<br><br>Volunteers = 54,000 RON<br><br>Project team = 17,955 RON | Metropolitan Library = 17,618 RON<br><br>Students = 48,769 RON<br><br>Coordinators = 0 RON<br><br>Project team = -2,443 RON<br><br>Users of the trailer = 100,800 RON | Users of the space = 193,637 RON<br><br>Partners = 199,788 RON<br><br>Project team = 2,560 RON |
| *Total social value = 155,955 RON* | *Total social value = 164,743 RON* | *Total social value = 395,985 RON* |
| *Total investment = 73,015 RON* | *Total investment = 44,870 RON* | *Total investment = 232,390 RON* |
| **SROI ratio = 2:1 RON** | **SROI ratio = 3:7 RON** | **SROI ratio = 1:7 RON** |

| Make(you)R(own)Space | | Green Mogo Roof Garden | |
|---|---|---|---|
| Volunteers = 17,415 RON<br><br>Project team = 146,954 RON | | Volunteers = 17,415 RON<br><br>Project team = 146,954 RON | |
| *Total social value =164,369 RON* | | *Total social value =164,369 RON* | |
| *Total investment = 109,455 RON* | | *Total investment = 109,455 RON* | |
| **SROI ratio = 1:5 RON** | | **SROI ratio = 1:5 RON** | |

donors. For Porsche Romania, the report shows the social value of its investment and validates its decision to make long-term investments in the community. For the Bucharest Community Foundation, the SROI reports and process were the pilot use of an internationally recognized method of evaluation for our grantmaking programs. The process also positioned the foundation as a member of Romania's emerging community of practice on impact analysis.

## Conclusion and Lessons Learned

Social return on investment analysis is highly useful in illustrating the impact of large-scale projects. It is especially meaningful when working with corporate donors, because it assigns monetary value to the outcomes and impacts of a project.

On the other hand, SROI is not the most appropriate method for analyzing the impact of small, innovative projects. Nor is it always suitable for a community foundation like ours. We need to determine how our work contributes to the development of grassroots organizations and encourages citizen activism while also analyzing capacity-building work with our grantees — work which is not always very visible.

- Social return on investment is a time-consuming and expensive evaluation methodology: our process began in March 2016 and the reports were finalized the following October. If the time spent on logistical arrangements, work with project teams, interviewing stakeholders, research, reporting, and making adjustments in response to the feedback was compensated at an hourly

*Our foundation is considering simpler evaluation approaches that respect the seven principles of SROI and the outcome-mapping exercise for stakeholders.*

rate, the cost would be almost equivalent to a grant offered by the Mobilizing Excellence program. Given our foundation's resources and Romanian market realities, it is a tool that we cannot afford to employ on a regular basis.

- Difficult decisions have to be made as issues emerge during project implementation and in choosing proxy indicators. In addition, there are various personal outcomes — increased self-esteem, for example — that cannot be easily assigned a monetary value.

- SROI analysis is more appropriate for larger projects that have many direct beneficiaries and a longer implementation period. If we were to use it again with our grantees, we would wait a longer period after a project was finalized before conducting the analysis, especially for projects that involve developing products, structures, and spaces.

- The SROI method is limited in its ability to make meaningful comparisons. The social value of projects, especially if they are dissimilar, are difficult to compare since the value for each project is based on the perceptions and beliefs of the stakeholders regarding how their lives have changed at the time they are consulted. In this respect, SROI analysis is of more use to organizations that are doing the same type of projects.

However, pieces of the methodology can be adapted to other methods of assessing impact. Our foundation is considering simpler evaluation approaches that respect the seven principles of SROI and the outcome-mapping exercise for stakeholders. Understanding our contribution to the development of our community remains critically important to the foundation, its donors, and its grantees.

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