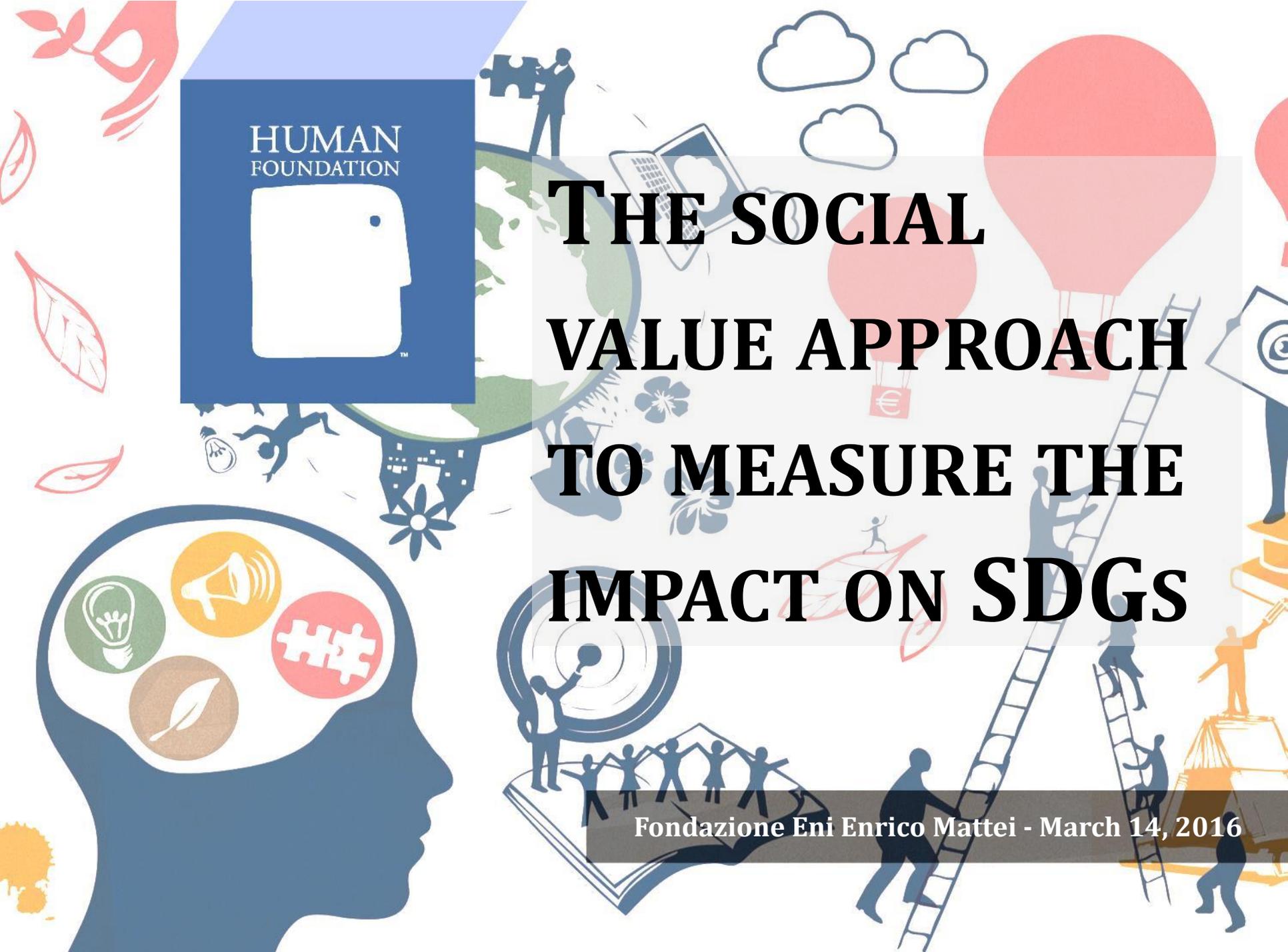




HUMAN
FOUNDATION



THE SOCIAL VALUE APPROACH TO MEASURE THE IMPACT ON SDGs

Fondazione Eni Enrico Mattei - March 14, 2016

Human Foundation

- Human Foundation is a nonprofit organization that promotes **collaboration** between business, government, social enterprises, foundations, institutional investors, traders and the finance world, in order to **generate and implement innovative solutions to social problems**.
- Human Foundation coordinated the Italian Advisory Board to the **Social Impact Investment G8 Task Force**.
- In 2015, Human Foundation is a founding member of **Social Value Italia**: a network that aims at supporting social impact measurement in Italy.
- In 2016, Human Foundation is a founding member of the **Associazione Social Impact Agenda per l'Italia**.
- Human Foundation joined the **Alleanza Italiana per lo Sviluppo Sostenibile (ASviS)**, which promotes Italy's engagement to the Sustainable Development Agenda.
- Human is member of **GIIN**: the organization that gathers the main stakeholders of impact investing.

Human Foundation – What we do



Research & Advocacy

Human Foundation conducts research on social innovation and finance in order to support the development of efficient and effective solutions to people's needs.



Social Impact & Innovation

Human Foundation supports new models of service delivery, forms of public-private collaboration, and methods of social impact measurement.



Capacity Building

Human Foundation enhances the skills of social sector stakeholders, and promotes the growth of entrepreneurial culture in the social dimension.

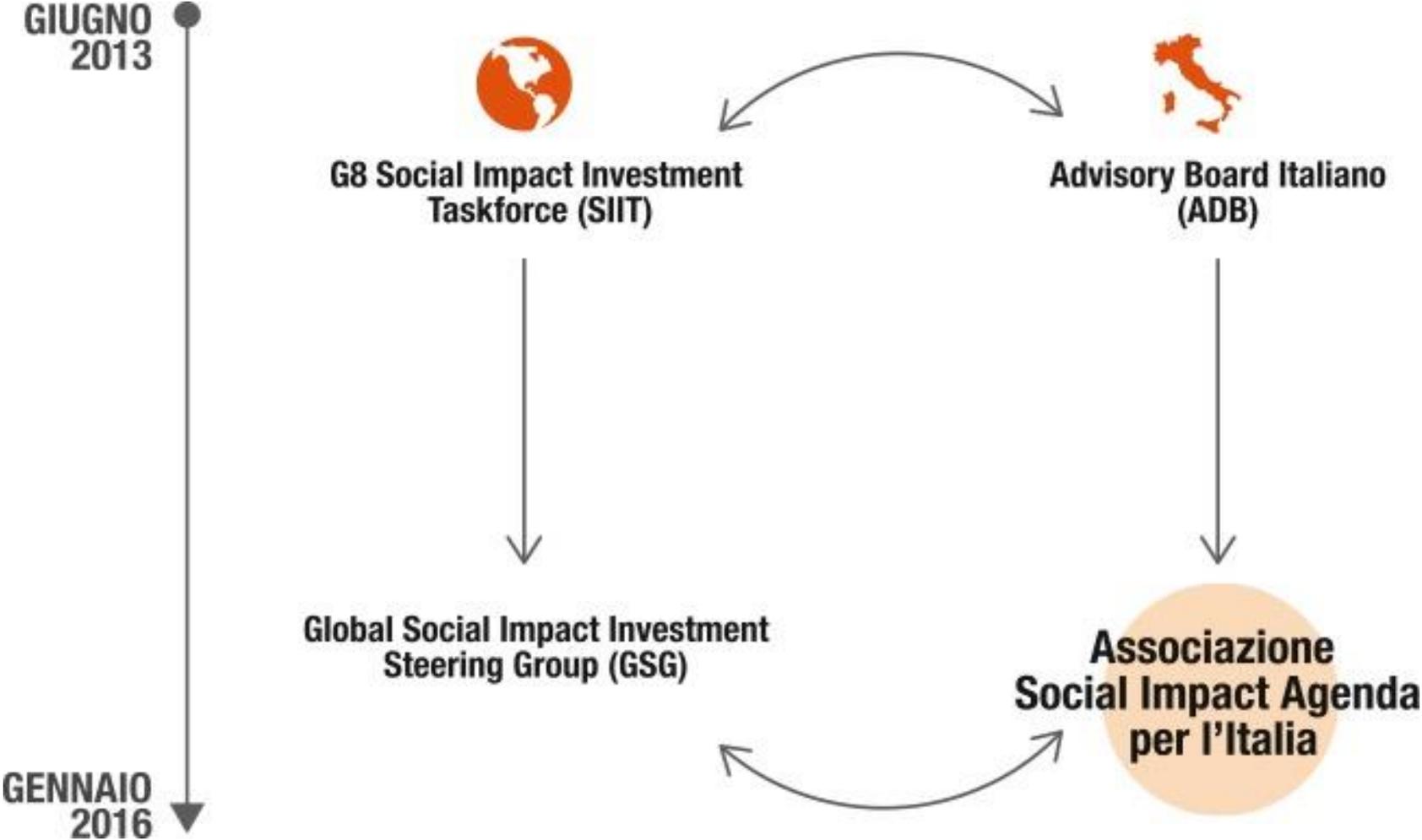
Social Impact measurement

- Research on social impact assessment
- Design of monitoring and evaluation frameworks for social purpose organizations
- SROI analysis of social projects and investments
- Advocacy on accountability and evaluation

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Pathways to a Social Impact Agenda



Harvesting results of a shared endeavor



- High Level Recommendations
- The Age of Impact Entrepreneurship
- The First Trillion
- The Third Dimension
- A New Force in International Development
- Galvanising a Global Impact Movement
- Recommendations for Policymakers

Global Social Impact Investment Steering Group

Sir Ronald Cohen (Chair)

Chair's Executive Team

Talitha Tanner,
Sir Ronald Cohen's Office
 Jake Benford,
Bertelsmann Foundation

Nanako Kudo,
Nippon Foundation
 Sarah Doyle,
Centre for Impact Investing, MaRS

Vice-Chairs

Nick Hurd (Policy) Matt Bannick (West Coast, USA) Africa: TBC
 Peter Blom (EU) Tracy Palandjian (East Coast, USA) Asia: TBC
 Nick O'Donohoe (UK) Alejandro Preusche (Latin America) Washington DC, USA: TBC.

Executive Group

Original Taskforce Countries:

-  Australia: Rosemary Addis, Impact Investing Australia
-  Canada: Tim Jackson, Centre for Impact Investing, MaRS
-  France: Hugues Sibille, Credit Coopératif
-  Germany: Brigitte Mohn, Bertelsmann Foundation
-  Italy: Giovanna Melandri, Human Foundation
-  Japan: Shuichi Ono, Nippon Foundation
-  United Kingdom: Michele Giddens, Bridges Ventures
-  USA: Darren Walker, Ford Foundation
-  European Union: Uli Grabenwarter, European Investment Fund

New Member Countries:

-  Brazil: Antonio Errnirio de Moraes Neto, Vox Capital
-  India: Amit Bhatia, Impact Investors Council
-  Israel: Yossi Tamir, JDC, Yaron Neudorfer, Social Finance Israel
-  Mexico: Rodrigo Villar, New Ventures Mexico
-  Portugal: Filipe Santos, Portugal Social Innovation

Government Observers

Canada: Siobhan Harty, Ministry of Employment and Social Development
 Japan: Seiichiro Takahashi supported by Hayato Moriyama. Ministry of Foreign Affairs
 UK: Kieron Boyle supported by Alexandra Meagher and Claire Michelet, Cabinet Office
 EU: TBC
 USA: TBC

Network Organisations

B Lab
 European Venture - Philanthropy Association (EVPA)
 Global Impact Investing Network (GIIN)

Organisation for Economic Cooperation and Development (OECD)
 World Economic Forum (WEF)
 World Bank

“Social Impact Agenda per l’Italia”

*Italian Advisory Board to the G8
Task Force on Impact Investing*



- Monitor 40 raccomandations of the Italian report
- Spread innovative practices and solutions nationwide
- Contribute to the Global Social Impact Investment Steering Group
- Experiment and mainstream good practices
- Contribute to a better investment decision-making process

Founding members of Social Impact Agenda

ABI Associazione Bancaria Italiana

Ania
Associazione Nazionale fra le Imprese Assicuratrici

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CREDITO COOPERATIVO

Federcasse

OPES
IMPACT **FUND**
Fondazione Opes

 **FONDAZIONE SVILUPPO E CRESCITA CRT**

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UBI  **Banca**

VITA.it

"Social Impact Agenda per l'Italia" is an open space for all those organizations involved in impact investing and social innovation

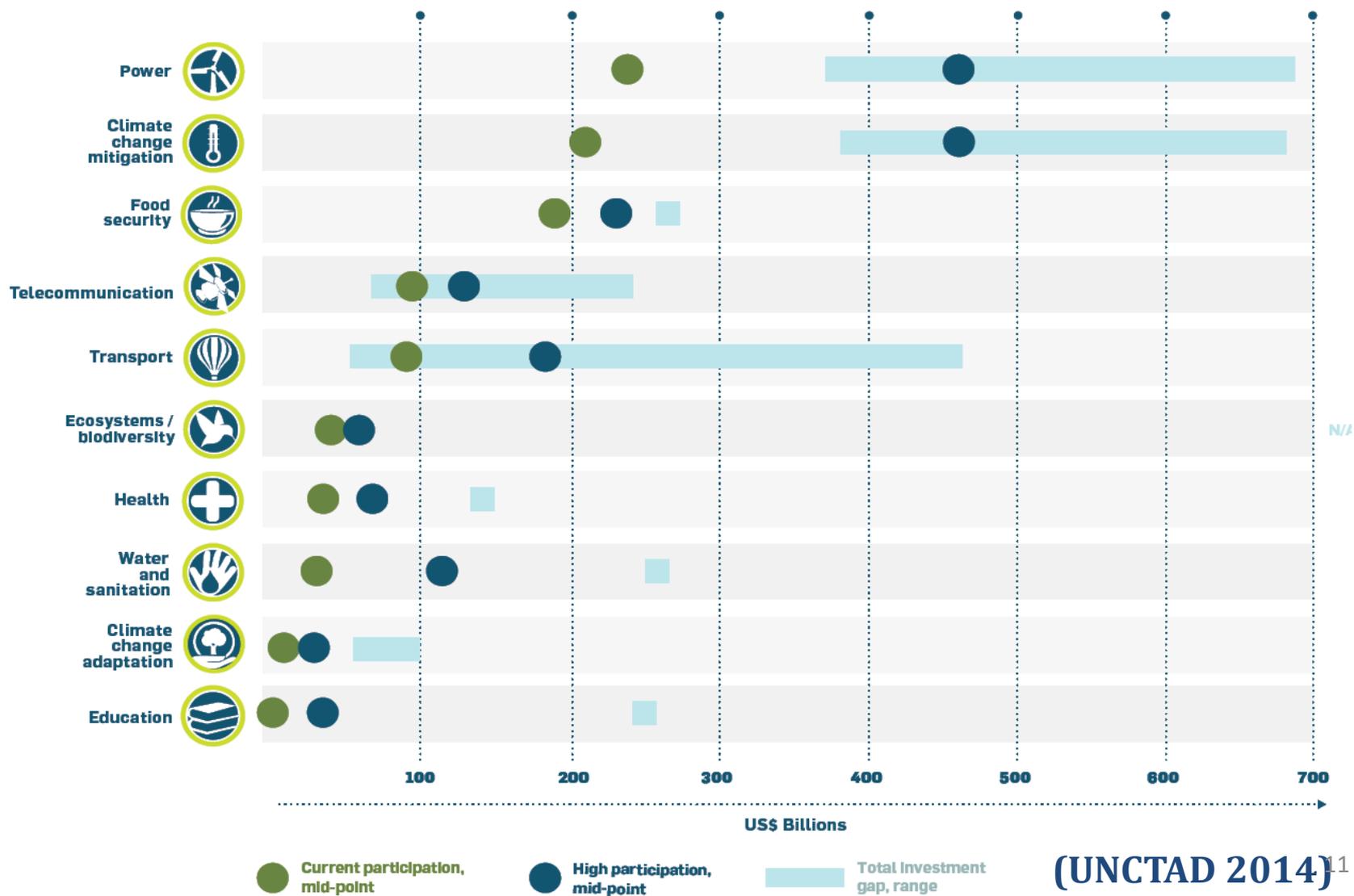
Media partner

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Making an impact together



Investment needs and private sector participation in key SDG sectors



Impact investing: adding a third dimension to investment

Social impact investment is the provision and use of capital to generate **social** as well as **financial returns**.

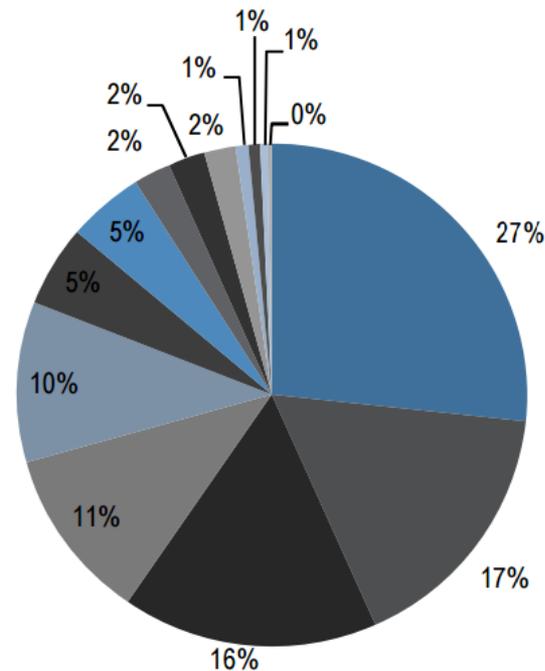
Besides the investment risk and financial return, **social impact** is taken into account in the **investment decision-making process**.

Impact investing implies:

- Intentionality to generate social impact;
- Expectation of a financial return (at least preservation of capital);
- Flexibility in the return rate, which can be below or aligned with market rates;
- Blending of financial instruments (debt, equity, grant);
- Measurability of impact, fundamental to transparency and accountability.

Sectors where impact investing concentrates

- Housing
- Other
- Microfinance
- Financial services (excluding microfinance)
- Energy
- Healthcare
- Food & agriculture
- Education
- Information and communication technologies
- Manufacturing
- Infrastructure
- Habitat conservation
- Water & sanitation
- Arts & culture



Source: GIIN, J.P. Morgan. NB: Some of the “other” categories reported include forestry, land conservation, sustainable agriculture, arts & culture, and manufacturing

Time for action against inequalities

Business as usual

- The financial crisis has drawn attention to how financial markets operate and how they benefit society.
- Frequent practices from some key players (tax evasion, corruption, illicit capital flows, etc.) have put under scrutiny the role of financial markets for the prosperity of society.
- Financial and social purposes are conceived as conflicting between each other

Shared value approach

- Full compliance with environmental, social and fiscal laws, human rights, decent work, good governance and accountability.
- From compensative to preventative actions in order to avoid negative impacts.
- Partnership between public and private organizations with strong accountability, ownership and transparency.

Social value in the financial sector

- Financial players tend to conceive social and environmental goals as separate from business ones: most practices relate with traditional philanthropy or CSR
- The value of a project or investment has traditionally been restrained to the financial dimension, overlooking social and environmental dimensions (e.g. people wellbeing, social cohesion, environmental preservation, etc.)
- Social value measurement helps underscore what price is not able to encapsulate, and ultimately take better investment decisions with more complete information.
- Impact investing has traditionally been hampered by inadequate measurement tools.

Methods and instruments for impact measurement

- Investors are increasingly using standardized metrics (e.g. GIIRS or IRIS) and following guidelines on evaluation (e.g. EVPA).
- Evaluation is mainly conducted to select organizations to be financed, to compare social performance, and to disclose information about investments.
- Evaluation has so far focused on analysing outputs rather than outcomes.
- Social Return on Investment (SROI) is the most complete methodology to understand and manage environmental, social and economic value.



Challenges to be tackled together

- SDGs will be achieved depending on the cooperation between governments, civil society and private sector.
- Such partnerships must be clear, transparent and aligned with development policies.
- Governments should favour an environment conducive to private capital engagement on SDGs .
- Private capital should further integrate ESG principles in their decision-making.
- Private capital should be complementary, predictable and additional, and should not displace resources away.
- Private capital should represent a leverage to catalyse further investment and scale innovation.
- Measurement and evaluation are key to effectively manage PPPs and improve effects on people's livelihood.