

# 1 Improve the policy framework

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Public policies targeted to develop the social and solidarity economy (SSE) can encourage SSE entities to increasingly use social impact measurement, in a way that meets both their learning and accountability needs. In the journey towards a widespread and shared social impact measurement culture, all public initiatives that gravitate around the SSE ecosystem can recognise its importance and promote its uptake. This chapter presents how social impact measurement can be embedded in different policy measures, for instance by explicitly prioritising it in strategies for the development of the social and solidarity economy, by enforcing its implementation as part of public procurement procedures or as a condition tied to the recognition of a certain legal form or status and, finally, by ring-fencing public resources to support its adoption.

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## Why is this important?

**Public policies targeted at fostering the development of social and solidarity economy (SSE) ecosystems could promote uptake of social impact measurement by SSE entities.** A comprehensive approach to drive the growth of the SSE benefits from concerted efforts to facilitate implementation of social impact measurement among SSE entities. To date, many countries have adopted policies to promote the SSE, while not always acknowledging the importance of impact measurement. By explicitly incorporating impact measurement into policies for SSE, policy makers can signal its importance and prompt its consideration across all entities and at all levels of the public administration, as well as stakeholders in the broader SSE ecosystem.

**Impact measurement can be particularly important to better understand the social and environmental outcomes of publicly-funded projects and activities.** Social impact measurement can help create a useful evidence base for reporting on socio-economic progress, which can in turn support policy makers in setting objectives and designing public interventions around SSE and beyond. In the long haul, this would also improve the cost efficiency and/or impact performance of projects, by facilitating the allocation of financial resources towards efforts that can effectively achieve desired policy outcomes (OECD/EC, 2019<sup>[1]</sup>).

**Fostering an impact measurement culture can also help policy makers identify where gaps and opportunities lie in addressing pressing societal issues.** By creating a common body of knowledge around the reach and extent of SSE activities, social impact measurement helps inform policy on the state of progress and objectives to address on-going socio-economic and environmental challenges. Additionally, it equips SSE entities focusing on similar issues or similar geographies with more information on their collective impact, fostering a collaborative culture (Buckland and Hehenberger, 2021<sup>[2]</sup>).

**A conducive policy environment, which addresses the barriers that SSE entities face in impact measurement while incentivising its practice, can help fine-tune public sector activities related to the SSE.** Recognising the role of social impact measurement is an important lever for SSE policies to facilitate its application while achieving social and environmental progress. As such, various opportunities to design policy to facilitate uptake of impact measurement for SSE can be explored at supra-national, national and subnational levels, depending on the maturity of the SSE ecosystem.

## How can policy makers help?

**Policy makers can play an important role in creating enabling conditions and setting incentives for SSE entities to conduct social impact measurement.** Public initiatives could be tailored to the local context and history of the SSE, to prevent or reduce any counter-productive effects. Responding to this variation in the level of development of the SSE space in different contexts, policy support could range from recognition of the importance of social impact measurement in SSE-related strategies, to ring-fencing public finances to promote impact measurement practices and to enforcing specific requirements for impact reporting.

**Policy makers can support SSE entities by improving the policy framework in three ways:** (i) by prioritising impact measurement in strategies for the social and solidarity economy to signal its significance and demonstrate public commitment; (ii) by enforcing the implementation of social impact measurement through introduction of specific criteria in public processes; (iii) by ring-fencing public resources such as earmarked budgets for impact measurement or dedicated public procurement quotas.

## Infographic 1.1. Improve the policy framework: Success factors and pitfalls to avoid

SUCCESS FACTORS Improve the policy framework	PITFALLS TO AVOID Improve the policy framework
✓ Explicitly mention and prioritise social impact measurement and management in policies pertaining to the SSE, with a view to strengthening the use of impact information in decision making processes;	✗ Fail to coordinate across levels of government, for instance between national and regional policy initiatives, or across policy sectors when establishing requirements or standards for social impact measurement;
✓ Promote social impact measurement as a tool to enhance both internal learning and external accountability;	✗ Transpose international standards without tailoring them to the local and SSE context;
✓ Acknowledge that, for social impact measurement to be useful, some degree of adaptation will be needed, on a case-by-case basis;	✗ Impose a one-size-fits-all approach to social impact measurement upon SSE entities, especially if it puts them at a disadvantage relative to conventional businesses with higher capacity and resources;
✓ Encourage the engagement of SSE stakeholders when designing policies, so that their particular challenges and needs are taken into account;	✗ Present impact measurement as a top-down accountability requirement, rather than as an opportunity for learning and improving for all SSE entities;
✓ Stimulate the uptake of social impact measurement among SSE actors through mechanisms such as public procurement and earmarked budgets, which introduce specific requirements in terms of impact reporting and disclosure;	✗ Impose impact measurement as mandatory, without setting the right incentives for its adoption and ownership by the SSE entities;
✓ Implement visibility campaigns based on tailored messaging strategies to fit the specific context of SSE to raise awareness on the importance of impact measurement among public actors and beyond.	✗ Link the disbursement of public resources to the achievement of measurable, short term results without careful contractual design, which can favour the prioritisation of “low-hanging fruits” at the cost of sustainability over time;
	✗ Fail to acknowledge that impact measurement and management practices are in flux, as better approaches will emerge through experimentation and thus continued capacity building and infrastructure support remain important over time.

### Possible actions

#### *Prioritise impact measurement in strategies for the social and solidarity economy*

**Clarifying the concept of impact measurement and acknowledging it within efforts to promote SSE activities are important steps toward propagating impact measurement practices.** There are several examples of policy initiatives, be it in the form of action plans or even legislation, which aim to promote a

shared understanding of impact measurement for the SSE. In 2019, Ireland published its National Social Enterprise Policy for 2019-2022, which included two specific measures on data and impact under the “better policy alignment” objective. These measures are: (i) improving data collection relating to the extent of social enterprise in Ireland and the areas in which social enterprises operate, and (ii) developing mechanisms to measure the social and economic impact of social enterprises across the full spectrum of social enterprise (Government of Ireland, 2019<sup>[3]</sup>). The Victorian Social Enterprise Strategy 2021-2025 in Australia is designed around four themes, one of which is improving the measurement and reporting of outcomes achieved by social enterprises. As such, the Victorian government is committed to developing a holistic and flexible approach to achieve greater consistency in impact measurement across the social enterprise space (Victoria State Government, 2021<sup>[4]</sup>). The 2018 Swedish Social Enterprise Strategy tasked the Swedish Agency for Innovation Systems (Vinnova) with further developing the area of impact measurement with the objective to strengthen social enterprises and increase the visibility of their contributions to social value creation and social innovation (Swedish Ministry of Trade and Industry, 2018<sup>[5]</sup>). The 2010 German National Engagement Strategy aimed at supporting initiatives that develop standards to measure and report impact of social enterprises and social innovation (European Commission, 2018<sup>[6]</sup>). Greece’s Law (4430/2016) on Social and Solidarity Economy and Development of its Institutions and Other Provisions introduced the concept of social impact to foster a common understanding among SSE entities (see Making it happen 1.1).

### **Making it happen 1.1. Law 4430/2016 on Social and Solidarity Economy and Development of its Institutions and Other Provisions (Greece)**

#### **Why?**

Social impact measurement tools can help frame and monitor social impact generated through activities of SSE entities, empowering them to more effectively use resources to maximise impact. The concept of “social impact” has been introduced in the Greek legislation in the Law 4430/2016 (Government Gazette A’ 205/31.10.2016) on social and solidarity economy and development of its institutions and other provisions.

#### **What?**

In the legislation, “social impact” has been identified as a collective and social benefit generated through the activity of an SSE entity at an economic, social and environmental level in local societies to foster a common understanding among different entities. The legislation foresees the introduction of a “Social Impact Measurement Tool” which is defined as a monitoring model that can be employed by registered SSE entities to strengthen their social and economic activity and impact on an annual basis. SSE entities which are registered to the General Registry of Social and Solidarity Economy Entities (GRSSEE) are then obliged to complete annually the Social Impact Measurement Tool and subsequently submit the results to the GRSSEE. On the basis of the submitted results, GRSSEE monitors the collective and social benefit produced by the economic activity of each registered SSE entity. In return, SSE entities can improve their operating procedures and strengthen their activities. The annual completion of the Social Impact Measurement Tools is a mandatory obligation for SSE entities which are registered to the GRSEE.

#### **Impact**

The introduction and recognition of social impact and social impact measurement concepts in the legislation manifests the public support to develop social impact generation especially through activities of SSE entities such as social enterprises in Greece. It also facilitates a shared understanding of social impact and social impact measurement to tailor public budgeting and policy making.

Source: (Directorate of Social and Solidarity Economy Greece, n.d.[7]).

**While prioritising impact measurement in SSE strategies is an important lever to signal its importance, it could be complemented with other measures to provide information, guidance and build capacity to maximise its potential.** For instance, the Bulgarian Social Economy Action Plan 2018 includes an objective which clearly lays out the country’s plan to adopt an index for measuring the environment, results and trends in the development of the social economy at the national level (Council of Ministers of the Republic of Bulgaria, 2018<sup>[8]</sup>). Mexico’s Programme for the Promotion of the Social Economy 2021-2024 introduced a quantitative goal and a set of indicators to monitor the impact of the programme (see Making it happen 1.2). In Brazil, the federal government adopted in 2017 a ten-year Strategy for Impact Investment and Social Business (ENIMPACTO). The strategy helped activate a series of measures at the federal and state level, to foster the new impact measurement practices, for instance by offering training vouchers to social enterprises (OECD, 2021<sup>[9]</sup>) (see Making it happen 1.3).

## Making it happen 1.2. Measuring the impact of the Programme for the Promotion of the Social Economy 2021-2024 (Mexico)

### Why?

With an aim to better capture their contribution to improving welfare and sustainability, countries are increasingly dedicating efforts to monitor the impact of their public programmes. In December 2021, the Programme for the Promotion of the Social Economy (*Programa de Fomento a la Economía Social*, PFES) 2021-2024 was approved, with the National Institute for the Social Economy (INAES) being the institution responsible for coordinating its implementation and monitoring. The PFES was conceived as the guiding instrument behind INAES' activities aiming to contribute to the development of the social economy in Mexico. To this end, the PFES established five primary objectives, including: increasing the culture of production, consumption, savings and financing, based on the principles, values and practices of the social economy; improving environmental conditions that favour the development of organisations in the social sector of the economy; and increasing the capacities of such organisations.

### What?

The PFES sets a quantitative goal and two indicators for each objective to monitor the progress of the programme and measure its impact. This is done in a harmonised manner, where each indicator is presented in a standardised template that shows the definition in detail, its periodicity, the calculation method used, the baseline value and target for 2024, among others. Among the measurements proposed in the PFES, it is worth highlighting the index of visibility of the social economy, the productivity rate, the contribution to the national gross domestic product and employment at the national level, and the percentage of the public budget allocated to capacity building.

### Impact

A considerable number of the specific actions contained in the PFES will require coordination between different government agencies and entities, which represents a first step towards the mainstreaming of the promotion policy of the social economy. Impact measurement has been incorporated into this new policy since its inception and, even though the first PFES measurements were only available by the end of 2022, several elements of good practice already stand out. For instance, the measurements will not only be used to monitor the progress of the PFES, but also to assess its impact on the achievement of the National Development Plan 2019-2024 and the Sectoral Welfare Program 2020-2024. Therefore, the strategy of the social economy and its evaluation framework are integrated into a broader political agenda. In addition, INAES, together with the National Institute of Statistics and Geography (INEGI), the national statistical authority, integrated and updated a first study on a satellite account, the results of which are yet to be published. This will convey a more solid understanding of the relative weight and dynamics of the social economy in Mexico.

Source: (Gobierno de México, 2021<sup>[10]</sup>).



### **Making it happen 1.3. National Strategy for Impact Investment and Social Business, Enimpecto (Brazil)**

#### **Why?**

In December 2017, the Brazilian Federal Government adopted the National Strategy for Impact Investment and Social Business (Enimpecto). The Strategy was built through a series of consultations. Firstly, an interministerial working group identified needs within the federal government and other stakeholders; then a consultation on the draft document was held with key market players; lastly, a public online consultation was carried out before approval. Its implementation is entrusted to the Impact Investment and Business Multi-stakeholder Committee composed of several federal ministries, the Brazilian Development Bank (BNDES), the Inter-American Development Bank (IADB) multilateral fund, commercial banks, the financial market regulator, and representatives from civil society. The committee is still active, and the evaluation of Enimpecto is currently under way.

#### **What?**

This ambitious Strategy involves 57 organisations with 19 thematic subgroups and has a total of 142 activities planned over 10 years. Its objective is to engage government agencies, the private sector and civil society to promote a favourable environment for impact businesses and social finance capable of creating market solutions to social and environmental challenges. Specifically, Enimpecto aims to increase the number of impact businesses, including through the dissemination of the socio-environmental impact assessment culture. Impact businesses are defined as projects with the objective of generating socio-environmental impact and positive financial results in a sustainable way.

In 2020, the advisory committee encouraged companies that want to be qualified as impact businesses to include three pillars in their corporate acts: the definition of their social purpose; the setup of governance mechanisms to integrate impact considerations in the decision-making process; and a commitment to transparency in their mandatory impact reporting.

Specific actions under this pillar are envisaged to support organisations and networks that implement impact assessments, promote and disseminate methodologies and reference cases of impact business evaluation, promote and disseminate training forums in impact business evaluation, reward and recognise impact assessment practices among entrepreneurs and intermediary organisations, encourage interaction between civil society organisations, impact business and science, technology, and innovation institutions to share impact assessment practices.

#### **Impact**

Enimpecto has already delivered on different initiatives, many of which concern capacity development for social impact measurement. For instance, the Brazilian Service of Support for Micro and Small Enterprises (SEBRAE) offers vouchers to impact entrepreneurs for contracting impact measurement services. The National Industry Confederation has set up a blended training programme on Positive Impact for Micro and Small Enterprises. Moreover, the “*Scoring de Impacto*” study developed a series of tangible indicators of impact, identified through secondary data sources, qualitative interviews with impact investors and entrepreneurs, workshops with specialists, and a quantitative questionnaire.

Source: (Ministry of Economy, 2018<sup>[11]</sup>; FGV Direito SP, 2020<sup>[12]</sup>; Pipe Social, 2020<sup>[13]</sup>; OECD, 2019<sup>[14]</sup>)

**Policy momentum to increase uptake of social impact measurement can also spur social innovation** (Musinguzi et al., 2018<sup>[15]</sup>). Portugal's Social Innovation (*Portugal Inovação Social*) initiative launched by the Ministry of Planning positions impact measurement as an important pillar to increase accountability of social impact activities through verifiable outcomes, which in turn enables further facilitation of social innovation (EIB; EC, 2018<sup>[16]</sup>).

### ***Enforce the implementation of social impact measurement***

**To entice the uptake of social impact measurement, policy makers can decide to make it mandatory as part of specific policy actions.** Typically, this can be introduced either as part of public procurement procedures or as a condition tied to the recognition of a certain legal form or status. For instance, the Government of New South Wales in Australia published the 2021 Social Impact Assessment Guideline, which requires all state significant projects<sup>1</sup> to adopt a consistent approach for social impact assessment (Department of Planning and Environment, 2021<sup>[17]</sup>).

**Public procurement presents a large volume of government spending, and therefore offers important opportunities to spur, at once, social impact measurement and the social and solidarity economy** (OECD, forthcoming<sup>[18]</sup>). Policy makers can use public tenders to foster social inclusion, create jobs and promote decent work. Advancing on social procurement can also create incentives for the market to explore sustainable and responsible production processes (European Commission, 2022<sup>[19]</sup>). Impact measurement can be instrumental for public authorities to understand how effective various contractors are in producing desirable outcomes, while also monitoring where further needs lie. To this end, governments can also choose to align their public procurement practices with impact measurement requirements through such mechanisms as outcome-based contracts. The Italian Ministry of Labour and Social Policies adopted in 2019 guidelines for the impact assessment of the activities carried out by third sector entities as part of public contracts for goods and services (see Making it happen 1.4).



### **Making it happen 1.4. Guidelines for the evaluation of the activities contracted out to third sector entities (Italy)**

#### **Why?**

In 2019, the Italian Ministry of Labour and Social Policies adopted guidelines for the implementation of social impact assessment of the activities carried out by third sector entities (Decree n. 161959 of 23 July 2019). The Ministry welcomed the creation of shared principles for third sector entities to conduct social impact assessments, to evaluate planned objectives and results obtained on the basis of objective and verifiable data, and to make such systematic impact information available to stakeholders.

#### **What?**

The obligation to evaluate is applicable to those entities involved in public contracts of medium and long duration (at least 18 months), with a budget exceeding EUR 1 000 000, if developed in an interregional, national or international context. The public procurement procedure must indicate the methods and timing for the preparation and execution of the assessment. The cost of the evaluation must be proportionate to the value contracted out and included in the overall expenditures financed under the awarded contract. The procedure can also allow for a deferred timeline to conduct the evaluation, to grasp the medium and long-term impacts associated with the project.

#### **Impact**

The guidelines contain valuable information regarding the principles and parameters to be deployed in the measurement process. The main objective of the evaluation is to make known and disseminate the social value added that has been generated, the changes obtained thanks to the implementation of the project and the sustainability of the action.

Third sector entities must foresee the collection of both quantitative and qualitative data, considering indices and indicators, both monetary and non-monetary, coherent and appropriate to their sectors of activity. They have the right to choose the most appropriate impact metrics for the type of activities and projects carried out. The degree of complexity of the methodology may vary, depending on the size of the entity and its legal form.

If on the one hand, the third sector entity retains a high degree of autonomy in the choice of the evaluation parameters, on the other, the ministry has established minimum principles which must be respected. These include so-called intentionality, relevance, reliability, and measurability of the activities. Furthermore, the decree calls on the national service centres for volunteering and non-profit networks to support third sector entities in the identification of adequate social impact indicators, tailored to the concrete needs of the beneficiaries and other stakeholders.

Source: (Ministero del Lavoro e delle Politiche Sociali, 2019<sup>[20]</sup>).

**Targeted legal frameworks for SSE entities may require them to adopt impact measurement practices to be entitled to and maintain a particular legal status or form.** Such actions are intended to support adherence to the SSE entities' purpose-driven mission while, at the same time, reinforcing their visibility. Although highly dependent on the local context, such legal forms and statuses can empower SSE actors not only by giving them increased recognition, but also by providing access to public and private markets and diverse sources of financing. Such enforcement does not always entail specific standards and requirements, leaving practitioners flexibility to pick their own methods to assess their impact (OECD, 2022<sup>[21]</sup>). Luxembourg's 2016 Law on Societal Impact Companies (SIC) requires entities which hold SIC

status to establish certain indicators to monitor their progress towards achievement of their social goals (see Making it happen 1.5).

### **Making it happen 1.5. The 2016 Law on societal impact companies (Luxembourg)**

#### **Why?**

Recognition of social enterprises through a legal form or legal status may help clarify and strengthen their fiscal and legal treatment. To regulate the establishment of social enterprises under a new legal status, Societal Impact Companies (*Sociétés d'Impact Sociétal* – SIS), Luxembourg adopted a law in December 2016. The law defines the social and solidarity economy as a “mode of doing business” performed by private legal entities that cumulatively meet the following four conditions: 1) distribution or exchange of goods or services; 2) supporting vulnerable groups or contributing to social and societal objectives through their activity; 3) autonomous management; 4) the reinvestment of at least half of profits in the company’s activity. Additionally, this law establishes that any private legal entity (e.g. public limited company, limited liability company, cooperative company) complying with these SSE principles may opt for the SIS status.

#### **What?**

According to Article 3 of the law, to hold the SIS status, entities are requested to meet certain requirements, one of which is the indication of specific performance indicators to allow for the evaluation of the entity’s progress towards the achievement of its social purpose. Furthermore, Article 6 stipulates that companies prepare an annual impact report in addition to their financial statement to report on their achievement in these performance indicators. Reviewed by an independent auditor, this report should also be submitted to the Minister of Labour, Employment and the Social and Solidarity Economy within two weeks of the shareholders’ meeting. To also provide practical support to SSE stakeholders, in 2018, *Maison de l'Économie Sociale et de l'Innovation Sociale* (MeSIS) was also launched to serve as a reference and convening point for all interested in creating or developing an SSE entity.

#### **Impact**

In Luxembourg, SISs are subject to strict requirements in terms of transparency and governance of their progress in achieving their social purpose. The law highlights the importance of measuring the social impact, as SISs have to commit to these extra-financial key indicators in their articles of incorporation. The indicators can be of quantitative or qualitative nature, and the law sets out an obligation for each SIS to report on their extra-financial impact through these key performance indicators.

More than 40 companies have received their SIS licence since the law entered into force, and demand is still increasing. The Social Business Incubator, which was recently inaugurated, supports any social enterprise that is preparing the launch of its business activity. This tailor-made support aims to help the social enterprises with the identification, respectively the maximisation, of the social impact of their activity, which is one vital factor for achieving credibility.

Source: (OECD, 2022<sup>[22]</sup>); (Ministry of Labour, Employment and the Social and Solidarity Economy, 2016<sup>[23]</sup>); (OECD; EC, 2022<sup>[24]</sup>)

**When introducing such obligations, policy makers need to be wary that the burden of social impact measurement does not outweigh the benefits.** Hence, SSE may need support to meet the additional requirements without impinging on their capacity to compete on the market.

### ***Ring-fence public resources***

**One way of promoting a social impact measurement culture in the SSE ecosystem is to set aside public resources to support the undertaking of such activities.** Examples could include public procurement procedures, where impact reporting requirements are accompanied by earmarked budgets, or targeted financing mechanisms, such as social impact bonds, whose proceeds are linked to performance on social outcomes. The move from non-repayable grants to the generation of market income and more diversified financing modalities (including concessional loans and private equity) triggers the need for SSE entities to conform to a broader range of accountability requests.

**The emergence of payment by results schemes and social impact bonds has coincided with an increase in impact measurement and reporting across countries.** In these financing modalities, the disbursement of public (or philanthropic) capital is inherently tied (and sometimes directly proportional) to the achievement of quantitative, social and/or environmental targets. The contractual conditions set forth detailed requirements on how impact is to be monitored and reported by the investee (and possibly verified by an independent body). Moreover, the cost of the impact assessment process is usually included in the overall budget since the start. Therefore, impact measurement becomes an indispensable element to access and secure additional sources of the financing. Portugal's Social Impact Bonds programme, for example, requires entities to indicate and assess their social value through a common set of indicators as a criterion to be awarded financing (see Making it happen 1.6). Similarly, in France, 11 social impact bonds have been signed, reaching a total outstanding amount of approximately EUR 20 million (Ministry of the Economy, Finance and Industrial and Digital Sovereignty of France, 2022<sup>[25]</sup>). Canada's Investment Readiness Program also includes a Common Approach to Impact Measurement component which aims to develop and test a common impact measurement process for SSE entities (see Making it happen 1.7).

## Making it happen 1.6. Portugal's Social Innovation (Portugal)

### Why?

Recognising that social innovation can generate long-standing solutions to address pressing societal challenges, Portugal launched Portugal's Social Innovation (PIS) to promote social innovation and stimulate the social investment market in the country. PIS is a strong example for public policy initiatives to spur social innovation and entrepreneurship, which also integrates social impact measurement as an indispensable pillar of the programme.

### What?

Launched in 2014, PIS developed four innovative financings instruments aligned with the life cycle of a social innovation project, addressing their specific needs and potential at different stages of maturity, while promoting the development of partnerships between the entrepreneurs and the investors. Those four instruments used EUR 150 million European Social Fund (ESF) financing for social innovation and social entrepreneurship in the country for the period between 2014-2020:

- Grant Scheme for Capacity Building (Capacity-Building for Social Investment);
- Strategic/Impact Philanthropy Match-Fund Scheme (Partnerships for Impact);
- Social Outcomes Contracting Instrument (Social Impact Bonds (SIBs) Programme);
- Public Investment Fund providing guarantees for loans and co-investing in equity of impact enterprises (Social Innovation Fund - SIF).

As social impact measurement has been incorporated to make financing decisions and track the programme's impact, the EUR 101.3 million Match-Fund Scheme, the EUR 11.7 million SIBs Programme and the EUR 20 million SIF mechanism displayed a clear example of blending public with private resources for social impact.

The SIBs Programme specifically focused on providing an outcome payment mechanism for projects addressing social issues in employment, social protection, justice, health, education and digital inclusion. Requiring co-financing by a private investor, the programme provided grant financing for 100% of eligible cost financing (from which 85% comes from ESF and 15% from the state budget), which is based on validation of contracted outcomes.

### Impact

Within the PIS, 22 SIBs have been approved. With most of them still under implementation, the SIBs largely focused on the following areas: (i) youth unemployment, (ii) education, (iii) social inclusion, (iv) digital inclusion, (v) health, and (vi) justice. The implementers have reported the number of targeted service users, which is 1 120 648 students, young people and adults. The scale of each intervention widely varies depending on the programme, with some targeting to reach 20-50 people while others targeting as high as 430 000 people. The approved interventions report upon the contracted list of outcomes and KPIs, for which an impact evaluation is not mandatory; however, it must be clear that the sources of evidence allow the verification of compliance and validation of the respective results.

The first call for applications for the SIBs Programme was closed on 28 November 2016, with three projects being approved with approximately EUR 1.5 million financing. The second call was closed on 12 March 2018 with around EUR 1.4 million financing, followed by a third and fourth call closed in 2020, the former one with EUR 5.3 million financing with seven projects approved and the latter with EUR 1.3 million financing with three projects. The fifth and sixth calls took place in 2021, each with one project being approved, with EUR 400 000 financing and EUR 1.75 million financing, respectively. Given the

reporting requirements that eligible projects have to comply with for funding, this initiative bolstered the uptake of new social impact practices and methodologies among social entrepreneurs.

Source: (EIB; EC, 2018<sup>[16]</sup>).

## Making it happen 1.7. Canada's Investment Readiness Programme

### Why?

Canada recognises that social economy entities are important economic actors that play a key role in tackling socio-economic and environmental challenges. These challenges include addressing food insecurity, the lack of affordable housing, and the transition to a low-carbon economy. They are also vital to Canada's advancement of the United Nations' 2030 Agenda and its Sustainable Development Goals. This is why the government of Canada has established the [Social Innovation and Social Finance \(SI/SF\) Strategy](#).

### What?

The SI/SF Strategy aims to create favourable conditions to support the development of a robust social economy and helps SSE entities access flexible financing opportunities that enable them to grow and enhance their impact.

A foundational element of the SI/SF Strategy is the Investment Readiness Programme, which invests in market building projects and makes funding available to SSE entities to build their capacity to access social finance and participate in the larger social economy ecosystem.

### Impact

One project funded under the Investment Readiness Programme is the Common Approach to Impact Measurement, led by researchers at Carleton University, in Ottawa, Canada. The project is intended to develop and test a common process, data standards and tools which SSE entities can use to communicate their impact in their own words, while also contributing to aggregated measurement of sectoral impacts. By developing flexible, community-driven standards, the Common Approach aims to change the underpinnings of impact measurement away from a primary focus on the impact measurement needs of foundations, grant makers and impact investors. Instead, this approach is committed to centering impact measurement on the needs of SSE entities themselves, such as operating charities, non-profits and social-purpose businesses, and those they serve.

Source: (Government of Canada, 2023<sup>[26]</sup>; Investment Readiness Program, 2023<sup>[27]</sup>; Employment and Social Development Canada, 2022<sup>[28]</sup>; Common Approach, 2021<sup>[29]</sup>)

**Public procurement offers a powerful mechanism to allocate funding to socially-oriented contractors, while at the same time increasing the impact evidence base.** Public authorities can decide to reserve a proportion of the total contract amount to impact measurement activities. This goes one step further than simply enforcing the obligation for impact measurement, making sure that contracted SSE entities will access the necessary means to perform the measurement properly. Scotland's 2014 Procurement Reform Act, for example, incorporates social value measurement within the procurement process (see Making it happen 1.8).

## **Making it happen 1.8. Procurement Reform Act (Scotland, United Kingdom)**

### **Why?**

The Procurement Reform (Scotland) Act 2014 requires public entities to consider and act on opportunities to achieve social impact in their procurement activity.

### **What?**

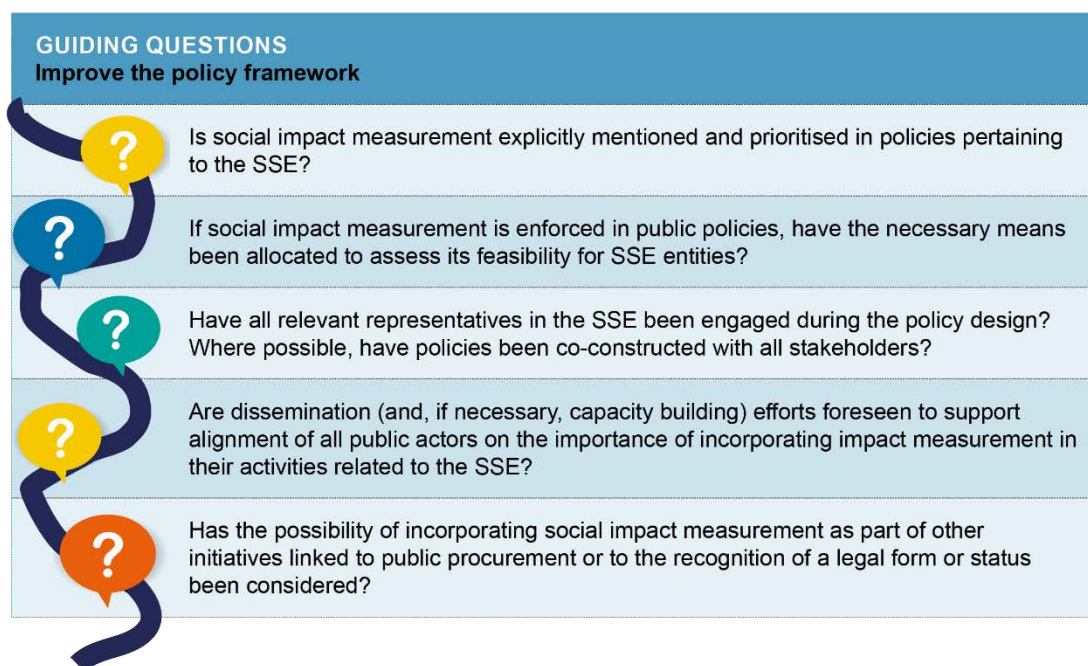
Recognising the importance of public procurement for delivery of public services, the Act aims to complement Scotland's efforts to achieve more sustainable and inclusive economic growth. Public spending plays a vital role in ensuring greater value for taxpayer money and drive efficiency in achieving policy objectives. By incorporating sustainable procurement duty and community benefit requirements, public procurement can also play an important role in promoting entrepreneurship and creating jobs while facilitating SMEs and third sector entities' access to markets. The Act requires public entities to set out in organisational procurement strategies how their procurement activity will contribute to compliance with the duty to deliver social impact and to publish annual reports outlining compliance with these strategies.

### **Impact**

A review of annual procurement reports informs the content of the Scottish Government's Annual Report on Procurement Activity in Scotland. The latest published report established that the GBP 13.3 billion spend through public procurement during 2019 – 20 resulted in GBP 11.8 billion of economic activity, 120 000 full-time equivalent jobs, GBP 6.5 million Scottish GDP and that spend in Scotland was shared among 25 611 suppliers. For example, during 2020–21, Scottish government contracts resulted in 146 new jobs, 27 apprenticeships, 31 work placements and 453 qualifications.

Source: (Scottish Government, 2020<sup>[30]</sup>).

## Infographic 1.2. Improve the policy framework: guiding questions



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## Note

<sup>1</sup> Some types of development are deemed to have state significance due to the size, economic value or potential impacts. Although criteria may differ, a proposal is considered to be state significant if it is over a certain size, located in a sensitive environmental area or exceeds a specific capital investment.



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