



Architects of change

**Social valuation through
impact measurement**

January 2024

KPMG Lower Gulf





We support organizations in measuring their comprehensive non-financial impacts, discerning the True Value of their activities and the balance between positive and negative impacts throughout their value chains. Through evaluating the outcomes of their corporate social activities, leaders can now systematically compare the cumulative impacts of their strategic initiatives and investment decisions.

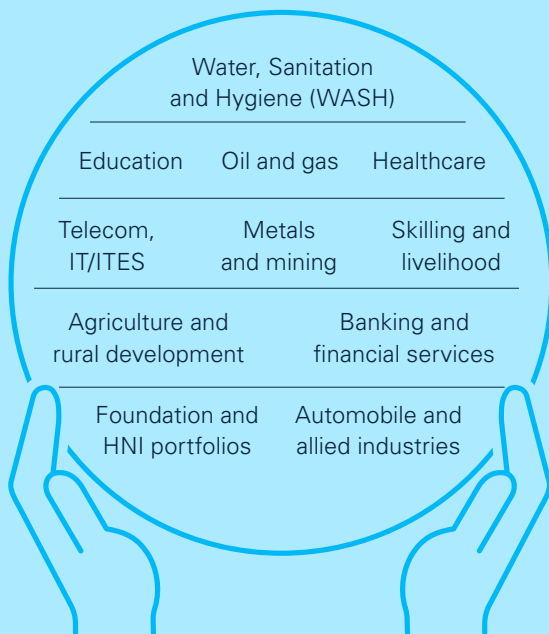


Fadi Al-Shihabi
ESG Services Leader
KPMG Lower Gulf

KPMG's global commitment to impact

Through KPMG IMPACT, we aim to deliver growth with purpose. We harness KPMG's collective knowledge to help our clients fulfil their purpose and deliver against the Sustainable Development Goals (SDGs), enabling our communities to thrive and prosper.

We work across the thematic areas



KPMG holds a privileged position, working with numerous global and local organizations, large and small, who are committed to addressing critical global issues. Together, we can make a meaningful impact and contribute to positive change.

Delivering specialized social, ESG and CSR solutions globally



📍 South America 📍 Africa 📍 Middle East 📍 APAC



By harnessing our convening power, digital capabilities and expertise, KPMG has an opportunity and responsibility to help shape and lead on some of the critical issues the world faces. Doing so is core to our purpose to Inspire Confidence and Empower Change. Now is the time to improve how we do what we do for the better, and we can jumpstart that momentum by measuring our actions, learning from each other, and holding each other accountable.



Bill Thomas

Global Chairman and CEO
KPMG International

A comprehensive approach: design, management and measurement

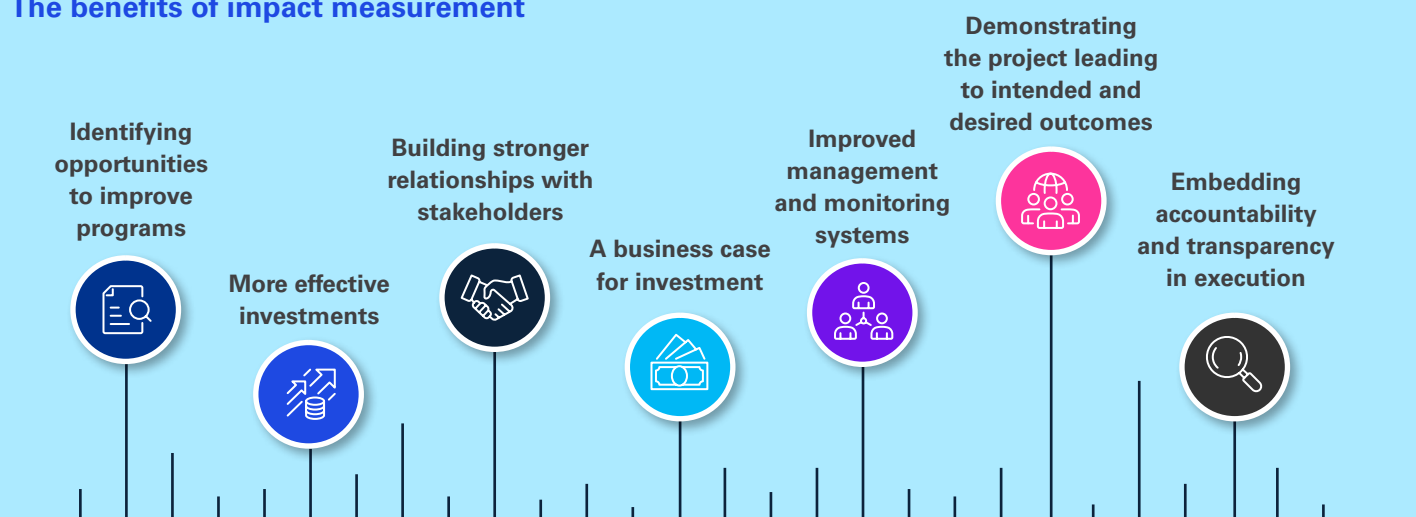
KPMG's 3Is framework aims to evaluate the approach and practices of organizations at each stage of their program investment life cycle. Using this framework as a foundation, extensive research studies on program impact are conducted to gain insight into the organization's practices at both macro and micro levels. A summary of the framework that KPMG has utilized for this study is provided below.



Impact design: during the ideation phase, a comprehensive study is conducted to assess the baseline and identify emerging needs. This process entails active engagement with internal and external stakeholders through a consultative approach. A strategic plan is then developed focusing on establishing impactful programs geared towards achieving the desired outcomes.

Impact management: projects are co-created with implementing partners to align with the company's overall strategy. A well-defined roadmap is established for each project and partner, outlining inputs, outputs, outcomes, team deployment, resource requirements, KPIs, and deliverables.

The benefits of impact measurement



What is social impact?

Social impact is the net effect of an action or inaction – resulting from an activity, project, program or policy - on the wellbeing of people and communities.



The value created as a result of an individual's or entity's activity



The value experienced by the beneficiaries and those affected by the activity



The impact, including both positive and negative effects



The impact marked against the status quo, if the activity had not taken place

Social impact assessment involves analyzing, monitoring and managing the intended and unintended social consequences, both positive and negative, of planned interventions (policies, programs, plans, projects) and any social change processes invoked by those interventions.

Impact measurement methodologies

OECD-DAC evaluation

Consists of evaluating various aspects, including:

- Relevance
- Effectiveness
- Efficiency
- Coherence
- Sustainability
- Impact

Social return on investment (SROI)

Considers stakeholder centric tangible and intangible outcomes to calculate the value generated using financial proxies

True value

The true earnings of the company are linked to the positive and negative impacts of its operations, this includes:

- Economic value
- Environmental value
- Social value

Total impact

Considers the direct, indirect and induced impact of business activities such as:

- Economic growth
- Contribution to public finances
- Job creation
- Investments in local economy
- Spill over effects

IRIS+

Generally used in the impact investing space, with a focus on:

- What
- Who
- How much
- Contribution
- Risk

Social return on investment (SRol) and its features

SRol is a framework that helps organization measure and account for broader concepts of value. It serves as a tool for quantifying the total value generated for every Omani Rial invested in development sector intervention.

Why is SRol important?

The SRol framework helps in measuring change in ways that are relevant to the people or organizations experiencing or contributing to it. It tells the story of how change is being created by measuring social, environmental and economic outcomes, and use monetary values to represent them. This process enables organizations to calculate cost-benefit ratio. Bellow are the key features of the SRol framework:



It provides a narrative

The SRol analysis provides both a ratio and a narrative. The narrative tells the story of how a project, program, organization, or policy creates and depreciates value while making a change in the world. The ratio indicates how much social value is created per Omani Rial of investment.



Benefits beyond IA

SRol extends program outcome analysis beyond regular Impact Assessment (IA), utilizing proxies to measure quantitative and qualitative outcomes in monetary terms.



A measuring tool

SRol is a tool for measuring the total value generated for every currency invested in development sector interventions.



Monetization

It monetizes social, environmental and financial outcomes of a development sector project, program, organization or policy, through a combination of cost benefit analysis (CBA), opportunity cost analysis and impact assessment methods.



A participatory tool

It uses financial proxies to uncover the value of all outcomes, including those lacking direct market values often omitted in traditional impact assessments.



Differentiation

Distinguishing itself from traditional cost benefit analyses, SRol internalizes and monetizes direct qualitative outcomes, which CBA generally captures through case studies.

Types of SRol

01

Evaluative SRol

Conducted retrospectively and based on actual outcomes that have already taken place. Evaluative SRol is useful post implementation of projects.

02

Forecasted SRol

Predicts how much social value will be created if the activities meet their intended outcomes. Forecasted SRol is useful during the project planning stage.



SROI methodology

SROI is a structured process used to identify and evaluate the potential detailed approach, with a thorough quantification of impacts. The process is applicable to small to large projects, and can:

- Consider stakeholder-centric tangible and intangible outcomes, quantifying them using financial proxies to calculate true social value.
- Compare the results with the investment.
- Focus largely on deadweight, displacement, attribution, and drop-off in the calculation process, aiming to accurately present the value of social impact by associating these factors with achieved outcomes.

The principals of SROI





Establishing impact by calculating the following values:



Deadweight



Understanding if the initiative is creating net positive impact.



Displacement



Recognizing if your initiative is creating unintended negative impact.



Attribution



Realizing who else could have contributed to the outcome and the value of your contribution



Drop-off



Learning if the outcome is worth the same in the future

The SRoI ratio can be calculated by incorporating the above-mentioned parameters along with the financial value of the social impact. This ratio represents the relationship between the value of social benefits generated with respect to the value of the investments.

$$\text{SRoI ratio} = \frac{\text{Value of benefits}}{\text{Value of investments}}$$

How SRol can help



How can SRol help improve services?

Providing guidance for strategic discussion and helping increase the social value of a CSR activity.

Assisting in targeting appropriate resources to manage unexpected positive and negative outcomes.

Demonstrating the importance of working with other organizations and people to create change.

Identifying the intersecting areas between an organization's goals and the expectations of its stakeholders.

Facilitating formal dialogue with stakeholders that empower them to hold services accountable and involve them more meaningfully in service design



How can SRol help your organization enhance sustainability?

Improve your brand image.

Strengthen your case for more financial grants.

Redefine CSR investment strategy.

Make your proposition to pursue CSR projects more attractive.

Estimate future impact and evaluate the impact of existing or past projects.

Build stronger relationships with community stakeholders and project providers.

Why KPMG?

KPMG is closely associated with the SRol network, Social Value International. KPMG has conducted multiple SRol studies and has an experienced team. We have been assisting leading companies to design, execute and monitor end-to-end strategies in corporate social responsibility, including SRol. The program is delivered by KPMG professionals from development, sustainability and CSR practices to provide a broad and wide-ranging view on social development initiatives.

KPMG has worked extensively with multiple industry stakeholders, including government agencies, ministries, think-tanks, and multilateral and domestic development agencies. We leverage the expertise of our global network of member firms to identify leading global practices in corporate social responsibility and SRol.



Case study: Outward-Bound Oman

Outward Bound Oman (OBO) is a part of the international Outward Bound network—a leading experiential learning and outdoor-learning-based human development non-profit foundation.

The 82-year-old Outward Bound Community is spread across 35 nations with its network of schools. OBO was established in 2009, to challenge and develop people from both inside and outside Oman.

OBO organizes experiential learning opportunities programs for students, employees, and the disabled to help them become more confident, more effective and more capable at school, college, and in the workplace.

KPMG's SROI methodology for OBO



Establishing scope and identifying stakeholders



Mapping outcomes



Creating measurable outcomes



Establishing impact



Calculating the SROI



Reporting, using and embedding

KPMG mapped the outcomes into five personality traits which were honed through OBO's challenging outdoor experiential courses. They are:

- Character development
- Employability
- Resilience
- Relationship with the environment
- Physical and mental well-being

Total outreach for
Discovery, Skills for Life,
Next Generation and
Special Groups programs
between 2021-2023



3,415

What does OBO do?

01 Education through authentic outdoor adventure

- Practical application of theoretical models.
- Experiential learning and holistic development.

02 Stretch people both physically and mentally

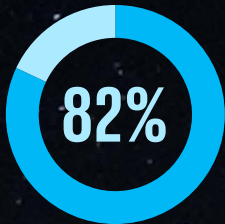
- Taking participants out of their comfort zones and giving them the opportunity to learn about themselves, the wider community and the natural environment.

03 Provision of financial aid

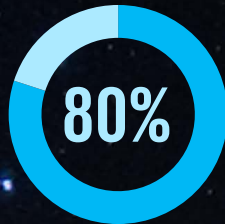
- Raise funds to encourage participation from as many young people as possible, irrespective of their social status.

KPMG findings: OBO's SRoI study

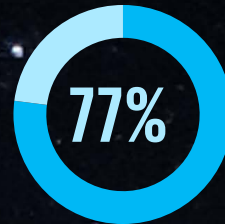
Character development



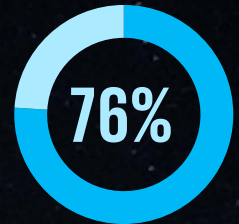
Improvement in problem-solving and analytical abilities



Newfound ability to plan goals

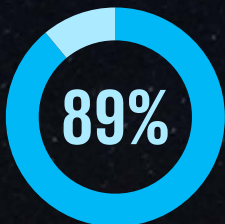


Exemplary development in leadership qualities

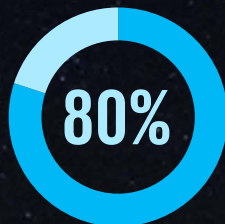


Improvement in communication and expression skills

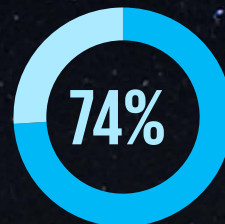
Employability



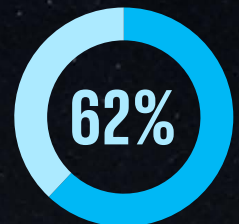
Notable progress in teamwork and networking



Significant upswing in productivity

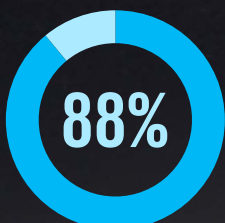


Enhanced performance over extended durations

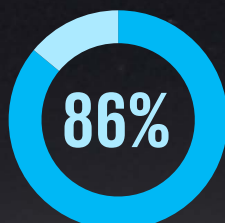


Newfound enthusiasm for engaging with work

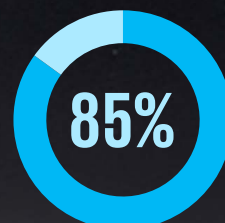
Physical, social and mental well-being



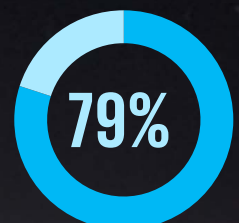
Feel empowered to make positive changes



Renewed sense of purpose

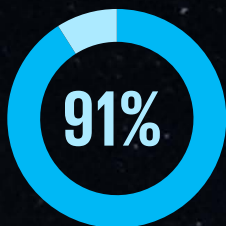


Improvement in social responsibility

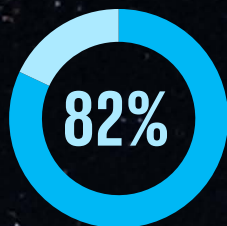


Able to overcome emotional/physical challenges

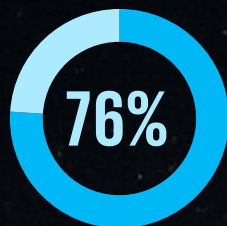
Building resilience



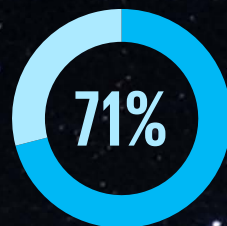
Enhanced sense of self-reliance and confidence



Heightened sense of vision and ambition

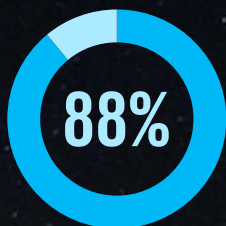


Advancement in creative thinking prowess

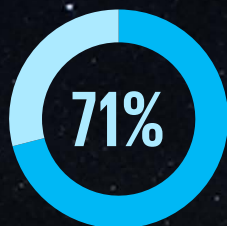


Emotional resilience

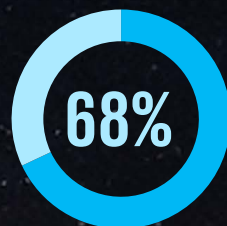
Environmental awareness



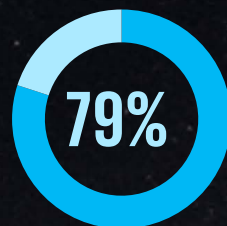
Feel more connected with nature



Actively involved themselves in the assigned tasks



Inclined to utilize reused/recycled products



Experienced a shift towards making environmentally friendly choices

Unintended impact

Stakeholder consultations revealed that the program created significant influence and positive unintended impact on indirect beneficiaries like family members, friends and colleagues.

100%

Participants shared their experience and learnings from OBO with their family members/friends/colleagues

≈ 23

Average outreach per participant

96%

Participants shared that the program still has an impact on their daily life

64%

Employee participants are still working in the same organisation

Testimonials



I feel more confident facing life's challenges and making sound decisions. I enjoyed the self-reflection and star gazing experiments during the program. I now practice self-discipline and have realized my potential.



The OBO experience was truly engaging. We strengthened our team building skills during the hiking activity. I was positively challenged to work through the activities and develop critical thinking abilities, leadership qualities, and a problem-solving mindset which helped me to think outside the box."



OMR 1:10.5

Every OMR 1 invested in Outward Bound Oman programs has created OMR 10.5 in social value



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