

SOCIAL RETURN ON INVESTMENT:
MERGING POLICY EVALUATION TECHNIQUES FOR A BROADER
VISION OF SUCCESS

by

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ABSTRACT

The purpose of many social programs is to facilitate sustainable change in the lives of individuals and communities. Unfortunately, the techniques used to evaluate social programs often ignore some of the most important changes which take place in the life of a participant and focus more on the activities that have been performed.

The purpose of this research is to explore the practical benefits of Social Return on Investment (SROI); an innovative framework for program evaluation. A case study of the Circle of Friends, in Kitchener, Ontario, illustrates some of the qualities of SROI. Beyond the fiscal benefits associated with preventing homelessness, such as decreased use of emergency medical services and decreased housing costs, beneficiaries report increased feelings of community safety and greater mental stability. The final report ensures that all stakeholders have a more complete picture of both the costs and the ‘real’ returns to investing in social programs.

LIST OF ABBREVIATIONS USED

SROI	Social Return on Investment
CBA	Cost-Benefit Analysis
SBCA	Social Benefit-Cost Analysis
MCCO	Mennonite Central Committee Ontario
CoF	Circle of Friends
NGO	Non-Government Organization
YWCA	Young Women's Christian Association

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CHAPTER 1 INTRODUCTION

The purpose of many social and international aid programs is to facilitate positive, lasting change in the lives of individuals and communities. Such changes can take many different forms, including accessing employment, avoiding gang membership and lifting oneself out of poverty. The success with which many programs achieve their goals, however, is a controversial topic.

In “Does Foreign Aid Really Work?”, Riddell (2007) suggests that the very tools with which we measure success in foreign aid are flawed. Each measure, whether it is of macroeconomic growth or of the number of people who have gained access to clean water, may answer specific questions about the achievement of particular project outcomes, but can also lead to vastly different opinions about the project’s ultimate success or failure. Furthermore, the measures used are often indicators that short-term, one-time interventions have been completed, as opposed to measures of the accomplishment of positive, long-term change.

Much the same can be said in the context of social programs. Tiessen (2011a) reports that, rather than assisting people to lift themselves out of poverty, social assistance in Ontario presents a number of barriers, such as lack of access to affordable and supportive housing or poor job market and retraining initiatives, which lock many people into poverty and social assistance for a much longer period of time. The situation can at least partially be a result of cutbacks to the social safety net. Often these cutbacks are made

with little regard for the quality with which social programs are administered and seek only to ensure that everyone who qualifies receives the bare minimum necessary to survive.

This paper explores the possibility of broadening program evaluation techniques to gain a more full view of the value that social programs can have in the lives of beneficiaries and funders alike. It is possible that by looking not only at the effect on the public purse, but also at the long-term change achieved, we can implement more successful social programs and thereby have a more a positive impact on society as a whole.

The rest of the paper will continue as follows. Chapter 2 is a description of the possibilities for broader evaluation, while Chapter 3 sketches a brief history of aspects of policy evaluation in North America. Chapter 4 discusses the direct relationship between prosperous communities and investments made in strengthening the capacities of a society. Chapter 5 provides a description of Social Return on Investment, a first step in combing the financial and qualitative lens in the practice of evaluation. Chapter 6 then presents a case study of the Circle of Friends to illustrate some of the qualities of the SROI technique and its potential for future use.

CHAPTER 2 RESPONSIBLE STEWARDSHIP AND BROADER EVALUATION

Governments are charged with being responsible stewards of the public purse. Part of that responsibility involves making difficult decisions about the programs a government sponsors. However, not all programs are created equal. Some are long-term interventions while others are short-term initiatives or one-time expenditures.

Furthermore, programs do not always have readily comparable outcomes. A new highway, for example, might result in shorter commute times and less overall pollution, while sporting programs can reduce future incarcerations and increase leadership skills for inner city youth (Caruso, 2011). In the past, the solution to the non-comparability problem has been to monetize as many of the costs and benefits as possible in order to compile a cost-benefit ratio. Providing evaluation results through this common measure may appear to simplify the decision-making process for policy-makers, but it can also exclude or downplay some of the most important outcomes a program may be aiming to achieve.

For example, simply seeking to monetize the costs and benefits of Circle of Friends, a program which supports women experiencing homelessness as they transition to stable housing, misses the value created when relationships are improved, when women experience more mental stability and when feelings of community safety are increased. These indicators are items which cannot be easily reduced to the language of dollars and cents, but are an important part of the ultimate goal: instigating lasting change in the lives

of the participants, their friends and their communities.

It is important that evaluation inform policy-makers of the success of a program.

However, when planned for and executed well, evaluation can also provide information about the types of programs which are most beneficial to society and actually improve future policy decisions by improving program planning for the achievement of desired outcomes. Furthermore, democratic governments wish their decisions to meet with basic public approval. Because comparisons between program outcomes can be difficult, evaluation must then provide frameworks for communicating complicated evaluation results to the public.

As a result of public pressures to demonstrate financial prudence, much government policy and program evaluation has, historically, been conducted through a monetary or financial lens. The people who provide financial support for government programs, through taxes or loans, require policy-makers to justify expenditures in terms they can relate to. Taxpayers in particular, demand a coherent process of evaluation for the choices a government makes; a process whereby the choices be laid out in straightforward terms. Relying on monetization as the core evaluation technique, however, has tended to limit our ability to balance the financial lens with qualitative measures (Bruyn, 1987) to ensure that programs both minimize costs and maximize effectiveness.

One cause of this phenomenon might simply be an over focus on productive efficiency. Farrell (1957) deconstructs efficiency into two categories, productive efficiency and technical efficiency. Productive efficiency is achieved when a firm uses the least expensive combination of inputs to produce a specific number of outputs. A construction company, for example, might improve its productive efficiency by using wood as opposed to cement between the walls of an apartment building. The construction may be less costly, but the building will be less able to prevent fire from spreading between apartments thus resulting in a lower quality building. The second form of efficiency discussed by Farrell (1957) is technical efficiency. Technical efficiency is achieved by producing the largest possible number of outputs from a given set of inputs. Technical efficiency implies that a firm will pay attention to the quality of an input and the consequences of switching to a cheaper product before it decides on the consumer price of the output or the number to be produced. Farrell assumed that a firm would focus equal attention on both types of efficiency. Fare, Grosskopf and Lovell (1983), however, revisited Farrell's work and found that firms, business analysts and even economists had spent a disproportionate amount of time and energy focusing on the elements which generate productive efficiency, while all but ignoring the processes which might generate technical efficiency.

Though these papers focused on the behaviour of the firm, the same theory can be applied to government programs. As pressure to reduce government expenditures grows, our rush to generate 'economical' solutions to society's woes, through cost and time

reduction, has pressed us into believing that low cost options are equivalent to efficient solutions which maximize benefits while simultaneously ensuring cost-effectiveness and quality.

CHAPTER 3 MEASURABLE VS. INTANGIBLE OUTCOMES: A BRIEF HISTORY OF POLICY EVALUATION

Many different disciplines have sought to develop their own project evaluation techniques. As might be expected, each discipline tends to view its respective evaluation technique, and the lens through which it is performed, as providing the most important vantage point. This has resulted in something of a silo effect whereby no discipline necessarily recognizes the validity of the elements of other evaluation methods. One of the major sticking points in this phenomenon is the relative importance of the measurable versus the less measurable or non-monetizable indicators of project success.

Private sector evaluation tends to focus solely on the monetizable costs and benefits of a project and relies on “some form of pro forma balance sheet in which the costs and revenues of the proposed project are anticipated” (McAllister, Forthcoming: 35). The arrival of the New Deal in 1930s accentuated the need to develop new frameworks for public policy evaluation in the United States. Since cost-benefit analysis (CBA) had been widely explored in academic circles and was an accepted part of private sector analysis, the government began to extend the technique and attempt to monetize many outcomes which did not have an explicit market value (Persky, 2001). CBA incorporated the measurement of costs, which were largely direct monetary expenditures, with the more difficult task of measuring benefits, which often included indirect monetary gains, such as an increase in the money supply through the provision of employment. Thus, CBA acknowledged that there are costs and benefits, outside of the immediately realized, that

came from investments in infrastructure and other government expenditures.

Since its popularization in the public sector, CBA has undergone many refinements, most of which have focused on attributing prices and appropriate monetary values to the costs and benefits of an activity. Costs and benefits of any project do not happen just in one year or even during the implementation of the project, but can accrue far into the future. To take these costs and benefits into account, practitioners tend to concentrate first on determining the net present value of the anticipated streams of costs and benefits to determine whether or not a project is economically viable (Gillis et al., 1996: 146-147). A major challenge of net present value calculations is the determination of an appropriate discount rate, which can be far from straightforward. For example, in their estimations of the cost of the Iraq War, Bilmes and Stiglitz (2006) find that the choice of discount rate can have significant effects on the long-term cost estimates of the war. Their conservative estimate of lost income, at a discount rate of 1.5%, results in a net present value of lost income of \$750 Billion US, while the upper limit discount rate of 7% yields a net present value of lost income of over \$2 Trillion US. In this case, choosing the discount rate to use can have a serious effect on the decisions made by defense personnel.

Another important consideration in CBA is the concept of opportunity costs. Any project or activity implemented in the private or public sector denies resources to other projects that might have otherwise been implemented. Estimating the real opportunity cost is a complex task. There are many factors present in an economy, such as government

controls, labour participation rates and market failures, which can warp market prices away from the 'real' social cost of an activity. One attempt to rectify this impediment to estimating the real costs and benefits has been to develop shadow pricing techniques which take the observable market price and adjust them for the estimated effects of market distortions. Though shadow price estimation is a controversial topic, many economists believe that shadow prices can be a more accurate estimation of the actual costs of a project or activity than the mere use of unadjusted market prices. The price of labour and foreign exchange rates are two factors which are most often shadow priced (Gillis, et al., 1996: 146-154).

In addition to opportunity cost and shadow pricing, international aid agencies, including the World Bank, have spent considerable time augmenting CBA to include a broader range of costs and benefits (Leff, 1985). These organizations recognized CBA as a useful project evaluation tool and saw an opportunity to improve it by developing techniques to monetize 'social' costs and benefits which, in reality, do not have a monetary value. The final result of improvements was the implementation of Social Benefit-Cost Analysis (SBCA), where social benefits were defined as the monetized value of gains to others in society (Jimenez, et al., 2007). Though the emphasis of this technique was still the monetization of outcomes, SBCA acknowledged that there was broader value that needed to be taken into account in the implementation of international aid.

Another important consideration in project evaluation is to estimate the counterfactual, or the state of the community had the project not been implemented. This is an area where economists have spent considerable time and effort. In the case of social programs, an evaluator must do his or her best to determine if the outcomes achieved would have been reached without the intervention. In many instances, the counterfactual has been estimated using randomized experiments. Perhaps the most famous Canadian example of a randomized experiment in social programming is the Self Sufficiency Project. Conducted over the span of 10 years, the experiment randomly assigned social assistance recipients to receive either a guaranteed income supplement or status quo social assistance. Three types of income assistance recipients were eligible for the program: social assistance applicants, long-term recipients and, to a lesser extent, people applying for employment services. More than 9,000 families participated in the project. By comparing the outcomes of those who participated to the outcomes of social assistance recipients who received status quo assistance, the program sought to estimate the 'true' measurable costs and benefits of larger and more diverse income supplements. Overall, evaluators found that guaranteed income supplements, which often meant increased income for assistance recipients, was successful in both lowering the overall, long-term cost of social assistance for the average individual and shortening the amount of time a recipient spent relying on social assistance to meet their basic needs (Ford, et al., 2003). Had the counterfactual not been included in the evaluation process, the evaluation may have been seen as invalid in the eyes of many researchers.

Economists have also spent considerable time developing techniques to recognize the value of outcomes which cannot necessarily be measured. Cuesta (2011) finds that there are many long-term social benefits that can come from providing a universal music training program in Venezuela. In addition to individual benefits associated with learning an instrument, the program resulted in a reduced high school drop-out rate for participants and increased community safety for the society at large. Or, for another example, Oreopoulos and Salvanes (2009) find that, in addition to increases in expected wages over one's lifetime, there are many other benefits to schooling. Specifically, the researchers find that schooling affects the degree to which one enjoys work, improves decision-making skills when it comes to life decisions, such as marriage and children, improves patience and decreases risky behaviour. Further to this, the authors find that schooling increases trust in society and improves social interaction. Though the value of the above outcomes cannot be measured, economists recognize them as important, intangible indicators of the value of investments in human capital.

Environmentalists, too, have developed sector specific tools for evaluation. Beginning with Coase's (2009) theory of the cost of social damages, researchers have been developing techniques for the measurement of damage inflicted by one group of citizens on another. Coase's theory began with the measurement of 'noise pollution' inflicted by a bakery onto a medical practice, but has been expanded on by estimating the cost of environmental damages. More recent years have seen the expansion of attempts to value environmental resources, including protected lands, for use in cost benefit analysis

(Ackerman & Heinzerling, 2002 and Abelson, 1979). In addition to measuring and valuing environmental damages, these papers addressed the need to use public policy as a way to approach a more socially optimal equilibrium in regulating environmental degradation (Pearce, 1998). The practice has since created a further entry point for the use of CBA and the measurement of social damages not only in government investment in infrastructure or government regulation of the environment, but also in social programming.

There is a sizeable chasm between those who believe measurable indicators are most important and those who give a privileged place to non-monetizable and intangible outcomes. It is possible however, that each discipline or lens is equally important and that projects will never be truly successful until we learn to take each sector into account when planning a project. Social Return on Investment, discussed in detail in Chapter 5, is a first step in this direction.

CHAPTER 4 INVESTING IN NON-MEASURABLE BENEFITS

Researchers have found that, in addition to what is more routinely measurable, there are many intangibles that are important to the success and prosperity of a healthy community.

SOCIAL CAPITAL

Social capital is one such ingredient. In “The Prosperous Community: Social Capital and Public Life”, Putnam (1993:2) defines social capital as the “features of social organization, such as networks, norms and trust, that facilitate coordination and cooperation for mutual benefit.” Not only does social capital create an environment that fosters trust and cooperation, but the presence of social capital can also enhance the benefits of investing in physical and human capital. As a result, Putnam concluded, societies with high levels of social capital tend to have better economic outcomes and their citizens report higher levels of subjective well-being (Putnam, 1993 & 2001).

INVESTING IN SOCIETY

Assuming that social capital is an important component of a healthy and prosperous community, it follows that society should be invested in so as to reap collective benefit. The emergence of social investing firms and other social enterprises of late is one indicator of the rising popularity of this idea. The late 20th Century saw a host of social enterprise development as entrepreneurs set about creating market-based solutions to problems often ignored by the state or deemed unprofitable by the private sector (Di Domenico, et. al., 2010), such as job training and employment opportunities for former

prison inmates or healthy food options in inner city neighbourhoods. Similarly, social investment firms tend to provide venture capital for business initiatives which focus, not only on profit, but also on the effects an activity may have on community and/or the environment (Bruyn, 1987).

Though it is somewhat unconventional, this idea can be applied to social programs as well. If governments implement social programs in order to create lasting change in the lives of beneficiaries and communities, then funding must be seen not as a bothersome expense but as an investment in improving the lives of individuals and communities. Framing the ultimate form of funding as an investment rather than a necessary expense will shift the focus and intent of policy-makers from cost minimization to one of maximizing returns. As a result, policy-makers are able to take an active role in directing market resources to the creation of both measurable and non-monetizable value.

RETURNS ON INVESTMENT: SOCIAL VALUE

The returns to investing in society, such as less instance of incarceration or low cost food, can be considered indicators of social capital or social value. Emerson, Wachowicz and Chun (2001) describe the creation of social value as occurring “when resources, inputs, processes or policies are combined to generate improvements in the lives of individuals or society as a whole.” The returns to investing in a social enterprise which provides jobs for women who are experiencing homelessness, for example, will certainly include a modest profit, but may also include less homelessness which can lead to increased

feelings of community safety and improved relationships with family and friends; outcomes which generate social capital.

Investing in social programs can also produce social value. Wilkinson and Pickett (2010), for example, find that relatively more equal societies tend to do better along many social elements. The benefits of equality include less crime, fewer people suffering from mental illness, less teenage pregnancy and fewer homicides, to name a few. The returns to investing in equality are long-term, accrue over time and ultimately lead to communities with more trust and less social ill, i.e. more social capital.

As one can see, the creation of social capital calls for intentional investment in society to produce value that some might consider intangible or unimportant. This is a sector that does not traditionally hold the focus of either business or government yet, is an essential piece of long-term prosperity. Though the idea is becoming more popular in the business world, deliberate programs to generate social value creation in social programs are still rather unusual. The following section will further explore Social Return on Investment as an alternative form of program evaluation which balances the attention of policy-makers between cost effectiveness and the non-monetary returns to investment in social programs.

CHAPTER 5 SOCIAL RETURN ON INVESTMENT: COMBINING THE FINANCIAL AND QUALITATIVE LENS'

Social Return on Investment is an evaluation tool which connects Putnam's concept of social capital to an analytical framework for planning and appraisal. This chapter will explore the essential methodology encompassed by the framework in the form of a training manual.

SROI: AN OVERVIEW

The first step in SROI is to list the outcomes and indicators that will be used to evaluate the program or project in question. Step two is to collect relevant data concerning the achievement of those outputs and outcomes which have been deemed important.

Administrative data, collected by the implementing organization, and government records can provide valuable information on the achievement of outcomes. Additionally, it is important to collect information for steps one and two through direct communication with stakeholder groups. Conducting interviews and meetings with representative stakeholders will allow all who are impacted by a program to communicate those costs and benefits which are most important to them. Failing to do so can cause an evaluator to overlook vital project implications which may not have been originally intended. Such contact with stakeholders can also assist policy-makers in improving a program's effectiveness and sustainability by ensuring that the outcomes being sought are desired by beneficiaries.

The third step is to insert all of the inputs, activities and outcomes into an impact map

(see Appendix A) which serves to show the direct connection between each input and outcome. Essentially, it shows the importance of each input to achieving overall success. Where appropriate, each input and outcome must be monetized. Great care must be taken in the monetization phase to ensure that no costs or benefits are over- or under-estimated. It must then be decided what portion of the output can be attributed to the program, and what portion might be attributed to another activity.

The final stage of an SROI is to create a comprehensive and straightforward report which communicates both the financial and non-monetary impacts of a program such that all stakeholders can gain a more full understanding of the impact the program has achieved; not just on their own lives, but on the lives of other stakeholders as well. The report allows stakeholders to consider the overall effectiveness of a program and not simply the impact it has on government expenditures or their own pocket book. Reporting in this way also encourages an organization to continually work at increasing the effectiveness and efficiency of its activities, by either increasing social benefits or reducing costs, instead of placing a disproportionate emphasis on financial impacts alone.

DEVELOPING THE THEORY OF CHANGE

Since the goal of social programs is to induce change, it is important to communicate the change which occurs as a result of the program. Consisting of only a sentence or two, the theory of change can be developed directly from stages one and two of the impact map, where the evaluator has shown just how inputs are converted into outcomes. The theory

of change outlines how a stakeholder's investment is used to create positive change in the lives of beneficiaries such that funders have a tangible, if not monetizable, understanding of the impact their investment has had.

IMPACT MAP

The impact map is designed to ease the process of connecting inputs to outcomes and constructing the theory of change. The map identifies each input, along with its value and the stakeholder group which provided the investment, and identifies the activities and wide-ranging impacts that have occurred as a result of their investment. From listing the stakeholders and their inputs through to the recording and monetization of outcomes and the attribution of the program, the map will inventory each input, output and outcome, such that nothing is forgotten in the ratio calculation or reporting process.

There are 6 key steps associated with an impact map (A guide to Social Return on Investment (2009) :

1. Identifying stakeholders
2. Identifying inputs
3. Valuing inputs
4. Clarifying outputs
5. Describing outcomes
6. Monetizing outcomes where appropriate

The impact map is the point where information collected during stakeholder meetings and interviews is most important. This is where the true effects of a program are garnered and, where possible, measured. Without stakeholder communication, evaluators and policy-makers will be forced to rely on administrative data for project appraisal; data which may not show the change which has occurred. Furthermore, administrative data does not often capture the intangible, yet vital elements of the change which contribute to its overall sustainability (See Appendix A for a sample impact map).

EXPLAINING MONETIZATION

Monetization is an important step in the SROI process. It is at this stage that an evaluator decides the monetary value of inputs and outcomes that may not have a direct cost or profit. Volunteer and beneficiary time and in kind gifts are two examples of inputs that must be monetized in order to ensure validity of the final SROI ratio. Monetizable outcomes may include cost savings when a person experiencing homelessness is placed in subsidized housing instead of continuing to use an emergency shelter or the knowledge transfer that occurs when women attend free workshops designed to teach women to manage their lives off the street.

Input value is typically monetized using either the opportunity cost or the market value (SROI Network, 2012). The value of volunteer hours, for example, is set as equivalent to the hourly wage an organization would have to pay an employee to do equivalent work. In-kind office space, on the other hand, is typically given a value equivalent to what the

cost would have been if the organization were required to access office space in the market place.

Monetizing outcomes is more challenging. The SROI Network (2012) recommends the use of proxies to monetize outcomes that can, sensibly, be given a monetary value. In the context of social value, a proxy is an item of similar value that has a market price. Some examples of financial proxies include the change in property prices when community safety is perceived to improve or the cost of child care to proxy the value created when a parent is no longer incarcerated but lives in the family home and is able to spend time with their children. When monetizing social outcomes, evaluators must be diligent in ensuring that proxies are appropriate and do not exaggerate the increased value experienced in society in order to inflate the results of the program.

It is also important to avoid the monetization of outcomes which do not have a straightforward value or obvious proxy. The value of a life lost, for example, cannot be expressed simply in terms of the deceased's potential income. Again, Bilmes and Stiglitz (2006:2) provide a thorough discussion of this issue in regards to the death of soldiers and civilians during the Iraq war. Instead of attempting to place arbitrary value on items of great significance, it might be more effective to simply list what these non-monetizable items are and describe the effect the outcome has had on each stakeholder. The death of a soldier, for example, will cost the department of defense a specific amount of money in death benefits, but the value of this loss will be significantly larger when considering

children who have lost their father or a sibling who has lost their sister. Placing a monetary value on outcomes that cannot be clearly valued will result in an unrealistic and indistinct evaluation.

ATTRIBUTION AND DROP-OFF

Another concern of great importance to the validity of SROI is attribution. Often times, the entire value of an outcome created in society cannot be attributed to one specific organization or program. “Attribution is an assessment of the amount of an outcome that was caused by other organizations or people” (SROI Network, 2012). This figure is calculated as a percentage of the entire contribution of all organizations and individuals. In assisting women experiencing persistent homelessness to attain housing stability, for example, there are many agencies that perform necessary activities. Mental health services, emergency shelters and family support can all play an important role in helping a woman achieve her goals. Installing clean water pumps in a rural village, on the other hand, may simply involve two sets of actors; the NGO paying for and installing the pumps and the community members who will maintain the equipment over time. In both cases, the evaluator must decide what the appropriate amount of attribution is.

A second concern in terms of attribution is the length of time a social benefit can be attributed to a specific program or organization—in SROI terms this is called drop-off. In the years following an intervention or program, the value of the outcome is likely to decrease. It is also likely that other factors will contribute to the sustainability of the

change over time. Drop-off is calculated by deducting a percentage of the value created at the end of each year after the first. For example, if a benefit of 100 is accrued in each year, lasts for three years and has a drop-off of 15% per year then the value is 100 in the first year, 85 in the second year 72.25 in the third. Careful attention to attribution and drop-off will further ensure that the social value created by a project is not exaggerated.

STRENGTHS AND BENEFITS OF SROI

In addition to those already discussed, SROI has many benefits. First, SROI makes a concerted effort to include all impacts which are important to stakeholders in the evaluation process. Whether the stakeholders are funders, tax payers, beneficiaries or volunteers, an SROI report will provide them with the information they are more interested in (the effect on their own life) while simultaneously informing them of the rest of the impacts as well. For beneficiaries, the information of interest may be the changes which occur in the lives of participants, while for the taxpayer the object of main concern may be cost minimization.

SROI frames social policy as an investment as opposed to an expense. This results in a more balanced focus between productive and technical efficiency, between measurable and non-monetizable costs and benefits. Furthermore, SROI can lead to more effective decision-making at the program planning level (SROI Canada Network, 2010). An SROI completed in the planning stages will be a forecast of potential social value creation. Not only will the SROI indicate the expected social return for comparison sake, it can also

highlight activities that may be improved to create additional social value if adjusted or direct policy-makers towards activities with higher potential social value. This helps to mitigate risk and manage opportunities in both the financial and social dimensions; making society as a whole, more technically efficient which will increase the overall efficiency and effectiveness of our social programs.

Like CBA, an SROI ratio can rarely be improved by merely cutting costs—a cost cutting approach is also likely to lead to a decrease in social benefits or program effectiveness and an overall reduction in the SROI ratio. In this way, SROI holds an organization accountable for program costs as well as results, which means impacts on all stakeholders are taken into account in an evaluation instead of placing disproportionate emphasis on the direct impacts on funders alone.

The SROI Network International was created in the United Kingdom to “promote the use and development of SROI methodology internationally, encouraging community practice along the way” (SROI Canada Network, 2010). In addition to its original mandate, the network has also created an accreditation process where new practitioners are trained in the proper execution of SROI, which ensures comparability of SROI ratios across organizations and activities.

The SROI network promotes and requires a number of principles that must be adhered to for an analysis to be validated. First, the analysis must involve all stakeholders whether they are funders, beneficiaries, volunteers or community members. This means that each

stakeholder group must be consulted during the evaluation process, both in the early stages, when an evaluator is exploring program inputs and outcomes, and in the later stages, when attribution and social value creation are being calculated. Second, through the use of monetization, each indicator that matters for social value calculation must be included in the evaluation. Furthermore, the evaluators must be able to clearly articulate the process by which each indicator that is included in the SROI creates and promotes change. Finally, an SROI must be transparent, verifiable and have used appropriate bench marks and external standards in order to avoid exaggerating the impacts of the program (SROI Canada Network, 2010). This process ensures accountability and integrity in the evaluation process.

LIMITATIONS OF SROI

Despite the numerous merits of SROI, there are deficiencies that must be addressed. First, it is important to note that not every benefit can be monetized. The increased self-esteem and improved family relationships attained by participating in programs to end persistent homelessness, for example, are not quantifiable. Instead of putting an arbitrary number on these benefits, evaluators using SROI will simply communicate the increased quality of life by including it in the theory of change outlined in the final SROI report. In this way, monetization plays an important but not exclusive role in evaluation and reporting.

A second limitation, as reported by the SROI Network (2012), is that stakeholders may

place too much emphasis on monetization without following the rest of the process, which includes attaining a clear understanding of the mission, values and processes an organization promotes in attempting to create a change in society. Without a clear understanding of these factors, an organization may attempt to monetize the wrong indicators and create an SROI with limited use in the future.

SROI can be a very intensive undertaking. Without a social accounting system in place, the first SROI will be rather time consuming. Embarking on an SROI involves developing a system to measure the direct, indirect and long-term results of a social or aid program. Impacts on individuals, communities and the environment must all be included in the social accounting system to ensure a complete picture of the project is taken into account.

Monetizing the social value of any given benefit can be a subjective activity. For example, how should an evaluator value an hour of volunteer time? The simplest way to go about doing this is to value volunteer time at the level that an organization would have to pay if an employee was hired to do the work of volunteers. A problem arises, however, because different organizations may have different pay scales for similar activities. Should volunteer time in one organization be valued at a higher rate than another? Furthermore, constructing proxies can be a very time consuming endeavor as evaluators must spend a great deal of time researching what appropriate proxies might be and then determining the price of the proxy in the market place.

In order to address some of the subjectivity, as well as the intensive research time required in making decisions about social value, the SROI Canada Network (2010) has developed a database of financial proxies. The database is intended to do two things. First, the database cuts down on the time an SROI takes and makes SROI a more feasible approach to evaluation for many organizations. Second, the database reduces discrepancy between evaluators in the monetization process. By providing proxies for a long list of indicators, from the cost of psychiatric evaluation to the cost of severe asthma in children fewer than 4 years of age, the SROI network has endowed the approach with a common set of values that ensures comparability across organizations and reduces subjectivity.

CHAPTER 6 SROI CASE STUDY: CIRCLE OF FRIENDS

In order to illustrate some of the qualities of SROI as an evaluation and communication tool, the following section presents an evaluation of the Circle of Friends (CoF), a program of Mennonite Central Committee Ontario (MCCO), as a case study in the execution of SROI. The case study was previously published as Tiessen (2011b) and was developed as part of an internship where the author was employed as the Poverty Program Researcher with MCCO. Chapter 6 includes the full, original report and supporting documents with some modifications and additions. All of the research and writing, including interviews, stories, proxy development and pricing, was completed by the author of this thesis.

More than describing the methodology, the case study is presented as a report to be delivered to stakeholder groups, such that all people involved may gain a better understanding of the impact CoF has on the lives of participants and the in the broader community. The case study takes the reader through the background of CoF, the theory of change and the social value created through the program. It provides an explanation of CoF participants, clearly lays out the process taken to monetize a large portion of program value, and communicates the results¹.

¹ Additional examples of SROI can be found on the SROI Network website (www.thesroinetwork.org) and the City of Calgary website ([http://www.calgary.ca/CSPS/CNS/Pages/FCSS/Social-Return-on-Investment-\(SROI\).aspx#case](http://www.calgary.ca/CSPS/CNS/Pages/FCSS/Social-Return-on-Investment-(SROI).aspx#case)).

The case study is based on the experience of 34 women who have participated in the program for a full year—all of these participants have achieved stable housing.

Individual SROIs for a representative woman in group one and two were conducted using self-reported data collected during meetings and interviews with Circle of Friends and MCCO staff. The separate SROIs were then combined into a weighted average SROI which acts as a forecast of expected future returns for every year that the program is running. Because the case load is small, these numbers cannot be tested for statistical significance, but the analysis, nevertheless, demonstrates both the potential impact of intentional intervention in informal social support for women experiencing persistent homelessness and the execution of SROI.

CIRCLE OF FRIENDS BACKGROUND

CoF supports women, and their children, who are experiencing persistent homelessness as they transition to stable housing. People experiencing homelessness are not a uniform group. For most, experiencing homelessness is a one-time event (Pomeroy, 2007: 9), but a small minority of people often have a pattern of cycling in and out of hospitals or correctional facilities between periods of living on the streets and in emergency shelters. For this group, homelessness becomes the new “normal” and their life skills adjust to the skills necessary to survive on the streets (Social Planning, Policy and Program Administration, 2011a). For this group, achieving stable housing means living in one place, not including a hospital, correctional facility or emergency shelter, for 6 months or longer. It means having a fixed address and the possibility of developing relationships

with neighbours.

CoF is a partnership between MCCO and YWCA-Mary's Place which provides informal and unconditional support to YWCA-Mary's Place residents as they move to stable housing. 90% of the women who showed interest in CoF between 2005 and 2010 have joined a circle and moved into stable housing.

Circle of Friends has two primary goals:

1. End the cycle of homelessness for each participant
2. Support the development of healthy relationships between participants and volunteers

A circle is made up of a woman who is experiencing homelessness, her children, and two to three female volunteers. At the time of the evaluation there were no male participants or volunteers. Together the circle works toward accomplishing the goals set out by the participant, which have been designed to assist in her transition to stable housing. An MCCO staff person is actively involved in the first 6 months of a circle's development as trust is built and relationships among circle members are solidified.

The objective is that by participating in CoF, participants are able to make their last move from Mary's Place into the wider community. They also experience increased community support, decreased isolation and unconditional friendship.

THEORY OF CHANGE

If women who are experiencing homelessness are provided unconditional and informal

support, they are more likely to move into stable housing and become more healthy and active members of our community.

SOCIAL VALUE CREATED

In addition to the cost savings associated with moving from persistent homelessness to stable housing, CoF participants report experiencing a greater quality of life as a result of joining the program. “My friends give me a reason to take my medication every day—consistently,” said one participant during an interview with the MCCO Poverty Program Researcher.

Another participant reports that during the first year of her transition “Circle of Friends made all the difference. Without them, I would not have been able to travel around town, get groceries or buy supplies. Without my friends I would not have been able to cope” with the realities of living off the street.

One-on-one interviews with past participants have shown that the value of CoF lasts far into the future. Many of the circles continue to meet beyond the first year of the program. Participants continue to attend CoF community gatherings where they experience support to maintain stability in their lives and housing situations.

Volunteers report that the benefits they receive from CoF far outweigh the time commitment. Staff members report that, as a result of gaining a better understanding of the issues surrounding persistent homelessness, they feel safer in their community.

CIRCLE OF FRIENDS SUCCESS!

Since 2005, 37 women have participated in CoF. Thirty-four of the women became a part of a circle—all 34 of them were able to maintain stable housing for at least a year. The three women who were not able to maintain stable housing had started the process of joining CoF, but did not receive the benefit of a circle created specifically for them. These three women are a testament to the importance of informal and unconditional support as people transition from homelessness to stable housing.

CIRCLE OF FRIENDS PARTICIPANT INFORMATION

Though no participant is exactly like another, there are two distinct experiences evident in the participant information collected by the CoF Program Manager and MCCO Poverty Program Researcher². The first is of women with mental health and/or substance-use issues, the second is of women who were leading stable lives and became homeless through a loss of income and savings depletion.

The following story illustrates the life that a woman represented by group one may experience. Susanna³ communicated her life story with CoF and MCCO staff over the course of two meetings in the summer of 2011.

² Participants were separated into groups based on administrative data regarding mental health status, addictions issues and self-reported reasons for becoming a person who is experiencing homelessness.

³ For the purposes of this report, names of CoF participants have been changed.

Susanna's Story

Susanna was born in Cambridge and has spent her entire life in Waterloo Region. She grew up in a large family and has many fond memories of camping with her siblings and time spent fishing with her father. Today, she has three children and two grandchildren of her own, who all love her dearly. Currently, the entire family lives in Waterloo Region, which means she is able to spend a lot of time with her grand kids having fun and playing games. It was not that long ago, however, that Susanna's life was very different.

As a child, she was often surrounded by drugs and alcohol. She started using drugs herself when she was 16 and took acid for the first time with her boyfriend. She was hooked immediately and continued to abuse drugs for many years. Before her move to Mary's Place and her involvement in Circle of Friends, Susanna had been a regular face at the emergency room and in the in-patient mental health facility at the local hospital. She estimates that she required emergency health care an average of 8 times per year for the three years prior to moving to Mary's Place. For Susanna, a visit to the emergency room is much more than just the use of acute care; she is most often taken to the hospital by ambulance, admitted to the emergency room and, eventually, moved to the in-patient mental health facility for an average of one week for treatment of her mental health issues. Since becoming involved in Circle of Friends, her emergency room visits are much less frequent and, when they do occur, are much less intense.

Susanna decided to move to Mary's Place in order to get away from the drugs present in her neighbourhood. She wanted to quit using drugs and stay sober but knew it would be difficult if she was surrounded by her regular life. After attending a detoxification program, she moved to Mary's Place and has been clean ever since. She lived at Mary's Place for three months and joined Circle of Friends about 2 months after moving to the shelter. Susanna attributes Circle of Friends with helping her to stay in stable housing over the past year. "My circle has patience with me and they don't give up. They are different from case workers, mental health workers and doctors who have a short time allotment and then must move on to the next patient." The individual relationships that Susanna has formed with the members of her circle have been very important and meant a lot. She appreciates that circle members encourage her to participate in community activities and go the extra mile to ensure that she is present when the activities take place.

Her main goal when joining Circle of Friends was to get out of the house and get into the community. Her circle definitely helped her to do this. They went shopping together, drank coffee and ensured that she attended Circle of Friends' community gatherings. Without Circle of Friends Susanna would not get out of her apartment as much as she does. Susanna says that her life would be very different without Circle of Friends.

"Without Circle of Friends, I would be a hermit and I would have mental health concerns more often. Circle of Friends gives me a reason to take my medication every day and gives me the strength I need to relate to my family in a healthy, positive way."

Group 1: Women Experiencing Mental Health and Substance Use Issues

Administrative data collected by MCCO show that more than 70% of the women who became involved in a circle became homeless as a result of experiencing mental health and substance use issues. People in this group often have a history of inappropriate use of emergency services, including ambulance and emergency room use, and lengthy stays in in-patient mental health facilities. They are also more likely to be inappropriately housed in correctional facilities. When not using emergency services, women in this group tend to cycle between living on the streets and using an emergency shelter, like YWCA-Mary's Place.

For CoF participants like Susanna, joining a circle and moving to stable housing means a dramatic decrease in the use of emergency services, which results in a large decrease in costs to regional and provincial governments. Participants also report decreased isolation, increased mental stability and increased participation in community activities.

Group 2: Women Experiencing Loss of Income and Savings Depletion

Administrative data from MCCO show that almost 30% of women who participated in a circle became homeless as a result of a loss of income, due to job loss or non-payment of alimony. This then led to the depletion of their savings accounts and other assets.

Women who are a part of this group may also be newcomers to Canada or may have recently left an abusive relationship.

For these women, receiving unconditional support from CoF makes the difference between moving to stable housing instead of continuing the use of YWCA-Mary's Place as a residence. Once their transition to stable housing has been made, these women often become volunteers in their communities and are able to assist others to maintain stable housing as well.

The following is an example of the type of life a woman represented by group two CoF participants may experience. The story was shared by Barbara during CoF meetings in the summer of 2011.

Barbara's Story

Barbara moved to Mary's Place because she had nowhere else to go. Once, she had been a happily married woman who worked in partnership with her husband to support their family. At one time, she had her own business, a day care which she ran out of her home. She was also in charge of the daily running of the household. Barbara is a hard worker. She has always worked to help support her family, sometimes working two jobs when it was necessary.

One day, it became clear that Barbara needed to leave her husband, and so, she did. She and her husband reached a separation agreement and he was ordered to pay spousal support. A few years before the split, she had in her RRSPs and other savings in order to help with a down-payment on a new home for her family but her husband kept the house in the divorce. After the separation, she was left with very little. She built up a small

savings account, found a job and relied on the spousal support to pay many of her bills. Unfortunately, her husband stopped paying support and she was forced to watch as her savings slowly disappeared. Barbara took her husband to court over spousal support more than once, and every time, even though he was legally required to, he has failed to pay support. At one point in time, he was \$40,000 in arrears on support payments.

After Barbara's savings ran out, she moved into Mary's Place, where she lived for four months and four days. "Living at Mary's Place was the worst time of my life," she said when asked what living at Mary's Place is like. She is grateful to have had a roof over her head and food to eat, but is also frustrated with the way the women in the shelter are forced to live. The food is unhealthy, as are the relationships. Many of the residents have mental health issues and addiction problems—living at Mary's Place was a very difficult time.

Barbara found out about Circle of Friends from the Chaplain at Mary's Place about two months after moving to the shelter. She asked some questions about Circle of Friends and, eventually, decided that a circle would be helpful. She wanted a circle strictly for friendship. As a woman who ran her household for many years, she did not need help in learning to shop, cook or organize her finances, but she was looking for new friends.

When asked about the benefits of Circle of Friends, she says, "The friendship has helped enormously. There are many things about the situation with my ex-husband that I cannot talk about with my daughter – he is still her father—but I can talk to my friends about

anything. They are non-judgmental and are good listeners.” The circle has clicked together well. They all support each other and listen to each other’s joys and sorrows. “I share everything with them,” says Barbara. “They don’t just listen to the bad stuff; they get the good stuff too. You can’t have a good friendship if you only share the bad stuff.”

Two months after joining Circle of Friends, Barbara moved out of Mary’s Place and into independent housing. She lived with a friend for a few months until she found a more private apartment in Waterloo Region. “The three women in my circle are the best thing that’s happened to me in a long time,” she said during an interview earlier this year.

“More than anything, I am just thankful for the friendship.”

Barbara has been in stable housing for 6 months and is looking forward to a time when she is ready to become a volunteer with Circle of Friends herself. She also has a lot of suggestions for how to improve services to women who move through shelters, including Mary’s Place. Learning trips to a grocery store to learn how to shop and get the most bang for the buck is just one of her many ideas. Providing a circle of loving, non-judgmental support has been vital for Barbara in getting her feet back on the ground and developing the relationships and connections necessary to get involved as a vibrant and healthy volunteer in our community.

CALCULATING THE SOCIAL RETURN ON INVESTMENT

From cost savings for regional and provincial governments, to increased community connectedness for participants and increased feelings of safety in the community for

program staff, CoF creates social value in a number of different ways.

During one-on-one interviews, CoF participants reported that participation in the program results in an increased ability to maintain stable housing. In addition, participants report that they experience unconditional support, perhaps for the first time in their lives. They report an increased knowledge of community supports, increased mental health and increased ability to cope in situations that, before participating in CoF, would have been stressful, immobilizing and likely resulted in a reoccurrence of homelessness.

Volunteers and program staff also report many benefits of their involvement with CoF, including increased feelings of safety in the community, gaining valuable experience towards further education or employment and an increased sense of well-being as a result of doing something good for the community. Volunteers reported that participation in the program results in rewards far greater than the cost of the time they have invested.

Rewards may include anything from gaining valuable experience for future employment or becoming an essential element of a participant's life.

People experiencing persistent homelessness often cycle through costly public services such as emergency shelters, the emergency and institutional health system, and the judicial system (Pomeroy, S. 2007. p. 2). Therefore, by preventing persistent homelessness, participation in CoF may result in high cost savings for government.

IMPACT MAP

The impact map below was developed through the use of information gathered in one-on-one interviews with CoF participants, volunteers and staff, landlords of past participants and community outreach workers. The map takes one through the process of transforming inputs and investments into activities, outputs and outcomes. Inputs in CoF include volunteer and participant time, in-kind office space and grants for salaries and activities. These inputs are used to conduct three main activities: volunteer training, support to form 8 circles and organizing community gatherings. Administrative data from MCCO as well as interviews and meetings with staff, volunteers and participants indicate that these outputs result in a number of important outcomes including increased mental stability, less use of emergency services, fewer calls to police, increased feelings of community safety, improved family relationships and improved relationships with landlords. The full list of outcomes can be found in the impact map below.

The impact map has been divided into 6 pieces. Each page is a standalone piece which provides evaluation information. The first and second pages describe how inputs are transformed into activities and outcomes and provide information on the monetization of inputs. Pages three and four outline the process taken to value outcomes, including how the information was gathered and what proxies, if any, were used in the monetization process. Pages five and six provide information on attribution and calculate the overall monetary impact of the CoF may have in a year.

Overall Impact Map

Overall Impact Map					
Stage 1		Stage 2			
Stakeholders	Intended & Unintended Changes	Inputs		Outputs	The Outcomes
		Description	Value (CAD)		Description
Who do we have an effect on? Who has an effect on us?	What do you think will change for them?	What do they invest?		Summary of Activity in Numbers	How Would you describe the change?
Participants	participants transition from homelessness to stable housing			8 women per year receive support from a circle of friends dedicated to improving their well-being	Move to stable housing
	participants use less health and safety services				Learned how to develop a budget
	participants experience increased peer support				increased friendship and trust
	participants experience increased satisfaction in relationships				Increased mental stability
	Participants attend community building events approximately once a month				getting out into the community and decreased isolation
	participants increase awareness of and participation in the community				Unconditional support received
					Decreased housing costs
		Time	\$0		increased knowledge of community supports
Children of Participants	Improved outcomes in school				Less use of emergency services
	Increased stability in life				Involvement in circles led to increased volunteer time in community
Circle of Friends Staff	1 Full time staff person receives a salary	Office space for 1 year			Learned how to better cope with anxiety, mental illness, family issues
					\$4,746
					reduced support from Mary's Place Staff
					Honoraria for volunteer time

Stage 1		Stage 2				
Stakeholders	Intended & Unintended Changes	Inputs		Outputs	The Outcomes	
		Description	Value (CAD)		Description	
Who do we have an effect on? Who has an effect on us?	What do you think will change for them?	What do they invest?		Summary of Activity in Numbers	How Would you describe the change?	
Volunteers	volunteer approximately 2 hours per week	time (2 hours per week * \$12/hour * 16 volunteers X 50 weeks) \$12/hour based on wage rate paid by MCCO to interns (personal communication, Art Klassen)	\$19,200	16 volunteers per year receive training in working with people who are homeless	Increased feelings of community safety	
	volunteers attend volunteer training programs once a month				Experience towards future employment	
	volunteers develop lasting relationships with participants					
	volunteers increase knowledge of issues surrounding homelessness and poverty in Waterloo Region				Increased knowledge of issues faced by women experiencing homelessness	
Landlords	Increased occupancy, decreased turnover	0	\$0	community gatherings (play games, learn a new skill, get out of the house)	Increased occupancy and decreased turnover; participants become better tenants!	
Mary's Place Staff	Use of office space by CoF Coordinator	Grants from Catherine Donnelly Foundation, Homelessness Partnering Strategy, MCCO (See Appendix D)	\$54,263		Salary for Staff person	
	Support workers at Mary's Place have more time to work with other tenants				Increased well-being from volunteering	
Regional Government	Overall change in costs of services use				closer to reaching the goals set out in comprehensive approach to poverty	
				Decreased cost for tax payers		
					Region reaches goals in homelessness to housing stability strategy	
Total Investment			\$78,209			

Stage 2	Stage 3					
The Outcomes	The Outcomes (what Changes)					
Description	Source	Quantity	Duration	Financial Proxy	Value	Source
How Would you describe the change?	Where did you get the information from?	How much change was there?	How long does it last?	What proxy would you use to value the change?	What is the value of the change?	Where did you get the information from?
Move to stable housing	1-1 interview			No proxy available – not monetizable		
increased friendship and trust	1-1 interview			No proxy available – not monetizable		
getting out into the community and decreased isolation	1-1 interview			No proxy available – not monetizable		
receiving unconditional support	1-1 interview			No proxy available – not monetizable		
increased knowledge of community support services	1-1 interview	1 group of 16	1 year	value of ongoing training for volunteers	\$2,240	\$140 per volunteer = value of two comparable trainings available in the community
Involvement in circles led to increased volunteer time in community	1-1 interview	30 % of participants	2 years	\$12 value of a volunteer hour based on amount paid by MCCO to interns (personal communication , Art Klassen)	\$576	4 hours per month, 12 months per year, \$12 per hour - only in year 2 for profile two
Learned how to better cope with anxiety, mental illness, family issues	1-1 interview			No proxy available – not monetizable		
learned how to develop a budget	1-1 interview			No proxy available – not monetizable		
increased mental stability	1-1 interview			No proxy available – not monetizable		

Stage 2	Stage 3					
The Outcomes	The Outcomes (what Changes)					
Description	Source	Quantity	Duration	Financial Proxy	Value	Source
How Would you describe the change?	Where did you get the information from?	How much change was there?	How long does it last?	What proxy would you use to value the change?	What is the value of the change?	Where did you get the information from?
decreased use of emergency services	1-1 interview	70% of participants	2 years	Profile 1	\$25,860	See Appendix B, Impact Map
decreased housing costs	1-1 interview	70 % of participants	2 years	Profile 1	\$820	See Appendix B, Impact Map
	1-1 interview	30 % of participants	2 years	Profile 2	\$8,850	See Appendix C, Impact Map
reduced support from Mary's Place Staff	1-1 interview			No proxy available		
Honoraria for volunteer time	1-1 interview			No proxy available, would have other income		
Increased occupancy and decreased turnover, participants are better tenants!	Personal communication, R. Robocher. July 21, 2011)			No proxy available		
increased well-being from volunteering	1-1 interview	16 volunteers	1 year	2 hrs per week * \$12 per hour, 50 weeks per year	\$19,200	Volunteers report receiving far more than they invest
Salary for Staff person	financial records			not included - would have other job		
Feel safer in the community	1-1 interview			No proxy available – not monetizable		
Decreased cost for tax payers				Already listed above		
Region reaches goals in homelessness to housing stability strategy	Purpose of funding from regional government			No proxy available – not monetizable		

Stage 1 Duplicate	Stage 2 Duplicate	Stage 4		Stage 5		
Stakeholders	The Outcomes	Attribution		Calculating Social Return		
	Description	Year 1	Year 2			
Groups of people that change as a result of the activity	How would you describe the change?	Does the outcome drop off in future years?		Year 1	Year 2	
Participants	Move to stable housing					
	increased friendship and trust					
	getting out into the community and decreased isolation					
	receiving unconditional support					
	Involvement in circles led to increased volunteer time in community	0	0.5	\$-	\$668	
	Learned how to better cope with anxiety, mental illness, family issues					
	learned how to develop a budget					
Volunteers	increased knowledge of community support services	1	0	\$2,240	\$-	
Participants	increased mental stability					
	decreased use of emergency services	0.8	0.5	\$117,508	\$73,442	
	decreased housing costs	Group 1	0.8	0.5	\$3,726	\$2,329
		Group 2	0.8	0.5	\$16,426	\$10,266

Stage 1 Duplicate	Stage 2 Duplicate	Stage 4		Stage 5	
Stakeholders	The Outcomes	Attribution		Calculating Social Return	
	Description	Year 1	Year 2		
Groups of people that change as a result of the activity	How would you describe the change?	Does the outcome drop off in future years?		Year 1	Year 2
Mary's Place	reduced support from Mary's Place Staff				
	Honoraria for volunteer time				
Landlords	Increased occupancy and decreased turnover, participants learn to become better tenants!				
volunteers	increased well-being from volunteering	1	0	\$19,200	\$-
Staff	Salary for Staff person				
	Feel safer in the community				
Regional Government	Decreased cost for tax payers				
	Region reaches goals in homelessness to housing stability strategy				
Total Investment	\$78,209	Total Return on Investment		Year 1 \$159,100	Year 2 \$86,705

Note: Categories in the impact map, above, were adapted from 'A Guide to Social Return on Investment' (2009), written and published by the Cabinet Office: Office of the Third Sector, UK.

MONETIZING THE SOCIAL VALUE OF CIRCLE OF FRIENDS

The research shows that every \$1 invested in CoF has the potential to create \$3.10⁴ in monetizable social value. This calculation is a weighted average of two separate SROI calculations produced for representative women from groups one and two discussed above.

Based on calculations of the change which occurred in Susanna's life, every \$1 invested in a woman experiencing persistent homelessness accompanied by mental health and substance use issues has the potential to create a social return of \$3.80 (See Appendix B for calculations). This is the direct result of a drastic decrease in use of emergency services, including ambulance calls, psychiatric facilities and police calls. Also included in the \$3.80 return is decreased housing costs of \$820 per year because they are no longer using shelters, which cost about \$59 per night (Wallenius, M., personal communication.

⁴ The precision with which these results have been calculated does not guarantee absolute accuracy. Numbers that are too precise are viewed by many academics and government decision-makers as providing a false sense of certainty to the decision-making process. Furthermore, as noted in the section on participants, the experience of each person who experiences homelessness is unique. The numbers reported here have simply estimated potential returns to achieving stable housing based on the experience of CoF.

Values used to calculate the SROI ratio came from many sources, as listed in the impact map. When outside sources were used, the values were not changed. Proxy values calculated specifically for this evaluation, namely the value of volunteer time and training for volunteers and participants, were rounded to the nearest dollar in order to avoid giving a false sense of precision.

The proportion of women in group 1 and 2 used in the calculations were 71% and 29% respectively. Final numbers provided in the report were rounded to the nearest \$10, again to highlight the fact that an exact return on investment is impossible to calculate.

February 14, 2011). Instead, they are stably living in subsidized housing, at a cost of about \$22 per night (Pomeroy, S. 2007. p. 18)⁵.

Investing in a woman experiencing persistent homelessness as a result of income loss and savings depletion has the potential to create a return of \$1.50 per \$1 invested (See Appendix C for calculations). Women in this group have likely lost support from their friends and family. Participants indicate that this loss of support often happens when a woman is experiencing divorce or domestic abuse—family and friends do not want to believe that the unimaginable is happening in their family or community. By supporting these women, CoF helps them to avoid persistent homelessness, resulting in cost savings to the government of \$8,550 per person per year. This cost savings is the direct result of decreased housing costs. Once they have made the transition to stable housing, women who are a part of this group tend to get involved in their community through volunteering. It is estimated that these women will volunteer an average of 4 hours per month. Each hour is valued at \$12. Beginning one year after their initial involvement

⁵ The return on investment for each group was constructed based on the self-reported experience of a representative woman from each group. The representative women were chosen by CoF managers, who felt the representative to be neither the participant requiring the most care or the least amount of services within their respective group—in essence they are believed to represent the average participant within their group. Ideally, the SROI would have been calculated based on the lived experience of all 34 participants, unfortunately this information was not available. In the future, CoF plans to keep detailed records of the individual change experienced by program participants.

All changes reported to have occurred as a direct result of the program were either self-reported by the participant or reported by a volunteer or staff person who is closely connected with the participant. Researchers were unable to access official medical records or a history of incarcerations and police calls for participants. In the future, access to this information will increase the accuracy with which SROI and other program outcomes research can be conducted and reported.

with CoF, volunteering in the community creates additional social value of \$576 per year for each participant who is a part of this group.

Table 2: Circle of Friends SROI			
SROI Indicator	Year 1 Value	Year 2 Value	Notes
Cost Savings to Regional and Provincial Government and the YWCA			
Reduced Ambulance Use	\$19,080	\$11,930	Less calls per year
Reduced Emergency Room Use	\$11,590	\$7,240	Less visits per year
Reduced In-Patient Mental Health Ward Use	\$86,840	\$54,240	Less weeks per year
Decreased Housing Cost to Government and the YWCA	\$20,150	\$12,590	Cost differential between YWCA-Mary's Place and Subsidized Housing
Value to the Community			
Value of Participant volunteering in the community	\$0	\$670	Participant may volunteer about 4 hours per month - only in year 2
Increased well-being for volunteers	\$19,200	\$0	\$12 per hour, 2 hours per week, 50 weeks per year for 16 volunteers
Transferrable skills and knowledge gained by volunteers	\$2,240	\$0	Value of comparable training available in the community
SROI Summary			
Social Value Created	\$159,100	\$86,670	\$245,770
Total Investment			\$78,210.00
SROI			\$3.10⁶

⁶The calculations above are a weighted average of the value created by serving women in group one and group two (See Appendices B and C). CoF has the capacity to support 8 women each year. On average, 70% of CoF participants fit into group one and almost 30% are a part of group two. As such, the value of each outcome experienced by group one participants (See Appendix B) was multiplied by 70% of eight while the value of outcomes experienced by group 2 participants (See Appendix C) was multiplied by 30% of eight, resulting in a weighted average SROI of \$3.10 for every dollar invested in women experiencing homelessness.

Though women transitioning to stable housing receive support from many groups including mental health workers, case workers at Mary's Place and family and friends, CoF participants reported that being a part of the program was the element that allowed them to achieve stable housing in the long term and avoid repeat periods of homelessness, which had been the pattern before joining CoF. For this reason, CoF participants and managers chose attribution rates of 80% in the first year, 50% in the second year and 0% in each year after to represent the contribution made by CoF to the change in the lives of participants and their communities. Attribution decreases quite quickly in recognition of the idea that once stable housing is achieved, the other supports available to people who have experienced homelessness are much more effective than if stable housing is not achieved first.

Volunteers benefit from an abundance of social value as well. Volunteers reported that the benefits of participating in CoF far outweigh the costs. For the purposes of the SROI, the value of the time invested was simply offset by an equal dollar amount of social value to each volunteer. Volunteer time was included as an investment in CoF at a value of \$12 per hour—a rate which is proxied by the hourly wage MCCO would have paid for similar work had volunteers not been available (personal communication, Art Klassen)—and offset by \$12 per hour spent with their circle.

Volunteers also receive ongoing training throughout the year on issues such as coping with vicarious trauma and dealing with domestic violence. The training aims to build transferrable skills and knowledge for volunteers. A social value of \$140 per volunteer,

based on the cost of comparable training available in the community (Waterloo Region Housing and Stability Training Centre. 2011. p. 2) has been included in the ratio.

Though not included in the final SROI ratio, one on one interviews indicate that CoF creates an abundance of immeasurable social value. It is impossible to put a monetary value on the increased well-being experienced by participants, nor can one put a number on the value of experiencing trust and unconditional friendship for the first time.

Increased mental stability, a reason to take one's medication on a consistent basis and a place for a child to call home are three more ways that non-monetizable social value is created.

Landlords are another group of stakeholders who benefit from CoF. They report that CoF has a positive impact on landlords because "Circle of Friends provides coaching about life skills and budgeting. They also provide cleaning supplies and coaching on how to keep an apartment clean and sanitary." (Rohbacher, R., personal communication. July 21, 2011). As a result of this training and coaching, CoF participants become higher quality tenants and increase their average length of occupancy.

Finally, CoF creates a foundation from which participants are able to reach their full potential. For some, that means volunteering in the community and helping to improve community services for people who are experiencing homelessness. For others, this simply means regularly taking medication and participating in community events as they

arise. For all this means an increased sense of well-being and an improved quality of life.

THE COUNTERFACTUAL

The women who become participants in CoF are women who are experiencing or at risk of experiencing persistent homelessness—they are likely to be living on the streets or in shelters in the near future. For the purposes of this evaluation, the SROI ratio is calculated based on the assumption that participants would continue living in the manner they were when they became CoF participants. For group one participants this means more visits to the emergency room, more ambulance use and more visits to in-patient psychiatric facilities. For group two participants, this means continually moving from the home of one friend or family member to another. For both groups it means frequent and often prolonged use of emergency shelters, food banks and other services for people who are experiencing homelessness.

CIRCLE OF FRIENDS SROI RESULTS

Research has shown that many people who are experiencing persistent homelessness utilize public services at a far higher rate than people who are living in stable housing (Pomeroy, S. 2007. p. 2). The analysis of CoF demonstrates that every \$1.00 invested in a woman who is experiencing persistent homelessness has the potential to create a return of \$3.10 over the course of two years.

The social value is created via a combination of cost savings for regional and provincial government, value experienced by volunteers through volunteer training and increased

well-being and value created when participants begin to give back to their communities.

Not only does the social value of CoF potentially last far into the future, it also extends far beyond any monetizable indicator in this analysis. Increased ability to cope with life's challenges, the experience of unconditional friendship, increased tenant quality and longer term occupancy for landlords and increased feelings of safety in the community are just a few examples of the many additional ways this investment has created social value.

CHAPTER 7 CONCLUSION

Valuing the multiple direct and indirect costs and benefits of any expenditure can be complex and the results are often awash with value-judgments. This paper has focused on the use of SROI, as a merging of CBA and qualitative evaluation techniques, for the evaluation of social programs. In the case study drawn upon, an evaluation of the Circle of Friends, success in social programs implies much more than whether or not government expenditures are minimized in the short- or long-run. The evaluation demonstrates that it is not enough simply to provide someone with a home; continuous and unconditional support is needed in order to ensure the change can be sustained over time.

SROI is not perfect. It is, however, a useful evaluation tool for detailing the implications of social programs. When we measure success strictly through a financial lens, we tend to place all other value as secondary. This distorts our view of value creation and measurement and causes societies all over the world to place financial gain at all costs ahead of equally important goals, such as improving quality of life or reducing inequality.

Investing in social programs is a worthwhile endeavour in its own right. Unfortunately, traditional approaches to evaluation tend to ignore some of the most important outcomes a social program or activity may have. When we compromise quality and effectiveness for the sake of cost minimization we end up with inefficient programs that frustrate both funders and beneficiaries alike. Continued cutbacks to social assistance in Ontario, for

example, have resulted in increased barriers to exiting social assistance. Though the cutbacks may reduce short-term financial costs, the long-term costs of these cutbacks include longer periods spent relying on social assistance, savings depletion, increased health care costs and feelings of hopelessness among recipients (Tiessen, 2011).

As demonstrated by the Circle of Friends Case Study, SROI allows evaluators to succinctly report a more full measure of success into one reporting framework. In the future, effort should be made to incorporate similar techniques into the evaluation of environmental and health programs. As evaluation techniques continue to improve it may become possible to combine additional dimensions together to create a common tool for use in multiple disciplines.

It is time for a paradigm shift in the way our society perceives the success of social programs. The cost-cutting trend in government programming has resulted in programs which provide sub-optimal services to clients. These programs may achieve the outputs that were intended, but the drop in quality means that these outputs do not lead to the achievement of outcomes, namely positive, long lasting change in the lives of participants.

Acknowledging the validity of multiple schools of thought in the evaluations of social programs can improve this situation. We must include more than financial outcomes, which tend to be easy to measure and incomplete, in our evaluation techniques and look for opportunities to instigate lasting change in people, in community and in society.

Including the outcomes which are measureable and highlighting those which are not currently monetizable will assist us in moving away from an unbalanced view of cost minimization as the most important attribute of a social program and begin to, once again, look at quality, effectiveness and sustainability, not as secondary measures of success but as important objectives in their own right.

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APPENDIX A SAMPLE IMPACT MAP

Stage 1		Stage 2			
Stakeholders	Intended & Unintended Changes	Inputs		Outputs	The Outcomes
		Description	Value (CAD)		Description
Who do we have an effect on? Who has an effect on us?	What do you think will change for them?	What do they invest?		Summary of Activity in Numbers	How Would you describe the change?
Total					

Stage 3				
The Outcomes (what Changes)				
Source	Quantity	Duration	Financial Proxy	Value
Where did you get the information from?	How much change was there?	How long does it last?	What proxy would you use to value the change?	What is the value of the change?

Stage 4				Stage 5
Deadweight	Attribution	Attribution	Impact	Calculating Social Return
%	Year 1	Year 2		
What would have happened without the activity	Who else contributed to the change?	Does the outcome drop off in future years?	Quantity times financial proxy, less dead weight, displacement and attribution	Year 1,2,3 etc.

Note: Categories in the impact map, above, were adapted from 'A Guide to Social Return on Investment' (2009), written and published by the Cabinet Office: Office of the Third Sector, UK.

APPENDIX B RESULTS OF CIRCLE OF FRIENDS SROI – GROUP ONE

Investing informal and unconditional support in Susanna has resulted in a two year SROI of \$3.80. This includes cost savings due to decreased use of emergency services and from making the move to subsidized housing. It also includes the social value received by volunteers. This number does not include any benefits received by landlords due to increased occupancy or benefits felt by her family.

Calculating the Social Return on Investment for Women in Group One

Since accessing Mary's Place and joining Circle of Friends, Susanna has reduced her use of emergency services, stayed away from using drugs and alcohol, moved into subsidized housing and regularly taken the medication she needs in order to keep her mental health issues under control. In addition, her quality of life has improved immensely.

Waterloo Region estimates the cost of an ambulance transfer to be \$700 per trip, the cost of an emergency room visit to be \$425 and the cost of psychiatric treatment to be \$3,185 per week. Susanna reports that she will use these services an average of 2 times per year—6 times less than before joining Circle of Friends—for a cost savings of \$26,660. Moving from Mary's Place to subsidized housing results in a cost savings of \$820 per year. One on one interviews with participants suggest that, without Circle of Friends, participants would not have been able to cope with their new housing situations. For this reason, an attribution rate of 80% is used to calculate the social value created as a direct result of Circle of Friends during the first year. The second year attribution rate is 50%.

Attribution rates were chosen to reflect the level of importance of CoF in achieving and maintaining stable housing throughout a participant’s life. As a woman gains confidence in navigating the demands of stable housing, including caring for an apartment, budgeting expenditures and interacting with neighbours and other community members, the contribution of CoF, though still important, diminishes over time.

Social Return on Investment: Group One			
Women Experiencing Mental Health and Substance Use Issues			
SROI Indicator	Year 1 Value	Year 2 Value	Notes
Cost Savings to Regional and Provincial Government			
Less Ambulance Use	\$3,360.00	\$2,100.00	6 less calls per year
Less Emergency Room Use	\$2,040.00	\$1,280.00	6 less visits per year
Less In-Patient Mental Health Ward Use	\$15,290.00	\$9,560.00	6 less weeks per year
Decreased Housing Cost to Government	\$660.00	\$410.00	Cost differential between Mary's Place and Subsidized Housing
Value to the Community			
Increased well-being for volunteers	\$2,400.00	\$0.00	Volunteers report that they receive more than they invest
Volunteer's increased knowledge of poverty issues	\$280.00	\$0.00	Volunteers receive ongoing training throughout the year
SROI Summary			
Social value created	\$24,030.00	\$13,350.00	\$37,380.00
Total Investment			\$9,780.00
SROI Ratio	\$3.80		

Volunteers also receive great benefit, both in the form of increased well being, which has been valued at \$12 per hour of time invested in the program—a rate which is proxied by the hourly wage MCCO would have paid for similar work had volunteers not been

available (personal communication, Art Klassen)—and in the form of ongoing training received throughout the year. As the average circle has two volunteers, the social value created by volunteers in each circle is \$2,680.

There are many benefits that cannot yet be measured—increased occupancy and decreased tenant turnover, for example. These benefits have not been included in the ratio, but result in huge social value to landlords, tenants and the community as a whole.

Social Return on Investment Summary: Group One

Research has shown that people who experience persistent homelessness utilize public services at a far higher rate than people living in stable housing (Pomeroy, 2007:2)—Susanna is just one example. This analysis shows that every \$1 invested in a woman with mental health or substance abuse issues who is experiencing persistent homelessness results in a social return on investment of \$3.80 over two years. The social value created is a combination of cost savings for government agencies and increased well-being of volunteers.

What the return rate of \$3.80 does not include is the increased quality of life for Susanna, the increased occupancy and decreased turnover for landlords or the value to the economy of providing a foundation for Susanna to reach her full potential.

Impact Map - Group One

Stage 2	Stage 3			
The Outcomes	The Outcomes (what Changes)			
Description	Source	Financial Proxy	Value	Source
How Would you describe the change?	Where did you get the information from?	What proxy would you use to value the change?	What is the value of the change?	Where did you get the information from?
Move to stable housing	1-1 interview	No proxy available - not monetizable		
increased friendship and trust	1-1 interview	No proxy available - not monetizable		
getting out into the community and decreased isolation	1-1 interview	No proxy available - not monetizable		
unconditional support	1-1 interview	No proxy available - not monetizable		
increased knowledge of community support services	1-1 interview	value of ongoing training for volunteers	\$280	\$140 per volunteer = value of two comparable trainings available in the community
Involvement in circles led to increased volunteer time in community	1-1 interview	not for Susanna - at least not yet		
Learned how to better cope with anxiety, mental illness, family issues	1-1 interview	No proxy available - not monetizable		
learned how to develop a budget	1-1 interview	No proxy available - not monetizable		
increased mental stability	1-1 interview	No proxy available - not monetizable		
decreased use of health services	1-1 interview	decrease in ambulance, emergency room and in-patient psychiatric facility	\$25,860	used to call ambulance, go to emerge and in-patient psychiatric facility 8 times per year, now only twice

Stage 2	Stage 3			
The Outcomes	The Outcomes (what Changes)			
Description	Source	Financial Proxy	Value	Source
How Would you describe the change?	Where did you get the information from?	What proxy would you use to value the change?	What is the value of the change?	Where did you get the information from?
decreased use of police services	1-1 interview	decrease in police use		Do not know frequency of Police use
reduced support requirements from Mary's Place Staff	1-1 interview	\$59 per night times 5 months times 30 days per month less \$22 per night times 365 nights	\$820	59/night at Mary's Place for 5 months vs. \$22 /night for Next Door
Honoraria for volunteer time	1-1 interview	not included - would have other income		
increased well-being from volunteering	1-1 interview	Volunteers report receiving more than they invest	2400	calculation = total volunteer benefit / number of volunteers * 2 volunteers for Susanna
Salary for Staff person	financial records	not included - would have other job		
Feel safer in the community	1-1 interview	No proxy available - not monetizable		
Decreased cost for tax payers		Already listed above		
Region reaches goals in homelessness to housing stability strategy	Purpose of the Grant from Regional Government	No proxy available - not monetizable		
Total Investment Per Person	\$9,776	Total Return Per Person in Group 1		\$29,360

*Note: Categories in the impact map, above, were adapted from 'A Guide to Social Return on Investment' (2009), written and published by the Cabinet Office: Office of the Third Sector, UK. *** \$59 per night is the total cost of YWCA-Mary's Place for one night. \$47.90 is provided by Regional and provincial government*

APPENDIX C RESULTS OF CIRCLE OF FRIENDS SROI – GROUP TWO

Investing informal and unconditional support in Barbara has resulted in a two year SROI of \$1.50. This includes cost savings due to making the move to stable housing and avoiding repeat visits to Mary's Place, the social value received by volunteers working with Circle of Friends and the increased ability for Barbara to reach her full potential.

Calculating the Social Return on Investment for women in Group Two

Before accessing YWCA-Mary's Place, Barbara was at risk of persistent homelessness. Today, she lives in a market rent apartment and has been stably housed for at least 6 months. Without Circle of Friends, Barbara may have taken longer to move into stable housing or may have returned to Mary's Place the following year as a result of low community connectedness or few local supports in the form of family and friends. For this reason, the cost savings per year for a Circle of Friends participant like Barbara is \$8550 (\$59 per night for 5 months at Mary's Place less \$0 because Barbara pays market rent for her apartment). Attribution in year 1 is 80% and 50% in year 2.

Once they are settled, participants like Barbara are likely to volunteer or participate in their community in a variety of ways. There is no social value for this in the first year, but the second year social value is \$580. With an attribution rate of 50%, this activity results in a social return of \$290.

Social Return on Investment: Group Two			
Women Experiencing Loss of Income and Savings Depletion			
SROI Indicator	Year 1 Value	Year 2 Value	Notes
Cost Savings to Regional and Provincial Governments			
Decreased Housing Cost to Government	\$7,080	\$4,430	Moved to market rent housing
Value to the Community			
Value of Participant volunteering in the community	\$0	\$290	Participant may volunteer about 4 hours per month - only in year 2
Increased well-being for volunteers	\$2,400	\$0	Volunteers report that they receive more than they invest
Volunteer's increased knowledge of poverty issues	\$280	\$0	Volunteers receive ongoing training throughout the year
SROI Summary			
Social value created	\$9,760	\$4,720	\$14,480
Total Investment			\$9,780
SROI Ratio			\$1.50

Additionally, volunteers receive benefits from participating in Circle of Friends. They report that the benefit they receive from volunteering far outweighs the cost. Volunteers also receive ongoing training throughout the year. The social value created by these items totals \$2,680 per year. \$2,400 is the result of volunteering and \$280 is the result of the training.

The resulting SROI for women in group two is \$1.50. This number represents the fact that investing in women experiencing persistent homelessness results in large social returns, for the woman, her family, her volunteers and the community as a whole.

Social Return on Investment Summary: Group Two

Every dollar invested in a woman experiencing persistent homelessness as a result of income loss and savings depletion results in a social return on investment of \$1.50. This number includes cost savings due to living in stable, market rent housing and avoiding repeat stays at YWCA-Mary's Place. It also includes the social value created by volunteering, getting involved in the local community and social value received by volunteers.

This SROI ratio does not include increased value to landlords from decreased tenant turnover, increased quality of life for Barbara or the increased value to the economy of providing a foundation for Barbara to reach her full potential.

Impact Map - Group Two				
Stage 2	Stage 3			
The Outcomes	The Outcomes (what Changes)			
Description	Source	Financial Proxy	Value	Source
How Would you describe the change?	Where did you get the information from?	What proxy would you use to value the change?	What is the value of the change?	Where did you get the information from?
Move to stable housing	1-1 interview	No proxy available - not monetizable		
increased friendship and trust	1-1 interview	No proxy available - not monetizable		
getting out into the community and decreased isolation	1-1 interview	No proxy available - not monetizable		
unconditional support	1-1 interview	No proxy available - not monetizable		
increased knowledge of community support services	1-1 interview	value of ongoing training for volunteers	\$280	\$140 per volunteer = value of two comparable trainings available in the community
Involvement in circles led to increased volunteer time in community	1-1 interview	4 hours per month at \$12 per hour	\$576	only in year 2
Learned how to better cope with anxiety, mental illness, family issues	1-1 interview	No proxy available - not monetizable		
Learned how to develop a budget	1-1 interview	No proxy available – not monetizable		

Stage 2	Stage 3			
The Outcomes	The Outcomes (what Changes)			
Description	Source	Financial Proxy	Value	Source
How Would you describe the change?	Where did you get the information from?	What proxy would you use to value the change?	What is the value of the change?	Where did you get the information from?
increased mental stability	1-1 interview	No proxy available - not monetizable		
decreased use of police services	1-1 interview	decrease in police use		Do not know frequency of Police use
reduced support requirements from Mary's Place Staff	1-1 interview	\$59/night * 150 nights less \$0 because she is in market rent housing	\$8,850	\$59/night at Mary's Place for 5 months vs. \$0 per night in market rent housing
Honoraria for volunteer time	1-1 interview	not included		would have other income
increased well-being from volunteering	1-1 interview	volunteers report receiving more than they invest	\$2,400	calculation = total volunteer benefit / number of volunteers * 2 volunteers for Barbara
Salary for Staff person	financial records	not included - would have other job		
Feel safer in the community	1-1 interview	No proxy available - not monetizable		
Decreased cost for tax payers		Already listed above		
Region reaches goals in homelessness to housing stability strategy		No proxy available - not monetizable		
Total Investment per person	\$9,776	Total Return per person in Group 2	\$12,106	

Note: Categories in the impact map, above, were adapted from 'A Guide to Social Return on Investment' (2009), written and published by the Cabinet Office: Office of the Third Sector, UK.

*** \$59 per night is the total cost of YWCA-Mary's Place for one night. \$47.90 is provided by Regional and provincial government

APPENDIX D BREAKDOWN OF GRANTS

<u>Breakdown of Grants from NGOs and Government</u>	
Mennonite Central Committee Ontario	\$20,070
Catherine Donnelly Foundation	\$20,000
Homelessness Partnering Strategy	\$13,990
Other	\$210
Total Grants	\$54,270