



PORTUGUESE SOCIAL INVESTMENT TASKFORCE

The Portuguese Social Investment Taskforce was divided in three sub-groups: (1) Knowledge creation and market intelligence, (2) Capacity-building and readiness towards impact and social investment, and (3) Financing mechanisms for social innovation and incentive structures to attract new sources of capital.

SUB-GROUP #1 – KNOWLEDGE CREATION AND MARKET INTELLIGENCE

The focus of this sub-group – knowledge creation and market intelligence -, is on the content and the format in which information should be created, made available and disseminated within a social investment market. Members identified four priority areas, outlined below, to research in order to inform the final recommendations of the Taskforce.

The research notes below outline, for each priority area:

- (1) What question(s) are we trying to address with this potential recommendation?
- (2) What did other countries do to address this issue?
- (3) What are the main lessons learned?
- (4) What is unique about Portugal that should be considered when adapting to the Portuguese context?

The two proposed recommendations for this sub-group are (1) the creation of a knowledge centre and toolbox for social investment, and (2) the development for a market-appropriate accreditation system for social organisations, as the market matures.

The knowledge centre should build upon the efforts and learnings from related projects such as CASES (Portal Zoom e Conta Satélite), PORDATA, Portugal Economy Probe, Programa Escolhas, Banco de Portugal and the ES+ Certification. It should be developed over several stages and grow in complexity as the market matures and expands.

#	Priority area	Case studies	Key learnings	Priority (L,M,H)
1.1	Common understanding of market terms and concepts	Centre for Social Impact Bonds (UK) European Venture Philanthropy Association (European)	Credibility and outreach is important for ensuring market players access and trust the information provided. Accessibility and clarity of information is needed to promote collaboration between market players.	High
1.2	Outcome-oriented mindset and culture	G8 group on impact measurement (International) DWP Innovation Fund (UK) Big Society Capital (UK)	An outcomes framework needs to be promoted and supported by capacity-building programmes. The public sector can champion an outcomes culture. Outcome evaluation and performance management are linked.	Medium
1.3	Unit cost database of social issues	Unit Cost Database (UK) Productivity Commission Report on Government Services (Australia)	Coordination with key stakeholders and their approval is crucial for credibility. Information captured should be relevant for the design and evaluation of social interventions.	Medium
1.4	Accreditation systems	B-Corporation (International) ISO 26000 (International)	The usefulness of accreditation schemes increases with the number of organisations using them. Accreditation systems cannot represent an administrative burden. The market needs to mature before embracing accreditation.	Low



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This research paper was prepared solely for the purpose of providing an overview of the topic to Taskforce members and stimulating discussion. It is not intended to be comprehensive and it does not reflect the individual opinions or views of any organisation unless expressly stated.

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PRIORITY AREA 1.1: CREATING A COMMON UNDERSTANDING OF MARKET TERMS, PRINCIPLES AND CONCEPTS

What question(s) are we trying to address with this potential recommendation?

Developing the social investment market in Portugal requires defining and shaping a common language and understanding of information. This is important to facilitating collaboration across the diverse group of players involved in the market, including social organisations, public commissioners (central and local), social investors, regulators and universities.

Each player in the market has a different set of characteristics, experiences, resources and motivations. As a result, they don't naturally engage with each other. Building a common language and understanding of key information can help coordinate and bring them together.

What did other countries do to address this issue?

The selected case studies focus on how other countries undertook this task with an emphasis on how they: 1) established a common language and 2) promoted wider collaboration and shared learnings.

Purpose	Live example	Rationale
Establishing a common language	UK Centre for Social Impact Bonds	The SIB Knowledge Box is an example of how the public sector is driving the creation of a common language and understanding of SIBs.
Promoting collaboration and shared learning	European Venture Philanthropy Association	Membership association with over 180 practitioners of venture philanthropy and social investment across 25 countries. Apart from events and networking opportunities, EVPA promotes these concepts across through a collaborative research agenda, including publications and webinars.

Establishing a common language - Social Impact Bond Knowledge Box

The Knowledge Box helps define and shape the UK SIB market through creating a common understanding of SIBs. This is useful in framing conversations and helping market players appreciate each other's role in the SIB development process.

The UK Cabinet Office's Centre for Social Impact Bonds launched the SIB Knowledge Box¹ in May 2013. It is an online portal for commissioners, service providers, intermediaries, and investors to learn about developing and commissioning social impact bonds (SIBs). It covers the whole process from identifying service areas suitable for SIBs to measuring outcomes and calculating savings. It also includes case studies to help simplify and explain the information.

A single source of key information has helped grow the market through allowing more potential players to understand SIBs and effectively engage with others in the space.

¹ The Knowledge Box can be found here: http://data.gov.uk/sib_knowledge_box/knowledge-box



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Promoting networking opportunities, collaboration and shared learning - EVPA

The European Venture Philanthropy Association (EVPA) is a network catalyst of venture philanthropy and social investment practitioners across Europe. Based in Brussels, EVPA works to connect like-minded organisations and individuals in Europe through a range of activities that include the development of guidelines, events and country-specific meetings.

A core activity of the association is its knowledge centre which, with its own research team, conducts industry surveys, research on key themes and promotes best practice case studies. The centre helps members keeping on track and updated about the sector in Europe. In addition to publications, EVPA actively manages a Research Community² which fosters collaborative research activities among members. It also provides collaboration and networking opportunities to its members, who use EVPA as a platform to connect and share learnings. From January 2014, EVPA has a mandate from the European Commission to promote social finance initiatives across all member states. EVPA's annual conference is one of the key events on social finance in Europe, attracting over 500 attendees every edition.

What are the main lessons learned?

Reflections on the relevance of the SIB Knowledge Box in the UK and the role of EVPA in the European market can be summarised into three key themes.

Credibility and outreach is important for ensuring market players access and trust the information provided.

- It is important to have an appropriate entity driving the development of a knowledge and resource centre, which has across-sector credibility and is objective. An independent public sector entity may be suitable, provided it is established with appropriate objectives. This can be important for facilitating collaboration. Also, having the public sector contribute to the development of a knowledge and resource centre for social investment ensures that they understand the market and can more effectively support its development.
- The process of gathering and disseminating information cannot be done without consultation with each key player. This helps ensure that they have the opportunity to shape it and that it meets their needs.

Accessibility and clarity of information is important

- Steps need to be taken to ensure that players understand the materials and that these are easily accessible. Given the diverse audience, content needs to be written clearly so that all relevant players (social organisations, public sector commissioners, investors, etc.) can understand and use it. Highly technical language and concepts need to be distilled and simplified to reduce barriers of entry and facilitate cross-sector collaboration.

Promoting and facilitating the use of market infrastructure

- Market participants should be encouraged to use the market infrastructure and common language. There needs to be a realisable benefit from using the tools and information provided by the knowledge and resource centre. For example, the UK Better Outcomes Fund, a source of funding for Social Impact Bond outcome payments, encourages applicants to review and use the material provided by the SIB knowledge box when developing their bids; EVPA provides an opportunity for members who wish to participate in pan-European research activities. This type of encouragement means more players are accessing and engaging with the information in common format.

² IES is the only Academic Member of the EVPA Research Community



What is unique about Portugal that should be considered when adapting to the Portuguese context?

Access to information and the establishment of a common language is important for the development of social investment due to the diverse range of potential participants. It is highly desirable that Portugal develops a knowledge and resource centre that will facilitate this. Taskforce members have identified the following areas of information that such a knowledge and resource centre should focus on: definitions and key terms; outcome measurement and evaluation; unit costs of social issues; database of current public sector contracts; accreditation systems.

Organisations in Portugal have already started the process of collecting this information and developing infrastructures to disseminate it.

Collecting information:

- **CASES:** has developed Zoom Portal, a platform that contains finance and governance information on hundreds of social sector organisations. CASES also partners with the National Institute of Statistics to provide data on the social economy.
- **Plataforma de Financiamento (consortium of funders and social organisations):** is developing a database that collects and displays all the national and international funding opportunities that are available to Portuguese social initiatives.

Building public datasets:

- **Fundação Francisco Manuel dos Santos:** has developed PORDATA an extensive dataset covering municipal, national and European indicators on a wide range of areas including health, and education. They provide an example of best-practice in Portugal for how data can be made readily available using interactive and user-friendly tools and interfaces.
- **Portugal Economy Probe:** is a non-commercial and non-profit initiative from Portuguese civil society, supported with grant funding from a number of corporations, financial institutions and foundations. It was created in 2011, with the mission of providing decision makers with relevant information about the Portuguese economy and financial system in a factual, independent and easy to access manner.

Disseminating information:

- **Fundação Francisco Manuel dos Santos:** also publishes reports using PORDATA written for the general public. This experience in writing for a diverse audience with different levels of understanding could provide valuable insight in the development of material for the knowledge and resource centre.

Our vision for a knowledge and resource centre is as a joint venture that builds on the work of these organisations. It is potentially resource intensive, so should be developed initially with a small but well-thought through plan and then develop as the market grows.



PRIORITY AREA 1.2: FOSTER AN OUTCOME-ORIENTED MINDSET AND CULTURE WITHIN THE SOCIAL SECTOR

What question(s) are we trying to address with this potential recommendation?

The challenges facing government are complex and require cost-effective solutions that address their underlying cause. This has sparked a growing interest and focus on outcomes, the measurement of quantifiable changes in the lives of people accessing a programme or service, such as becoming employed.

An outcomes culture encourages service providers to define success based on what the programme has been able to deliver. This incentivizes them to understand and resolve the root causes of service users' problems in order to improve their outcomes and quality of life.

The Portuguese social sector is primarily **output-focused** (i.e. focused on activity, such as number of persons enrolled in an employment programme) as opposed to **outcome-focused** (i.e. whether they actually got a job/became more employable as a result of the programme). This output-focus is due to several factors:

Funding: Both applications for grant funding and their reporting requirements primarily focus on outputs. This provides little incentive for the social sector to focus on, or measure, outcomes.

Commissioning: The central and local governments do not typically consider the outcomes that services are expected to deliver but rather the delivery of prescribed activities (eg. number of contact sessions delivered).

Capacity: Organisations have adapted to the funding and commissioning environment based on outputs and often lack the resources or capacity to measure outcomes.

Evaluation: The methods currently promoted in the social sector for evaluation are insufficient for measuring outcomes (e.g. paper based, self-reporting).

What did other countries do to address this issue?

Three examples of initiatives to promote an outcomes-based approach were selected.

Purpose	Live example	Rational for selection
Thought leadership	G8 group on impact measurement	The G8 group on impact measurement provides an example of how to establish a single set of best-practice standards for the market to follow.
Market stimulation	Department for Work and Pensions (DWP) rate card	The UK's DWP Innovation Fund contract is an example of how government, using a rate card, can focus social sector organisations on delivering outcomes.
Transparency / market standards	Big Society Capital outcome matrix	Big Society Capital's outcome matrix provides an example of how a wholesale bank can create a common framework for the market to help focus its attention on outcomes.

Thought leadership - G8 group on impact measurement (overview)

The G8 Social Impact Investment Taskforce created a working group on impact measurement to ensure the importance of measurement and evaluation was understood by the market and recognized as fundamental to its existence.

This impact measurement working group sought to develop a set of best practices on measurement and evaluation which can be used for social investment. The group identified seven best practice guidelines for investors to integrate into their investment and management decisions. These are: (1) set goals, (2) develop an



evaluation framework and select metrics, (3) collect and store data, (4) validate data, (5) analyze data, (6) report data and (7) make data-driven investment management decisions.

The G8 working group also provides case studies that illustrate how these recommendations are being implemented alongside a roadmap and steps on how the market can adopt a common framework for outcome measurement.

Despite the increased dialogue on the importance of delivering outcomes, shifting a sector’s mindset can be difficult without guidance. The G8 working group addressed this issue through creating generalized recommendations, supporting documents, and a roadmap for helping social sector organisations, commissioners, and investors adopt an outcomes-focused approach.

Market Stimulation - DWP rate card

The Department for Work and Pensions helped focus the UK social sector’s attention on outcomes through launching, in 2012, a £30m outcomes fund for innovative programmes to help at risk young people. The Fund aims to encourage organisations to measure outcomes, test whether investing in prevention can create cost savings, support the development of the social investment market, help capacity-build delivery organizations, and generate an evidence-base on ‘what works.’

DWP started by identifying what outcomes prevent a young person from disengaging in education, training, and employment, and what outcomes it was willing to reward and incentivise. These are captured in a ‘rate card’ against which delivery organisations are invited to bid for delivering those outcomes among certain vulnerable groups or segments of the population.

The DWP rate card is based on potential short and medium term cost savings produced by achieving these outcomes. For example, DWP took account of the likely impact an outcome would have on reducing a persons’ prospect of costing the state money through being unemployed and on benefits.

DWP Rate Card (Round 1 and Round 2)

Nature of outcome	Maximum price of outcome
Improved attitude towards school	£700
Improved behavior	£1300
Improved attendance	£1400
Entry Level Qualification	£900
NVQ level 1 or equivalent	£1100
NVQ level 2 or equivalent	£3300
NVQ level 3 or equivalent	£5100
Entry into employment	£3500
Sustained employment	£2000

The DWP Innovation fund has supported the development of an outcomes-based culture by developing a bidding process and contractual framework that: (1) allowed social sector organisations to secure funding on an outcomes bases, (2) encouraged them to think about their delivery model in terms of outcomes, and (3) required them to build processes and policies for delivering outcomes.

Transparency and market standards - BSC outcome matrix (overview)

The BSC outcome matrix is an example of how a market catalyst like Big Society Capital³ can promote an outcomes-based culture through creating and implementing a common measurement framework. The outcomes matrix is a tool to help social investment financial intermediaries and social sector organisations to plan, measure and learn about the outcomes they deliver.

The matrix has been designed from the service user perspective and includes nine outcome areas, such as employment, education and training. For each outcome area, BSC provides different ways of measuring it. (See the example on the right)

Outcomes	Measures
Is in suitable employment, education or training and has the ongoing support to maintain it if necessary	Is in suitable education
	Is in suitable training
	Is in suitable employment
Has maintained employment	Has maintained employment for 6 months, 1 year, 2 years
	Has a permanent contract
	Has work-life balance

³ Big Society Capital is an independent financial institution with a social mission to help grow the social investment market in the UK, through acting as a wholesale finance provider to the sector.



Through developing an outcome matrix and incorporating it into the investment process, BSC has influenced how funds and intermediaries evaluate organizations and has incentivized them to help social sector organizations measure outcomes.

What are the main lessons learned?

A review of the initiatives to promote outcome-based contracting from other jurisdictions and live examples has produced four key lessons learned for Portugal:

- **Outcome frameworks need to be promoted and accompanied by capacity building support.** A targeted communications strategy focused on demonstrating the benefits of measuring outcomes will encourage organisations to adopt this mindset. Promotion should also include capacity-building programmes, as succeeding in an outcomes-based culture often requires creating new processes and systems for measuring them.
- **Transparent and standardised evaluation of outcomes.** The outcomes matrix provides a common framework for measuring outcomes that will provide consistency and clarity to funders and commissioners of services.
- **The public sector can champion an outcomes culture.** The DWP Innovation Fund is an example of how a commissioner can use public sector contracts to encourage an outcomes culture. DWP has simplified the process by clearly defining a menu of outcomes deemed important to reduce the number of NEETs and paying for them. In this case, a distinction should be drawn between promoting outcomes and paying for outcomes – DWP has managed to do both through its Innovation Fund.
- **Outcome measurement and performance measurement are intrinsically linked.** Organisations can only measure outcomes in a meaningful way if there is periodic and timely performance monitoring. This helps them understand the link between operational performance and outcomes and can help them adjust the intervention to better meet the needs of its beneficiaries.

What is unique about Portugal that should be considered when adapting to the Portuguese context?

To facilitate the development of an outcomes focused Portuguese social sector, the analysis has suggested three key issues to be considered:

- **Market players should be provided with relevant information about outcome metrics and measurement.** The analysis suggests that the following content should feature in the online knowledge and resource centre: (a) Guidelines that lay out the process of defining, measuring and evaluating outcomes, (b) Templates for data collection, reporting and analysis, (c) Overview of evaluation methods, and (d) Examples of international and national case studies.
- **The public sector can play an important role in establishing an outcome-based culture through contracting.** Programa Escolhas, a government-led initiative that commissions social organisations to work with vulnerable young people in Portugal is an example of a project that could embed learnings from DWP's approach to commissioning outcomes.
- **Market catalysts could provide clear guidelines to the market on key outcomes and measurement approaches.** They could draw on the experience of taskforce members, especially on the work developed by the Grupo de Reflexão para a Avaliação do Impacto Social (GRAIS), who has recently published a set of guidelines for socially motivated investors. It would be important to work closely with Portugal Inovação Social to develop such guidelines. The outcome framework should also be aligned with the strategic priorities defined under the Operational Programme Social Inclusion and Employment within the Portugal 2020 agreement.



PRIORITY AREA 1.3: BUILD A UNIT COST DATABASE WITH ACCURATE INFORMATION ABOUT THE PUBLIC SECTOR COSTS OF SOCIAL ISSUES

What question(s) are we trying to address with this potential recommendation?

Unit cost data can facilitate the development of an effective and innovative public and social sector, by providing a common understanding of the cost and economic consequences of different social issues. It is a public source of information on government spending related to social issues and outcomes such as crime, education, employment, health, and housing. A unit cost database can facilitate:

- **An improved understanding of the economic consequences for government of negative social outcomes and provide an incentive to develop new social policies.** Access to a common source of data will encourage stakeholders to discuss and address high cost social issues.
- **Joint commissioning of public services.** Public services are traditionally commissioned by a single government body. A unit cost database could facilitate more inter-governmental collaboration through providing a mechanism to help identify the wider economic benefits of a social intervention.
- **Better measurement and evaluation.** By simplifying the process of quantifying the economic benefit of interventions, it reduces barriers for conducting impact assessments and cost benefit analysis.

The use of unit cost data is often limited by two factors. First, unit cost data often sits within various government departments or academic studies making it difficult to access. Second, the lack of a standard method of classifying and quantifying the costs of social issues creates problems with consistency and transparency. One solution is to produce a centralised data source of unit costs for key social issues that are validated and recognised by the Government.

What did other countries do to address this issue?

The assessment of the Australian Productivity Commission's Report on Government Services and Unit Cost Database provides insight into the potential scope and pitfalls in creating this type of tool.

Providing transparency on public sector performance: Australian Productivity Commission's Report on Government Services (RoGS) - Australia

Data on public sector performance improves transparency and can highlight social issue areas that need more effective services and could benefit from social investment.

The Australian Productivity Commission's Report on Government Services (RoGS) provides information on a range of government services. It uses a standard framework/methodology and presents data in a format that can inform policy decisions. The report measures the equity, effectiveness, and efficiency of government services. RoGS includes a variety of information in addition to cost data such as geographic and demographic information. This type of information can help stakeholders better understand social issues and their different cost drivers, including geography.

RoGS aims to increase the transparency of government performance and facilitate improvements in policy and delivery. Access to this type of information can help stakeholders identify areas where social investment could improve social outcomes.



Stimulating Social Impact Bond Development: Unit Cost Database - United Kingdom

The Unit Cost Database in the UK was designed by the UK Cabinet Office and New Economy to help commissioners, charitable organisations, intermediaries, investors and social enterprises develop SIB proposals and evaluate their interventions.

It was launched in 2013 and brings together over 600 estimates of cost in different social issue areas into a single place, including costs associated with e.g. crime, education and skills, health, and employment. The Cabinet Office believed that the lack of a common understanding of public sector costs was preventing the development of SIBs, which is a commissioning instrument they are keen to develop. Cabinet Office involvement was important to unlocking access to data that had previously sat in different departments as well as to providing credibility to the database.

The Unit Cost Database was launched in coordination with other government and social sector efforts were aligned with this initiative encourage key stakeholders to use the newly available information.

An example of promoting a unit cost database - The Social Outcomes Fund (UK)

The Social Outcomes Fund is a central government fund launched in 2012 to provide co-funding for outcome payments to reflect wider benefits across public sector budgets, yet no single commissioner can justify making all of the outcomes payments due to only some of the benefit accruing to its budget. For example, the benefit of reduction in the number of people who suffer from substance abuse is likely to be widely dispersed among many government departments e.g. health, policing, justice, housing, employment etc.

Interviews with key stakeholders have revealed that the unit cost database has benefited the Social Outcomes Fund through:

- (1) Helping social sector organisations produce better bids with stronger value-for-money propositions;
- (2) Increasing the number of organisations able to bid by simplifying the process of quantifying their programme's economic benefit; and
- (3) Improving the Fund's ability to evaluate and compare bids.

These international examples have produced five general learnings:

- **A unit cost database should be developed in coordination with key stakeholders and validated by the Government.** This will help ensure that the information is robust and credible, improving the public's confidence in its accuracy and making them more likely to use it.
- **Unit cost data should be presented in a format that is easy to use,** for example, by creating online tools to help organisations understand and present the economic benefits of their intervention in a user-friendly manner.
- **Unit cost data should include short, medium, and long-term cost savings to capture the full economic benefit of an intervention.** This may include publishing longitudinal datasets on how people transition through different government services.
- **A unit cost database should include additional information** (e.g. volume data or costs broken down by geography) needed by key stakeholders when developing social interventions and/or SIBs, conducting feasibility studies, and measuring impact.
- Alignment between how the unit cost data is presented and how commissioners seek to measure outcome payments is important for making it relevant and useful.



What is unique about Portugal that should be considered when adapting to the Portuguese context?

A unit cost database improves access to key data to support public sector innovation, the development of SIBs and other social investment proposals. Even though this is not a top priority, it will be relevant as the market matures and more social investment proposals are developed.

A common cited reason for the lack of a unit cost database in Portugal is that information is hard to find. In addition, social sector organizations and commissioners have not historically been encouraged to measure or account for the social and economic impact of delivering services.

Despite the current lack of unit cost data, there appears to be an appetite in Portugal to better understand social issues and the social economy. Cooperativa António Sergio para a Economia Social (CASES) and Instituto Nacional de Estatística (INE), for example, co-publish a report describing the landscape of the sector every two years including key financial information. This interest in providing data on the sector should facilitate the development of a unit cost database.

We have identified four potential stakeholders that could be involved:

- **The Bank of Portugal** has experience in creating large-scale public datasets and capturing key and relevant economic data on Portugal, including a new data base on Portugal's entrepreneurial sector. Through this experience and its strong reputation in Portugal, the Bank could be a key source of information and learning.
- **Instituto Nacional de Estatística** is the definitive source of data on Portugal. It provides detailed datasets on a wide range of relevant social issues. The Instituto could contribute key demographic and geographic variables and indicators to supplement the unit cost database. Its involvement would also give it credibility.
- **Portugal Inovação Social** is well placed to participate in the development of a unit cost database, as it fits with its mandate to develop market infrastructure. It would also benefit from establishing a common understanding of unit costs when deploying its funding for SIB development. Potential roles for Portugal Inovação Social include coordinating the creation of the database as well as using its capacity building role to help organisations and commissioners understand how to best use it.
- **Cooperativa António Sergio para a Economia Social (CASES)** has experience in creating databases on the social sector as well as a strong understanding of the sector's needs. Their involvement could help ensure that the unit cost database is designed in a manner that would benefit social sector organisations and facilitate their use of it.

Developing a unit cost database is resource intensive and should be developed as the market grows. A Portuguese unit cost database could initially cover a few social issues where preliminary interest in social investment has been identified and where information is more readily available.



PRIORITY AREA 1.4: PROMOTE AN ACCREDITATION SYSTEM THAT CERTIFIES ORGANISATIONS IN THEIR SOCIAL MISSION, PERFORMANCE AND PROCESSES

What question(s) are we trying to address with this potential recommendation?

The lack of efficiency and efficacy of the social sector is seen as a key focus area for the development of the social investment market. Taskforce members have identified two main concerns.

- The lack of standardized processes, policies and operating practices required to consistently implement an intervention, to report on results and to quantify impact;
- The lack of transparency and reliability in their reporting of activities. For example, very few publish their annual accounts, and only a few report consistently on their performance.

Overcoming these barriers could be facilitated by accreditation systems through:

Standardization of processes: Simplify accounting, operations management and reporting practices whilst reducing the administrative burden of adapting to multiple reporting formats

Benchmarking and comparability: Access to benchmarks and comparative data will increase competition between organisations and promote efficiency.

Increased transparency: Transparency on delivery, social impact and financials could increase sector credibility. In addition, it would promote the development of social investment through simplifying due diligence processes and reducing transaction costs.

What did other countries do to address this issue?

Two frameworks were analysed – B-Corp and ISO 26000— because they cover a wide range of elements including certification, standards and guidelines. The case studies provide examples of how these frameworks have been used in the social sector.

ISO 26000 – International standards and guideline

Focus area Sustainable development and social responsibility

Objective ISO 26000 helps clarify what social responsibility is; helps businesses and organisations translate principles into effective actions and shares best practices relating to social responsibility, globally.

Target organisations All types of organisations in the private, public and non-profit sectors. No size restriction.

Areas assessed Organisations are provided with a toolkit that includes: terms and definitions related to social responsibility; reports on the background, trends and characteristics of social responsibility; principles and best practices; guidelines for integrating, implementing and promoting socially responsible behaviour throughout the organisation and, through its policies and practices, within its sphere of influence; strategies for identifying and engaging with stakeholders; and communicating commitments, performance and other information related to social responsibility.

Advantages It provides a one-stop shop for an overview of the subject area. It looks at areas that organisations should address and provides guidance on how it might implement them.



B-Corp certification – International certification and rating

Focus area	Social sustainability and environmental performance.
Objective	To certify best practice organisations who use their business activity for social good.
Target organisations	B-Corp certification applies to for-profit companies across all product lines and issue areas.
Areas assessed	The assessment covers the following areas: Governance, employees, community, environment and business impact model
Accreditation Process⁴	The accreditation process has five steps: 1) The organisation takes the B Impact Assessment, which assesses the overall impact the company has on its stakeholders; 2) The organisation completes an Assessment Review with a B Lab staff member; 3) If the company scores above 80 out of the 200 points available, the system will randomly select 8-12 questions that were answered affirmatively and ask the company to demonstrate those practices in more detail; 4) The organisation completes a Disclosure Questionnaire that allows the company to confidentially disclose to B Lab any sensitive practices, fines, and sanctions related to the company or its partners. and 5) The organisation signs the Declaration of Interdependence and gets the certification
Output	B-Lab certification
Reach	1,000 Certified B Corps from 33 countries and over 60 industries.
Advantages	The accreditation provides a benchmark of a company's environmental and social activities against B-Lab's established standards. It enables access to a number of discounts from participating companies and fellow members and helps attract talent and socially motivated investors.
Other features	An assessment Guide/Handbook is provided to help companies complete the process. Examples and clarification statements are also provided throughout the application process to help applicants. Also, support to improve the areas receiving the worst scores is provided.

What are the main lessons learned?

The review of these international examples has produced four general learnings:

- **The usefulness of standards, accreditations or rating systems increases with the number of organisations using them.** High levels of participation from social sector organisations and sector umbrella organisations are crucial to guarantee its influence. Organisations, investors and intermediaries must be incentivised to apply to these accreditation systems.
- **It is important that these systems do not represent an extra burden for organisations that is above and beyond its potential value to them.** The right balance needs to be established between the resources invested in applying for and using the system and its potential benefits for the organisation.
- **The market needs to be mature before an accreditation system can be created.** General standards should be issued in new markets that guide the adoption of principles and frameworks. Evaluating organisations against a set of standards is only reasonable once they have had time to adopt them. As a result, accreditation systems would be the last stage of this process.
- **Benchmarks and tools to help organisations self-assess and improve are needed.** Organisations would benefit from benchmarks and tools that could help them understand their strengths and

⁴ 10% of Certified B Corporations are randomly selected each year for an on-site review. In order to maintain B Corporation Certification, a company must complete the assessment every two years and achieve at least 80 out of 200 available points.



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weaknesses as well as set out processes and steps for addressing them. This could help organisations adopt better practices and achieve greater impact.

What is unique about Portugal that should be considered when adapting to the Portuguese context?

In Portugal, some efforts have been made to develop an accreditation system of social sector organisations that have the potential to create high impact. For example, the "Map of Innovation and Social Entrepreneurship in Portugal" is a research project that seeks to identify and map innovative initiatives across the country with the certification ES+ (which certifies social organisations as having a strong potential of social impact).

The project reviews competitiveness of different innovative business models and publishes national and international success stories and best practices. This research project demonstrates an interest in measuring the impact of social sector organisations and is an important first step in developing a sector wide accreditation process.

However, the sector is currently very young and it might be too early to create an accreditation system. The sector still needs guidance and capacity building in areas, such as business and financial modeling, and performance and operations management. At this stage in the market, it would be useful to create a toolkit that guides organisations towards best practices in all of these areas and that contributes to the creation of a sector where organisations aim to improve their efficiency, processes and efficacy.



[PROPOSED RECOMMENDATIONS FOR CONSIDERATION BY THE TASKFORCE]

SUB-GROUP #1 – KNOWLEDGE CREATION AND MARKET INTELLIGENCE

The members of sub-group #1 have identified four priority areas – (1) create a common understanding of market terms and concepts, (2) promote an outcome-oriented mindset and culture, (3) build a unit cost database of social issues and (4), promote accreditation systems for social organisations.

This research note encompasses the analysis of these priority areas, which will be used to inform the final recommendations of the Taskforce, as highlighted below.

[RECOMMENDATION]

Priority area 1.1 - Create a common understanding of market terms and concepts

Priority area 1.2 - Promote an outcome-oriented mindset and culture

Priority area 1.3 - Build a unit cost database of social issues

The analysis of these priority areas have suggested the following high-level recommendation, which should be discussed and validated by the Taskforce members:

"Develop an online knowledge centre and toolbox that provides relevant and accurate information for all players in the social investment market"

[RECOMMENDATION]

Priority area 1.4 - Promote accreditation systems for social organisations

The analysis of this priority areas have suggested the following high-level recommendation, which should be discussed and validated by the Taskforce members:

"Development of a market-appropriate accreditation system for social organisations, as the market matures"