

Impact Analysis Framework: Seeing Impact Through Reporting

November 2019

Social Value Canada and Social Value United States

Foreword

Most, if not all, guidance on social and environmental impact advises reporting organizations on how to measure and report impact. There is scant guidance to help *readers* interpret reports. This is surprising because many people need to understand impact but drawing conclusions is rarely straightforward.

We refer to report readers as “impact analysts.” Impact analysts are those who use impact reporting to inform decisions. They do so to assess investments risk, make impact investments, inform supply-chain management and purchasing, or make charitable contributions. There are many impact analysts, but few define themselves as such because analyzing impact reporting is only one aspect of a broader job description, and few, if any, have specific training for this role.

This document is the first of its kind. It describes how to assess social and environmental impacts using reported information. We consolidated the common features and best practices from related fields of practice, and from the trailblazers of impact analysis who learned by doing. By focusing on common features, this guide applies to all types of impact reporting, be it from nonprofits or publicly traded companies; be it a stand-alone report or a webpage.

The framework was developed by Social Value Canada and Social Value United States in consultation with practitioners from many fields of practice. Social Value International has created a training program and certificate to accompany this framework. We hope that the framework will encourage more people to become impact analysts, will improve impact analysis, and will catalyze demand for better impact reporting. Ultimately, we hope this contributes to a better world.

We welcome your comments on this framework. Please email us: admin@socialvalue-canada.org or info@socialvalueus.org.

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Introduction

Impact Analysts need to be skilled at interpreting social and environmental impact so that they can make informed decisions about how best to deploy resources. Analysts need to assess *what* the impact was, *who* was affected, by *how much*, which organizations and activities *contributed* to that impact and if the impact is at *risk*.¹ They generally don't have access to direct investigation. They rely on what they read in reports.

The framework is based on the recognition that organizations must be selective about what they measure and report, and that those selections affect how impacts appear to the reader. This framework helps analysts to “see” impact *through* reporting.

We use the metaphor of a report as a series of four lenses: *Frame*, *Method*, *Presentation* and *Perspective*, each with three or four considerations (Figure 2). The report author's *Perspective* gives rise to and shapes the other three lenses (see Figure 1). The reader's perspective influences how all this information is interpreted.

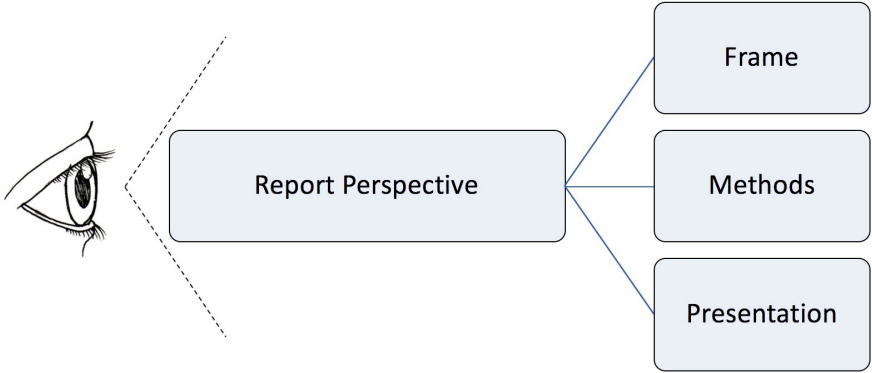
- 1. Frame: the impacts that are examined as part of the reporting exercise
- 2. Methods: the way impact is counted, described, estimated, and valued
- 3. Presentation: which impact information is disclosed, and how
- 4. Perspective: author's view on the impact, which influences the other three lenses

Key Terms

Impact can refer to various changes that result from activities: long term change, change that can be causally attributed, or change that has been *valued*. We use the OECD DAC definition: “Positive and negative, primary and secondary long-term effects produced by an intervention, directly or indirectly, intended or unintended.”

Impact analysts are those who use impact reporting to inform

Figure 1: How the reader perceives impact through the four lenses



Social and environmental reporting context

Social impact reporting is currently governed by many competing and overlapping voluntary standards. Analysts should be aware of the way these standards differ in the *type* of information that must be disclosed, the *detail* that must be disclosed, and the obligation to have the information audited or assured. The voluntary nature of the standards means that it is up to the reporting organization to choose to abide by a standard. Adherence to standards varies because standard setting bodies have limited capacity to enforce compliance.

Moreover, as with many reports, because impact reports are used both to account for impact and promote the organization, they skew toward the positive. Although standards promote a balanced approach, it is left to the analyst to identify and see past positive bias.

Finally, since most privately owned businesses today (and thus most businesses) are not producing formal reports of their impact, many analysts must have a go at understanding those companies' impact through published materials other than formal impact reports.

What this framework is and is not

This framework guides analysts who use reporting to assess impact. It applies to reports prepared according to any of the standards, as well as those not based on a standard, and can also be applied to reporting that may include multiple disparate sources, such as statistical studies, articles and websites.

The framework will help the analyst identify:

- how the lenses affect the way impact appears to the analyst
- how to use the lenses to improve comparisons of reports from different organizations
- how to improve assessments of impact based on an analysis of the lenses

This framework does not provide a sure way to ascertain the true impact of the organization. No framework definitively can. Analysts can only consider the information that is reported; they cannot take account of relevant information that is not reported. However, by working through the framework, analysts can form a good understanding of the reporting's blind spots and whether the presented impact is reasonably accurate.

MATERIALITY

Materiality is a pervasive issue that spans all four lenses.

Frame: boundary, scope, and causal chain are each ways of thinking about what is material enough to be measured and recorded.

Methods: materiality is used to assess how much measurement error is acceptable and when differences between groups are enough to suggest a causal relationship. Valuation asks from whose vantage point is the importance of impact (its materiality) assessed.

Presentation: depth of content and emphasis are elements of materiality.

Perspective: the target audience describes a user through whose eyes Frame and Presentation choices are made.

Only include what is material” is one of SVI’s seven principles . It stipulates that social and environmental impact reporting should include all material outcomes for all stakeholders. The “Standard on applying Principle 4: Only include what is material” provides guidance on implementation.²



This framework is *not* intended to help measure or report impact. There are other great resources available for that, such as the Global Reporting Initiative (GRI),³ the Sustainability Accounting Standards Board (SASB) Industry Standards,⁴ the International Integrated Reporting Council (<IR>),⁵ the UN Sustainable Development Goals,⁶ the Toniic eGuide to Impact Measurement,⁷ the Global Impact Investing Network (GIIN),⁸ Social Value International's (SVI) Social Value Standards and the Guide to Social Return on Investment,⁹ among others, as well as the whole field of evaluation.

This framework is also not intended to help investors or organizations improve their impact. The Impact Management Project, Feedback Labs,¹⁰ B Analytics,¹¹ Social Value International, and others have great resources for managers to use to improve upon their impact.

Figure 2: The Impact Analysis Framework

Lenses to consider when analyzing an organization's reported social impact and social value

Frame	Boundary	Which entity's impact is being assessed?
	Scope	Which issues are examined? Are indirect effects included?
	Causal chain	Does the reported information cover all, or just some of activities, outputs, outcomes, and impact?
	Timeframe	Over what time periods (i) do the activities occur, (ii) are past impacts assessed, (iii) are future impacts predicted? How do these different periods compare to each other?
Methods	Measurement	How robust are the methods used to count, describe, or estimate outputs, outcomes, and impact?
	Causality	How do the chosen methods address causality and attribution? What is the level of certainty around causality?
	Valuation	What methods are used for determining the importance of the impact?
Presentation	Depth of content	How did the report writers decide what detail to provide?
	Neutrality	Does the report present impacts with a positive, neutral, or negative tone?
	Emphasis	How much weight is given to the different topics and results?
Perspective	Audience	How might intended audience affect content?
	Purpose	How might the purpose of the report affect content?
	Stakeholder engagement	Is there evidence of an iterative process of defining scope and materiality, assessing and/or valuing change, and communicating findings that involved stakeholders?
	Author	Who produced the report and what is their relationship to the entity?

Frame

The frame determines which impacts are examined as part of the reporting exercise. The frame affects the set of positive and negative impacts in the report. Without a thoughtful and systematic frame, reports can appear complete even though they only mention good news and conveniently ignore bad news or contentious topics.

A frame is multi-faceted. It includes the boundary of the entity being analyzed, the scope of issues contemplated (for example, pollution, human rights, community wellbeing), the causal chain (outputs, outcomes, impacts), and the timeframe of activities and results. An analyst should be attentive to the parameters of the frame on all these dimensions.

Analysts should also be attuned to how the frame was chosen. Some environmental and social reporting standards specify a frame; others specify a process for selecting the frame. Some reports do not follow a standard and instead choose a frame based on the purpose and audience of the report. All of these are fine. What matters is a clearly specified protocol for defining the boundary, scope, causal chain, and timeframe of the report. Note that a reasonably chosen frame may exclude areas of interest to the analyst.

How to use Frame in your analysis:

- Assess the completeness and consistency of the frame. Because organizations typically prefer to include positive impacts and exclude negative ones, an incomplete or inconsistently applied frame likely overstates impacts.
- When comparing the impacts of two organizations, contemplate how different frames may affect relative performance.
- Do not confuse unknown impact with no or negligible impact.

Boundary: *The entity that is being evaluated. (Evaluators call this the evaluand.)*

Not all reports focus on a single organization. Nonprofits, for example, commonly assess the impact of a project, whereas businesses often include their supply chain and subsidiaries.

Reporting standards have specific - but different - criteria for selecting the boundary of the report. The GRI recommends that boundary be set for each topic (an economic, social, or environmental subject that they refer to as an “aspect”) rather than for the report as a whole. <IR> recommends that boundary be set to match the one set by financial accounting standards as well as broader issues (supply chains, etc.) that could affect the value of the financial accounting entity. If not following a standard, the report boundary is at the author’s discretion, and often influenced by the purpose and audience of the report.

Examples of common boundaries include:

- the legal entity (e.g., a company)
- a portion of the legal entity (e.g., a nonprofit’s project, a foundation grant stream, a division of a company)
- a collaboration of many organizations (e.g. a public private partnership, a multi-partner project)
- a company plus subsidiaries or entities over which it has substantial control

How to use Boundary in your analysis:



- Some boundaries raise attribution issues that result in overclaiming impact. For example, if an investor is reporting the impact of all its investments, it is unclear how to attribute that impact to (i) the organization doing the work, (ii) the fund whose report you are reading, and (iii) all the other funds that also invested in the same organization. In your analysis, note that the reported impact is likely overstated since the overlap has not been accounted for.
- The boundary of the report may not align with the impact decision you need to make. For example, if you are being invited to make a grant to one of a nonprofit organization's projects, a report about the project may be preferable to one about the nonprofit. It is important to know if the entity that you have information on differs from the entity you are being asked to invest in or grant to.

To identify the report's boundary, read the introduction and methods sections carefully. Familiarity with the different standards will also help you to promptly identify the boundary of the entity.

Scope: *The issues that are covered in the report.*

Scope refers to the issues covered in the report. It includes broad categories, detailed items, whether the report frame considers intended and unintended impacts, and the role of stakeholders in determining the relevance of the issues covered. Issues are things like community wellbeing, product safety, carbon emissions and labor practices. There are also issues within issues. Labor practices include diversity and risk of forced labor in the supply chain. Different scopes create differences in reported impact that need to be considered when comparing organizations. The key questions for the analyst are: (i) which issues are examined, (ii) whether indirect effects are included as well as direct effects, and (iii) how the scope was determined.

Reporting standards have specific - but different - criteria for selecting the scope of the report. Social Value International recommends the scope of a report be determined through stakeholder dialogue and cover the changes stakeholders experience that they find most important. SASB specifies scope by industry. It provides a list of items that a business in a given industry should report on. The Greenhouse Gas Protocol refers to "Scope I, II and III" emissions to distinguish among (i) all direct GHG emissions; (ii) indirect GHG emissions from consumption of purchased electricity, heat, or steam; and (iii) other indirect emissions, such as the extraction and production of purchased materials and fuels. Many methods used in the nonprofit sector, such as Theory of Change, are often limited to intended impacts, namely those specified in the nonprofit's mission or project goals. Evaluators typically select scope based on merit (i.e., quality), worth, and significance to an entity.

How to use Scope in your analysis:

- To assess if the scope is appropriate, compare the report to others in a similar area of work. Alternatively, sketch out a causal chain for the entity and compare the report's scope with your own understanding of the types of issues that may be relevant to any stakeholder and so should be within the frame.
- Be aware of common "blind spots." Nonprofit reports, for example, focus on program impacts but are often silent on their operations or supply chain, such as their employment and hiring practices or carbon footprint. Similarly, it is not uncommon for a project such as a traveling hospital to include health outcomes but not environmental impacts. Because of their risk focus, <IR> and



SASB are more likely to include hot-button issues and exclude those that the general public is not attentive to.

- Consider if the choice of scope is based on a *prediction* of what is expected to change, or if it is based on actual affects. The former may inadvertently leave out unexpected impacts.

To identify the report's scope, read the results section carefully. Familiarity with different standards, methods, and approaches of social impact measurement and reporting will help you promptly identify the scope.

Causal Chain: Inputs, activities, outputs, outcomes, and impact.

The causal chain is one of the most useful aids for an analyst in trying to understand an entity's impact. It is a conceptual schema of inputs, activities, outputs, outcomes and impacts (Figure 3). Close variations of this concept include Logic Model, Logframe, Impact Map, Impact Value Chain, Value Map, and Theory of Change. For a discussion of some approaches to developing and describing the causal chain, see http://www.betterevaluation.org/en/plan/define/develop_logic_model.

Some form of a causal chain is at the heart of many impact measurement approaches. It is central to any theory of change or logical framework approach. <IR> explicitly includes a causal chain: in it the right-most column is not "impact" but the value in terms of six types of capital created by the company. SVI's principles also explicitly require articulation of a causal chain. The Natural Capital Protocol¹² uses an impact and dependency framework that identifies drivers of impact related to a company's operations and its reliance on natural capital.

Approaches differ in what they emphasize on the causal model. SASB and GRI, for example, focus mostly on outputs. (GRI uses the word *impact* to refer to "contributions—positive or negative—toward the goal of sustainable development" rather than distinguishing among outputs, outcomes, and impact-as-attribution.) Different frames around the causal chain create differences in reported impact that need to be considered when comparing organizations.

Regardless of sector, today relatively few impact reports include information on the whole causal chain. Many focus on activities and outputs of the organization or enterprise. If outcomes or impact are discussed, it is often only for some topics, normally the organization's intended impacts (see Scope).

How to use Causal Chain in your analysis:

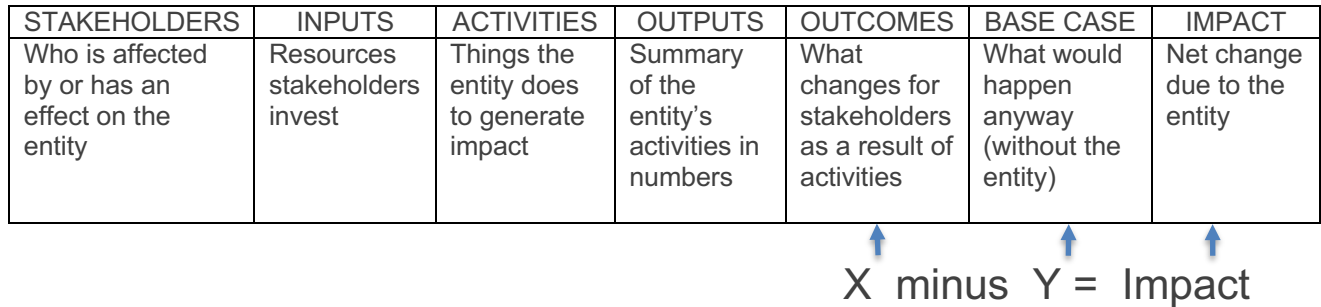
- Use the Causal Chain to identify gaps in the report. The frame of the report should cover the whole causal chain. When an organization that promotes healthy choices through education and advocacy reports on its overall impact, it should provide information for both education and advocacy work.
- Some topics lend themselves more readily to impact reporting than other topics. For example, carbon, once emitted, is the same as other carbon emissions. This makes it relatively easy to estimate the impacts of carbon pollution. By contrast, it is difficult to measure what affect advocacy work had on a policy that changed years later. As an analyst, it is appropriate to adjust your expectations of *impact* (as opposed to outcome or output) measurement based on context.
- Be aware that organizations with the most ambitious objectives (e.g., those seeking "system change") are often the least able to measure impact. By holding organizations to a high standard of impact measurement, you may inadvertently reward programs focusing on near-term measurable goals.



- Note the base case (or baseline) that reported impact is compared to. The absence of a base case makes it difficult, if not impossible, for the analyst to ascertain the difference made by the program or entity, in other words, its additionality. (Also see the section below on Causality.)

If not done so by the report, map the data to a causal chain to help you organize the information. When doing this, consider whose point of view the impact report takes (e.g., the company’s rather than the employee’s). To understand the organization’s causal chain requires a good understanding of the issues area, sector and/or industry. Familiarity with the different standards, methods, and approaches also helps.

Figure 3. Example of a Causal Chain



Note: Different stakeholders may define the same elements of a causal chain differently depending on their perspective. For example, a business might consider a job one of their inputs (labor); one of their socially responsible investors might consider the job an output; an employee might consider the job an outcome.

Timeframe: *The three time periods over which (i) the activities occur, (ii) past or current impacts are measured, and (iii) future impacts are predicted.*

There are several time periods in any impact report. Analysts should consider the *period of the activities*, the *timing of impacts*, past and future, and the timing of the *measurement* of impact. For example, a report may include *activities* that occurred over a fiscal period, and the *impacts* that result from these activities that are expected to occur in the future, but *estimated* measures of those impacts are provided in the present report. In this case it is important to be clear that the impact has been measured (using estimates) and reported, but has not yet occurred. Alternatively, a report may describe activities that occurred over the duration of a multi-year project from five years ago, the impacts of which have been observed and measured and are being reported. An analyst should identify these three time periods when assessing impact and comparing organizations.

How to use Timeframe in your analysis:

- If future impact is estimated (for example, the lifesaving effect of a vaccine or the carbon offset of a tree planted), investigate the assumptions used in the estimation and, if possible, conduct sensitivity tests.
- Be aware that the initial impact may not remain constant in subsequent years. Some impacts are slow to take effect, in which case impact will increase over time. Some impacts fade or “drop off,” in which case impact will decrease over time.

- Causal claims are hard to assess when long time periods have elapsed between the activity and the impact. Examine how the report controls for other intervening factors and survivor bias.
- If the impact is being estimated and/or valued using financial proxies, notice the use or absence of discount rates. Typically, future benefits are discounted to take account of the time value of money. If future benefits are not discounted, they may not reflect a true value from today's perspective. Note that (higher) discount rates imply that certain future benefits are worth less in the future than they are today, which is debatable in some cases (such as carbon sequestration).

The timeframe for the report and impacts may not be explicitly stated, in which case it must be inferred.



Methods

The methods used to count, describe, and estimate the impact can influence how favorable or unfavorable the reported impact appears. The considerations in the Methods lens are: the techniques used to measure and describe impact; how well the measures establish a causal link between the organization's activities and the impacts; and how impacts are valued, if they are.

Impact reporting approaches, such as GRI, <IR>, and SVI, emphasize the importance of valid data (i.e., data that accurately reflect what is being measured) but provide little guidance on what constitutes a robust measurement approach and trustworthy data. The latter two are the domain of fields such as evaluation, statistics, economics, natural science, and social science.

Analysts should evaluate the quality of methods to gauge the credibility of the reported impact. Robust methods lead to more trustworthy results. Quantitative techniques strive to apply measures that are valid and reliable. Qualitative techniques aim for authentic representation. Be cautious before judging an organization harshly for using less-than-ideal methods. It is reasonable for organizations to consider the costs and benefits of different approaches. The Leap Ambassadors Community¹³ recommends that, all other things being equal, organizations should focus their evaluation budget on initiatives that are novel (therefore unproven), those that are costly, and those for which there is a risk that the intervention may cause harm.

The considerations within this lens – measurement, causality and valuation – require the analyst to read the methods section carefully if there is one. Unfortunately, most reports don't include a methods section. In that case, the analyst is left unable to assess the trustworthiness of the data. Please do all analysts a favor and email the organization to ask for it. If they knew people would read it, they would include it.

Measurement: *How the report uses numbers and words to “represent” the outputs, outcomes, and impact.*

When organizations count and describe impact, there is *always* an *unavoidable* gap between the real world and representations of the real world. By their nature, measurements involve abstraction from reality and therefore uncertainty and the potential for error. Measurement theory in the fields of evaluation and statistics identifies two main types of risks and uncertainty:

1. Risks to internal validity: There may be measurement error, where the actual impact differs from the measured impact. The measures used may not measure the actual impact or they may overestimate or underestimate impact.
2. Risks to external validity: The measured impact of a program in a certain place and time may not hold for the same or similar programs in other places or times.

To fully assess the measurement methods used, the analyst needs a deep understanding of the pros and cons of a wide range of evaluation techniques. Such depth is outside the scope of this document, but some rules of thumb may help.

How to use Measurement in your analysis:

- The analyst must assess the methods used to count, describe, or estimate outputs, outcomes, and impact.



- Compare the methods described in the report with good practices used in the sector, if they are established, and consider whether there are good reasons for deviating from good practices (including the possibility of improving upon them).
 - The more systematic (i.e., planned and executed methodically) the *data collection* process, the more confidence you can have in the measurement. It is human nature to go looking for the success stories. In haphazard data collection, negative impact can be overlooked. A methodical approach suggests, but does not guarantee, the data cover the full range of impacts.
 - In general, the closer the measure is to direct observation, the more confidence you can have in the method. When estimates and assumptions are used, uncertainty increases. The quality of the impact data depends on the quality of the estimates and assumptions. If possible, investigate estimates and assumptions and run sensitivity tests.
 - Many reports use scales to measure abstract concepts like wellbeing and confidence. In general, the more established the scale, the more confidence you can have in an associated number. The United Nations Sustainable Development Goals (UN SDGs), for example, include well-established measures of things like food security and sustainability. However, scales and measures developed for one population, geography, or purpose may not be appropriate for others. A brief investigation of the scales used will help you gauge their appropriateness.
- Sometimes a report provides multiple ways of gauging the same effect. This “triangulation” can increase confidence in the findings if the multiple methods suggest the same impact. However, if the methods suggest different impacts, consider if these differences arise from methodological choices or do they suggest a complex impact that no single method can articulate on its own.
 - Compare the results provided in the report with the existing research. Results that dramatically differ from what previous research suggests is possible should be investigated further.

Causality: *Change that can be shown to be a result of particular organizations’ activities.*

One of the most difficult aspects of analyzing impact is assessing how much of the impact was caused by the organization or activities that are being analyzed.¹⁴ Causality cannot be directly observed but is inferred and thus is never absolutely certain.

The fields of evaluation, economics, and statistics have developed numerous approaches to establishing or estimating how much of the observed change can be attributed to a set of activities. These include experimental approaches, regularity/statistical approaches, theory-based approaches, and case comparison approaches. Using one or more of these approaches, a report, to show causality, might compare the measured impact to that of:

- a control or comparator group;
- a number of similar cases (such as an average impact);
- a base case (“before and after”);
- a hypothetical assessment of what might otherwise be expected to happen if not for the program or intervention;
- a detailed qualitative study of participant experiences; or



- a well-articulated and investigated theory of change (if data suggest that improvements were made along the entire chain, it is more reasonable to assume an exogenous event caused the final difference).

For impact analysts who are using reports of past impact to make decisions about future investments, causality is particularly important because it relates to risk: clear causality increases the likelihood that that funding the same or similar activities will produce a similar impact.

How to use Causality in your analysis:

- Avoid mistaking strong causal evidence for high impact. Strong evidence for causality just means the analyst can be confident that the entity caused the impact.
- Causal claims are particularly important in programs that are novel (unproven), costly, and/or have risk of harm, as the value of knowledge is higher in these cases than for established, inexpensive, and/or low-risk programs or ventures. If your analysis is related to a future decision that risks bringing harm, it is worth setting the bar higher for proof of causality.
- Conversely, because establishing strong evidence of causal claims can be costly, be cautious about judging a report harshly for not having strong evidence on its causal claims. For initiatives that are supported by a body of prior research or that carry low risk, measurements with weak causal claims may represent a reasonable cost-benefit tradeoff.

Valuation: *How impacts compare to each other in importance and worth.*

Valuation is a means of understanding how important various stakeholders consider certain impacts to be. When valuation is not made explicit, it is important to be conscious of the ways different impacts are implicitly valued (or devalued) and who controls this.

To bring a report to a conclusion or synthesis, many reports provide some kind of valuation. This can take the form of a narrative evaluative judgment in which the author provides an overall opinion on impact. It can also take the form of a numeric calculation that uses financial proxies to assign value to different impacts, as done in cost-benefit analysis and Social Return on Investment.

SVI's Social Value Principles include valuation, and recommend that valuations consider the relative importance of the impacts as judged by sub-groups of beneficiaries and other stakeholders. Other approaches such as <IR> and GRI recommend that reports include summative commentaries from management. Third parties, such as auditors and evaluators, have specific methods for reaching fair evaluative judgements to counter possible management bias. Providing such commentaries can be helpful and in some sectors is common practice.

The additional step of valuing impact can illuminate, as well as distort, the estimate of impact.

How to use Valuation in your analysis:

- When analyzing a report that includes its own valuation, it is useful to replicate the analysis with different weights and assumptions to test how sensitive the results are to methodological choices.
- Reflect on the question "value to whom?". A program might increase social value to youth, taxpayers and local businesses. An aggregate measure of value obscures who was impacted and to what extent. Disaggregate the measure if the distribution of impacts is relevant to your analysis.



- When reflecting on “value to whom?”, note that market values tend to reflect the priorities of the people who participate most in the market, and thus under-represent the poorest.
- When undertaking your own valuation, reflect on how your priorities align with those of other stakeholders, and based on what evidence.



Presentation

Authors of reports must choose how to present the content. Differences in depth of content, neutrality, and emphasis can illuminate or distort the underlying reality and/or the measurement and analysis of it. Thus, analysis of a report needs to consider the possible effects of the choices the author has made in presenting impacts.

Depth of Content: *What matters enough to disclose.*

The depth of content refers to the details of impact measurement that the report makes available to readers. In many impact reporting approaches, depth of content is addressed in the same breath as frame. The presumption is that if an impact is captured in the boundary, scope, causal chain, or timeframe, it should also be presented in the report. In reality, organizations have more information than they can disclose. Therefore, it is useful to think about the depth of content presented.

How to use Depth of Content in your analysis:

- If the report has adopted a standard, be aware of how that standard defines materiality. Different definitions result in different reports.
- Note that the depth of material provided may be suitable for the reports intended purpose, but not for your purpose. Do not assume that all available information has been disclosed.

Emphasis: *The space given to the different topics and results.*

Reports can emphasize certain aspects to draw the reader's attention to some results and away from others. This can include the page space allocated to certain projects. There are no guidelines on how reporting should emphasize results. The emphasis in reporting might thus be disproportionate to the scale of impact. In nonprofit and corporate social responsibility reporting, it is common for small pilot programs to be featured while large ongoing ones are only briefly addressed. The analyst who is attentive to what is being emphasized and why is less likely to be inappropriately influenced.

How to use Emphasis in your analysis:

- Do not presume that the projects or results given the most space are the most significant. Look for ways of measuring the size of programs and impact. Budget, number of employees, number of beneficiaries, and number of locations can be used to assess the relative size of projects. Use this information when assessing the organization's overall impact.

Neutrality: *Positive and negative content, tone of words, and treatment of graphs and charts.*

The analyst should be mindful of the report's viewpoint. Similar to the above, reporting can use tone of words, graphs, and charts to influence the reader's assessment of impact. Being conscious of the slant of a report can help reduce the risk that one will be subconsciously influenced by it.

How to use Neutrality in your analysis:

- Almost all organizations have some positive and some negative impact. Do not penalize an organization for being frank about the latter. Organizations that do not mention negative impacts may simply be omitting them (also see Frame and Methods above).



- Infographics and charts can be designed to show positive, negative, or negligible impacts, or no impact. Look at them carefully to understand how they may skew the impression given. When presented with graphs, pay attention to the labels on the axes as well as to the slope of the line.
- Try to look past exuberant and positive language or harsh and critical language and focus on the evidence of impact given in the report.
- Examine the soundness of the report's logic in how it draws conclusions or makes inferences about impact.
- Check if the report has been audited by a third party. Generally you can have more confidence in results that have been audited or processes that have been assured than in those that have not.



Perspective

A report provides one view of the underlying impact. It is impossible to present an all-encompassing and objective view of all impacts. Understanding the perspective taken by the author helps the analyst interpret the information provided and hence improve their understanding of the underlying impact.

Perspective is an influencing lens because it affects reporting indirectly by shading all the other lenses. To prepare an impact report, the author must make many judgments, already mentioned above. For example, the author makes judgments about the appropriate boundary and scope of the report, the methods of measurement, how to make causal links between activities and outcomes, and how to present the results. Authors have much latitude in making such judgments. The Perspective lens is a collection of the main factors that influence these judgments: the report's audience, its purpose, the breadth and depth of stakeholder engagement, and the skills and experience of the author. Understanding these will help the analyst get a clear sense of the report's overall perspective, and hence interpret the information provided in the report.

Audience: *Who the reporting is for.*

Social and environmental impact reporting is typically written for a specific audience. Selection of frame, methods, and presentation are based, in part, on the audience's needs. Understanding who the primary audience is will help the analyst interpret the author's choices about the other three lenses.

How to use Audience in your analysis:

- Think about how the audience might influence the report through the other three lenses. For example, reports for an audience of potential investors might downplay negative impacts. A report to a government audience might pay attention to policy implications. It is not appropriate to adjust *your* assessment of the impact based on the audience. Instead, use your understanding of the audience to help identify gaps in reported impact.

Purpose: *The reason for providing the reporting.*

Reporting may have a very specific purpose, such as to inform investors about the impact of their financial support. Or it may have a general purpose, such as to improve impact through reflection and learning, and build knowledge that others can use and learn from.

How to use Purpose in your analysis:

- Consider how the reporting's purpose might influence the content. For example, a report to a funder may only discuss activities covered by the grant, omitting other aspects of the program. It is not appropriate to adjust *your* assessment of the impact based on purpose. Rather you should use this knowledge as you assess the other considerations in this framework.

Stakeholder Engagement: *The involvement of stakeholders in defining scope and materiality, assessing and/or valuing change, and communicating findings. Engagement entails listening fully and responding as appropriate.*



The perspective of the report will be influenced by the stakeholders whom the authors consulted with during preparation; especially if they participated in gathering or providing the data. Given that it is impractical to consult with everyone, the author must choose whom to (and not to) consult with. There is a risk that the report's perspective is overly influenced by the "squeaky wheel," whoever that may be.

How to use Stakeholder Engagement in your analysis:

- Identify which stakeholders were engaged at each point of the measuring and reporting process. Who defined the scope and boundary of the report? Who was involved in data collection and selection of methods? Who was consulted about the presentation of the results? If it is not clear from the report, consider asking for clarification. Often funders have the loudest voice. Consider how those with the least voice may be affected, and whether and how they have been involved.
- Identify potential biases that may arise from stakeholder participation, or the lack thereof. This will inform your level of confidence in the results presented and help you identify what might be missing. Note that if the report details stakeholder engagement and discusses the risk of bias, this might give you greater confidence in the reporting because it signals attention to the issue.

Author: *Who produced the report and their relationship to the studied entity.*

The report's perspective, and your confidence in the reporting, will be influenced by the author's skills, experience, and relationship to the entity. For example, a report created by an experienced and credible organization—such as a respected academic research group—that is not funded by the entity is authored from a different perspective than one created by the organization itself. There are pros and cons. While at greater risk of bias, the organization also has better access to information and deeper insight into the work than an external author.

How to use Author in your analysis:

- Consider the skills and experience of the author(s). Have they done this type of analysis before or otherwise shown they have appropriate skills and experience? Has their work been assessed for quality or otherwise assured? All other things being equal, the more experienced the author is, the more confidence you can have in the judgments they have made on the other lenses. But do not automatically assume that new or unknown authors will not produce good reports. Social and environmental impact reporting is an emerging practice, and innovative practices and new authors may improve on existing reporting practices.
- Consider the incentives of the authors. Are there any incentives that may lead to a perspective that is biased in any way?

Conclusion

The framework presented above is intended help those who assess impact based on reporting, rather than empirical investigation on the ground. We use the metaphor of a report as seen through a series of lenses. Analysts must understand these lenses if they are going to more clearly *see impact through the report*.

This framework has four lenses: frame, methods, presentation, and perspective. Within each of these are a series of considerations to help analysts organize their assessment.

- **Frame** determines which impacts are examined as part of the reporting exercise. There are four considerations within this lens. Boundary specifies the entity being assessed, scope refers to what issues are covered in the report, causal chain encourages a review of the extent to which the report addresses *impacts* as opposed to outputs or outcomes, and timeframe addresses the period of activities and impacts within the report.
- The **Methods** lens details whose impact was counted, described, or estimated. The three considerations here are measurement techniques, strength of the causal link between the organization's activities and the impacts, and valuation of summative judgements of impact be they quantitative or qualitative.
- **Presentation**, intuitively, is how information is presented in the report. Three considerations can illuminate or distort the underlying reality: depth of content, neutrality, and emphasis.
- **Perspective** affects reporting indirectly by coloring all the other lenses. The reports perspective can be identified by considering audience, purpose, stakeholders and authorship.

Materiality is an oft-discussed issue in impact reporting. Like Perspective, it spans all the lenses. In a sense, this framework deconstructs materiality into component parts to help the analyst think more precisely about it. We noted in the introduction, for example, that boundary, scope, and causal chain are each ways of thinking about what is material enough to be measured and recorded. Similarly, depth of content and emphasis are both elements of materiality.

Many documents have been created to help organizations measure impact and create reports. This is the first created to help analysts read the report and *see the impact through the report*. With four lenses and fourteen considerations, we have highlighted the ways that reports may be incomplete, skewed or misaligned with the analyst's information needs. However, we have done this with sympathy for the task of report writing. No report can ever be fully complete, and authors may have good reasons for making the choices they did.

The analyst gains clarity by working through the framework systematically and trying to identify the choices made by the author. Analysts using this framework will be able to more clearly see impact and more fairly compare impact across organizations.



Notes

1. The [Impact Management Project](#) is a platform that provides good practices for impact management in the context of impact investing.
2. Social Value International provides seven Social Value principles that govern the assessment and valuation of impact, including a principle on Materiality, and guidance on application of these principles. www.socialvalueint.org.
3. The Global Reporting Initiative (GRI) provides standards for sustainability reporting. See www.globalreporting.org.
4. The Sustainability Accounting Standards Board (SASB) provides standards for sustainability reporting. See www.sasb.org.
5. The International Integrated Reporting Council (IIRC) provides a framework for a company to report on its use of six capitals: financial, manufactured, human, social and relationship, intellectual, and natural. See integratedreporting.org.
6. The Sustainable Development Goals (SDGs) are 17 global goals developed by the United Nations as a call to action to end poverty, protect the planet, and ensure that all people enjoy peace and prosperity. See www.undp.org/content/undp/en/home/sustainable-development-goals.html.
7. Toniic is a community of impact investors. See <https://www.toniic.com>.
8. The Global Impact Investing Network (GIIN) is a membership network of impact investors. See thegiin.org.
9. Social Value International (SVI) is a membership network for professionals who want to promote the inclusion of social and environmental value in decision making. See socialvalueint.org.
10. Feedback Labs is a consortium of organizations that are committed to making governments, NGOs, and donors more responsive to the needs of their beneficiaries. See feedbacklabs.org.
11. B Analytics is a platform created by B Lab for measuring, benchmarking, and reporting on impact. See b-analytics.net.
12. The Natural Capital Protocol was developed by the Natural Capital Coalition, a collaboration of initiatives and organizations to harmonize approaches to natural capital. See naturalcapitalcoalition.org.
13. The Leap Ambassadors Community is a community of leaders, primarily in the nonprofit sector, who are committed to promoting high performance to address societal challenges. See <https://leapambassadors.org>.
14. How to establish causality is a highly and hotly debated topic. Useful resources on this topic can be found on the Better Evaluation website, www.betterevaluation.org.

These notes provide a partial list of relevant resources. Please submit additional resources you think are relevant to: info@socialvalueus.org.



Social Value International's Principles of Social Value

1. **Involve stakeholders**– Inform what gets measured and how this is measured and valued in an account of social value by involving stakeholders.
2. **Understand what changes** – Articulate how change is created and evaluate this through evidence gathered, recognising positive and negative changes as well as those that are intended and unintended.
3. **Value the things that matter** – Making decisions about allocating resources between different options needs to recognise the values of stakeholders. Value refers to the relative importance of different outcomes. It is informed by stakeholders' preferences.
4. **Only include what is material** – Determine what information and evidence must be included in the accounts to give a true and fair picture, such that stakeholders can draw reasonable conclusions about impact.
5. **Do not over-claim** – Only claim the value that activities are responsible for creating.
6. **Be transparent** – Demonstrate the basis on which the analysis may be considered accurate and honest, and show that it will be reported to and discussed with stakeholders.
7. **Verify the result** – Ensure appropriate independent assurance.

