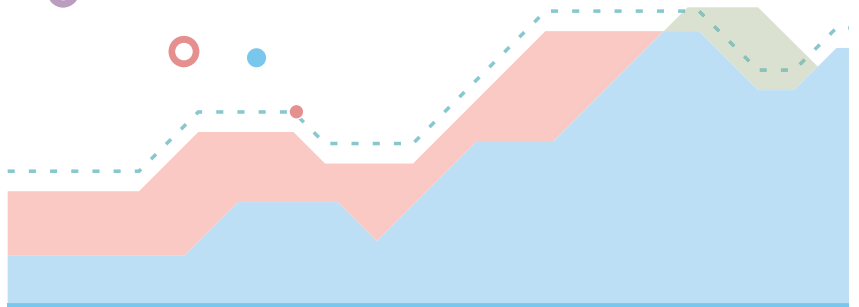
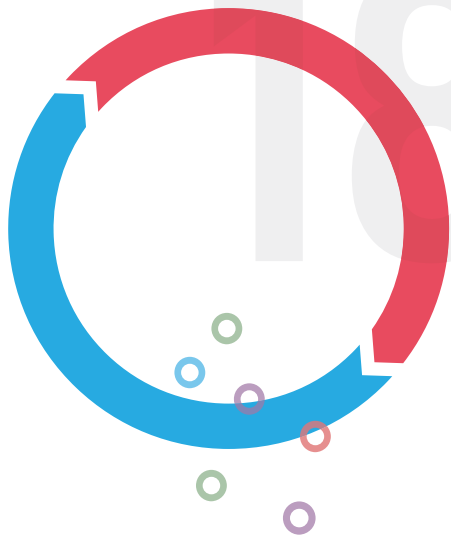
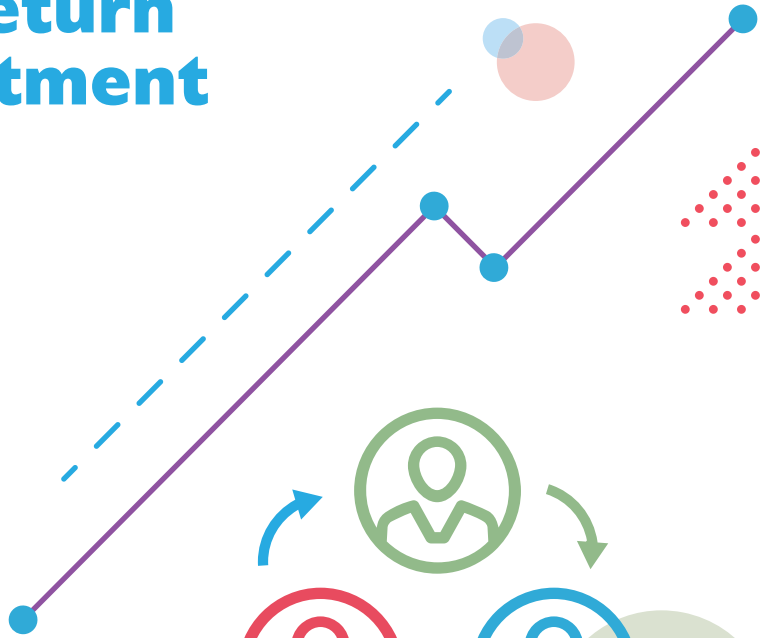
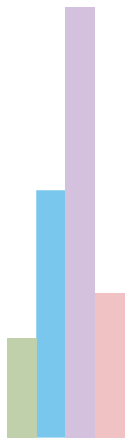


# Social Return on Investment

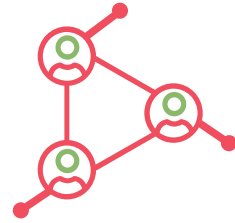


**Social Return  
on Investment**



**ACTION  
FINANCE  
INITIATIVE**

# Social Return on Investment



## AFI

AFI was created in order to face the social and economic exclusion by helping vulnerable people, unemployed and self-employed people who are excluded from the mainstream banking system, to start-up or to develop their business or a micro-enterprise.

To do so, AFI provides:

a) Access to micro loans (up to €12,500) through its banking partners (Eurobank and PCB)

b) Free of charge business development services, mentoring and training to micro-entrepreneurs. Since 2015 until today, AFI has supported 185 new and existing businesses with approximately € 1.5m. This in turn has contributed to the creation of over 330 new job positions and to generating additional benefits to the society.



# Investment in Society

AFI's work is an investment in society and this investment comes at a cost. The return on investment is, in short :

- a) revenue generated and
- b) costs avoided

The SROI method (Social Return on Investment) allows us to measure the revenue generated and costs avoided. It also allows us to compare these figures with the cost borne by funders and, in turn, measure how economically efficient AFI's

professional microcredit for self-employment is. The economic impact is the difference between the profit created by professional microcredit (revenue generated and costs avoided) and its cost. Although this principle seems simple, it requires detailed calculations, especially for costing the avoided costs and the revenue generated under the core assumption that only monetisable effects are taken into account.



### INVESTMENT

Investment in AFI's operational expenses



### 24 MONTHS

24 months, the time needed for €1 invested in AFI's programme to yield a return to society

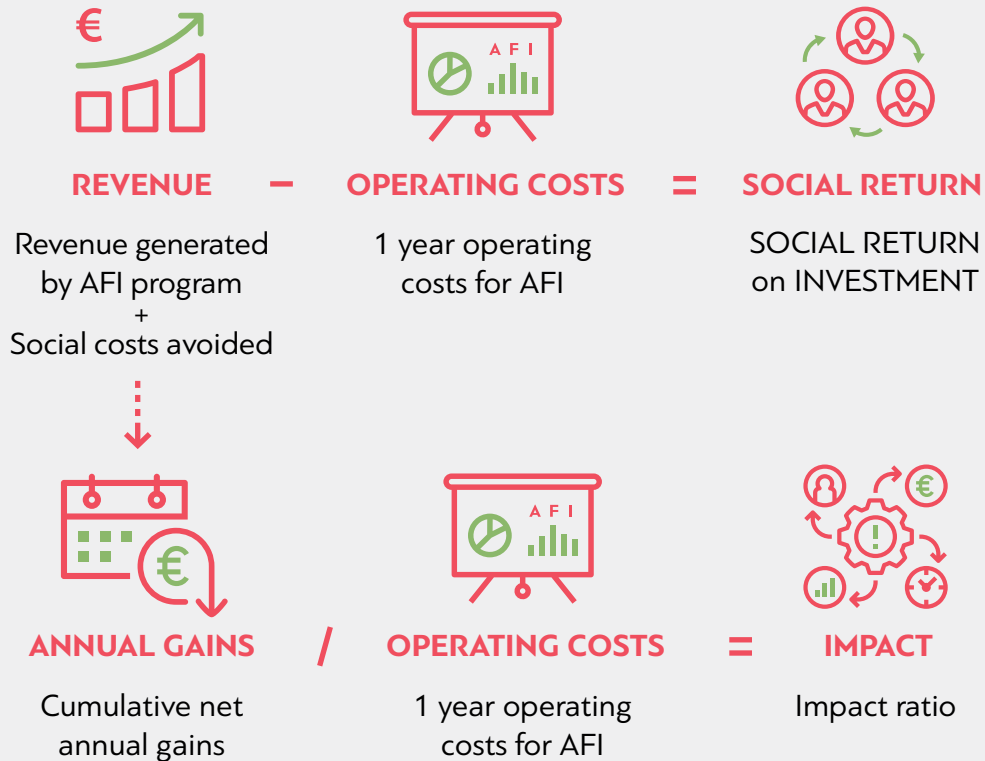


### AFI'S WORK

€1,87 is what €1 invested in AFI provides society with.

## Method

Let's take a closer look at how we reached these results. Using a sample of 85 AFI clients who received a loan between 2015 and 2017 their financial situation before and AFI's support was assessed.



## Impact

€ 1 invested in AFI pays € 1,87 to the community after 2 years of activity.



## AFI's beneficiaries

There are five possible employment situations before and after AFI's support :

### 5 possible starting situations for AFI's clients



1. Employed (Full time / Part time)
2. Unemployed with benefits
3. Unemployed without benefits
4. Independent (Entrepreneurs / Self employed)
5. Unofficially generating income

### 5 possible ending situations for AFI's clients



1. Working at a business supported by AFI
2. Unemployed with benefits
3. Unemployed without benefits
4. Working for another employer (Full time / Part time)
5. Independent (Entrepreneurs / Self-employed, not related to AFI's support)

# Trajectories examined

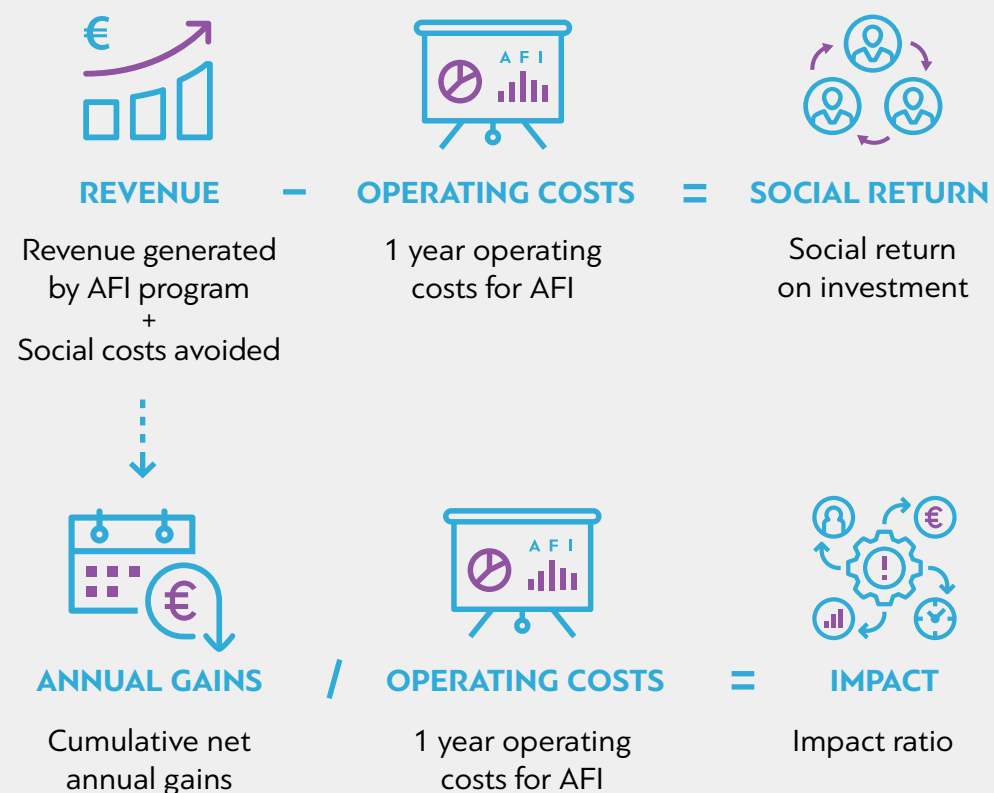
Ten (10) different trajectories examined for measurement

Trajectory	Starting Situation <i>(before AFI)</i>	Actual #	%*	Ending Situation <i>(At the time when survey conducted - after AFI's support)</i>	Actual#	%**
1	Employed (FT / PT)	7	8,2%	Working at a business supported by AFI	5	71,4%
2	Employed (FT / PT)	-	-	Working for another employer	1	14,3%
3	Employed (FT / PT)	-	-	Independent (entrepreneurs / Self employed)	1	14,3%
4	Unemployed with benefits	1	1,2%	Unemployed without benefits	1	100%
5	Unemployed without benefits	29	34,1%	Working at a business supported by AFI	25	86,2%
6	Unemployed without benefits	-	-	Unemployed without benefits	1	3,4%
7	Unemployed without benefits	-	-	Unemployed with benefits	1	3,4%
8	Unemployed without benefits	-	-	Working for another employer	2	6,9%
9	Independent (entrepreneurs / Self employed)	41	48,2%	Working at a business supported by AFI	41	100%
10	Unofficially employed	7	8,2%	Working at a business supported by AFI	7	100%
<b>Totals</b>		<b>85</b>	<b>100%</b>		<b>85</b>	

\*of all people asked. \*\*of same initial starting situation

## Method

The method used for calculating the avoided costs and economic gains is the cost / benefit analysis.



Based on these trajectories the different monthly value of the community was estimated as follows :


$$\left( \text{Monthly Economic Value} \right) = \left( \text{Revenue generated for the community} \right) - \left( \text{Costs for the community} \right)$$

*(taxes / contributions + avoided costs)*

## Economic value per situation

In calculating the economic value per starting/ending situation, the analysis was based on gains and costs of each category of the community. The gains for the community entail the paid

taxes, social contributions and new employment created. The costs cover unemployment benefits paid by the government, subsequently by society.

Starting Situation (before AFI financing) 	
Total Value Created for the Community	€ 388.353
Total Cost Created for the Community	€ 6.750
<b>Total</b>	<b>€ 381.603</b>
# of businesses	85
Months	12
Value per person per month (€)	€ 374

Ending Situation (after AFI financing) 	
Total Value Created for the Community	€ 766.029
Total Value Created for the Community from new Hires (Full & Part Time)	€ 221.955
Total Cost Created for the Community	€ 4.860
<b>Total</b>	<b>€ 983.124</b>
# of businesses	85
Months	12
Value per person per month (€)	€ 964

## Monthly costs

People who are unemployed with benefits entail a large monthly cost for the society, whereas employed or independent professionals actually

generate money for the society through taxes, social contributions paid as well as the employment created.

Occupation Category (before AFIs' support)	Value/Cost (per entity per month)
Employed (Full time / Part time)	€ 792
Unemployed with benefits	€ -563
Unemployed without benefits	€ 0
Independent (entrepreneurs / Self employed)	€ 654
Unofficially generating income	€ 0

Occupation Category (before AFIs' support)	Value/Cost (per entity per month)
Working at a business created with AFI's support	€ 696
Unemployed without benefits	€ 0
Unemployed with benefits	€ -405
Working for another employer (Full time / Part time)	€ 921
Independent (Entrepreneurs / Self-employed, not related to AFI's support)	€ 380

## Net Present Value

The calculation of the two (2) years (\*) Net Present Value (NPV) of individuals was based on the 24 months value/cost creation for the seven (7) different starting and ending situations, using the Greek inflation rate for 2017 (1,12%).

Occupation Category (before AFI's support)	2 year NPV (per person)
Employed (Full time / Part time)	€ 16.586,94
Unemployed with benefits	€ -11.780,41
Independent (entrepreneurs / Self employed)	€ 13.699,12

Occupation Category (after AFI's support)	2 year NPV (per person)
Working at a business supported by AFI	€ 14.567,12
Unemployed with benefits	€ -8.481,90
Working for another employer (Full time / Part time)	€ 19.298,35
Independent (entrepreneurs / Self employed)	€ 7.958,32

(\*) Helping someone back into a stable job provides effects for the community for a period of two (2) years, after which it becomes unclear whether these effects are attributable to AFI or not.

AFI's operational costs for 2017 amounted to € 202.780. In 2017 61 clients received an AFI loan, resulting in an average cost per loan for AFI of € 3.324.

### AFI's numbers 2017

AFI's costs 2017	€ 202.780
AFI's clients 2017	61
Average cost for AFI per loan	€ 3.324

The focus was to compare a one (1) year investment to the NPV of the two (2) years following the investment (investment year included). A comparison of the sample's employment status before becoming AFI's client to the population's current employment status was performed.

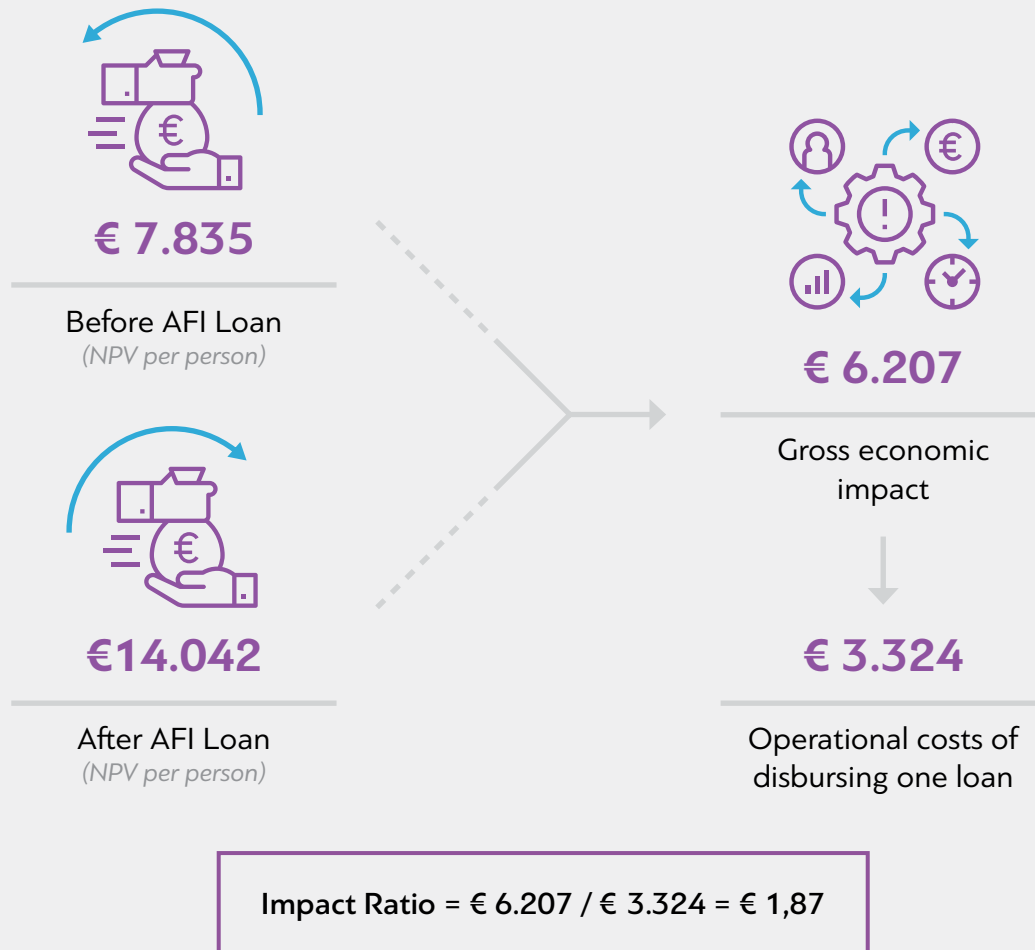
Based on the distribution of the sample, the NPV per person who received an AFI loan was calculated by summing up the NPV of each of the starting situations, multiplied by the number of people in these situations and subsequently divided by the sample size.

Sample size : 85 persons

Occupation Category (before AFI's support)	2 year NPV	# of persons	NPV (per person)
Employed (Full time / Part time)	€ 16.586,94	7	€ 1.365,98
Unemployed with benefit	€ -11.780,41	1	€ -138,59
Independent (entrepreneurs / Self employed)	€ 13.699,12	41	€ 6.607,81
			€ 7.835,20

Occupation Category (after AFI's support)	2 year NPV (per person)	# of persons	NPV (per person)
Working at a business supported by AFI	€ 14.567,12	78	€ 13.367,47
Unemployed with benefit	€ -8.481,90	1	€ -99,79
Working for another employer (Full / Part time)	€ 19.298,35	3	€ 681,12
Independent (entrepreneurs / Self employed)	€ 7.958,32	1	€ 93,63
			€ 14.042,43

# Calculating the Social Return on Investment



## Impact

€1 invested in AFI returns after 2 years €1,87 back to the society.



## Special thanks

We would like to thank PwC Greece and especially Nikos Ploumakis, as well as the volunteers Vivian Lemonidi and Jessy Likmeta for all their hard work and support for the preparation of this report.

AFI is supported by:





